

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 28, 2011 (March 22, 2011)

Build-A-Bear Workshop, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other
Jurisdiction of
Incorporation)

001-32320

(Commission
File Number)

43-1883836

(IRS Employer
Identification No.)

1954 Innerbelt Business Center Drive
St. Louis, Missouri

(Address of Principal Executive Offices)

63114

(Zip Code)

(314) 423-8000

(Registrant's Telephone Number, Including Area Code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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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) On March 22, 2011, the Compensation Committee (the “Committee”) of the Board of Directors of Build-A-Bear Workshop, Inc. (the “Company”) adjusted the compensation of its executive officers, including its named executive officers, other than the Chief Executive Bear. At the recommendation of the Committee, the Board of Directors ratified and approved the Chief Executive Bear’s compensation. These compensation adjustments included base salary adjustments, determination of the 2011 annual bonus plan, and 2011 long-term incentive compensation grants, each of which is described below.

2011 Base Salary Adjustments

The adjusted annual base salaries, for the Company’s named executive officers whose base salaries were adjusted effective March 27, 2011 are:

<u>Name/Position</u>	<u>Adjusted Annual Base Salary</u>
Maxine Clark, Chief Executive Bear	\$659,200
John Haugh, President Bear	\$384,400
Tina Klocke, Chief Operations and Financial Bear, Treasurer and Secretary	\$350,000
Eric Fencl, Chief Bearrister, General Counsel and International Franchising	\$293,600
David Finnegan, Chief Information Bear	\$290,900

2011 Bonus Performance Objectives

Also on March 22, 2011, the Committee established the 2011 performance objectives for the range of cash bonuses that may be paid under the Build-A-Bear Workshop, Inc. Second Amended and Restated 2004 Stock Incentive Plan (the “Plan”) to the Company’s executive officers, including its named executive officers. The Base Bonus Calculation for each of the executives for 2011 is determined by multiplying the Base Bonus Payout (set forth below) by the executive’s eligible base salary (which excludes items such as relocation allowances, bonuses, stock options exercised and vested restricted stock):

<u>Name/Position</u>	<u>Base Bonus Payout</u>
Maxine Clark, Chief Executive Bear	100%
John Haugh, President Bear	70%
Tina Klocke, Chief Operations and Financial Bear, Treasurer and Secretary	70%
Eric Fencl, Chief Bearrister, General Counsel and International Franchising	40%
David Finnegan, Chief Information Bear	40%

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 sum of (i) 25% of the applicable Percentage of Base Bonus Calculation set forth in in column (3) below for fiscal 2011 Consolidated Revenue, plus (ii) 75% of the applicable Percentage of Base Bonus Calculation set forth in in column (3) below for fiscal 2011 Consolidated EBITDA.

Consolidated Revenue—25% Percent Weighting

(1) <u>Achievement Level</u>	(2) <u>Consolidated Revenue</u>	(3) <u>Percentage of Base Bonus Calculation</u>
Threshold	\$409,412,000	50%
Target	\$416,710,000	100%
Maximum	\$424,006,000	150%

Consolidated EBITDA—75% Percent Weighting

(1) <u>Achievement Level</u>	(2) <u>Consolidated EBITDA</u>	(3) <u>Percentage of Base Bonus Calculation</u>
Threshold	\$29,800,000	50%
Target	\$34,350,000	100%
Maximum	\$38,899,000	150%

The performance objectives and the Build-A-Bear Workshop, Inc. 2011 Bonus Plan (the “2011 Bonus Plan”) provide for mandatory bonus payouts only if the Company’s 2011 Consolidated Revenue or Consolidated EBITDA (after providing for any bonus expense) exceeds the Threshold amount. If the Company’s Consolidated EBITDA is greater than \$27,000,000 but less than the Consolidated EBITDA Threshold amount, the Committee may in its discretion pay up to no more than 25% of the Base Bonus Calculation to each of the Company’s executive officers. Under the 2011 Bonus Plan, Consolidated Revenue and Consolidated EBITDA results that fall between any of the achievement levels set forth in the tables above will be interpolated in accordance with the methodology set forth in the 2011 Bonus Plan, 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.

Amendment of Chief Executive Bear's Employment Agreement

The Employment, Confidentiality and Noncompete Agreement dated May 1, 2004, as amended, between Maxine Clark and the Company provides that Ms. Clark's Base Bonus Payout will be 125%. Ms. Clark, however, agreed to the reduction of her Base Bonus Payout to 100% for fiscal 2011. Accordingly, Ms. Clark and the Company entered into a Second Amendment to Employment, Confidentiality and Noncompete Agreement to reduce the Base Bonus Payout for fiscal 2011.

