

P.F. CHANG'S CHINA BISTRO, INC.

CHARTER OF

THE COMPENSATION AND EXECUTIVE DEVELOPMENT COMMITTEE OF

THE BOARD OF DIRECTORS

I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of P.F. Chang's China Bistro, Inc., a Delaware corporation (the "Company"), and how the Committee carries out those responsibilities, including the structure, processes, and membership requirements. The Committee is appointed by and shall serve on behalf of the Board. The primary function of the Committee is to assist the Board in managing executive compensation and development. The Committee's primary duties and responsibilities are to:

- A. Set compensation philosophy and determine executive compensation.
- B. Ensure that all components of executive compensation are consistent with the Company's compensation philosophy as in effect from time to time.
- C. Work with management to devise and execute on an executive development plan and succession planning and practices for the Company.

The Committee will primarily fulfill these responsibilities, and others as may be prescribed by the Board from time to time, by carrying out the activities enumerated in Section IV of this Charter.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of at least two directors who are not and never have been employees of the Company, and, if the Nominating and Corporate Governance Committee has not done so, the Committee may designate a Chairman among themselves. In the event that the Committee shall have more than two members and one or more members of the Committee are absent from a meeting of the Committee, the remaining members of the Committee (provided there are at least two such members), acting unanimously, shall have the power to take any action necessary or convenient to the efficient discharge of the specific duties set forth hereinafter. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two members of the Committee. The Chief Executive Officer of the Company (the "CEO") shall be a non-voting advisor to the Committee, but shall not participate in any decisions or deliberations relating to his or her own compensation.

III. MEETINGS

The Committee shall meet at least four times per year and from time to time as it deems necessary to carry out its functions.

IV. SPECIFIC DUTIES

The Committee is to:

- A. Conduct and report the results of the review of the CEO, and determine CEO compensation. The review of the CEO is to be conducted in cooperation with the Chairman of the Nominating and Corporate Governance Committee.

- B. Review and approve policies with respect to the salary and other compensation of all executive officers, including cash and equity-based incentive compensation programs, and review and approve the award of stock options to all executive officers.
- C. Review and approve policies and programs with respect to salary compensation and incentive compensation programs for other employees, as requested by management or the Board.
- D. Review and approve establishment or amendment of plans, policies and procedures with respect to the award of options to purchase stock and other equity-based incentive programs for executive officers, and otherwise as requested by management or the Board.
- E. Periodically review executive employee benefits and recommend adjustments to existing programs and the establishment of others, as requested by management or the Board.
- F. Hire outside consultants and conduct such compensation reviews, investigations and/or surveys as the Committee may reasonably deem will provide such information as could reasonably and properly be required by the Committee in the exercise of its functions. In this regard, the Committee has authority to spend up to \$100,000, without the prior approval of the entire Board, for the purpose of fulfilling these responsibilities.
- G. Review, adopt and approve a report describing the policies of the Company regarding executive compensation for the Company's proxy statement in connection with each annual meeting of stockholders.
- H. Review and make recommendations on management's articulation and execution of the Company's executive development plan and succession plan.
- I. Regularly report to the Board on compensation and executive development activities.
- J. Conduct an annual Committee self-evaluation.
- K. Maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee will also record its summaries of recommendations to the Board in written form that will be incorporated as part of the minutes of the Board meeting at which those recommendations are presented.