

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 16, 2019

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-32320

(Commission
File Number)

43-1883836

(IRS Employer
Identification No.)

1954 Innerbelt Business Center Drive
St. Louis, Missouri

(Address of Principal Executive Offices)

63114

(Zip Code)

(314) 423-8000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e)

On April 16, 2019, the Compensation and Development Committee (the “Committee”) of the Board of Directors of Build-A-Bear Workshop, Inc. (the “Company”) adjusted the compensation for each of Company’s named executive officers (the “Executive Officers”), other than the President and Chief Executive Officer. At the recommendation of the Committee, the Board of Directors ratified and approved the President and Chief Executive Officer’s compensation.

These compensation adjustments included determination of the 2019 annual bonus program performance objectives, approval of the 2019 long-term incentive compensation grants, and modification of the performance metric applicable to certain existing long-term incentive compensation grants, each of which is described below. No base salary adjustments were made for any of the Company’s Executive Officers.

2019 Annual Bonus Program

The Committee established the 2019 performance objectives for the range of cash bonuses that may be paid under the Build-A-Bear Workshop, Inc. 2017 Omnibus Incentive Plan (the “Plan”) to each of the Executive Officers in accordance with the terms of the Company’s cash bonus program for its Executive Officers (the “Cash Bonus Program”). The Base Bonus Calculation for each of the Executive Officers for 2019 is determined by multiplying the Base Bonus Payout (set forth below) by his or her eligible base salary (which excludes items such as relocation allowances, bonuses, stock options exercises, vesting of restricted stock, performance-based long-term cash program payments, and compensation not received during a leave of absence):

<u>Name</u>	<u>Base Bonus Payout</u>
Sharon John	100%
Voin Todorovic	50%
Jennifer Kretchmar	50%
J. Christopher Hurt	50%
Eric Fencel	50%

The cash bonus, if any, to be paid to each respective Executive Officer will be calculated by multiplying the Base Bonus Calculation described above by the applicable Percentage of Base Bonus Calculation set forth in in column (2) below based on the Company's achievement of fiscal 2019 consolidated pre-tax income performance goals.

(1)	(2)
<u>Achievement Level</u>	<u>Percentage of Base Bonus Calculation</u>
Threshold	1%
Target	100%
Maximum	200%

The terms of the Cash Bonus Program provide for mandatory bonus payouts only if the Company's 2019 consolidated pre-tax income (after providing for any bonus expense) meets or exceeds the threshold amount. Consolidated pre-tax income results that fall between any of the achievement levels set forth in the table above will be interpolated between the applicable achievement levels, in the sole discretion of the Committee. This discretion includes the ability to increase or reduce the otherwise applicable Percentage of Base Bonus Calculation for each achievement level.

The foregoing summary of the Cash Bonus Program is qualified in its entirety by reference to the description of such program filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

2019 Long-Term Incentive Compensation

Utilizing market data compiled by the Committee's compensation consultant, the Committee determined the market value of the total long-term incentive program awards ("LTI Market Value") for each Executive Officer. For the President and Chief Executive Officer, the resulting awards were then made 50% in time-based restricted stock and 50% in three-year performance-based restricted stock. For Executive Officers other than the President and Chief Executive Officer, the resulting awards were then made 50% in time-based restricted stock and 50% in three-year performance-based cash. These awards were as follows:

<u>Name</u>	<u>Number of Shares of Time-Based Restricted Stock</u>	<u>Target Number of Shares of Three-Year Performance-Based Restricted Stock</u>	<u>Target Payout Amount of Three-Year Performance-Based Cash</u>
Sharon John	95,811	95,811	—
Voin Todorovic	26,739	—	\$150,000
Jennifer Kretchmar	26,739	—	\$150,000
J. Christopher Hurt	26,739	—	\$150,000
Eric Fencl	20,052	—	\$112,500

The number of shares of time-based restricted stock awarded to each Executive Officer was derived by dividing 50% of such Executive Officer’s LTI Market Value by the closing sale price of the Company’s common stock on the New York Stock Exchange on April 16, 2019 and rounding the resulting number to the closest whole number that is divisible by three. The time-based restricted stock vests pro-ratably over three years, beginning on April 30, 2020.

