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## Einstein Noah Restaurant Group Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Our first question comes from Michael Podhorzer - Sidoti & Company.

**Michael Podhorzer - Sidoti & Company**

Good afternoon guys, and thanks for taking my questions. How have you guys been able to cut G&A expense so drastically and should we expect the mid \$7 million level each quarter going forward?

**Rick Dutkiewicz**

Hi Mike, it's Rick Dutkiewicz. I think the key for us frankly, is we took a long hard look at the level of support necessary here within the support center, the amount of travel and the benefit that we were getting from that travel. Frankly we also had a pretty substantial reduction on non-cash stock based compensation expense.

That all being said, it had a fairly profound impact on G&A for the quarter and as I stated in my opening comments the expectation ought to be for this year, somewhere between \$35 million and \$36 million excluding non-cash stock based comp.

**Michael Podhorzer - Sidoti & Company**

Okay, what about looking toward 2009?

**Rick Dutkiewicz**

At this time, Mike, we're not giving any guidance specifically with respect to 2009. I think you just need to keep mindful that a key focus for us is certainly continuing to generate cash flow from operations. So we're going to be measured in terms of what our spending is going to be at the corporate headquarters.

**Michael Podhorzer - Sidoti & Company**

How about the rise in operating cost, was that basically higher utility costs? What exactly was in that?

**Rick Dutkiewicz**

Predominantly utilities and rent, Mike.

**Michael Podhorzer - Sidoti & Company**

One last thing, are you seeing any impact on potential franchisees in the credit crisis?

**Rick Dutkiewicz**

That's a great question. I think you step back to a couple of issues that are happening there. Number one, we're continuing to see new franchisees and hosting, what we refer to as discovery day here at the corporate headquarters, but they're running into kind of a combination of two issues, the first of which is as you recall, the way our concept works. We generally go into a structure that may in fact be a new complex.

So there are some delays in terms of new construction, in terms of facilities that are actually being constructed. Those delays may in fact be to the effect that the landlord's got to get that facility leased at a far higher level than he may have had to do historically, and the second one and we all know this, for a period of time there frankly the credit markets literally shut down and so an awful lot of loans were kind of put in limbo.

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