

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): March 7, 2016

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

001-32320

43-1883836

(State or Other
Jurisdiction of
Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

1954 Innerbelt Business Center Drive
St. Louis, Missouri

63114

(Address of Principal Executive Offices)

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

(e)

Amended and Restated Employment, Confidentiality and Noncompete Agreements

In February 2016, the Compensation and Development Committee (the “Committee”) of the Board of Directors of Build-A-Bear Workshop, Inc. (the “Company”) requested its independent compensation consultant to perform a review of the Company’s Employment, Confidentiality and Noncompete Agreements (the “Employment Agreements”) with each of its named executive officers (the “Executive Officers”) compared to employment agreements of similarly-situated executive officers of the Company’s compensation peer group and other market survey data. Based on the findings of this review, on March 7, 2016, the Committee amended and restated the Employment Agreements with each of its Executive Officers, including:

- Eric Fencl, Chief Administrative Officer, General Counsel and Secretary;
- J. Christopher Hurt, Chief Operations Officer;
- Sharon Price John, Chief Executive Officer and Chief President Bear
- Jennifer Kretchmar, Chief Product and Innovation Bear; and
- Vojin Todorovic, Chief Financial Officer.

Among other minor changes, revisions to each of the Employment Agreements include:

- lengthening the time period from 12 months to 24 months following a change in control during which increased severance would be paid;
 - changing the bonus an Executive Officer would be paid if terminated within 24 months of a change in control from pro-rata based on actual results of the Company to pro-rata based on target;
 - providing that the Executive Officer would have good reason to terminate the agreement if his or her total annual compensation was materially reduced versus the prior agreements under which only a material reduction of the Executive Officer’s base compensation was grounds to invoke good reason;
 - providing that if an Executive Officer was entitled to severance, he or she would receive a lump sum payment equivalent to 18 months of the Company-paid portion of health, dental and vision coverage, rather than paying the Company-paid portion of such coverage during the 18-month continuation period; and
 - providing that should any payment under the Employment Agreements or otherwise be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, such payments either would be (i) paid in full, or (ii) paid to a lesser extent such that the excise tax would no longer be applicable, whichever amount would result in the greatest amount of payments to the Executive Officer on an after-tax basis. The prior agreements required the reduction of payments to an amount upon which no excise tax would apply. Importantly, neither the prior agreements nor the revised Employment Agreements provide for a gross-up payment.
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The Committee made additional revisions to the Chief Executive Officer's agreement, including:

- increasing the severance payment if the Chief Executive Officer is terminated within 24 months after a change in control from 24 months of base salary to 24 months of base salary plus her target bonus amount for the fiscal year in which the termination occurs;
- removing a provision that reduced the amount of severance paid to the Chief Executive Officer by any amount received by a subsequent employer during the severance period, consistent with the severance provisions in the Employment Agreements of the other Executive Officers; and
- adding to severance the Company-paid portion of dental and vision coverage premiums that would be paid over an 18-month period, consistent with the severance provisions in the Employment Agreements of the other Executive Officers.

Each Employment Agreement has an initial term of three years from March 7, 2016 and renews from year-to-year thereafter. The Company may terminate each Employment Agreement prior to the end of the term upon death or disability of the Executive Officer or with or without cause (as defined in the Employment Agreements). The Executive Officer may terminate the Employment Agreement with or without good reason (as defined in the Employment Agreements). If the Company terminates the Employment Agreement without cause or if the Executive Officer terminates the Employment Agreement for good reason, the Company would be obligated to continue to pay the Executive Officer (i) his or her base salary for a period of 12 months if termination occurs prior to a change in control (as defined in the Employment Agreements) or following a period of 24 months after a change in control; (ii) in the case of an Executive Officer other than the Chief Executive Officer, his or her base salary for a period of 18 months if termination occurs within 24 months after a change in control; (iii) in the case of the Chief Executive Officer, her base salary for a period of 24 months and an amount equal to her target bonus for the year of termination if termination occurs within 24 months after a change in control; and (iv) a lump sum payment equivalent to 18 months of the Company-paid portion of health, dental and vision coverage.

As compensation for services, the Executive Officers will receive annual base salaries not less than the following rates, which rates will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms: Mr. Fencl—\$327,800; Mr. Hurt—\$400,000; Ms. John—\$700,000; Ms. Kretchmar—\$409,500; and Mr. Todorovic—\$350,000. If the Company meets or exceeds certain performance objectives determined annually by the Committee, each of the Executive Officers other than the Chief Executive Officer will receive a target annual bonus of not less than 50% of his or her earned annual base salary, and the Chief Executive Officer will receive a target annual bonus of not less than 100% of her earned annual base salary, in either case payable in either cash, stock, stock options or a combination thereof. In the event of termination of employment due to the Executive Officer's death or disability, or by the Company without cause, or if the Executive Officer terminates employment for good reason, the Executive Officer or his or her beneficiaries or estate will still be entitled to a bonus for such year of termination prorated based on the number of full week the Executive Officer was employed during the year, subject to achievement of the bonus criteria; provided, however, that if such termination occurs within 24 months following a change in control, the prorated bonus would be based on the Executive Officer's target bonus for the year of termination.

Each Employment Agreement also provides that for the term of the Employment Agreement and for one year thereafter, subject to specified limited exceptions, the Executive Officer may not become employed by or interested directly or indirectly in or associated with the Company's competitors who are located within the United States or within any country where the Company has established a retail presence.

Each of the Employment Agreements states that if any payments under the Employment Agreement or another arrangement would become subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, the payments would either be (i) paid in full, or (ii) paid to a lesser extent such that the excise tax would no longer be applicable, whichever amount would result in the greatest amount of payments to the Executive Officer on an after-tax basis.

The foregoing description of the Employment Agreements is only a summary of certain terms and conditions of the Employment Agreements and is qualified in its entirety by reference to the Employment Agreements, which are filed as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 to this Current Report on Form 8-K and incorporated herein by reference.

Compensation Adjustments

On March 7, 2016, the Committee adjusted the compensation for the Company's executive officers, including the Executive Officers, other than the Chief Executive Officer. At the recommendation of the Committee, the Board of Directors ratified and approved the Chief Executive Officer's compensation.

These compensation adjustments included base salary adjustments for the Company's Executive Officers, determination of the 2016 annual bonus program and approval of the 2016 long-term incentive compensation grants, each of which is described below.

2016 Base Salary Adjustments

The adjusted annual base salaries for the Company's Executive Officers, whose base salaries were adjusted effective March 21, 2016 and are as set forth in the Employment Agreements, are:

<u>Name/Position</u>	<u>Adjusted Annual Base Salary</u>
Sharon John, Chief Executive Officer and Chief President Bear	\$700,000
Vojin Todorovic, Chief Financial Officer	\$350,000
Jennifer Kretchmar, Chief Product and Innovation Bear	\$409,500
J. Christopher Hurt, Chief Operations Officer	\$400,000
Eric Fencl, Chief Administrative Officer, General Counsel and Secretary	\$327,800

2016 Bonus Performance Objectives

Also on March 7, 2016, the Committee established the 2016 performance objectives for the range of cash bonuses that may be paid under the Build-A-Bear Workshop, Inc. Third Amended and Restated 2004 Stock Incentive Plan (the “Plan”) to all of the Company’s executive officers, including the Executive Officers (the “2016 Chiefs Bonus Program”). The Base Bonus Calculation for each of the Executive Officers for 2016 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 exercised, vested restricted stock, and performance-based long-term cash program payments):

<u>Name</u>	<u>Base Bonus Payout</u>
Sharon John	100%
Vojin Todorovic	50%
Jennifer Kretchmar	50%
J. Christopher Hurt	50%
Eric Fencl	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 (3) below based on fiscal 2016 consolidated net income.

(1) <u>Achievement Level</u>	(2) <u>Consolidated Net Income</u>	(3) <u>Percentage of Base Bonus Calculation</u>
Threshold	\$ 13,155,000	50%
Target	\$14,420,000	100%
Maximum	\$17,000,000	200%

The terms of the 2016 Chiefs Bonus Program provide for mandatory bonus payouts only if the Company’s 2016 consolidated net income (after providing for any bonus expense) meets or exceeds the threshold amount. Consolidated net 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 reduce the otherwise applicable Percentage of Base Bonus Calculation for each achievement level, but the Committee may not use its discretion to increase the amount of compensation payable above the maximum Percentage of Base Bonus Calculation for each achievement level.

The foregoing summary of the 2016 Chiefs Bonus Program is qualified in its entirety by reference to the terms of such program as set forth in the 2016 Performance Objectives for Chiefs, a copy of which is filed as Exhibit 10.6 to this Current Report on Form 8-K and incorporated herein by reference.

2016 Long-Term Incentive Program Awards

Time-Based Restricted Stock and Time-Based Non-Qualified Stock Options

On March 7, 2016, the Committee granted its executive officers, including the Executive Officers, time-based restricted stock awards and time-based non-qualified stock options under the Plan. Utilizing market data compiled by the Committee's compensation consultant, the Committee determined the market value of the total long-term incentive award ("LTI Market Value") for each Executive Officer. The resulting awards were then made 50% in time-based restricted stock and 50% in time-based non-qualified stock options, as follows:

<u>Name</u>	<u>Number of Shares of Time-Based Restricted Stock</u>	<u>Number of Time-Based Non- Qualified Stock Options</u>
Sharon John	45,654	92,982
Vojin Todorovic	10,956	22,314
Jennifer Kretchmar	10,956	22,314
J. Christopher Hurt	7,488	15,249
Eric Fencil	6,393	13,017

The number of shares of time-based restricted stock awarded to each Executive Officer was derived by dividing 50% of the Executive Officer's LTI Market Value by the closing sales price of the Company's common stock on the New York Stock Exchange on March 7, 2016 and rounding the resulting number to the closest whole number that is divisible by three.