The target number of shares of three-year performance-based restricted stock awarded to the President and Chief Executive Officer was derived by dividing 50% of her LTI Market Value by the closing sale price of the Company’s common stock on the New York Stock Exchange on April 16, 2019 and rounding the resulting number to the closest whole number. The number of three-year performance-based restricted stock shares, if any, that will be earned by the President and Chief Executive Officer will be calculated by multiplying the Target Number of Shares of Three-Year Performance-Based Restricted Stock noted in the table above by the average of the applicable Percentage of Target Value of Three-Year Performance-Based Restricted Stock Earned Calculation set forth in column (2) below based on the Company’s achievement of consolidated pre-tax income performance goals for fiscal 2019, fiscal 2020 and fiscal 2021. The pre-tax income achievement level amounts have been set for fiscal 2019 and fiscal 2020. For fiscal 2021, the pre-tax income achievement level amounts will be based upon a pre-established percentage of growth over actual pre-tax income results for fiscal 2020; provided that, if the Company experiences an unanticipated pre-tax loss for fiscal 2020, fiscal 2021 achievement level amounts will reset to pre-established pre-tax income achievement levels. Furthermore, no performance-based restricted stock will be earned if cumulative pre-tax income for fiscal years 2019, 2020 and 2021 is less than \$0. The three-year performance-based restricted stock that is earned, if any, will vest on April 30, 2022.

Performance-Based Restricted Stock Payout for Fiscal 2019, Fiscal 2020 and Fiscal 2021

(1)	(2)
<u>Achievement Level</u>	<u>Percentage of Target Value of Three-Year Performance-Based Restricted Stock Earned Calculation</u>
Below Threshold	0%
Threshold	25%
Target	100%
Maximum	200%

The terms of the 2019 time-based and performance-based restricted stock are as set forth in the relevant portions of the Company’s form of Restricted Stock Agreement (the “Award Agreement”). Vesting is accelerated upon a change in control or, in certain circumstances, upon death or termination of employment with the Company due to disability, subject to the terms set forth in the Award Agreement. Time-based restricted stock carries voting and dividend rights from the date of grant. Holders of performance-based restricted stock are entitled to voting and dividend rights only upon satisfaction of applicable performance criteria. The summary of the terms of the time-based and performance based restricted stock herein is qualified in its entirety by reference to the terms set forth in the form of the Award Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

The target payout amount under the three-year performance-based cash program for each Executive Officer other than the President and Chief Executive Officer is 50% of each such Executive Officer's LTI Market Value. The cash award that will be earned, if any, by each such Executive Officer will be calculated by multiplying the Target Payout Amount of Three-Year Performance-Based Cash set forth in the table above by the average of the applicable Percentage of Target Payout Amount Earned Calculation in column (2) below based on the Company's achievement of consolidated pre-tax income performance goals for fiscal 2019, fiscal 2020 and fiscal 2021. The pre-tax income achievement level amounts have been set for fiscal 2019 and fiscal 2020. For fiscal 2021, the pre-tax income achievement level amounts will be based upon a pre-established percentage of growth over actual pre-tax income results for fiscal 2020; provided that, if the Company experiences an unanticipated pre-tax loss for fiscal 2020, fiscal 2021 achievement level amounts will reset to pre-established pre-tax income achievement levels. No three-year performance-based cash awards will be earned if cumulative pre-tax income for fiscal years 2019, 2020 and 2021 is less than \$0.

Performance-Based Cash Payout for Fiscal 2019, Fiscal 2020 and Fiscal 2021

(1) <u>Achievement Level</u>	(2) Percentage of Target Payout Amount <u>Earned Calculation</u>
Below Threshold	0%
Threshold	25%
Target	100%
Maximum	200%

The cash award that will be earned, if any, by each Executive Officer other than the President and Chief Executive Officer will be paid no later than May 15, 2022. The summary of the three-year performance-based cash program herein is qualified in its entirety by reference to the description of such program filed as Exhibit 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

With respect to awards made in cash pursuant to the Cash Bonus Program and the three-year performance-based cash program, consolidated pre-tax income results that fall between any of the established achievement levels will be interpolated between the applicable achievement levels, in the sole discretion of the Committee. This discretion includes the ability to increase or reduce the otherwise applicable Percentage of Base Bonus Calculation for each achievement level. Each of the performance-based restricted stock and cash awards described herein is subject to reimbursement or forfeiture in the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under securities laws, and in any event, in accordance with the terms of any Company recoupment policy that may be adopted pursuant to the rules and regulations of the Securities and Exchange Commission or New York Stock Exchange.

