

Potbelly Corporation

Nominating and Corporate Governance Committee Charter

October 2013

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This Nominating and Corporate Governance Committee Charter was adopted by the Board of Directors (the “Board”) of Potbelly Corporation (“Potbelly”), effective as of October 2013.

1. PURPOSE OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee (the “Committee”) was created by the Board to discharge the responsibilities set forth in this charter. The Committee shall have the authority and membership and shall operate according to the procedures provided in this charter.

2. ORGANIZATION OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- a. Committee Members. The Committee shall consist of two or more directors, as determined by the Board. The members and Chairman of the Committee shall be appointed by the full Board on an annual basis and may be reappointed or replaced at the Board’s discretion at any time.
- b. Qualifications. Each Committee member shall be familiar with corporate governance issues and best practices and will undertake to keep current on developments in this field while serving on the Committee.
- c. Independence. Each Committee member shall satisfy the independence requirements of The NASDAQ Stock Market LLC (“Nasdaq”) and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), unless Potbelly wishes to avail itself of any applicable exemption allowed under such rules and regulations. Potbelly shall make any required disclosures relating to the use of any such exemptions.

3. PROCEDURE

- a. The Committee shall meet at least twice a year. Meetings may be in person or by conference call or other similar communications equipment by means of which all persons participating in the meeting can hear each other. A majority of the Committee members must be in attendance for a quorum. The Committee may also act by unanimous written consent.
- b. The Chairman of the Committee shall be responsible for calling meetings of the Committee, developing the meeting agenda, providing pre-reading materials to Committee members relative to agenda items and chairing the meetings.
- c. The Committee shall keep minutes of its proceedings. To the extent practicable, the meeting agenda, draft minutes from the prior meeting and supporting materials shall be provided to members of the Committee prior to each meeting to allow time for review.

- d. The Committee shall report to the Board on such matters that are specifically identified in this charter and otherwise periodically on such other matters as the Committee deems appropriate.

4. AUTHORITY OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- a. The Committee shall have the authority to retain and terminate any search firm used to identify candidates for the Board, including the authority to approve such firm's fees and other retention terms. The Committee shall have the authority to retain any other independent counsel, experts or advisors (accounting, financial, legal or otherwise) that the Committee believes to be necessary or appropriate to carry out its duties. The Committee may also use the services of Potbelly's regular advisors.
- b. Potbelly shall provide for appropriate funding, as determined by the Committee, for payment of:
 - (i) the professional fees of any search firm or other advisors that have been approved by the Committee; and
 - (ii) any ordinary and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- c. The Committee may form and delegate authority to subcommittees and management when appropriate, provided such delegation complies with any Securities and Exchange Commission ("SEC") and Nasdaq rules that may be applicable.

5. DUTIES AND RESPONSIBILITIES OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters:

- a. Nomination and Board Composition.
 - (i) *Director Criteria and Qualifications.* The Committee shall develop criteria and qualifications for Board nominees to be used in reviewing and selecting director candidates, including policies with respect to Board and committee member independence, terms, tenure, and compliance with applicable regulatory requirements. Director qualifications shall be set out in Potbelly's Corporate Governance Guidelines. The Committee shall present the director criteria and qualifications to the full Board for discussion and approval. Once approved, these will be used by the Committee in recruiting directors, in reviewing any director candidates submitted by stockholders, and in reviewing incumbent directors for re-nomination. The Committee will review the director criteria and qualifications regularly and recommend any revisions or updates to the Board, as appropriate.

- (ii) *Nominating Process.* The Committee shall develop a formal nominating process to be used in identifying, recruiting, evaluating, and recommending director candidates. The nominating process shall be set out in Potbelly's Corporate Governance Guidelines. The Committee will review and refine the process, as appropriate.

- (iii) *Director Nominations.*
 - (1) The Committee shall identify, recruit, and recommend candidates for the Board and shall also be responsible for reviewing and evaluating any candidates recommended by stockholders using the nominating process outlined in Potbelly's Corporate Governance Guidelines. The Committee's recommendations shall be submitted to a vote of the full Board. Candidates approved by a majority of the Board will be presented to stockholders for election at the Annual Meeting.
 - (2) The Committee may also make recommendations to fill any Board vacancies that arise between Annual Meetings with respect to any Board seats subject to a vote of the stockholders at the next succeeding annual meeting of stockholders. Such recommendations will also be subject to a vote of the majority of the Board.
 - (3) Invitations to join the Board shall be extended by the chief executive officer of Potbelly and the Chairman of the Committee.

- (iv) *Board Committee Appointments.*
 - (1) The Committee shall review and recommend to the Board annually the members and chairman of each Board committee. Such committee appointments shall be subject to approval of the majority of the full Board.
 - (2) In making its recommendations, the Committee shall take into account the criteria for committee membership as outlined in each committee's charter. Where independence or other regulatory requirements must be met for membership on a particular Board committee, the Committee shall satisfy itself that its recommendations would comply with such requirements.
 - (3) No person shall serve as the chairman of any Board committee for more than three consecutive years. Except as may be provided in Potbelly's certificate of incorporation or by-laws, there is no limitation on the re-appointment of a Board member to serve as a member of any committee. The Committee may also make recommendations to the Board to replace any committee chairman or members or to add any members to a Board committee at any time during the year.

