

Build-A-Bear Workshop, Inc.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The Audit Committee (the “Committee”) shall aid the Board of Directors (the “Board”) in undertaking and fulfilling its oversight responsibilities with regard to:

- the integrity of the Corporation’s financial statements;
- the effectiveness of the Corporation’s internal control over financial reporting;
- the Corporation’s compliance with legal and regulatory requirements;
- the qualifications and independence of the Corporation’s independent registered public auditors (the “Auditors”); and
- the performance of the Auditors and the Corporation’s internal audit function.

The Committee shall also be responsible for preparing the Audit Committee report that is required to be included in the Corporation’s annual proxy statement.

The duties of the Committee are ones of oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate and prepared in accordance with generally accepted accounting principles. The primary responsibility for the Corporation’s financial statements and internal controls rests with the Corporation’s management. The Board recognizes that the Committee necessarily will rely on the advice and information it receives from the Corporation’s management and internal auditors and the Auditors. Recognizing these inherent limitations on the scope of the Committee’s review, however, the Board expects the Committee to exercise independent judgment in assessing the quality of the Corporation’s financial reporting process and internal controls. The Board also expects that the Committee will maintain free and open communication with the other directors, the Corporation’s internal auditors and financial management and the Auditors.

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 Rule 10A-3 under the Securities Exchange Act of 1934 (the “Act”) and the rules of any national securities exchange on which the Corporation’s shares may be listed from time to time, and shall 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. All members of the Committee shall be financially literate, as defined in the rules of any national securities exchange on which the Corporation’s shares may be listed from time to time, and shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall be an “audit committee financial expert” as defined in Regulation S-K,

Item 407(d)(5) under the Act. If a Committee member simultaneously serves on the audit committees of more than two other public companies, the Board must determine that such simultaneous service does not impair the ability of such Committee member to effectively serve on the Committee and such determination must be disclosed in the Corporation's annual proxy statement.

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 to serve until their successors shall be duly elected and qualified. 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 deems appropriate or as circumstances dictate. As part of its job to foster open communication, the Committee should meet separately in executive session with management, the Auditors and the Corporation's internal auditors to discuss any matters that the Committee or any of these groups believe should be discussed privately as necessary, but at least twice per year. The Committee shall report regularly to the full Board regarding its activities.

Additional meetings may be held at such other times as shall be reasonably requested by the Chair of the Board, the Chair of the Committee, the Auditors or the Corporation's financial management. 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. The Committee may also act as otherwise permitted by law or the Corporation's Bylaws.

At the invitation of the Committee Chair, meetings of the Committee may be attended by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the General Counsel, the Controller, representatives of the Auditors, and other persons as are appropriate to matters under consideration.

IV. AUTHORITY, RESPONSIBILITIES AND DUTIES

The Committee shall have the resources and authority to exercise all powers with respect to discharging its duties and responsibilities, including full access to the Corporation's employees and officers and internal or external advisors or consultants. If in the course of fulfilling its duties the Committee wishes to consult with outside legal, accounting or other advisors, the Committee may retain these advisors without seeking the approval of the Board or management. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services,

compensation to any advisors employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

As part of its oversight role, the Committee may investigate any matter brought to its attention, with the full power to retain outside counsel or other experts for this purpose. The Committee shall have complete access to management and employees and may request any officer or employee of the Corporation or the Corporation's outside counsel or Auditors to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.

Committee members may not receive any compensation from the Corporation other than for service as a member of the Board or a committee thereof. Prohibited compensation includes any fees paid directly or indirectly for services as a consultant or as a legal or financial advisor, whatever the amount; provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation (provided that such compensation is not contingent in any way on continued service). No member of the Committee may be an "affiliated person" of the Corporation or any subsidiary, as such term is defined by the SEC.