Modification of Annual Long-Term Incentive Compensation Awards

In March 2017, the Committee granted three-year performance-based restricted stock to each of the Executive Officers, and in March 2018, the Committee awarded the President and Chief Executive Officer three-year performance-based restricted stock. In each case, the amounts that may be earned are dependent upon the Company's achievement of pre-established consolidated pre-tax income performance goals during the prospective three-year performance period. When awarded in fiscal 2017 and fiscal 2018, the pre-tax income achievement level amounts were set for the first year in each of the three-year performance periods. Subsequent fiscal year pre-tax income achievement level amounts were based upon a pre-established percentage of growth over actual pre-tax income results for the prior fiscal year.

The Company experienced an unanticipated pre-tax loss in fiscal 2018, and as such, in March 2019, the Company and each of the Executive Officers mutually agreed to reset fiscal 2019 and 2020 pre-tax income achievement level amounts to be higher than originally required. As adjusted with respect to both the 2017 and 2018 performance-based restricted stock awards, fiscal 2019 achievement levels were reset as fixed pre-tax income amounts. For the 2018 awards, fiscal 2020 achievement levels are based on a pre-established percentage of growth over fiscal 2019 results, except that if fiscal 2019 results in pre-tax loss, fiscal 2020 achievement level amounts will be based on fixed pre-tax income targets.

In March 2018, the Committee granted each Executive Officer other than the President and Chief Executive Officer three-year performance-based cash awards. The potential payouts for these awards follow a similar structure as described above for the Executive Officers' three-year performance-based restricted stock. As a result of the unanticipated pre-tax loss experienced in fiscal 2018, in March 2019, the Company and each Executive Officer other than the Chief Executive Officer agreed to similar adjustments to fiscal 2019 and fiscal 2020 achievement levels.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	<u>Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for C-Level Employees</u>
10.2	<u>Form of Restricted Stock Agreement under the Registrant's 2017 Omnibus Incentive Plan</u>
10.3	<u>Description of Build-A-Bear Workshop, Inc. Three-Year Performance-Based Cash Program for C-Level Employees</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BUILD-A-BEAR WORKSHOP, INC.

Date: April 19, 2019

By: /s/ Eric Fencil
Name: Eric Fencil
Title: Chief Administrative Officer,
General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
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10.2	Form of Restricted Stock Agreement under the Registrant's 2017 Omnibus Incentive Plan
10.3	Description of Build-A-Bear Workshop, Inc. Three-Year Performance-Based Cash Program for C-Level Employees

BUILD-A-BEAR WORKSHOP, INC.**Description of Build-A-Bear Workshop, Inc. Cash Bonus Program for C-Level Employees**

The purpose of the Build-A-Bear Workshop, Inc. (the “Company”) Cash Bonus Program for C-Level Employees (the “Program”) is to attract and retain highly qualified executive officers, motivate these executive officers to materially contribute to the Company’s business success, and align the interests of the Company’s executive officers and stockholders by rewarding the executive officers for performance based on achievement of targets established by the Compensation and Development of the Company’s Board of Directors (the “Committee”). The Program has been adopted under the Company’s 2017 Omnibus Incentive Plan (the “2017 Plan”).

All C-Level Employees of the Company are eligible to participate in the Program. The cash bonus, if any, to be paid to each C-Level Employee will be calculated by multiplying the applicable Percentage of Base Bonus Calculation by the Base Bonus Calculation for the respective C-Level Employee. The Base Bonus Calculation for each of the C-Level Employees is determined by multiplying the Base Bonus Payout for the respective C-Level Employee by his or her eligible base salary (which excludes items such as relocation allowances, bonuses, stock options exercised, vested restricted stock, and performance-based long-term cash program payments) in effect on the date of adoption of the performance objectives for that fiscal year, as modified by any adjustment made during the first quarter of such fiscal year (“Eligible Base Salary”). The Base Bonus Payout for the President and Chief Executive Officer is 100% of her Eligible Base Salary. The Base Bonus Payout for each of the other C-Level Employees is 50% of his or her Eligible Base Salary.

