

**AFC ENTERPRISES, INC.**  
**PEOPLE SERVICES (COMPENSATION) COMMITTEE CHARTER**  
**(As adopted by the Board of Directors on December 11, 2006)**

**Organization**

This charter governs the operations of the People Services (Compensation) Committee of the Board of Directors (the "Committee") of AFC Enterprises, Inc. (the "Company").

**Statement of Policy**

The Committee shall assist the Board of Directors with their responsibility relating to executive compensation; administration and review of incentive-based and equity-based compensation plans; management development and succession planning.

**Meetings**

The Committee shall meet at least one time annually. In addition, the Committee shall hold such meetings as may be called by the chairman of the Committee or at the request of the Board. A majority of Committee members shall constitute a quorum. The Committee may act by unanimous written consent. A secretary shall be designated by the Committee and need not be a member of the Committee. The secretary shall attend meetings and maintain minutes, advise members of all meetings called, arrange with the chairman for preparation and distribution of the agenda for each meeting and carry out other functions as may be assigned from time to time by the Committee. The minutes of the meetings should document the matters discussed, record any instructions given to management and set forth any resolutions passed or actions taken.

**Responsibilities**

The Board has authorized and directed the Committee to assume each of the following responsibilities, and any other responsibilities the Board specifically delegates to the Committee, in each case subject to the limitations on the Board or any committee thereof contained in the Company's Articles of Incorporation or Bylaws or the Minnesota Business Corporation Act, as each is in effect from time to time:

- Set the overall compensation strategy and compensation policies for the Company's senior executives and directors. The Committee shall have the authority to determine the forms and amount of compensation appropriate to achieve the Company's strategic objectives, including salary, bonus, incentive or performance-based compensation, and equity awards. The Committee shall review its compensation strategy annually to confirm that it supports the Company's objectives and stockholders' interests and that

executives are being rewarded in a manner that is consistent with the Committee's strategy;

- Determine the total compensation, including annual base salary, bonus programs and other benefits, for each of the executive officers of the company and, upon the request of the Board, for any other non-executive officers, employees or consultants. In determining the appropriateness of any element of the CEO's or other senior executive's compensation the Committee shall consider total compensation, including realized and unrealized gains on prior equity awards, the size of any prior equity awards, earnings on any deferred compensation, the value of any perquisites, the actuarial value of any retirement plans, and the value of any potential severance or change in control payments. The CEO of the Company and the Company's compensation committee may make recommendations to the Committee and at the request of the Committee, attend meetings of and coordinate the implementation and execution of determinations;
- Negotiate and approve any employment, severance, change in control or separation agreement, in each case if, when and as appropriate, to be entered into between the Company and its executive officers and, upon the request of the Board, any other non-executive officers, employees or consultants;
- Make recommendations to the Board concerning the adoption, terms and operations of the Company's stock option, stock bonus, restricted stock, stock appreciation rights, deferred compensation and other short-term or long-term incentive compensation plans and oversee the administration of those plans, including, without limitation, the authority to make grants of stock awards to employees pursuant to the Company's stock option plans;
- On at least an annual basis, consult with the Board regarding the Committee's philosophy and policies regarding annual and incentive compensation for executive officers, non-executive officers, employees and consultants;
- Prepare and review an annual compensation committee report on executive compensation for inclusion in the Company's proxy statement for its annual shareholder's meeting that satisfies the requirements for such reports promulgated by the Securities and Exchange Commission (the "Commission");
- Commencing with the 2007 proxy statement, oversee the preparation of the compensation discussion and analysis in accordance with SEC rules and regulations for inclusion in the

Company's annual proxy statement and annual report on form 10-K, and review and discuss the compensation discussion and analysis with management each year;

- Assist the Board in developing and evaluating potential candidates for executive positions, including Chief Executive Officer;
- Provide oversight of management's decisions concerning the performance and compensation of other Company officers;
- To review and approve, on an annual basis, corporate goals and objectives with respect to compensation of the CEO;
- To evaluate the CEO's performance at least once a year in light of these goals and objectives;
- To set the CEO's annual compensation, including salary, bonus, incentive and equity compensation level based on this evaluation;
- To exercise all the authority of the Board of Directors with respect to the administration of incentive-based and equity-based compensation plans and benefit plans;
- Report through its chairman to the Board following each meeting of the Committee;
- Review this charter annually and report and make recommendations to the Board regarding revisions to this charter;
- Review, approve, and administer any other matters or plans specifically designated by the Board;
- Assume such other responsibilities as may be required from time to time under applicable laws and regulations, or as may be appropriate to fulfill the duties otherwise described in this charter;
- Review the process for managing executive succession and development training;
- Serve as a resource to the CEO and chief People Services officer of the Company for advice and counsel on issues of human resource policy and strategy; and
- Review and recommend to the Board, appropriate compensation of directors.

## **Compensation and Organization of Committee**

- Term

Members will be appointed by the Board on the recommendation of the Corporate Governance/Nominating Committee for a one-year term or until a successor is appointed and qualified. The full Board will fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time without cause.

- **Number of Members**

The Board will determine the number of Committee members. An odd number will be preferred.

- **Membership**

The members of the Committee will meet the independence requirements of the NASDAQ Stock Exchange and applicable federal securities laws, including the rules and regulations of the Commission.

- **Committee Chair**

The Committee chairman will be a Board member appointed by the Board on the recommendation of the Corporate Governance/Nominating Committee. If the Committee chairman is absent from a meeting, another member of the Committee will act as chairman for that meeting.

- **Subcommittees**

The Committee may delegate authority and responsibilities to subcommittees, as it deems proper.

- **Nonmember Attendance**

The Chairman of the Board, the CEO, the Corporate Secretary and General Counsel will be invited to each meeting. Others will be invited as needed. Attendance may be by telephone as provided in the bylaws of the Company.

- **Amendment and Revision**

At any time the Board acting on its initiative, or on recommendation of a committee, may amend this charter. Only the full Board may amend this Committee's charter.

- **Agenda**

The Committee chairman will set the agenda for each meeting after conferring with the appropriate members of Company management.

- **Committee Self-Assessment**

The Committee will annually review the Committee's own performance, which will include eliciting input from management and the Board on the performance of the Committee. The Committee will report the results of such self-assessment to the Board.

- **Consultants**

The Committee will have the authority to retain, at the Company's expense, an independent compensation consultant or other expert advisors, as it deems necessary to fulfill its responsibilities, without obtaining the approval of the Board or any officer of the Company in advance. The Committee will have sole authority to approve any such consultant's or advisor's fees and other terms of retention. A compensation consultant retained by the Committee shall not perform other services for the Company unless such services are pre-approved by the Committee and the Committee is updated regularly as to the services being provided by such consultants.