The foregoing summary of the terms of the Second Amendment to Employment, Confidentiality and Noncompete Agreement is qualified in its entirety by reference to such agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

2011 Long-Term Incentive Plan Awards

Also on March 22, 2011, the Committee granted the executive officers, including the named executive officers, time-based restricted stock awards, performance-based restricted stock awards, and 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 long-term incentive award for each executive officer. The resulting awards were then made 50% in time-based restricted stock, 25% in performance-based restricted stock and 25% in stock options, as follows:

Name	Number of Shares of Time-Based Restricted Stock	Target Number of Shares of Performance-Based Restricted Stock	Number of Shares subject to Non-Qualified Stock Options
Maxine Clark, Chief Executive Bear	54,832	27,416	44,412
John Haugh, President Bear	18,988	9,496	15,380
Tina Klocke, Chief Operations and Financial Bear, Treasurer and Secretary	18,988	9,496	15,380
Eric Fencil, Chief Bearrister, General Counsel and International Franchising	13,044	6,524	10,568
David Finnegan, Chief Information Bear	10,920	5,460	8,844

The number of shares of time-based restricted stock awarded to each officer was derived by dividing 50% of the officer's target value by the product of (i) the closing sales price of the Company's common stock on the New York Stock Exchange on March 22, 2011 multiplied by (ii) 0.848, the valuation factor calculated by the Committee's compensation consultant.

The target number of shares of performance-based restricted stock awarded to each officer was derived by dividing 25% of the officer's target value by the product of (i) the closing sales price of the Company's common stock on the New York Stock Exchange on March 22, 2011 multiplied by (ii) 0.848, the valuation factor calculated by the Committee's compensation consultant. The number of performance-based restricted stock shares, if any, that will be earned by each respective executive officer will be calculated by multiplying the target number of shares awarded to such executive officer set forth above by the applicable Percentage of Target Value of Performance-Based Restricted Stock Earned Calculation set forth in in column (3) below for fiscal 2011 Earnings Per Share.

Fiscal 2011 Performance-Based Restricted Stock Payout-Earnings Per Share

(1)	(2)	(3)
<u>Achievement Level</u>	<u>Earnings Per Share</u>	<u>Percentage of Target Value of Performance-Based Restricted Stock Earned Calculation</u>
Below Threshold	Less than \$0.14 per share	0%
Threshold	\$0.14 per share	50%
Target	\$0.29 per share	100%
Maximum	\$0.45 per share	200%

The number of shares subject to options was determined by dividing 25% of the officer's target value by the product of (i) the closing sales price of the Company's common stock on the New York Stock Exchange on March 22, 2011 multiplied by (ii) the Black-Scholes value of each option share also calculated by the Committee's compensation consultant. The options have an exercise price equal to \$6.21 per share, which was the closing sales price of the Company's common stock on the New York Stock Exchange on March 22, 2011.

Upon receipt of his or her 2011 Long-Term Incentive Plan 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 the time-based restricted stock, performance-based restricted stock that is earned, and stock options vest at the rate of 25% per year over four years from the date of grant, beginning on the first anniversary of the date of grant; vesting is accelerated upon a change of control or, in certain circumstances, upon the holder's death or termination of employment with the Company due to disability. Holders of time-based restricted stock and performance-based restricted that that has been earned are entitled to voting and dividend rights. With respect to options, the Agreement provides that: (i) the options expire 10 years from the date of grant; (ii) in the event the holder's employment is terminated other than for cause, the holder's options shall be exercisable for up to 30 days after the termination date, and may be exercised for a longer period not to exceed 10 years, in the discretion of the Committee; (iii) in the event of the holder's death, the holder's options may be exercised at any time within one year after his or her death, but not after 10 years from the date of grant; and (iv) in the event the Company terminates the holder's employment due to disability, the holder's options may be exercised at any time within 3 months after such termination, or for such longer period as the Committee may permit, but not after 10 years from the date of grant.