The Percentage of Base Bonus Calculation is set based on the achievement of one or more performance objectives as follows: (i) a threshold achievement of 1% of the performance objective; (ii) a target achievement of 100% of the performance objective; and (iii) a maximum achievement of 200% of the performance objective (the “Achievement Levels”). The applicable performance objectives will be established by the Committee within the first ninety (90) days of the applicable fiscal year and will be based on one or more categories of performance measures set forth in Section 9 of the 2017 Plan. The calculation of cash bonuses will be interpolated to reflect performance results which fall within any of the Achievement Levels, in the sole discretion of the Committee. This discretion includes the ability to increase or reduce the otherwise applicable Percentage of Base Bonus Calculation for each Achievement Level.

In the event of a financial restatement impacting the applicable performance objective after a cash bonus has been paid, the Company shall recover from the recipient of such cash bonus the applicable amount of the cash bonus which should not have been paid, based on the restatement of the performance objective, plus interest at the rate determined by the Committee, from the time Company made such cash bonus payment to the recipient until its recovery thereof. The recovery of any cash bonus paid pursuant to the Program shall be made in accordance with the terms of any incentive compensation recoupment or recovery policy adopted in the future by the Company pursuant to Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations of the New York Stock Exchange, or any national securities exchange on which the Company’s common stock is then-listed, to the extent that such policy would apply to such cash bonuses.

**BUILD-A-BEAR WORKSHOP, INC.
RESTRICTED STOCK
AGREEMENT**

Grant Date: _____
Employee: _____
No. of Shares of Time-Based Restricted
Stock: _____
Maximum Number of Shares of
Performance-Based Restricted Stock: _____

This Agreement will certify that the employee named above (“**Employee**”) is awarded the total number of restricted shares of common stock, \$0.01 par value per share (the “**Common Stock**”), of Build-A-Bear Workshop, Inc. (the “**Company**”) designated above (the “**Restricted Stock**”), pursuant to the Build-A-Bear Workshop, Inc. 2017 Omnibus Incentive Plan (the “**Plan**”), as of the date indicated above (the “**Grant Date**”) and subject to the terms, conditions and restrictions in the Plan and those set forth below. Any capitalized, but undefined, term used in this Agreement shall have the meaning ascribed to it in the Plan. Employee’s electronic acceptance within sixty (60) days on his/her personal Merrill Lynch account constitutes Employee’s acceptance of this award and acknowledgement of Employee’s agreement to all the terms, conditions and restrictions contained in the Plan and this Agreement. If the Employee does not accept this award on his/her personal Merrill Lynch account within sixty (60) days of the Grant Date, the Employer may revoke this grant.

BUILD-A-BEAR WORKSHOP, INC.

By: _____

Sharon Price John
Chief Executive Officer

Terms and Conditions

A. Terms and Conditions Applicable to Restricted Stock

1. Terms of Restricted Stock Award. Pursuant to action of the Compensation and Development Committee (the “**Committee**”), the Company awards to the Employee the number of shares of Restricted Stock set forth above. The Restricted Stock is nontransferable by the Employee during the period described below and is subject to the risk of forfeiture as described below. Prior to the time shares become transferable, the shares of Restricted Stock shall bear a legend indicating their nontransferability, and, subject to the terms of this Agreement, if the Employee terminates service as an employee of the Company prior to the time a restriction lapses, the Employee shall forfeit any shares of Restricted Stock which are still subject to the restrictions at the time of termination of such service.

(a) Time-Based Restricted Stock

The restrictions on transfer described in this Section A.1 applicable to the Time-Based Restricted Stock awarded above shall lapse and be of no further force and effect as follows, if the Employee is still an employee of the Company on the respective date set forth below, and has been continuously serving as such an employee of the Company during such twelve (12)-month period ending on such date:

Date	Portion of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
April 30, 2020:	One-third
April 30, 2021:	One-third
April 30, 2022:	One-third

For avoidance of doubt, on April 30, 2022, one hundred percent (100%) of the Time-Based Restricted Stock shall be transferable by the Employee if the Employee is still an employee, and has been continuously serving from the Grant Date through April 30, 2022 as an employee of the Company on such date.

Notwithstanding the foregoing, in the event of a Change of Control, all previously granted shares of Time-Based Restricted Stock not yet free of the restrictions of this Section A.1.(a) shall become immediately free of such restrictions.