The number of shares subject to time-based non-qualified stock options was determined by dividing 50% of the Executive Officer's LTI Market Value by the product of (i) the closing sales price of the Company's common stock on the New York Stock Exchange on March 7, 2016 multiplied by (ii) the valuation factor of 0.4910, and rounding the resulting number to the closest whole number that is divisible by three. The options have an exercise price equal to \$13.69 per share, which was the closing sales price of the Company's common stock on the New York Stock Exchange on March 7, 2016.

Upon receipt of his or her 2016 long-term incentive award, each Executive Officer entered into a Build-A-Bear Workshop, Inc. Restricted Stock & Non-Qualified Stock Option Agreement (the "Agreement") with the Company. Each Agreement provides that each of the time-based restricted stock and the time-based non-qualified stock options vests pro-ratably over three years, beginning on March 15, 2017. Vesting is accelerated upon a change in control or, in certain circumstances, upon the holder's death or termination of employment with the Company due to disability, subject to the terms set forth in each Agreement. Holders of time-based restricted stock are entitled to voting and dividend rights.

The foregoing summary of the Agreement is qualified in its entirety by reference to such Agreement, a copy of which is filed as Exhibit 10.7 to this Current Report on Form 8-K and incorporated herein by reference.

Three-Year Performance-Based Restricted Stock

On March 7, 2016, the Committee granted its executive officers, including the Executive Officers, a three-year performance-based restricted stock award under the Plan. Utilizing market data compiled by the Committee's compensation consultant, the Committee awarded the Chief Executive Officer 85,000 target shares of three-year performance-based restricted stock. The number of shares of three-year performance-based restricted stock awarded to each Executive Officer other than the Chief Executive Officer was derived by dividing 50% of the Executive Officer's base salary as adjusted on March 7, 2016 by the closing sales price of the Company's common stock on the New York Stock Exchange on March 7, 2016 and rounding the resulting number to the closest whole number, resulting in an award of target shares to the Executive Officers as follows: Mr. Fencil—11,972; Mr. Hurt—14,609; Ms. Kretchmar—14,956; and Mr. Todorovic—12,783.

The number of three-year performance-based restricted stock shares, if any, that will be earned by each Executive Officer will be calculated by multiplying the target shares awarded by the applicable Percentage of Target Value of Three-Year Performance-Based Restricted Stock Earned Calculation set forth in in column (3) below for cumulative consolidated total revenues for fiscal 2016 through fiscal 2018.

Fiscal 2016-2018 Performance-Based Restricted Stock Payout

(1)	(2)	(3)
<u>Achievement Level</u>	<u>Cumulative Consolidated Total Revenues for Fiscal 2016, 2017 and 2018</u>	<u>Percentage of Target Value of Three-Year Performance-Based Restricted Stock Earned Calculation</u>
Below Threshold	Less than \$1,225,000,000	0%
Threshold	\$1,225,000,000	50%
Target	\$1,250,000,000	100%
Maximum	\$1,300,000,000	200%

Upon receipt of his or her three-year performance-based restricted stock award, each Executive Officer entered into a Build-A-Bear Workshop, Inc. Restricted Stock Agreement (the “Three-Year Agreement”) with the Company. The Three-Year Agreement provides that the three-year performance-based restricted stock that is earned, if any, will vest on March 31, 2019. Vesting is accelerated upon a change in control or, in certain circumstances, upon the holder’s death or termination of employment with the Company due to disability. The three-year performance-based restricted stock is subject to reimbursement or forfeiture by the Executive Officer 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.

The foregoing summary of the Three-Year Agreement is qualified in its entirety by reference to such Three-Year Agreement, a copy of which is filed as Exhibit 10.8 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Eric Fencl and Build-A-Bear Workshop, Inc.
10.2	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between J. Christopher Hurt and Build-A-Bear Workshop, Inc.
10.3	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Sharon Price John and Build-A-Bear Workshop, Inc.
10.4	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Jennifer Kretchmar and Build-A-Bear Workshop, Inc.
10.5	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Vojin Todorovic and Build-A-Bear Workshop, Inc.
10.6	2016 Performance Objectives for Chiefs
10.7	Form of Restricted Stock and Non-Qualified Stock Option Agreement under the Registrant’s Third Amended and Restated 2004 Stock Incentive Plan
10.8	Form of Restricted Stock Agreement under the Registrant’s Third Amended and Restated 2004 Stock Incentive Plan

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: March 11, 2016

By: /s/ Eric Fencl

Name: Eric Fencl

Title: Chief Administrative Officer,
General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between Eric Fencil and Build-A-Bear Workshop, Inc.
10.2	Amended and Restated Employment, Confidentiality and Noncompete Agreement, dated March 7, 2016, by and between J. Christopher Hurt and Build-A-Bear Workshop, Inc.
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AMENDED AND RESTATED**EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT**

Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and Eric Fencl (“Employee”) entered into an Employment, Confidentiality and Noncompete Agreement effective as of April 14, 2015 (“Prior Agreement”). This Amended and Restated Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of March 7, 2016 (“Effective Date”) by and between the Company and Employee and completely amends and supersedes the Prior Agreement.

WHEREAS, Company desires to continue to employ and Employee desires to be employed as the Chief Administrative Officer, General Counsel and Secretary of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. Company is headquartered and its principal place of business is located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee's employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services

(a) As of the Effective Date, Employee shall continue to be employed by Company, and Employee accepts such continued employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Administrative Officer, General Counsel and Secretary throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to him by Company's Chief Executive Officer.

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by Company, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for his services an annual base salary of not less than Three Hundred Twenty Seven Thousand Eight Hundred Dollars (\$327,800), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually and may be subject to adjustment following each fiscal year so that Employee's salary will be commensurate with similarly situated executives with firms similarly situated to Company. However, Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than fifty percent (50%) of Employee's earned annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless (to the extent consistent with Section 409A of the Code) a different payout schedule is applicable for all executive employees of Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year that contains the April 30th immediately following such fiscal year, but no later than April 30th of such year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). Notwithstanding anything herein to the contrary, no bonus shall be payable hereunder in the event that Employee's employment terminates for any other reason prior to the date on which any bonus is actually paid.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may have been granted in the past, and may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and his immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. Vacations will be scheduled with the approval of Company's Chief Executive Officer. One-third of one year's vacation (or any part of it) may be carried over to the next year; provided that such carry over is used in the first calendar quarter of the next year. Unless otherwise approved by Company's Chief Executive Officer, all unused vacation shall be forfeited. No more than two weeks of vacation can be taken at one time. Employee shall also be entitled to one (1) additional day per calendar year of paid vacation to be taken in the month of his birthday.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at his then current location of employment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By Company upon thirty (30) days' prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably)), following such time as Employee has been unable to perform the essential functions of his position, with or without reasonable accommodation, for the longer of: (i) six (6) consecutive months or (ii) the maximum health leave provided under Company's Health Leave of Absence policy for Employee's length of service with Company; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Chief Executive Officer or the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Chief Executive Officer's or the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v)(to the extent curable) within thirty (30) days after the Chief Executive Officer or the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and his counsel if he wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, “Good Reason” shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company’s issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee’s total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee’s authority, duties or responsibilities, or (v) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates his employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) Company terminates Employee’s employment without Cause pursuant to Section 4.1(c) or (ii) the Employee terminates his employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, Company shall continue his base salary in accordance with its regular payroll practices for a period of (A) twelve (12) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment either prior to a Change in Control or following a period of twenty-four (24) months after a Change in Control or (B) eighteen (18) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment during the twenty-four (24) month period immediately following a Change in Control. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against Company and its affiliates within thirty (30) days after his termination of employment, in such form and manner as Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee’s termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to his except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee’s status as a director/officer of Company. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such 6-month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, “Change in Control” shall mean: (i) the purchase or other acquisition (other than from Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“Act”) (excluding, for this purpose, Company or its subsidiaries or any employee benefit plan of Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of Company or the combined voting power of Company’s then-outstanding voting securities entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute Company’s Board of Directors (and, as of the date hereof, the “Incumbent Board”) cease for any reason to constitute at least a majority of Company’s Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving Company, in each case with respect to which persons who were the stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities; or (iv) a liquidation or dissolution of Company, or the sale of all or substantially all of the assets of Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4.2(b) shall be paid to the Employee and his employment shall terminate upon the anniversary date. If Employee terminates his employment without Good Reason, then no severance under Section 4.2(b) shall be paid to Employee and his employment shall terminate on the effective date of such termination. For the avoidance of doubt, if Company ends the employment relationship either at the end of the Renewal Term or at the end of any Renewal Period without Cause under Section 4.1(c), Company shall remit to Employee the severance specified in Section 4.2(b) provided Company has received the release and waiver referred to in Section 4.2(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of his termination of employment, a single lump sum equal to eighteen multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and his dependents are enrolled on the date of termination of employment.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into his possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

- (1) lists or other identification of customers or prospective customers of Company;
- (2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);
- (3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;
- (4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);

(5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels);
and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of his duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put himself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of Section 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of her employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, her relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of his work for Company he may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that he has prepared or worked on for Company, or is asked to prepare or work on by Company, shall be treated as and shall be a “work made for hire,” for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code (“U.S.C.”) as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that he may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or *droit moral*.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee’s termination of employment and on demand at any time by Company.