- (v) *Review.* In making its recommendations for Board and committee membership, the Committee shall review annually, or more often if it deems appropriate:
 - (1) the composition of the Board and its committees in light of the performance of the Board and its committees and the current challenges and needs of the Board, Potbelly and each committee, and shall determine whether it may be appropriate to add or remove individuals after considering issues of judgment, performance, qualifications, diversity, age, skills, background and experience and any other matters the Committee deems appropriate; and
 - (2) the qualification of directors as independent pursuant to applicable SEC and Nasdaq rules.
 - (vi) *Chief Executive Officer.*
 - (1) The Committee shall, with input from the Compensation Committee, establish a formal evaluation process for the chief executive officer. The Committee shall annually review the performance of the chief executive officer and meet with such officer to discuss the findings of the respective review. The Committee shall have authority to make a recommendation to the Board regarding termination of employment of Potbelly's chief executive officer and, if the chief executive officer also serves as chairman, the removal of the chairman from the position of chairman (but not the removal of such individual from his or her directorship).
 - (2) The Committee shall lead the Board's annual review of, and make recommendations to the Board regarding, chief executive officer succession, and shall develop plans for interim succession for the chief executive officer in the event of an unexpected occurrence.
 - (vii) *Chairman.* If at anytime the chief executive officer does not serve as the chairman, the Committee shall annually review the performance of the chairman and meet with such officer to discuss the findings of the respective review. The Committee shall have authority to make a recommendation to the Board regarding the removal of the chairman from the position of chairman of the board (but not the removal of such individual from his or her directorship).
- b. Corporate Governance.
- (i) *General.* The Committee is responsible for overseeing Potbelly's corporate governance policies and practices, including compliance with the corporate governance rules of Nasdaq. The Committee shall keep abreast of best practices, regulatory changes and other

developments in the area of corporate governance and shall update the full Board, as appropriate, on these issues.

- (ii) *Corporate Governance Guidelines.* The Committee shall develop a set of Corporate Governance Guidelines for Potbelly in accordance with Nasdaq rules and present these to the Board for discussion and approval. Once approved, the Committee shall ensure that the Corporate Governance Guidelines are posted on Potbelly's website and kept current. The Committee shall review the Corporate Governance Guidelines regularly and recommend changes or updates to them, whenever appropriate.
 - (iii) *Code of Ethics.* The Committee shall develop a Code of Business Conduct and Ethics for Potbelly and present it to the Board for discussion and approval. Once approved, the Committee shall ensure that the Code of Business Conduct and Ethics is posted on Potbelly's website and kept current. The Committee shall review the Code of Business Conduct and Ethics regularly and recommend changes or updates to it, whenever appropriate.
 - (iv) *Board Committees.* The Committee shall work with the chairman of each Board committee to ensure that the charter and membership of such committee is in compliance with all applicable regulatory requirements, including the rules of Nasdaq. The Committee shall also review and make recommendations to the Board for any changes to the Board's committee structure or to the charters of any Board committees. The Committee shall ensure the Board committee charters are posted on Potbelly's website. The Committee's role in the appointment of members and chairman of the Board committees is outlined above.
 - (v) *Corporate Governance Disclosure.* The Committee is responsible for reviewing and overseeing the preparation of any disclosure relative to Potbelly's corporate governance practices and descriptions of the Board committees provided in Potbelly's annual proxy statement and other materials distributed to stockholders.
- c. Board and Committee Assessment. The Committee is responsible for developing and leading an annual self-assessment of the Board's performance and an annual self-assessment of the Committee's own performance. In addition, the Committee will work with the chairmen of the other Board committees to design and coordinate the annual self-assessments of each Board committee. The Committee shall report to the full Board on the results of the Board and committee assessments each year and make any appropriate recommendations to further enhance Board or committee performance.
- d. Director Orientation and Continuing Education. In conjunction with management, the Committee shall develop, implement and regularly review and update the orientation program for new Board members so that they can quickly become sufficiently knowledgeable about Potbelly in order to contribute meaningfully to Board discussions and decision making. The

Committee will also work with management and other members of the Board to develop and/or recommend continuing education sessions or programs for directors that are practical and useful.

- e. Executive Officers. The Committee shall recommend to the Board the designation of officers of Potbelly as executive officers within the meaning of Section 16 of the Exchange Act.
- f. Insurance Coverage. The Committee shall review annually, or more often if it deems appropriate, Potbelly's directors' and officers' and errors and omissions liability coverage and make any recommendations related thereto to the Board that it deems appropriate.
- g. Stockholder Communication Process. The Committee shall recommend to the Board a process for Potbelly's stockholders to send communications to the Board in accordance with Potbelly's Corporate Governance Guidelines.
- h. Charitable Contributions. The Committee shall review annually, or more often if it deems appropriate, Potbelly's contributions to any charitable institution or organization and set any guidelines relating thereto that it deems appropriate.
- i. Additional Duties. The Committee shall be responsible for any other tasks assigned to it in Potbelly's Corporate Governance Guidelines.

6. MISCELLANEOUS

- a. This charter shall be posted on Potbelly's website in compliance with applicable SEC rules.
- b. The Committee shall review this charter regularly and may recommend to the Board from time to time any proposed changes to the charter and to any other documents related to the responsibilities of the Committee, including the Corporate Governance Guidelines.

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