(b) Performance-Based Restricted Stock

The restrictions on transfer described in this Section A.1 applicable to the Performance-Based Restricted Stock awarded above shall lapse and be of no further force and effect as follows, if (1) the performance criteria applicable to the Performance-Based Restricted Stock as established by the Committee and included in **Exhibit A** hereto (the “**Performance Criteria**”) has been satisfied, and (2) the Employee is still an employee of the Company on the date set forth below, and has been continuously serving as such an employee of the Company from the Grant Date to such date:

Date	Portion of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
April 30, 2022:	100%

For avoidance of doubt, on the date ending April 30, 2022, one hundred percent (100%) of the Performance-Based Restricted Stock shall be transferable by the Employee if (1) the Performance Criteria set forth in **Exhibit A** hereto have been satisfied, and (2) the Employee is still an employee, and has been continuously serving from the Grant Date through April 30, 2022 as an employee of the Company on such date.

Notwithstanding the foregoing, in the event of a Change of Control that occurs prior to the end of Fiscal Year 2021, fifty percent (50%) of the Maximum Number of Shares of Performance-Based Restricted Stock (as set forth on page 1) shall become immediately free of the restrictions of this Section A.1.(b). If a Change of Control occurs at any time after the end of Fiscal Year 2021, one hundred percent (100%) of the shares earned based on the Performance Criteria (as set forth in **Exhibit A**) not yet free of the restrictions of this Section A.1.(b) shall become immediately free of such restrictions.

2. Death or Disability of the Employee.

(a) Time-Based Restricted Stock

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, all previously granted shares of Time-Based Restricted Stock not yet free of the restrictions of Section A.1(a) shall become immediately free of such restrictions.

(b) Performance-Based Restricted Stock

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, in either case prior to the end of Fiscal Year 2021, fifty percent (50%) of Maximum Number of Shares of Performance-Based Restricted Stock (as set forth on page 1) shall become immediately free of the restrictions of Section A.1(b).

In the event (i) of the death of the Employee, or (ii) the Company terminates the Employee’s employment due to a permanent and total disability which results in the Employee’s inability to return to work with the Company, in either case subsequent to the end of Fiscal Year 2021, all shares of Performance-Based Restricted Stock which are earned but not yet free of the restrictions of Section A.1(b) shall become immediately free of such restrictions.

3. **Cost of Restricted Stock.** The purchase price of the shares of Restricted Stock shall be \$0.00.
4. **Rights as Stockholder.** The Employee shall be entitled to all of the rights of a stockholder, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares, as follows: (i) with respect to the shares of Time-Based Restricted Stock, since the Grant Date; and (ii) with respect to the shares of Performance-Based Restricted Stock, only upon satisfaction of the Performance Criteria; provided that any such rights, dividends or other distributions will be subject to the same vesting requirements as the underlying Restricted Stock and shall be paid at the time the restrictions set forth in Sections A.1(a) and A.1(b) have been lifted pursuant to the terms of this Agreement. If any dividends or distributions are paid in shares, the shares shall be deposited with the Company and shall be subject to the same restrictions on transferability and forfeitability as the Restricted Stock with respect to which they were paid.
5. **Escrow of Share Certificates.** Certificates for the Restricted Stock shall be issued in the Employee's name and shall be held in escrow by the Company until all restrictions lapse or such shares are forfeited as provide herein. A certificate or certificates representing the Restricted Stock as to which restrictions have lapsed shall be delivered to the Employee upon such lapse.
6. **Government Regulations.** Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.
7. **Withholding Taxes.** The Company shall have the right to require the Employee to remit to the Company, or to withhold from other amounts payable to the Employee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements.
8. **Accounting Restatement.** In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Committee shall require reimbursement or forfeiture of shares of Performance-Based Restricted Stock which have been earned and/or which have vested pursuant to this Agreement during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement and any transition period within such time period. The amount to be recovered will be the excess of the number of shares of Performance-Based Restricted Stock earned and/or vested based on the erroneous data over the shares of Performance-Based Restricted Stock that would have been earned and vested had it been based on the restated results, as determined by the Committee. The Committee will determine, in its sole discretion, the method for recouping the Performance-Based Restricted Stock hereunder which may include, without limitation: (i) seeking recovery of any gain realized on the vesting, sale, transfer or other disposition of shares of the Performance-Based Restricted Stock; (ii) offsetting the recouped amount from any compensation otherwise owed by the Company to the Employee; (iii) cancelling outstanding vested or unvested shares of the Performance-Based Restricted Stock; or (iv) taking any other remedial and recovery action permitted by law, as determined by the Committee. In addition, the Company shall recoup or recover any erroneously issued Performance-Based Restricted Stock in accordance with any incentive compensation recoupment or recovery policy adopted in the future by the Company pursuant to Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations of the New York Stock Exchange, or any national securities exchange on which the Company's Common Stock is then-listed. In the event of any conflict between the provisions of this Section A.8 and such a policy, the terms of the policy shall govern the recoupment or recovery of the Performance-Based Restricted Stock; provided that the recoupment or recovery policy shall apply to this Performance-Based Restricted Stock regardless of Employee's classification as an "executive officer" as defined by the applicable rules and regulations.
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B. TERMS AND CONDITIONS APPLICABLE TO ALL AWARDS