10. Nondisparagement. Employee agrees that he will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that he will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee.

11. Non-Waiver of Rights. Either party’s failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company’s Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee’s duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company’s business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that he will not, during his employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of Company any unpublished documents or any property belonging to his former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Sharon Price John
Chief Executive Officer and Chief President Bear
1954 Innerbelt Business Center
St. Louis, MO 63114

With copy to:

Eric Fencl
Chief Administrative Officer & General Counsel
1954 Innerbelt Business Center
St. Louis, MO 63114

(b) If to Employee:

Eric Fencl

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of March 7, 2016.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

By: /s/ Eric Fencil
Eric Fencil

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Sharon Price John
Name: Sharon Price John
Title: Chief Executive Officer

AMENDED AND RESTATED**EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT**

Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and J. Christopher Hurt (“Employee”) entered into an Employment, Confidentiality and Noncompete Agreement effective as of April 15, 2015 (“Prior Agreement”). This Amended and Restated Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of March 7, 2016 (“Effective Date”) by and between the Company and Employee and completely amends and supersedes the Prior Agreement.

WHEREAS, Company desires to continue to employ and Employee desires to be employed as the Chief Operations Officer of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. Company is headquartered and its principal place of business is located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee’s employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services.

(a) As of the Effective Date, Employee shall continue to be employed by Company, and Employee accepts such continued employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Operations Officer throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to him by Company's Chief Executive Officer.

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by Company, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for his services an annual base salary of not less than Four Hundred Thousand Dollars (\$400,000), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually and may be subject to adjustment following each fiscal year so that Employee's salary will be commensurate with similarly situated executives with firms similarly situated to Company. However, Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than fifty percent (50%) of Employee's earned annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless (to the extent consistent with Section 409A of the Code) a different payout schedule is applicable for all executive employees of Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year that contains the April 30th immediately following such fiscal year, but no later than April 30th of such year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). Notwithstanding anything herein to the contrary, no bonus shall be payable hereunder in the event that Employee's employment terminates for any other reason prior to the date on which any bonus is actually paid.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may have been granted in the past, and may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and his immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. Vacations will be scheduled with the approval of Company's Chief Executive Officer. One-third of one year's vacation (or any part of it) may be carried over to the next year; provided that such carry over is used in the first calendar quarter of the next year. Unless otherwise approved by Company's Chief Executive Officer, all unused vacation shall be forfeited. No more than two weeks of vacation can be taken at one time. Employee shall also be entitled to one (1) additional day per calendar year of paid vacation to be taken in the month of his birthday.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at his then current location of employment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By Company upon thirty (30) days' prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably)), following such time as Employee has been unable to perform the essential functions of his position, with or without reasonable accommodation, for the longer of: (i) six (6) consecutive months or (ii) the maximum health leave provided under Company's Health Leave of Absence policy for Employee's length of service with Company; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Chief Executive Officer or the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Chief Executive Officer's or the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v)(to the extent curable) within thirty (30) days after the Chief Executive Officer or the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and his counsel if he wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, “Good Reason” shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company’s issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee’s total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee’s authority, duties or responsibilities, or (v) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates his employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) Company terminates Employee’s employment without Cause pursuant to Section 4.1(c) or (ii) the Employee terminates his employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, Company shall continue his base salary in accordance with its regular payroll practices for a period of (A) twelve (12) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment either prior to a Change in Control or following a period of twenty-four (24) months after a Change in Control or (B) eighteen (18) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment during the twenty-four (24) month period immediately following a Change in Control. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against Company and its affiliates within thirty (30) days after his termination of employment, in such form and manner as Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee’s termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to his except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee’s status as a director/officer of Company. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such 6-month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, “Change in Control” shall mean: (i) the purchase or other acquisition (other than from Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“Act”) (excluding, for this purpose, Company or its subsidiaries or any employee benefit plan of Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of Company or the combined voting power of Company’s then-outstanding voting securities entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute Company’s Board of Directors (and, as of the date hereof, the “Incumbent Board”) cease for any reason to constitute at least a majority of Company’s Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving Company, in each case with respect to which persons who were the stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities; or (iv) a liquidation or dissolution of Company, or the sale of all or substantially all of the assets of Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4.2(b) shall be paid to the Employee and his employment shall terminate upon the anniversary date. If Employee terminates his employment without Good Reason, then no severance under Section 4.2(b) shall be paid to Employee and his employment shall terminate on the effective date of such termination. For the avoidance of doubt, if Company ends the employment relationship either at the end of the Renewal Term or at the end of any Renewal Period without Cause under Section 4.1(c), Company shall remit to Employee the severance specified in Section 4.2(b) provided Company has received the release and waiver referred to in Section 4.2(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of his termination of employment, a single lump sum equal to eighteen multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and his dependents are enrolled on the date of termination of employment.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into his possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

- (1) lists or other identification of customers or prospective customers of Company;
- (2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);
- (3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;
- (4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);

(5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels); and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of his duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put himself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of Section 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of her employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, her relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of his work for Company he may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that he has prepared or worked on for Company, or is asked to prepare or work on by Company, shall be treated as and shall be a “work made for hire,” for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code (“U.S.C.”) as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that he may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or *droit moral*.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee’s termination of employment and on demand at any time by Company.

10. Nondisparagement. Employee agrees that he will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that he will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee.

11. Non-Waiver of Rights. Either party’s failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company’s Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee’s duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company’s business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that he will not, during his employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of Company any unpublished documents or any property belonging to his former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Sharon Price John
Chief Executive Officer and Chief President Bear
1954 Innerbelt Business Center
St. Louis, MO 63114

With copy to:

Eric Fencl
Chief Administrative Officer & General Counsel
1954 Innerbelt Business Center
St. Louis, MO 63114

(b) If to Employee:

J. Christopher Hurt

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of March 7, 2016.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

/s/ J. Christopher Hurt
J. Christopher Hurt

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Sharon Price John

Name: Sharon Price John

Title: Chief Executive Officer

AMENDED AND RESTATED**EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT**

Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and Sharon Price John (“Employee”) entered into an Employment, Confidentiality and Noncompete Agreement effective as of June 3, 2013 (“Prior Agreement”). This Amended and Restated Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of March 7, 2016 (“Effective Date”) by and between the Company and Employee and completely amends and supersedes the Prior Agreement.

WHEREAS, Company desires to continue to employ and Employee desires to be employed as the Chief Executive Officer and Chief President Bear of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. The Company is headquartered and its principal place of business are located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee's employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services.

(a) As of the Effective Date, Employee shall continue to be employed by Company, and Employee accepts such continued employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Executive Officer and Chief President Bear throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to her by Company's Board of Directors. To the extent that the Company, as defined below, includes multiple entities, Employee shall at all times serve as Chief Executive Officer and Chief President Bear of Build-A-Bear Workshop and the highest ranking officer all of its Subsidiaries (as defined below).

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by the Company's Board of Directors, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its most senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than a fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for her services an annual base salary of not less than Seven Hundred Thousand Dollars (\$700,000), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually for increase following each fiscal year so that Employee's salary will be commensurate for similarly situated executives with firms similarly situated to Company. Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and/or other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than One Hundred percent (100%) of Employee's annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless a different payout schedule is applicable for all executive employees of the Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year following such fiscal year but no later than April 30th of such following year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by the Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). No bonus shall be payable hereunder for any other termination of employment by Employee prior to the last day of a fiscal year.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and her immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. One-third of one year's vacation (or any part of it) may be carried over to the next year; provided that such carry over is used in the first calendar quarter of the next year. Unless approved by the Compensation Committee of the Company's Board of Director, all unused vacation shall be forfeited. No more than two weeks of vacation can be taken at one time. Employee shall also be entitled to one (1) additional day per calendar year of paid vacation to be taken in the month of her birthday.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at her then current location of employment. Employee may, in her sole discretion, decline any perquisite, Welfare Benefit, proposed annual salary increase, or bonus payment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By the Company upon thirty (30) day's prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably), following such time as Employee has been unable to perform the essential functions of her position, with or without reasonable accommodation, for six (6) consecutive months; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By the Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v) (to the extent curable) within thirty (30) days after the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of the Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and her counsel if she wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company's issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee's total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee's authority, duties or responsibilities, (v) a requirement that Employee report to a corporate officer or employee instead of reporting directly to the Board of Directors, or (vi) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates her employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) the Company terminates Employee's employment other than for Cause pursuant to Section 4.1(c) or (ii) the Employee terminates her employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, the Company shall pay severance pay to Employee equal to (1) in the case of a termination of employment prior to a Change in Control or following the date which is twenty-four (24) months after a Change in Control, twelve (12) months of her base salary at the rate in effect at the time of termination, or (2) in the case of a termination of employment on a Change in Control or during the twenty-four (24) month period following a Change in Control, twenty-four (24) months of base salary at the rate in effect at the time of termination (or, if greater, the rate in effect on the date of a Change in Control) plus her target bonus amount for the fiscal year in which the termination occurs (or, if greater, her target bonus amount for the fiscal year in which the Change in Control occurs). Such severance pay shall be paid in equal monthly installments in accordance with the following: (A) over a 12-month period for a termination prior to a Change in Control or more than twenty-four (24) months following a Change in Control, or (B) over a twenty-four (24) month period for a termination on a Change in Control or within twenty-four months following a Change in Control. In all cases, such installments shall commence on the date that is thirty (30) days after the date of termination. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against the Company and its affiliates within thirty (30) days after her termination of employment, in such form and manner as the Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee's termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to her except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee's status as a director/officer of the Company. Employee shall also be eligible to receive a bonus with respect to the year of termination as provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such 6-month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, “Change in Control” shall mean: (i) the purchase or other acquisition (other than from the Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“Act”) (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of the Company or the combined voting power of the Company’s then-outstanding voting securities entitled to vote generally in the election of directors; or (ii) individuals who, as of the date hereof, constitute the Company’s Board of Directors (and, as of the date hereof, the “Incumbent Board”) cease for any reason to constitute at least a majority of the Company’s Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving the Company, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities; or (iv) a liquidation or dissolution of the Company, or the sale of all or substantially all of the assets of the Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4(b) shall be paid to the Employee and her employment shall terminate upon the anniversary date. If Employee terminates her employment without Good Reason, then no severance under 4.2(b) shall be paid to Employee and her employment shall terminate on the effective date of such termination. For the avoidance of doubt, if the Company ends the relationship either at the end of the Renewal Term or at the end of any Renewal Period other than for Cause, the Company shall remit to Employee the severance specified in Section 4(b) provided Company has received the release and waiver referred to in Section 4(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of her termination of employment, a single lump sum equal to eighteen multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and her dependents are enrolled on the date of termination of employment.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into her possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

