

Build-A-Bear Workshop, Inc.
COMPENSATION AND DEVELOPMENT COMMITTEE
OF THE BOARD OF DIRECTORS
CHARTER

I. PURPOSE

The Compensation and Development Committee (the “Committee”) shall discharge the Corporation’s Board of Directors’ (the “Board”) responsibilities relating to compensation of directors and senior officers of the Corporation and the Corporation’s incentive-compensation and equity-based compensation plans.

II. COMPOSITION

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, as defined in the rules of any national securities exchange on which the Corporation’s shares may be listed from time to time, and be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. In making its determination, the Board will consider, among other relevant factors, (1) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and (2) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company. In addition, each member of the Committee shall meet the definition of (1) a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (2) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be recommended by the Nominating and Corporate Governance Committee and elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified or their earlier removal by the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least four times per year or more often as the Committee may from time to time determine may be appropriate or as circumstances dictate. The Chair of the Committee shall, in consultation with the other members of the Committee, establish meeting agendas.

Additional meetings may also be held at such other times as shall be reasonably requested by the Chair of the Board or the Chair of the Committee. The Committee ordinarily prefers that members attend the meetings in person. However, members of the Committee may participate in meetings by means of teleconference, telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence at the meeting. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee. The Committee may also act as otherwise permitted by law or the Corporation’s Bylaws.

At the invitation of the Committee Chair, the meetings will be attended by the Chair of the Board, the Chief Executive Officer, representatives of any compensation consultant retained by the Committee and/or other persons as are appropriate to matters under consideration. The Committee, however, shall meet in executive session on compensation matters pertaining to the Chief Executive Officer.

IV. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee shall include the following:

1. Establish and review the Corporation's overall management compensation philosophy and policy.
2. Review and approve annually corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officer in past years, and determine, or recommend to the other independent directors serving on the Board for determining, the total compensation package, including salaries, bonuses, stock options, benefits and other compensation arrangements, for the Chief Executive Officer. In determining the long-term incentive component of Chief Executive Officer compensation, the Committee may consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officer in past years. The Chief Executive Officer shall not be present at Committee meetings during discussion of Chief Executive Officer compensation. In evaluating and determining the Chief Executive Officer's compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act.
3. Review, determine and approve the compensation of, and oversee the evaluation process for all executive officers of the Corporation other than the Chief Executive Officer and such other members of management as the Board and the Committee determine appropriate.
4. Make determinations with respect to and oversee the administration of any Corporation executive-based employee benefit plans, incentive-compensation plans, equity-based compensation plans or profit-sharing plans. The Committee shall have the exclusive authority to interpret, administer and grant awards under all equity-based compensation plans of the Corporation, except as otherwise approved or directed from time to time by the Board, delegated to an appropriate officer (in accordance with applicable stock exchange regulations and law) or as provided in a particular plan.
5. Review on a periodic basis the Corporation's management compensation programs, including management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended

- purpose(s), and implement any appropriate modifications or new plans or programs.
6. Review annually the performance, development and leadership capabilities of key senior executive officers and succession planning strategies of the Corporation.
 7. Evaluate annually the diversity of the Corporation's employees.
 8. Following, and based upon an annual review of Board compensation and compensation practices by the Board or a committee thereof, make recommendations with respect to director compensation (including fees and equity grants) to the Board.
 9. Review and discuss disclosure under "Compensation Discussion and Analysis" with management and, based upon that review and discussion, recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K or proxy statement, as applicable.
 10. Prepare and approve the Compensation Committee report to be included as part of the Company's annual proxy statement, as required by the rules of the national securities exchange on which the Corporation's shares may be listed from time to time, the Securities and Exchange Commission and other applicable regulatory bodies.
 11. The Committee shall have unrestricted access to management. The Committee shall have the authority to engage independent advisors, including compensation consultants, at the Corporation's expense as the Committee may determine necessary in carrying out its responsibilities hereunder. The Committee shall have the sole authority to retain, compensate, direct, oversee and terminate independent legal counsel, compensation consultants, and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee. The Corporation shall provide the Committee with adequate funding, as determined by the Committee, for payment of reasonable compensation to any advisors engaged by the Committee. Prior to selecting or receiving advice from a compensation consultant, external legal counsel, accountant and other advisors, the Committee shall assess the independence of such advisors taking into account such factors as required by the New York Stock Exchange, the Securities and Exchange Commission and applicable law and such other factors as the Committee determines are relevant. The Committee shall also assess whether a conflict of interest exists with any of its compensation consultants taking into account the factors applicable for evaluating the independence of advisors to the compensation committee required by the Securities and Exchange Commission and such other factors as the Committee determines are relevant.
 12. Review compensation risk to determine whether compensation policies and practices for employees are reasonably likely to have a material adverse effect on the Corporation, including whether the design or operation of the Corporation's compensation programs encourages employees to engage in excessive risk-taking, is aligned to the interests of shareholders, and appropriately aligns performance with pay. The Committee will at least annually discuss the

relationship between risk management policies and practices and compensation and evaluate policies and procedures that could mitigate any such risk.

13. Review and reassess the Corporation's Senior Executive Stock Ownership and Retention Guidelines on an annual basis and make recommendations to the Board concerning any changes deemed appropriate.
14. Report actions of the Committee periodically to the Board with such recommendations for action as the Committee deems appropriate.
15. Review and reassess the adequacy of this Charter on an annual basis and make recommendations to the Board concerning any changes deemed appropriate.
16. Conduct an annual self-evaluation of Committee performance.
17. Review and approve all employment agreements and severance agreements with senior management (including severance agreements relating to change in control), and any amendments thereto.
18. Review and approve any offer letters of employment made to officer or senior management candidates.
19. Approve or make recommendations to the Board with respect to the adoption or modification of any clawback policy allowing the Corporation to recoup compensation paid to executive officers and other employees.
20. Approve or make recommendations to the Board with respect to the adoption or modification of anti-hedging and anti-pledging policies.
21. Recommend to the Board for approval the frequency with which the Corporation will include in its proxy and information statement a management proposal permitting stockholders to have an advisory vote on executive compensation ("Say on Pay"). This review should take into account the most recent stockholder advisory vote on the frequency of Say on Pay resolutions at the Corporation.
22. Review and evaluate the results of such Say on Pay votes, consider any other feedback garnered through the Company's ongoing stockholder outreach that may be in effect from time to time, and make recommendations to the Board regarding whether and how the Corporation should respond to such votes. Particularly, the Committee will consider the results of the most recent Say on Pay votes when evaluating and approving the compensation of the executive officers of the Corporation and administering and granting awards under the Corporation's equity-based compensation plans.
23. Perform any other activities consistent with this Charter, the Corporation's Bylaws, the requirements of the Securities and Exchange Commission, any stock exchange requirements and governing law, as the Committee or the Board deems necessary or appropriate.