COSI, INC.

CORPORATE GOVERNANCE PRINCIPLES

Role and Composition of the Board of Directors

Role

The Board of Directors (the "Board") of Cosi, Inc. (the "Company"), which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company's business. Although management is responsible for the day-to-day business operations of the Company, having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance. The Board, and each committee of the Board, has complete access to management. In addition, the Board and each committee of the Board has access to independent advisors as each deems necessary or appropriate. The function of the Board in monitoring the performance of the senior executives of the Company is largely fulfilled by the presence of independent directors of stature who have a substantive knowledge of the Company's business.

The Board provides oversight with respect to the strategic direction and key policies of the Company. The Board approves major initiatives, advises on significant financial and business objectives and monitors progress with respect to such matters.

The Board also plans for succession to the position of Chief Executive Officer (CEO), as well as certain other senior management positions. To assist the Board, the CEO annually provides the Board with an assessment of senior executives and of their potential to succeed him or her. He or she also provides the Board with an assessment of persons considered potential successors to certain senior executive positions.

In discharging their obligations, directors are entitled to rely on the honesty and integrity of the Company's executives and its internal and external advisors and auditors. The directors also shall be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's certificate of incorporation and by-laws, and to exculpation as provided by applicable law and the Company's certificate of incorporation.

Composition; Membership

Size; Qualifications.

The Board's optimum size is five to ten members. It is the policy of the Company that the Board consist of a majority of independent directors, who shall satisfy the independence requirements of the National Association of Security Dealers, and that the number of directors not exceed a number that can function efficiently as a body.

Directors of the Company should be ethical individuals of proven judgment and competence, possessing professional experience and skills that are complementary to the needs of the Company. In addition, directors should have demonstrated the ability to exercise sound business judgment and be willing to devote sufficient time to fulfill their obligations to the Company and its stockholders.

Term.

The Board does not favor term limits for directors, but believes that it is important to monitor overall Board performance.

Selection of Directors; Resignation.

The Nominating/Corporate Governance Committee, in consultation with the Chairman and the CEO, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. The Nominating/Corporate Governance Committee considers candidates to fill new positions created by expansion and vacancies that occur by resignation, by retirement or for any other reason. Candidates are selected for their character, judgment, business experience and acumen. Final approval of a candidate is determined by the full Board. The Nominating/Corporate Governance Committee and the Compensation Committee annually review the compensation of directors. The Nominating/Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

Board Action; Committees.

It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to, or required for, the operation of a publicly owned company. Currently, these committees are the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. The members of these committees are recommended to the Board by the Nominating/Corporate Governance Committee in consultation with the CEO. The committees are comprised solely of independent directors. The membership of these three committees is rotated from time to time.

Executive Chairman and CEO Evaluation

The Compensation Committee is responsible for setting annual and long-term performance goals for the Executive Chairman and the CEO and for evaluating the performance of each against such goals. The Compensation Committee meets annually with the Executive Chairman and CEO to receive their recommendations concerning such goals. Both the goals and the evaluation are then submitted for consideration by the independent directors of the Board at a meeting or executive session of that group. The Compensation Committee then meets with the each of the Executive Chairman and CEO to evaluate his or her performance against such goals. The Compensation Committee also is responsible for setting annual and long-term compensation for all executive officers, including the Executive Chairman and CEO. Compensation decisions for the

Executive Chairman and CEO must be determined and approved by the Compensation Committee in executive sessions.

Communication Between the Company and Stakeholders

The CEO is responsible for establishing effective communications with the Company's stakeholder groups, i.e., stockholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners. It is the policy of the Company that management speaks for the Company. This policy does not preclude outside directors from meeting with stockholders, but it is suggested that any such meetings be held in the presence of management.

In order for interested parties to be able to make their concerns known to the non-management directors, the Company has established a policy for stockholder communications. A stockholder may send communications, as the term "security holder communications" is defined and interpreted by the SEC in Item 7(h) of Schedule 14A, to one or more members of the Company's Board by writing to such director(s) or to the whole Board in care of the Corporate Secretary. The Company's Secretary shall distribute communications specifically addressed to one or more directors to such director(s) or to all directors if addressed to the whole Board.