(1) lists or other identification of customers or prospective customers of Company;

(2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);

(3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;

(4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);

(5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels);
and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of her duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put herself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of paragraph 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where the Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of her employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, her relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of the Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of her work for the Company she may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that she has prepared or worked on for the Company, or is asked to prepare or work on by the Company, shall be treated as and shall be a "work made for hire," for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code ("U.S.C.") as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that she may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or droit moral.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee's termination of employment and on demand at any time by Company other than to the extent noted above.

10. Nondisparagement. Employee agrees that she will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that she will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee.

11. Non-Waiver of Rights. Either party's failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company's Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee's duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company's business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that she will not, during her employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of the Company any unpublished documents or any property belonging to her former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Eric Fencl
Chief Administrative Officer & General Counsel
1954 Innerbelt Business Center
St. Louis, MO 63114

(b) If to Employee:

Sharon Price John

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of March 7, 2016.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

/s/ Sharon Price John
Sharon Price John

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Eric Fencil

Name: Eric Fencil

Title: Chief Administrative Officer, General Counsel
and Secretary

AMENDED AND RESTATED**EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT**

Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and Jennifer Kretchmar (“Employee”) entered into an Employment, Confidentiality and Noncompete Agreement effective as of August 12, 2014 (“Prior Agreement”). This Amended and Restated Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of March 7, 2016 (“Effective Date”) by and between the Company and Employee and completely amends and supersedes the Prior Agreement.

WHEREAS, Company desires to continue to employ and Employee desires to be employed as the Chief Product Officer and Innovation Bear of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. Company is headquartered and its principal place of business is located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee's employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services.

(a) As of the Effective Date, Employee shall continue to be employed by Company, and Employee accepts such continued employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Product Officer and Innovation Bear throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to her by Company's Chief Executive Officer.

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by Company, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for her services an annual base salary of not less than Four Hundred Nine Thousand Five Hundred Dollars (\$409,500), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually and may be subject to adjustment following each fiscal year so that Employee's salary will be commensurate with similarly situated executives with firms similarly situated to Company. However, Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than fifty percent (50%) of Employee's earned annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless (to the extent consistent with Section 409A of the Code) a different payout schedule is applicable for all executive employees of Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year that contains the April 30th immediately following such fiscal year, but no later than April 30th of such year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). Notwithstanding anything herein to the contrary, no bonus shall be payable hereunder in the event that Employee's employment terminates for any other reason prior to the date on which any bonus is actually paid.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may have been granted in the past, and/or may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and her immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. Vacations will be scheduled with the approval of Company's Chief Executive Officer. One-third of one year's vacation (or any part of it) may be carried over to the next year; provided that such carry over is used in the first calendar quarter of the next year. Unless otherwise approved by Company's Chief Executive Officer, all unused vacation shall be forfeited. No more than two weeks of vacation can be taken at one time. Employee shall also be entitled to one (1) additional day per calendar year of paid vacation to be taken in the month of her birthday.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at her then current location of employment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By Company upon thirty (30) days' prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably)), following such time as Employee has been unable to perform the essential functions of her position, with or without reasonable accommodation, for the longer of: (i) six (6) consecutive months or (ii) the maximum health leave provided under Company's Health Leave of Absence policy for Employee's length of service with Company; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Chief Executive Officer or the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Chief Executive Officer's or the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v)(to the extent curable) within thirty (30) days after the Chief Executive Officer or the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and her counsel if she wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, “Good Reason” shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company’s issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee’s total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee’s authority, duties or responsibilities, or (v) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates her employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) Company terminates Employee’s employment without Cause pursuant to Section 4.1(c) or (ii) the Employee terminates her employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, Company shall continue her base salary in accordance with its regular payroll practices for a period of (A) twelve (12) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment either prior to a Change in Control or following a period of twenty-four (24) months after a Change in Control or (B) eighteen (18) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment during the twenty-four (24) month period immediately following a Change in Control. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against Company and its affiliates within thirty (30) days after her termination of employment, in such form and manner as Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee’s termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to her except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee’s status as a director/officer of Company. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such 6-month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, “Change in Control” shall mean: (i) the purchase or other acquisition (other than from Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“Act”) (excluding, for this purpose, Company or its subsidiaries or any employee benefit plan of Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of Company or the combined voting power of Company’s then-outstanding voting securities entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute Company’s Board of Directors (and, as of the date hereof, the “Incumbent Board”) cease for any reason to constitute at least a majority of Company’s Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving Company, in each case with respect to which persons who were the stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities; or (iv) a liquidation or dissolution of Company, or the sale of all or substantially all of the assets of Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4.2(b) shall be paid to the Employee and her employment shall terminate upon the anniversary date. If Employee terminates her employment without Good Reason, then no severance under Section 4.2(b) shall be paid to Employee and her employment shall terminate on the effective date of such termination. For the avoidance of doubt, if Company ends the employment relationship either at the end of the Renewal Term or at the end of any Renewal Period without Cause under Section 4.1(c), Company shall remit to Employee the severance specified in Section 4.2(b) provided Company has received the release and waiver referred to in Section 4.2(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of her termination of employment, a single lump sum equal to eighteen multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and her dependents are enrolled on the date of termination of employment.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into her possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

- (1) lists or other identification of customers or prospective customers of Company;
- (2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);
- (3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;
- (4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);

(5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels);
and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of her duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put herself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of Section 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of her employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, her relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of her work for Company she may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that she has prepared or worked on for Company, or is asked to prepare or work on by Company, shall be treated as and shall be a “work made for hire,” for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code (“U.S.C.”) as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that she may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or droit moral.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee’s termination of employment and on demand at any time by Company.

10. Nondisparagement. Employee agrees that she will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that she will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee.

11. Non-Waiver of Rights. Either party’s failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company’s Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee’s duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company’s business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that she will not, during her employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of Company any unpublished documents or any property belonging to her former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Sharon Price John
Chief Executive Officer and Chief President Bear
1954 Innerbelt Business Center
St. Louis, MO 63114

With copy to:

Eric Fencil
Chief Administrative Officer & General Counsel
1954 Innerbelt Business Center
St. Louis, MO 63114

(b) If to Employee:

Jennifer Kretchmar

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of March 7, 2016.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

/s/ Jennifer Kretchmar
Jennifer Kretchmar

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Sharon Price John

Name: Sharon Price John

Title: Chief Executive Officer

AMENDED AND RESTATED**EMPLOYMENT, CONFIDENTIALITY AND NONCOMPETE AGREEMENT**

Build-A-Bear Workshop, Inc., a Delaware corporation (“Company”), and Vojin Todorovic (“Employee”) entered into an Employment, Confidentiality and Noncompete Agreement effective as of September 15, 2014 (“Prior Agreement”). This Amended and Restated Employment, Confidentiality and Noncompete Agreement (“Agreement”) is entered into effective as of March 7, 2016 (“Effective Date”) by and between the Company and Employee and completely amends and supersedes the Prior Agreement.

WHEREAS, Company desires to continue to employ and Employee desires to be employed as the Chief Financial Officer of Company from and after the Effective Date.

WHEREAS, Company has pioneered the retail concept of “make your own” stuffed plush toys, including animals and dolls, and is engaged in, among other things, the business of production, marketing, promotion and distribution of plush stuffed toys, clothing, accessories and similar items, including without limitation, the ownership, management, franchising, leasing and development of retail stores in which the basic operation is the selling of such items, and the promotion of the related concepts and characters through merchandising and mass media. Company is headquartered and its principal place of business is located in, and this Agreement is being signed in, St. Louis, Missouri.

WHEREAS, Company conducts business in selected locations throughout the United States and internationally directly and through franchise arrangements.

WHEREAS, Company has expended a great deal of time, money and effort to develop and maintain its proprietary Confidential Information (as defined herein) which is material to Company and which, if misused or disclosed, could be very harmful to Company’s business.

WHEREAS, the success of Company depends to a substantial extent upon the protection of its Confidential Information and goodwill by all of its employees.

