

GRANITE CITY FOOD & BREWERY LTD.

Compensation Committee Charter

1. **Role.** The role of the Compensation Committee (the "Committee") of Granite City Food & Brewery Ltd. (the "Company") is to discharge the responsibilities of the Board of Directors (the "Board") relating to the Company's compensation and benefit programs. The Company's compensation and benefit programs seek to (i) attract and retain qualified officers and employees, (ii) motivate officers and employees to achieve the Company's business objectives, and (iii) align the interests of officers and employees with the long-term interests of the Company's shareholders.

2. **Membership.** The membership of the Committee consists of at least three directors, all of whom shall (a) meet the independence requirements established by the Board and applicable laws, regulations and listing requirements, (b) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the "1934 Act"), and (c) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. The Board appoints the members of the Committee and the chairperson. The Board may remove any member from the Committee at any time with or without cause.

3. **Operations.** The Committee shall meet as often as its members deem necessary to carry out its responsibilities. Meetings may occur as the Committee or its chair deems advisable. The Committee will cause to be kept adequate minutes of all its proceedings, and will report on its actions and activities at the next meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Company, or (c) the laws of the state of Minnesota.

4. **Authority.** The Committee will have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside legal counsel, outside compensation consultants to assist the Committee in evaluating the Company's compensation and benefit programs, or other experts or consultants, as it deems appropriate, including sole authority to approve such firms' fees and other retention terms. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

5. **Responsibilities.** The principal responsibilities and functions of the Committee are as follows:

- (a) Regularly review the philosophy, objectives, structure, cost and administration of the Company's compensation and benefit programs.

(b) Regularly review trends in compensation and benefit programs, and when appropriate oversee and approve, or recommend for the Board's approval, the revision of existing or the development of new compensation and benefit programs.

(c) Annually review and approve for the officers designated as Section 16 officers for purposes of the 1934 Act (collectively the "Section 16 Officers") all elements of compensation, including base salary, bonuses and incentive compensation. Approve entry into or modification of employment agreements between the Company and any officer and any severance or termination packages with any officer.

(d) Annually approve the goals and objectives for the Section 16 Officers. Annually evaluate the performance of the Section 16 Officers in light of their approved goals and objectives. The results of the annual performance evaluations will be considered by the Committee in setting base salary and other compensation. No Section 16 Officer may be present during deliberations or voting concerning his or her compensation.

(e) Review and discuss with the Board and the Section 16 Officers succession plans for the Section 16 Officers and the development of other officers and employees.

(f) Review and make recommendations to the Board concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the Committee under those plans, including making and authorizing grants, in accordance with the terms of those plans.

(g) Review periodic reports from management on matters relating to the Company's personnel appointments and practices.

(h) If required by applicable Securities and Exchange Commission rules and regulations, produce a Committee report for the Company's annual proxy statement in compliance with such rules and regulations and relevant listing authority.

(i) If required by applicable Securities and Exchange Commission rules and regulations, review and discuss with management the Compensation Discussion and Analysis (the "CD&A") and, based on such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Company's annual proxy statement in compliance with such rules and regulations and relevant listing authority.

(j) Annually review this Charter and recommend to the Board any appropriate or necessary revisions.

(k) Annually evaluate the Committee's performance.

April 22, 2009