Functioning of the Board of Directors and its Committees

Board Meetings

Schedule and Agenda.

The Board sets the annual schedule of Board and committee meetings. The Board shall hold a minimum of four regular meetings per year. Committee schedules are recommended by each committee in order to meet the responsibilities of that committee.

The Chairman of the Board sets the agenda for Board meetings with the understanding that certain items pertinent to the advisory and monitoring functions of the Board be brought to it periodically by the CEO for review. For example, the annual corporate budget is reviewed by the Board. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with that committee. Any member of the Board may request that an item be included on the agenda.

Distribution of Materials; Director Attendance.

Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings where necessary to allow the directors to prepare for discussion of the items at the meeting. Directors are expected to attend all meetings and to have reviewed, prior to the meetings, all written materials distributed to them in advance.

Senior Management Presence.

At the invitation of the Board, members of senior management recommended by the CEO attend Board meetings or portions thereof for the purpose of participating in discussions. Generally, presentations of matters to be considered by the Board are made by the executive responsible for that area of the Company's operations. In addition, Board members have free access to all other members of management and employees of the Company and, as necessary and appropriate, Board members may consult with the Company's independent legal, financial and accounting advisors to assist in their duties to the Company and its stockholders.

Executive Sessions of Non-Management Directors.

The Company believes that regular scheduling of meetings of non-management directors is important in order to foster better communication among non-management directors. Accordingly, it is company policy that the non-management directors shall have at least two regularly scheduled executive sessions per year without management present.

Board and Committee Performance.

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. Each committee also shall conduct its own annual self-evaluation.

Functioning of Committees

Committee Composition; Meetings.

As noted, the current committees of the board are the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. The committees consist only of "independent" directors, as such term is defined under the listing standards of the National Association of Security Dealers. In addition, members of the Audit Committee must satisfy the independence requirements of Section 10A of the Securities Exchange Act of 1934, as amended.

The length and agenda of meetings of each of the committees are determined by the committees. Sufficient time to consider the agenda items is provided. Materials related to agenda items are provided to the committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items to be considered at the meeting.

Committee Charters.

The Audit, Compensation and Nominating/Corporate Governance Committees shall each have appropriate written charters. The committee charters will be made available on the Company's website.

Duties and Responsibilities of Committees.

Audit Committee. The Audit Committee has the authority and responsibilities set forth in its charter, which is available on the Company's website. In general, the Audit Committee authorizes and approves the engagement of the independent accountants, reviews with the independent accountants the scope and results of the audit engagement, approves professional audit and permissible non-audit services provided by the independent accountants, reviews the independence of the independent accountants, considers the range of audit and non-audit fees and reviews the adequacy of the Company's internal accounting controls. The Audit Committee shall also serve as the Qualified Legal Compliance Committee, whose purpose shall be to receive, retain and investigate reports of evidence of a material violation, as such term is defined by the Securities and Exchange Commission.

Compensation Committee. The Compensation Committee has the authority and responsibilities set forth in its charter, which is available on the Company's website. In general, the Compensation Committee establishes remuneration levels for executive officers of the Company and implements incentive programs, including the Company's employee and director stock incentive plans.

Nominating/Corporate Committee. The Nominating/Corporate Governance Committee has the authority and responsibilities set forth in its charter, which is available on the Company's website. In general, the Nominating/Corporate Governance Committee makes recommendations for nominees to the Board, oversees the evaluation of the Board and its committees and the Company's senior executives and advises on changes in Board compensation.

Conduct and Ethics Standards for Directors

Directors (as well as officers and employees) are subject to applicable provisions of the Company's Code of Conduct and Ethics. Among other things, directors must conduct themselves in a manner that avoids actual or apparent conflicts of interest and that protects the Company's reputation. A conflict of interest occurs where a director's private interests interfere, or appears to interfere, in any way with the interests of the Company.

In addition, directors owe a duty to the Company and its stockholders to advance the Company's legitimate interests when an opportunity to do so arises. Accordingly, directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position. Similarly, directors are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Periodic Review; Disclosure

These Corporate Governance Principles are reviewed by the Board from time to time. These Corporate Governance Principles will be made available on the Company's website.