WHEREAS, Company compensates its employees to, among other things, develop and preserve goodwill with its customers, landlords, suppliers and partners on Company’s behalf and business information for Company’s ownership and use.

WHEREAS, if Employee were to leave Company, Company, in all fairness, would need certain protections in order to prevent competitors of Company from gaining an unfair competitive advantage over Company or diverting goodwill from Company, or to prevent Employee from misusing or misappropriating the Confidential Information.

NOW, THEREFORE, in consideration of the compensation and other benefits of Employee's employment by Company and the recitals, mutual covenants and agreements hereinafter set forth, Employee and Company agree as follows:

1. Employment Services.

(a) As of the Effective Date, Employee shall continue to be employed by Company, and Employee accepts such continued employment, upon the terms and conditions hereinafter set forth. Employee shall serve as Chief Financial Officer throughout the Employment Period, and agrees to do so on a full-time basis. Employee shall carry out such duties as are assigned to him by Company's Chief Executive Officer.

(b) Employee agrees that throughout Employee's employment with Company, Employee will (i) faithfully render such services as may be delegated reasonably to Employee by Company, (ii) devote substantially all of Employee's entire business time, good faith, best efforts, ability, skill and attention to Company's business, and (iii) follow and act in accordance with all of the rules, policies and procedures of Company which are applicable to its senior executives, including but not limited to working hours, sales and promotion policies, and specific Company rules.

(c) "Company" means Build-A-Bear Workshop, Inc. or one of its Subsidiaries. The term "Subsidiary" means any corporation, joint venture or other business organization in which Build-A-Bear Workshop, Inc. now or hereafter, directly or indirectly, owns or controls more than fifty percent (50%) interest.

2. Term of Employment. The term of this Agreement shall commence on the Effective Date first set forth above, and shall end on the third anniversary of the Effective Date, unless sooner terminated as provided in Section 4 hereof (the "Renewal Term"). Following the Renewal Term, this Agreement shall renew for successive one-year periods (each a "Renewal Period"; collectively, the Renewal Term and each Renewal Period, the "Employment Period"), unless either party notifies the other party of its decision not to renew the Agreement at least sixty (60) days prior to the third anniversary of the Effective Date or the expiration of any Renewal Period, or unless the Agreement is sooner terminated as provided in Section 4 hereof. For the avoidance of doubt, if either party provides notice of non-renewal of the Agreement at least sixty (60) days prior to the end of the Renewal Term or the end of any Renewal Period, then the Agreement shall expire.

3. Compensation.

(a) Base Salary. Throughout the Employment Period, Company shall pay Employee as compensation for his services an annual base salary of not less than Three Hundred Fifty Thousand Dollars (\$350,000), payable in accordance with Company's usual practices. Employee's annual base salary rate shall be reviewed by the Compensation Committee of the Board of Directors (the "Compensation Committee") at least annually and may be subject to adjustment following each fiscal year so that Employee's salary will be commensurate with similarly situated executives with firms similarly situated to Company. However, Employee's annual base salary rate shall not be subject to decrease at any time during the Employment Period.

(b) Bonus. Should Company meet or exceed the sales, profits and other objectives established by the Compensation Committee for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year in the amount as determined by the Compensation Committee; provided however, the target bonus opportunity established for Employee in any given fiscal year will be set by the Compensation Committee at not less than fifty percent (50%) of Employee's earned annual base pay for such fiscal year. Any bonus payable to Employee will be payable in cash, stock or stock options, or combination thereof, all as determined by the Board of Directors or any duly authorized committee thereof, and unless (to the extent consistent with Section 409A of the Code) a different payout schedule is applicable for all executive employees of Company, any such bonus payment will be payable in a single, lump sum payment in the calendar year that contains the April 30th immediately following such fiscal year, but no later than April 30th of such year. In the event of termination of this Agreement because of Employee's death or disability (as defined by Section 4.1(b)), termination by Company without Cause pursuant to Section 4.1(c), or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d), (1) any bonus for the fiscal year preceding the fiscal year in which such termination occurs shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued until the payment date, and (2) the bonus for the fiscal year in which such termination occurs shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder, based on the bonus amount that Employee would have earned based on actual performance for the fiscal year had Employee's employment not terminated, and shall be paid at the time and in the form such bonus would have been paid had Employee's employment continued; provided, however, in the event of termination of this Agreement because of Employee's termination by Company without Cause pursuant to Section 4.1(c) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(d) and such termination is on the date of a Change in Control or during a period of twenty-four (24) months after a Change in Control, Employee's target bonus for the fiscal year in which such termination occurs shall be prorated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder and shall be paid within thirty (30) days of such termination (subject to any delay in payout required under Section 4.2(b)). Notwithstanding anything herein to the contrary, no bonus shall be payable hereunder in the event that Employee's employment terminates for any other reason prior to the date on which any bonus is actually paid.

Such bonus, if any, shall be payable after Company's accountants have determined the sales and profits and have issued their audit report with respect thereto for the applicable fiscal year, which determination shall be binding on the parties. Any such bonus shall be paid in the calendar year that contains the April 30 immediately following such fiscal year, but no later than April 30th of such year.

(c) Equity Awards. Employee may have been granted in the past, and/or may in the future be granted, a certain number of restricted shares and/or stock options to purchase shares of Company's common stock (the "Common Stock") and/or other awards, pursuant to the terms set forth more particularly in the stock option and/or restricted stock and/or other award agreements ("Stock Agreement") used in connection with the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan (or any successor plan) (the "Plan"). The Plan and applicable Stock Agreement(s) shall govern any grants of restricted shares and/or stock options to purchase shares of Company's Common Stock and/or such other awards.

(d) Discounts. Employee and his immediate family will be entitled to a minimum 20% discount for all merchandise purchased at Company's stores.

(e) Vacation. Employee shall be entitled to paid vacation and paid sick leave on the same basis as may from time to time apply to other Company executive employees generally. Vacations will be scheduled with the approval of Company's Chief Executive Officer. One-third of one year's vacation (or any part of it) may be carried over to the next year; provided that such carry over is used in the first calendar quarter of the next year. Unless otherwise approved by Company's Chief Executive Officer, all unused vacation shall be forfeited. No more than two weeks of vacation can be taken at one time. Employee shall also be entitled to one (1) additional day per calendar year of paid vacation to be taken in the month of his birthday.

(f) Other. Employee shall be eligible for such other perquisites as may from time to time be awarded to Employee by Company payable at such times and in such amounts as Company, in its sole discretion, may determine. All compensation under this Agreement shall be subject to customary withholding taxes and other employment taxes as required with respect thereto. Throughout the Employment Period, Employee shall also qualify for all rights and benefits for which Employee may be eligible under any benefit plans including group life, medical, health, dental and/or disability insurance or other benefits ("Welfare Benefits") which are provided for employees generally at his then current location of employment.

4. Termination Provisions.

4.1 Termination of Employment. Prior to the expiration of the Employment Period, this Agreement and Employee's employment may be terminated as follows:

(a) Upon Employee's death;

(b) By Company upon thirty (30) days' prior written notice to Employee in the event Employee, by reason of permanent physical or mental disability (which shall be determined by a physician selected by Company or its insurers and acceptable to Employee or Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably)), following such time as Employee has been unable to perform the essential functions of his position, with or without reasonable accommodation, for the longer of: (i) six (6) consecutive months or (ii) the maximum health leave provided under Company's Health Leave of Absence policy for Employee's length of service with Company; provided, however, Employee shall not be terminated due to permanent physical or mental disability unless or until said disability also entitles Employee to benefits under such disability insurance policy as is provided to Employee by Company, provided however that continued entitlement to disability benefits coverage shall be not required where Employee fails to qualify for benefits coverage continuation due to an act or omission by Employee.

(c) By Company with or without Cause. For the purposes of this Agreement, "Cause" shall mean: (i) Employee's engagement in any conduct which, in Company's reasonable determination, constitutes gross misconduct, or is illegal, unethical or improper provided such conduct brings detrimental notoriety or material harm to Company; (ii) gross negligence or willful misconduct; (iii) any act which results in a conviction for a felony involving moral turpitude, fraud or misrepresentation; (iv) a material breach of a material provision of this Agreement by Employee, or (v) failure of Employee to follow a written directive of the Chief Executive Officer or the Board of Directors within thirty (30) days after receiving such notice, provided that such directive is reasonable in scope and is otherwise within the Chief Executive Officer's or the Board's reasonable business judgment, and is reasonably within Employee's control; provided Employee does not cure said conduct or breach as set forth in (i)-(v)(to the extent curable) within thirty (30) days after the Chief Executive Officer or the Board of Directors provides Employee with reasonably-detailed written notice of said conduct or breach accompanied by a clear written statement of Company's intent to terminate the Employee's employment for Cause in the absence of a cure. Cause shall not exist unless and until the Employee (and his counsel if he wishes) has been afforded an opportunity prior to the actual date of termination to discuss the matter with the Board of Directors at a duly-called Board meeting at which the matter is timely placed on the agenda and the Board subsequently votes to terminate the relationship for Cause.

(d) By the Employee with or without Good Reason. For purposes of this Agreement, “Good Reason” shall mean (i) a material breach of a material provision of this Agreement by Company, (ii) Company’s issuance of a notice of non-renewal of this Agreement under Section 2, (iii) a material diminution in Employee’s total annual compensation, including base salary, annual bonus opportunity and long-term incentives, (iv) a material diminution in Employee’s authority, duties or responsibilities, or (v) a change in the geographic location at which Employee must perform services hereunder of more than twenty-five (25) miles; provided, that, Employee provides the Board of Directors with written notice of Good Reason within thirty (30) days of the date on which Employee becomes aware of the condition alleged to give rise to Good Reason, Company does not cure such condition within thirty (30) days after such notice (to the extent curable), and Employee terminates his employment within ninety (90) days following the onset of one or more conditions giving rise to Good Reason.