Without limiting the generality of the foregoing, the authority, duties and responsibilities of the Committee shall include the following:

Independent Registered Public Accounting Firm Oversight and Responsibilities

1. The Committee shall be solely and directly responsible for the selection, appointment, compensation and retention of the Auditors, subject to ratification of the appointment of the Auditors by the Corporation's stockholders if such ratification is determined by the Board to be necessary or desirable, and for oversight of the work of the Auditors (including resolution of disagreements between management and the Auditors) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation. The Auditors shall report directly to the Committee.
2. The Committee shall evaluate, at least annually, the qualifications, performance and independence of the Auditors. In conducting such review, the Committee shall obtain and review a report by the Auditors describing (1) the firm's internal quality-control procedures, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, (3) whether the Corporation's audit was subject to the firm's internal quality control review, peer review or inspection by the PCAOB and the results of such review or inspection, and (4) all relationships between the Auditors and the Corporation that might bear on the Auditors' independence, including the impact of any non-audit services provided

by the Auditors. This evaluation shall confirm that the firm is registered with the Public Company Accounting Oversight Board as and when such registration is required, shall include the review and evaluation of the lead partner of the Auditors and shall be designed to ensure the rotation of the lead partner and other partners serving the account as required under SEC independence rules and the non-participation of specific former Corporation officers or employees, all in accordance with SEC rules and the securities laws. The Committee shall also obtain and discuss the written disclosures and letter from the Auditors contemplated by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, as may be modified or supplemented, and assurances from such firm that its compensation policies comply with applicable SEC and stock exchange regulations. In addition, the Committee shall consider the advisability of regularly rotating the Auditors in order to maintain the independence between the Auditors and the Corporation. In making this evaluation, the Committee should take into account the opinions of management and the Corporation's internal auditors. The Committee shall present its conclusions with respect to the Auditors to the Board.

3. The Committee shall set clear hiring policies with management regarding the hiring of any current or former employees of the Auditors, or any prior independent public accountant, who participated in any capacity in the audit of the Corporation, to address conflicts of interest and pressures that may exist for employees of the Auditor that may be seeking or at some point seek employment with the Corporation as well as to meet SEC regulations and applicable stock exchange listing standards.
4. The Committee shall pre-approve any audit or permissible non-audit engagement or relationship between the Corporation and the Auditors, including specific pre-approval of internal control-related services based on PCAOB Rule 3525, and shall receive the required service description, fee arrangement and other documentation, and discussion of non-prohibited tax services by the independent registered public accountant based on PCAOB Rule 3524. The Committee shall establish guidelines for the retention of the Auditors for any permissible non-audit services and to assure that the Auditors do not provide any prohibited non-audit services to the Corporation. In determining whether to engage the Auditors for any permitted non-audit services, the Committee shall consider whether or not the provisions of such non-audit services is compatible with maintaining the independence of the Auditors. The Committee may establish pre-approval policies and procedures for the engagement of the Auditors, provided the policies and procedures are detailed as to the particular service, the Committee is informed of each service, and the policies and procedures do not result in a delegation of the Committee's responsibilities to management. The Committee hereby delegates to the Chair the authority to approve in advance all audits or permitted non-audit services to be provided by the Auditors. The Chair and the Auditors shall provide a report to the full Committee at the next regularly scheduled meeting of all services approved pursuant to such delegation.

5. The Committee shall meet with the Auditors and the Corporation's financial management prior to the audit to review its proposed scope, the scope of the quarterly reviews, the procedures to be followed in conducting the audit and reviews and the major risk factors considered by the Auditors in determining the scope of the audit.

Financial Statements and Disclosure Matters

6. The Committee shall review and discuss prior to public dissemination the annual audited and quarterly unaudited financial statements with management and the Auditors, including major issues regarding accounting, disclosure and auditing procedures and practices as well as the adequacy of internal controls that could materially affect the Corporation's financial statements. In addition, the review shall include the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included in the report. Based on the annual review and if deemed appropriate, the Committee shall recommend to the Board inclusion of the financial statements in the Annual Report on Form 10-K.
7. The Committee shall review and discuss with management and the Auditors significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
8. The Committee shall, prior to issuance of an audit report and otherwise as deemed appropriate, review and discuss reports from the Auditors on: (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditors; and (3) other material written communications between the Auditors and management, such as management representation letters, schedules of unadjusted differences, reports on observations and recommendation on internal controls, listings of adjustments and reclassifications not recorded, the engagement letter, the independence letter and any management or internal control letter issued.
9. The Committee shall discuss with management the Corporation's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may consist of a general discussion of the types of information to be disclosed, including the use of pro forma or adjusted non-GAAP information, and the types of presentations to be made.