1. **Adjustments Upon Changes in Capitalization or Corporate Acquisitions.** Notwithstanding any other provision in the Agreement, if there is any change in the Common Stock by reason of stock dividends, spin-offs, split ups, recapitalizations, mergers, consolidations, reorganizations, combinations or exchanges of shares, the number of shares of Common Stock under this award not yet vested, and the price thereof, as applicable, shall be appropriately adjusted by the Committee.
 2. **No Right to Continued Service.** Nothing in this Agreement shall be deemed to create any limitation or restriction on such rights as the Company otherwise would have to terminate the service of the Employee.
 3. **Committee Administration.** This award has been made pursuant to a determination made by the Committee, and the Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this Agreement, shall have plenary authority to interpret any provision of this Agreement and to make any determinations necessary or advisable for the administration of this Agreement and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to the Employee by the express terms hereof.
 4. **Grant Subject to Plan.** This Restricted Stock award is granted under and is expressly subject to all the terms and provisions of the Plan, and the terms of the Plan are incorporated herein by reference. The Employee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The Committee has been appointed by the Board of Directors and designated by it, as the Committee to make grants of Restricted Stock.
 5. **Governing Law.** This Agreement shall be construed under the laws of the State of Delaware.
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Exhibit A

Performance Criteria Applicable to Performance-Based Restricted Stock

BUILD-A-BEAR WORKSHOP, INC.
Description of Build-A-Bear Workshop, Inc.
Long-Term Performance-Based Cash Incentive Program for C-Level Employees

The purpose of the Build-A-Bear Workshop, Inc. (the “Company”) Long-Term Performance-Based Cash Incentive Program for C-Level Employees (the “Program”) is to attract and retain highly qualified executive officers, motivate these executive officers to materially contribute to the Company’s business success, and align the interests of the Company’s executive officers and stockholders by rewarding the executive officers for performance based on achievement of long-term targets established by the Compensation and Development of the Company’s Board of Directors (the “Committee”). The Program has been adopted under the Company’s 2017 Omnibus Incentive Plan (the “2017 Plan”).

The Committee in its discretion determines which C-Level Employees of the Company are eligible to participate in the Program. The cash award, if any, to be earned by each C-Level Employee will be calculated by multiplying the applicable Target Payout Amount for the respective C-Level Employee by the average of the applicable Percentage of Target Payout Amount Earned for each of the three consecutive fiscal years beginning with the fiscal year in which applicable award is made.

The Percentage of Target Payout Amount Earned is set based on the achievement of one or more performance objectives as follows: (i) a threshold achievement of 25% of the performance objective; (ii) a target achievement of 100% of the performance objective; and (iii) a maximum achievement of 200% of the performance objective (the “Achievement Levels”). The applicable performance objectives will be established by the Committee within the first ninety (90) days of the fiscal year in which the applicable award is made and will be based on one or more categories of performance measures set forth in Section 9 of the 2017 Plan. The calculation of awards earned will be interpolated to reflect performance results which fall within any of the Achievement Levels, in the sole discretion of the Committee.

In the event of a financial restatement impacting the applicable performance objective after an earned award has been paid, the Company shall recover from the recipient of such earned award the applicable amount of the earned award which should not have been paid, based on the restatement of the performance objective, plus interest at the rate determined by the Committee, from the time Company made such earned award payment to the recipient until its recovery thereof. The recovery of any earned award paid pursuant to the Program shall be made in accordance with the terms of any incentive compensation recoupment or recovery policy adopted in the future by the Company pursuant to Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations of the New York Stock Exchange, or any national securities exchange on which the Company’s common stock is then-listed, to the extent that such policy would apply to such cash payments.