4.2 Impact of Termination.

(a) Survival of Covenants. Upon termination of this Agreement, all rights and obligations of the parties hereunder shall cease, except termination of employment pursuant to Section 4 or otherwise shall not terminate or otherwise affect the rights and obligations of the parties pursuant to Sections 5 through 13 hereof.

(b) Severance. In the event during the Employment Period (i) Company terminates Employee’s employment without Cause pursuant to Section 4.1(c) or (ii) the Employee terminates his employment for Good Reason pursuant to Section 4.1(d), subject to the execution and non-revocation of a release and waiver of all claims described below, Company shall continue his base salary in accordance with its regular payroll practices for a period of (A) twelve (12) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment either prior to a Change in Control or following a period of twenty-four (24) months after a Change in Control or (B) eighteen (18) months, commencing on the date that is thirty (30) days after the termination in the case of a termination of employment during the twenty-four (24) month period immediately following a Change in Control. Notwithstanding anything herein to the contrary, receipt of any payment in connection with a termination of employment shall be conditioned on Employee signing a release and waiver of all claims against Company and its affiliates within thirty (30) days after his termination of employment, in such form and manner as Company shall reasonably prescribe, which release shall become effective and irrevocable within thirty (30) days after Employee’s termination of employment. Employee shall accept these payments in full discharge of all obligations of any kind which Company has to his except obligations, if any (i) for post-employment benefits expressly provided under this Agreement and/or at law, (ii) to repurchase any capital stock of Company owned by Employee (as may or may not be set forth in the applicable stock agreement); or (iii) for indemnification under separate agreement by virtue of Employee’s status as a director/officer of Company. Employee shall also be eligible to receive a bonus with respect to the year of termination to the extent provided in Section 3(b).

For purposes of these severance pay provisions and any other term of this Agreement which provides for a payment upon termination of employment, Employee shall be considered as having terminated employment only if such termination constitutes a “separation from service” within the meaning of Section 409A of the Code, and any proposed or final regulations and guidance promulgated thereunder. Notwithstanding anything herein to the contrary, in the event that Employee is determined to be a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of any payment on termination of employment hereunder, payment(s) shall be made or begin, as applicable, on the first payroll date which is more than six months following the date of separation from service, to the extent required to avoid any adverse tax consequences under Section 409A of the Code. Any payments that would have been made during such 6-month period shall be made in a lump sum on the first payroll date which is more than six months following the date Employee separates from service with Company. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. This Agreement shall be interpreted and administered in a manner consistent with Section 409A of the Code.

For purposes of this Agreement, “Change in Control” shall mean: (i) the purchase or other acquisition (other than from Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“Act”) (excluding, for this purpose, Company or its subsidiaries or any employee benefit plan of Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 20% or more of either the then-outstanding shares of common stock of Company or the combined voting power of Company’s then-outstanding voting securities entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute Company’s Board of Directors (and, as of the date hereof, the “Incumbent Board”) cease for any reason to constitute at least a majority of Company’s Board of Directors, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) shall be, for purposes of this Section, considered as though such person were a member of the Incumbent Board; (iii) a reorganization, merger or consolidation involving Company, in each case with respect to which persons who were the stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation’s then-outstanding voting securities; or (iv) a liquidation or dissolution of Company, or the sale of all or substantially all of the assets of Company.

(c) Termination due to Employee Non-Renewal of Term or Termination by Employee without Good Reason. If the Agreement expires either at the end of the Renewal Term or at the end of any Renewal Period, due to the issuance of notice of non-renewal by Employee under Section 2, then no severance under Section 4.2(b) shall be paid to the Employee and his employment shall terminate upon the anniversary date. If Employee terminates his employment without Good Reason, then no severance under Section 4.2(b) shall be paid to Employee and his employment shall terminate on the effective date of such termination. For the avoidance of doubt, if Company ends the employment relationship either at the end of the Renewal Term or at the end of any Renewal Period without Cause under Section 4.1(c), Company shall remit to Employee the severance specified in Section 4.2(b) provided Company has received the release and waiver referred to in Section 4.2(b).

(d) Welfare Benefits. Upon termination or expiration of this Agreement for any reason, Employee shall be provided with such Welfare Benefits continuation notices, rights and obligations as may be required under federal or state law (including COBRA). In the event that Employee becomes entitled to any severance under paragraph 4.2(b) above, the Company shall pay Employee, within thirty (30) days of his termination of employment, a single lump sum equal to eighteen multiplied by the monthly Company-paid portion of health, dental and vision plan coverage premiums for those benefits in which Employee and his dependents are enrolled on the date of termination of employment.

5. Confidential Information.

(a) Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's proprietary Confidential Information.

(b) Employee acknowledges and confirms that certain data and other information (whether in human or machine readable form) that comes into his possession or knowledge (whether before or after the date of this Agreement) and which was obtained from Company, or obtained by Employee for or on behalf of Company, and which is identified herein (the "Confidential Information") is the secret, confidential property of Company. This Confidential Information includes, but is not limited to:

- (1) lists or other identification of customers or prospective customers of Company;
- (2) lists or other identification of sources or prospective sources of Company's products or components thereof, its landlords and prospective landlords and its current and prospective alliance, marketing and media partners (and key individuals employed or engaged by such parties);
- (3) all compilations of information, correspondence, designs, drawings, files, formulae, lists, machines, maps, methods, models, studies, surveys, scripts, screenplays, artwork, sketches, notes or other writings, plans, leases, records and reports;
- (4) financial, sales and marketing data relating to Company or to the industry or other areas pertaining to Company's activities and contemplated activities (including, without limitation, leasing, manufacturing, transportation, distribution and sales costs and non-public pricing information);

(5) equipment, materials, designs, procedures, processes, and techniques used in, or related to, the development, manufacture, assembly, fabrication or other production and quality control of Company's products, stores and services;

(6) Company's relations with its past, current and prospective customers, suppliers, landlords, alliance, marketing and media partners and the nature and type of products or services rendered to, received from or developed with such parties or prospective parties;

(7) Company's relations with its employees (including, without limitation, salaries, job classifications and skill levels); and

(8) any other information designated by Company to be confidential, secret and/or proprietary (including without limitation, information provided by customers, suppliers and alliance partners of Company).

Notwithstanding the foregoing, the term Confidential Information shall not consist of any data or other information which has been made publicly available or otherwise placed in the public domain other than by Employee in violation of this Agreement.

(c) During the Employment Period, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any papers, records, reports, studies, computer printouts, equipment, tools or other property owned by Company except as expressly permitted by Company in writing or required for the proper performance of his duties on behalf of Company.

6. Post-Termination Restrictions. Employee recognizes that (i) Company has spent substantial money, time and effort over the years in developing and solidifying its relationships with its customers, suppliers, landlords and alliance, marketing and media partners and in developing its Confidential Information; (ii) long-term customer, landlord, supplier and partner relationships often can be difficult to develop and require a significant investment of time, effort and expense; (iii) Company has paid its employees to, among other things, develop and preserve business information, customer, landlord, vendor and partner goodwill, customer, landlord, vendor and partner loyalty and customer, landlord, vendor and partner contacts for and on behalf of Company; and (iv) Company is hereby agreeing to employ and pay Employee based upon Employee's assurances and promises not to divert goodwill of customers, landlords, suppliers or partners of Company, either individually or on a combined basis, or to put himself in a position following Employee's employment with Company in which the confidentiality of Company's Confidential Information might somehow be compromised. Accordingly, Employee agrees that during the Employment Period and for the period of time set forth below following termination of employment, provided termination is in accordance with the terms of Section 4.1(b), (c), or (d), or due to expiration of the Agreement due to non-renewal by either party, Employee will not, directly or indirectly (whether as owner, partner, consultant, employee or otherwise):

(a) for one (1) year, engage in, assist or have an interest in, or enter the employment of or act as an agent, advisor or consultant for, any person or entity which is engaged in, or will be engaged in, the development, manufacture, supplying or sale of a product, process, service or development which is competitive with a product, process, service or development on which Employee worked or with respect to which Employee has or had access to Confidential Information while at Company (“Restricted Activity”), and which is located within the United States or within any country where Company has established a retail presence either directly or through a franchise arrangement; *provided, however*, that following termination of her employment, Employee shall be entitled to be an employee of an entity that engages in Restricted Activity so long as: (i) the sale of stuffed plush toys is not a material business of the entity; (ii) Employee has no direct or personal involvement in the sale of stuffed plush toys; and (iii) neither Employee, her relatives, nor any other entities with which she is affiliated own more than 1% of the entity. As used in this paragraph 6, “material business” shall mean that either (A) greater than 10% of annual revenues received by such entity were derived from the sale of stuffed plush toys and related products, or (B) the entity otherwise annually derives or is projected to derive annual revenues in excess of \$5 million from a retail concept that is similar in any material regard to Company; or

(b) for one (1) year, induce or attempt to induce any employee, consultant, partner or advisor of Company to accept employment or an affiliation with any other entity.

7. Acknowledgment Regarding Restrictions. Employee recognizes and agrees that the restraints contained in Section 6 (both separately and in total), including the geographic scope thereof in light of Company’s marketing efforts, are reasonable and enforceable in view of Company’s legitimate interests in protecting its Confidential Information and customer goodwill and the limited scope of the restrictions in Section 6.