10. The Committee shall discuss with management and the Auditors the effect on the Corporation's financial statements of significant regulatory and accounting initiatives as well as off-balance sheet structures.
11. The Committee shall discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.
12. The Committee shall review with the Auditors any audit problems or difficulties and management's response, including, but not limited to (1) any restrictions on the scope of the Auditors' activities, (2) any restriction on the access of the Auditors to requested materials, (3) any significant disagreements with management, (4) any accounting adjustments that were noted or proposed by the Auditors but for which the Corporation's financial statements were not adjusted (as immaterial or otherwise), (5) any communications between the audit team and the Auditors' national office respecting auditing or accounting issues presented by the engagement, and (6) any "management" or "internal control" letter issued, or proposed to be issued, by the Auditors. The Committee will resolve any disagreements between the Auditors and management regarding financial reporting.
13. The Committee shall discuss at least annually with the Auditors the matters required under applicable professional standards.
14. The Committee shall prepare the Committee report that the SEC requires to be included in the Corporation's annual proxy statement and review the matters described in such report.

Financial Reporting Process

15. The Committee shall review and discuss with management and the Auditors: (1) any significant deficiencies or material weaknesses and the characterization of those within the design or operation of the Corporation's internal control over financial reporting that are reasonably likely to adversely affect the Corporation's ability to record, process, summarize or report financial information; (2) any remediation plans and disclosures to address internal control deficiencies and determine the clarity and completeness of such plans and disclosures; (3) any fraud, whether or not material, involving management or other employees who have a significant role in the Corporation's internal control over financial reporting; (4) any changes in the Corporation's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting; (5) any special audit steps adopted in light of material control deficiencies; and (6) their reports regarding the effectiveness of the Corporation's disclosure controls and procedures and internal control over financial reporting.

16. The Committee shall review and discuss with the Chief Executive Officer and Chief Financial Officer how they are meeting their obligations with respect to the certification process for the Form 10-K and Form 10-Q and review their evaluations of the Corporation's disclosure controls and procedures.
17. The Committee shall obtain annually a report from, and review and discuss such report with, the Auditors, with attestation, regarding the Corporation's internal control over financial reporting.
18. The Committee shall approve the annual audit plan and any major changes to the audit plan, charter, responsibilities, reporting relationship, organizational structure and staffing of the Internal Audit function, including the appointment and replacement of the executive responsible for the Internal Audit function.
19. The Committee shall review annually with the Auditors and the internal auditors the coordination of audit efforts to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
20. The Committee shall receive regular reports of major findings by the internal auditors and how management is addressing the conditions reported.
21. Discuss with the Auditors its evaluation of the Corporation's identification of, accounting for, and disclosure of its relationships with related parties as set forth under the standards of the PCAOB.

Miscellaneous

22. The Committee shall review with the Corporation's General Counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
23. The Committee shall oversee investigations deemed appropriate by the Committee into any matters within the Committee's scope of responsibility as described in this Charter or as may be subsequently delegated to the Committee by the Board, with the power to retain independent counsel, accountants and other advisors and experts to assist the Committee if deemed appropriate.
24. The Committee shall establish and maintain procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal controls or auditing matters. The Committee shall review any significant complaints or concerns regarding accounting, internal accounting controls or auditing matters received pursuant to such procedures.

25. The Committee shall report regularly to the Board with respect to any issue that arises with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements and the performance and independence of the Auditors.
26. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
27. The Committee shall conduct an annual self-evaluation of its performance.
28. The Committee shall review any violations of the Corporation's Business Conduct Policy and Code of Ethics Applicable to Senior Executives which is reported to the Committee by the General Counsel.
29. The Committee shall perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.