8. Inventions.

(a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like (collectively, “Inventions”), which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the time that Employee is employed by Company, whether or not during working hours, that relate to (i) current and anticipated businesses and/or activities of Company, (ii) the current and anticipated research or development of Company, or (iii) any work performed by Employee for Company, shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions. Employee assigns, and agrees to assign to Company whenever so requested by Company, any and all right, title and interest in and to any such Invention, at Company’s expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, at Company’s expense.

(b) Employee acknowledges that as part of his work for Company he may be asked to create, or contribute to the creation of, computer programs, documentation and other copyrightable works. Employee hereby agrees that any and all computer programs, documentation and other copyrightable materials that he has prepared or worked on for Company, or is asked to prepare or work on by Company, shall be treated as and shall be a “work made for hire,” for the exclusive ownership and benefit of Company according to the copyright laws of the United States, including, but not limited to, Sections 101 and 201 of Title 17 of the U.S. Code (“U.S.C.”) as well as according to similar foreign laws. Company shall have the exclusive right to register the copyrights in all such works in its name as the owner and author of such works and shall have the exclusive rights conveyed under 17 U.S.C. §§ 106 and 106A including, but not limited to, the right to make all uses of the works in which attribution or integrity rights may be implicated. Without in any way limiting the foregoing, to the extent the works are not treated as works made for hire under any applicable law, Employee hereby irrevocably assigns, transfers, and conveys to Company and its successors and assigns any and all worldwide right, title, and interest that Employee may now or in the future have in or to the works, including, but not limited to, all ownership, U.S. and foreign copyrights, all treaty, convention, statutory, and common law rights under the law of any U.S. or foreign jurisdiction, the right to sue for past, present, and future infringement, and moral, attribution, and integrity rights. Employee hereby expressly and forever irrevocably waives any and all rights that he may have arising under 17 U.S.C. §§ 106A, rights that may arise under any federal, state, or foreign law that conveys rights that are similar in nature to those conveyed under 17 U.S.C. §§ 106A, and any other type of moral right or *droit moral*.

9. Company Property. Employee acknowledges that any and all notes, records, sketches, computer diskettes, training materials and other documents relating to Company obtained by or provided to Employee, or otherwise made, produced or compiled during the Employment Period, regardless of the type of medium in which they are preserved, are the sole and exclusive property of Company and shall be surrendered to Company upon Employee’s termination of employment and on demand at any time by Company.

10. Nondisparagement. Employee agrees that he will not in any way disparage Company or its affiliated entities, officers, or directors; and the officers and directors shall not in any way disparage Employee. Further, Employee agrees that he will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Company or any of its affiliated entities, officers or directors; and the officers and directors will neither make nor solicit any comments, statements, or the like to the media or to third parties that may be considered to be derogatory or detrimental to the good name or business reputation of Employee.

11. Non-Waiver of Rights. Either party’s failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the non-breaching party thereafter to enforce each and every provision in accordance with the terms of this Agreement.

12. Company’s Right to Injunctive Relief. In the event of a breach or threatened breach of any of Employee’s duties and obligations under the terms and provisions of Sections 5, 6, or 8 hereof, Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to seek temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, without the necessity of posting any bond. Employee hereby expressly acknowledges that the harm which might result to Company’s business as a result of any noncompliance by Employee with any of the provisions of Sections 5, 6 or 8 would be largely irreparable.

13. Judicial Enforcement. If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

14. Employee Representations. Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee. Employee further represents and agrees that he will not, during his employment with Company, improperly use or disclose any proprietary information or trade secrets of former employers and will not bring on to the premises of Company any unpublished documents or any property belonging to his former employers unless consented to in writing by such employers.

15. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This Agreement supersedes all prior agreements and understandings between Employee and Company to the extent that any such agreements or understandings conflict with the terms of this Agreement.

16. Assignments. This Agreement shall be freely assignable by Company to and shall inure to the benefit of, and be binding upon, Company, its affiliates, successors and assigns and/or any other entity which shall succeed to the business presently being conducted by Company. Being a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.

17. Choice of Forum and Governing Law. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of, this Agreement in Missouri, the parties agree that: (i) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted in the state or federal courts in St. Louis City or County, Missouri; and (ii) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri, without regard for any conflict of law principles.

18. Notices. Except as otherwise provided for herein, any notices to be given by either party to the other shall be affected by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed as follows:

(a) If to Company:

Sharon Price John
Chief Executive Officer and Chief President Bear
1954 Innerbelt Business Center
St. Louis, MO 63114

With copy to:

Eric Fencil
Chief Administrative Officer & General Counsel
1954 Innerbelt Business Center
St. Louis, MO 63114

(b) If to Employee:

Voin Todorovic

19. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, the breach thereof, or Employee's employment by Company, shall, at Company's sole option, be settled by binding arbitration in the County of St. Louis in accordance with the employment rules then in force of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. The controversies or claims subject to arbitration at Company's option under this Agreement include, without limitation, those arising under Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Missouri Human Rights Act, local laws governing employment, and the statutory and/or common law of contract and tort. In the event Employee commences any action in court which Company has the right to submit to binding arbitration, Company shall have sixty (60) days from the date of service of a summons and complaint upon Company to direct in writing that all or any part of the dispute be arbitrated. Any remedy available in any court action shall also be available in arbitration.

20. Excise Taxes. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit, vesting or distribution to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would but for this Section 20 be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions (the "Excise Tax"), then the Payments shall be either (i) provided to Employee in full, or (ii) provided to Employee as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Any determination required under this Section 20 shall be made in writing in good faith by the Company's independent certified public accountants, appointed prior to any change in ownership (as defined under Code Section 280G(b)(2), and/or tax counsel selected by such accountants (the "Accounting Firm") in accordance with the principles of Section 280G of the Code. In the event of a reduction of Payments hereunder, the Payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments, and (iv) fourth from equity awards that are partially included as parachute payments. In applying these principles, any reduction or elimination of the Payments shall be made in a manner consistent with the requirements of Code Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. For purposes of making the calculations required by this Section 20, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this Section 20. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

If, notwithstanding any reduction described in this Section 20, the Internal Revenue Service (the "IRS") determines that Employee is liable for the Excise Tax as a result of the receipt of the Payments as described above, then Employee shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Employee challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the "Repayment Amount." The Repayment Amount with respect to the Payments shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Employee's net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) shall be maximized. The Repayment Amount with respect to the Payments shall be zero if a Repayment Amount of more than zero would not result in Employee's net after-tax proceeds with respect to the Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Employee shall pay the Excise Tax.

Notwithstanding any other provision of this Section 20, if (i) there is a reduction in the Payments as described in this Section 20, (ii) the IRS later determines that Employee is liable for the Excise Tax, the payment of which would result in the maximization of Employee's net after-tax proceeds (calculated as if Employee's Payments had not previously been reduced), and (iii) Employee pays the Excise Tax, then the Company shall pay to Employee those Payments which were reduced pursuant to this subsection as soon as administratively possible after Employee pays the Excise Tax so that Employee's net after-tax proceeds with respect to the Payments are maximized.

For the avoidance of doubt, Employee acknowledges she is solely responsible for the payment of any Excise Tax and that the Company will not reimburse or otherwise indemnify her for such amount. Any reimbursements or repayments provided under this subsection shall be made strictly in accordance with Section 409A of the Code, including Treasury Regulation 1.409A-3(i)(1)(v).

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits due to Employee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code ("Section 409A"), such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Employee's separation from service shall instead be paid on the first (1st) business day after the date that is six (6) months following Employee's date of termination (or death, if earlier). In the event that Employee receives reduced payments and benefits as a result of the application of this paragraph, reduction shall be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A of the Code first, and then shall be made (to the extent necessary) out of payments and benefits which are subject to Section 409A of the Code and which are due at the latest future date, to the extent such reduction would not trigger adverse tax consequences under Section 409A of the Code.

21. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively alter the content of such sections.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of March 7, 2016.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY COMPANY.

/s/ Vojin Todorovic
Vojin Todorovic

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Sharon John

Name: Sharon John

Title: Chief Executive Officer

BUILD-A-BEAR WORKSHOP, INC.
2016 PERFORMANCE OBJECTIVES FOR CHIEFS

1. On March 7, 2016, the Compensation and Development Committee (the “Committee”) established the 2016 performance objectives as set forth herein, with respect to the award of cash bonuses to the Chiefs under the Build-A-Bear Workshop, Inc. (the “Company”) Third Amended and Restated 2004 Stock Incentive Plan.

2. Cash Bonuses. The performance objectives relative to awards of cash bonuses are as follows:

- (a) The Base Bonus Calculation for the following Chiefs for 2016 is determined by multiplying the Base Bonus Payout by the Chief’s eligible base salary in effect on the date of adoption of these performance objectives, as modified by any adjustment made during the first quarter of 2016.

Chief	Base Bonus Payout
Sharon Price John	100%
Gina Collins	50%
Darlene Elder	50%
Eric Fencil	50%
J. Christopher Hurt	50%
Jennifer Kretchmar	50%
Voin Todorovic	50%

- (b) The cash bonus, if any, to be paid to the respective Chief will be calculated by multiplying the applicable Percentage of Base Bonus Calculation set forth in Item 2(b)(3) below, based on Consolidated Net Income for Fiscal Year 2016 times the Base Bonus Calculation determined pursuant to Item 2(a) above.

(1) Achievement Level	(2) Consolidated Net Income	(3) Percentage of Base Bonus Calculation
Threshold	\$13,155,000	50%
Target	\$14,420,000	100%
Maximum	\$17,000,000	200%

- (c) The calculation of cash bonuses will be interpolated to reflect Consolidated Net Income results which fall within any of the defined Achievement Levels set forth in Item 2(b) above. The interpolation will be calculated in accordance with the methodology set forth in the Build-A-Bear Workshop 2016 Bonus Plan (in effect as of the date of adoption of these performance objectives), in the sole discretion of the Committee. Such discretion shall include the ability to reduce the otherwise applicable Percentage of Base Bonus Calculation for each Achievement Level. However, in no event shall the exercise of such discretion increase the amount of compensation payable above the maximum Percentage of Base Bonus Calculation for each Achievement Level.
- (d) The “Percentage of Base Bonus Calculation” shown in Item 2(b) is the same for all Chiefs at each designated Achievement Level.
- (e) Awards paid pursuant to this 2016 Performance Objectives for Chiefs are intended to qualify as performance based compensation set forth in Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations.

3. For these purposes, the aforementioned terms shall have the following meaning:

- (a) “Consolidated Net Income” means the Net Income reported on the Company’s consolidated statements of operations for the Fiscal Year.
- (b) In the event of a financial restatement impacting Consolidated Net Income, 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 Consolidated Net Income, 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 this 2016 Performance Objectives for Chiefs 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 &
NON-QUALIFIED STOCK OPTION
AWARD AGREEMENT**

Grant Date: _____
Employee: _____
No. of Shares of Restricted Stock: _____
No. of Shares Subject to Option: _____
Exercise Price of Option: \$ _____

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**”), and an option to purchase the number of shares of Company Common Stock designated above (the “**Option**”), pursuant to the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan, as amended through the date hereof (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 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 60 days of the Grant Date, the Employer may revoke this grant.

BUILD-A-BEAR WORKSHOP, INC.

By: _____ /s/ Sharon Price John
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.

The restrictions on transfer described in this Section A.1 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 12-month period ending on such date:

Date	Portion of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
March 15, 2017:	One-third
March 15, 2018:	One-third
March 15, 2019:	One-third

For avoidance of doubt, on March 15, 2019, one hundred percent (100%) of the shares of 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 March 15, 2019 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 Restricted Stock not yet free of the restrictions of this Section A.1 shall become immediately free of such restrictions.

2. **Death or Disability of the Employee.** In the event of (i) 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, all previously granted shares of Restricted Stock not yet free of the restrictions of Section A.1 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 with respect to the shares of Restricted Stock including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares since the Grant Date.

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.

B. TERMS AND CONDITIONS APPLICABLE TO THE OPTION

1. **Grant and Terms of Option.** Pursuant to action of the Committee, the Company grants to the Employee the Option to purchase the number of shares of Common Stock set forth above, for a period of ten (10) years from the Grant Date, at the exercise price set forth above; provided, however, that the right to exercise such Option shall be, and is hereby, restricted as follows:

(a)(i) No shares may be purchased prior to March 15, 2017;

(ii) At any time during the term of the Option granted hereby on or after March 15, 2017, the Employee may purchase up to one-third of the total number of shares to which the Option granted hereby relates;

(iii) At any time during the term of the Option granted hereby on or after March 15, 2018 the Employee may purchase up to an additional one-third of the total number of shares to which the Option granted hereby relates; and

(iv) At any time during the term of the Option granted hereby on or after March 15, 2019, the Employee may purchase up to an additional one-third of the total number of shares to which the Option granted hereby relates;

so that on or after March 15, 2019, during the term hereof, the Employee will have become entitled to purchase the entire number of shares to which the Option granted hereby relates.

(b) Notwithstanding the foregoing, in the event of a Change of Control, the Employee may purchase 100% of the total number of shares to which the Option granted hereby relates.

(c) In no event may the Option granted hereby or any part thereof be exercised after the expiration of ten (10) years from the Grant Date.

(d) The purchase price of the shares subject to the Option may be paid for (i) in cash, (ii) in the discretion of the Committee, by tender of shares of Common Stock already owned by the Employee, or (iii) in the discretion of the Committee, by a combination of methods of payment specified in clauses (i) and (ii), all in accordance with the provisions of the Plan. Notwithstanding the preceding sentence, the Employee may request that the Committee agree that payment in full of the option price need not accompany the written notice of exercise; provided that, the notice of exercise directs that the certificate or certificates for the shares of Common Stock for which the Option is exercised be delivered to a licensed broker acceptable to the Committee as the agent for the Employee and, at the time such certificate or certificates are delivered, the broker tenders to the Committee cash (or cash equivalents acceptable to the Committee) equal to the option price for the shares of Common Stock purchased pursuant to the exercise of the Option plus the amount (if any) of any withholding obligations on the part of the Company. Such request may be granted or denied in the sole discretion of the Committee.

(e) No shares of Common Stock may be tendered in exercise of the Option granted hereby if such shares were acquired by the Employee through the exercise of an Incentive Stock Option (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended), unless (i) such shares have been held by the Employee for at least one year, and (ii) at least two years have elapsed since such Incentive Stock Option was granted.

2. **Termination of Employment.** In the event of the termination of employment of the Employee for any reason other than for cause, as shall be determined in the sole discretion of the Committee, the Option granted, to the extent it was eligible for exercise at the date of such termination of employment: (i) shall be exercisable for up to ninety (90) days after the date of such termination; and (ii) may, subject to the Committee's sole discretion and consent, be exercised for such longer period as the Committee may permit, but not after ten (10) years from the Grant Date.

3. **Death or Disability of the Employee.** In the event of the death of the Employee during the term of this Agreement and while he or she is employed by the Company (or a subsidiary) or within three (3) months after the termination of his or her employment other than for cause, the Option granted hereby shall become fully vested (if not already fully vested) and may be exercised by a legatee or legatees of the Employee under his or her last will, or by his or her personal representatives or distributees, at any time within a period of one (1) year after his or her death, but not after ten (10) years from the Grant Date. In the event 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, the Option granted hereby shall become fully vested (if not already fully vested) and may be exercised by the Employee at any time within a period of three (3) months after his or her employment is so terminated, but not after ten (10) years from the Grant Date.

4. **Shares Issued on Exercise of Option.** It is the intention of the Company that on any exercise of the Option granted hereby it will transfer to the Employee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

5. **Option Not an Incentive Stock Option.** It is intended that the Option granted hereby shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

C. 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 of Restricted Stock 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 and Option 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 and Options.
5. **Governing Law.** This Agreement shall be construed under the laws of the State of Delaware.

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

Grant Date:
Employee:
Maximum Number of Shares of
Performance-Based Restricted Stock:

March 7, 2016

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 “**Performance-Based Restricted Stock**”), pursuant to the Build-A-Bear Workshop, Inc. 2004 Stock Incentive Plan, as amended through the date hereof (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 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 60 days of the Grant Date, the Employer may revoke this grant.

BUILD-A-BEAR WORKSHOP, INC.

By: _____ /s/ Sharon Price John
Sharon Price John
Chief Executive Officer

Terms and Conditions

1. Terms of Performance-Based 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 Performance-Based Restricted Stock set forth above. The Performance-Based 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 Performance-Based 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 Performance-Based Restricted Stock which are still subject to the restrictions at the time of termination of such service.

The restrictions on transfer described in this Section 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	Percent of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
March 31, 2019:	100%

For avoidance of doubt, on the date ending March 31, 2019, one hundred percent (100%) of the Performance-Based Restricted Stock shall be transferable by the Employee if (1) the Performance Criteria included in **Exhibit A** hereto has been satisfied, and (2) the Employee is still an Employee, and has been continuously serving from the Grant Date through March 31, 2019 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 2018, 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 1. If a Change of Control occurs at any time after the end of fiscal 2018, 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 1. shall become immediately free of such restrictions.

2. Death or Disability of the Employee.

In the event of (i) 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, in either case prior to the end of fiscal 2018, 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 1.

In the event of (i) 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, in either case subsequent to the end of fiscal 2018 one hundred percent (100%) of the shares earned 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 only upon satisfaction of the Performance Criteria.

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. 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 of Performance-Based Restricted Stock not yet vested, and the price thereof, as applicable, shall be appropriately adjusted by the Committee.

9. 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 share of the Performance-Based Restricted Stock; or (iv) taking any other remedial and recovery action permitted by law, as determined by the Committee. Notwithstanding the foregoing, 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.

10. 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.

11. 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.

12. Grant Subject to Plan. This Performance-Based 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.

13. Governing Law. This Agreement shall be construed under the laws of the State of Delaware.

Exhibit A

Performance Criteria Applicable to Performance-Based Restricted Stock

Cumulative Company Consolidated Total Revenues for fiscal 2016, 2017 and 2018:

Achievement Level	Cumulative Consolidated Total Revenues for Fiscal 2016, 2017 and 2018	Percentage of Maximum Number of Performance-Based Restricted Stock which Shall be Earned
Below Threshold	\$ Less than 1,225,000,000	0%
Threshold	\$ 1,225,000,000	25%
Target	\$ 1,250,000,000	50%
Maximum	\$ 1,300,000,000	100%

“Consolidated Total Revenues” means the sum of the Total Revenues reported on the Company’s consolidated statements of operations for the 2016, 2017 and 2018 Fiscal Years.

The calculation of percentage of shares will be interpolated to reflect Consolidated Total Revenues results which fall within any of the defined Achievement Levels, and shall be rounded to the nearest full share.