The foregoing summary of the Agreement is qualified in its entirety by reference to such agreement, a copy of which is filed as Exhibit 10.2 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	Second Amendment to Employment, Confidentiality and Noncompete Agreement between Maxine Clark and the Company, dated as of March 22, 2011
10.2	Form of Restricted Stock & Non-Qualified Stock Option Agreement

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 28, 2011

By: /s/ Tina Klocke

Name: Tina Klocke

Title: Chief Operations and Financial Bear, Secretary and
Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Second Amendment to Employment, Confidentiality and Noncompete Agreement between Maxine Clark and the Company, dated as of March 22, 2011
10.2	Form of Restricted Stock & Non-Qualified Stock Option Agreement

**SECOND AMENDMENT TO EMPLOYMENT, CONFIDENTIALITY AND
NONCOMPETE AGREEMENT**

This Second Amendment (the "Second Amendment") to the Employment, Confidentiality and Non-compete Agreement dated the 1st day of May, 2004 (the "Agreement") is made effective as of March 22, 2011, between **BUILD-A-BEAR WORKSHOP, INC.** ("Company") and **MAXINE CLARK** ("Employee" or "Ms. Clark").

Recitals

WHEREAS, Company and Employee previously entered into the Agreement whereby Company hired Employee to provide various services to Company under the title of Chief Executive Bear and Company and Employee amended the Agreement as of February 6, 2001;

WHEREAS, pursuant to the terms of the Agreement, Company has agreed that Employee's target bonus shall be not less than 125% of Employee's base compensation.

WHEREAS, Company and Employee now mutually desire to again amend the Agreement to provide that Employee's target bonus for 2011 performance shall be 100%.

NOW, THEREFORE, in consideration of the premises and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Section 3(b) of the Agreement is hereby amended as follows:

(b) Bonus. Should Company exceed its sales, profits and other objectives for any fiscal year, Employee shall be eligible to receive a bonus for such fiscal year as determined by the Compensation Committee of the Board of Directors; provided however such potential bonus opportunity for Employee in any fiscal year shall be set by the Compensation Committee such that, if Company exceeds its objectives, Company will pay Employee an amount not less than 125% of Employee's base compensation; and provided further that for fiscal 2011 only, Employee's potential bonus opportunity shall be reduced to 100% of Employee's base compensation. Such bonus opportunity will be sufficiently large that if Employee achieves such bonus, she will be Company's highest paid employee. 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 of any duly authorized committee thereof, and unless 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 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(d) or pursuant to Employee's right to terminate this Agreement for Good Reason under Section 4.1(e), the bonus criteria shall not change and any bonus shall be pro-rated based on the number of full calendar weeks during the applicable fiscal year during which Employee was employed hereunder.

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 within seventy-five (75) days after the end of each calendar year or thirty (30) days after the issuance of the auditor's report, whichever is later, regardless of Employee's employment status at the time payment is due. If timely payment is not made, Company shall indemnify Employee against any additional tax liability that Employee may incur proximately as a result of the payment being made late.

Notwithstanding anything to the contrary herein, in no event shall Employee actually receive a bonus in any fiscal year of less than an amount, when paid, as would render her the most highly compensated executive at the Company by at least one dollar (\$1.00) in terms of cash compensation (base salary plus the cash component of her bonus). For avoidance of doubt, Employee shall be the highest paid executive within Company during each fiscal year of her employment, beginning with Fiscal Year 2005.

2. Except to the extent expressly provided herein, the Agreement remains in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Second Amendment effective as of the date indicated above.

MAXINE CLARK

By: /s/ Maxine Clark

Maxine Clark

BUILD-A-BEAR WORKSHOP, INC.

By: /s/ Tina Klocke

Tina Klocke
Chief Operations and Financial Bear, Treasurer and Secretary

<p>BUILD-A-BEAR WORKSHOP, INC. RESTRICTED STOCK & NON-QUALIFIED STOCK OPTION AGREEMENT</p>	<p>Date of Grant: _____ Employee: _____ Maximum Number of Shares of Time-Based Restricted Stock: _____ Maximum Number of Shares of Performance-Based Restricted Stock: _____ No. of Shares Subject to Option: _____ Exercise Price of Option: \$ _____</p>
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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 Date of Grant, the Employer may revoke this grant.

BUILD-A-BEAR WORKSHOP, INC.

By: _____ /s/ Maxine Clark
Maxine Clark
Chief Executive Bear

Terms and Conditions

A. TERMS AND CONDITIONS APPLICABLE TO RESTRICTED STOCK

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

(a) Time-Based Restricted Stock

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

Date	Percent of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
1 st Anniversary of Grant Date:	25%
2 nd Anniversary of Grant Date:	25%
3 rd Anniversary of Grant Date:	25%
4 th Anniversary of Grant Date:	25%

For avoidance of doubt, on the date ending forty-eight (48) months after the Grant Date, one hundred percent (100%) of the Time-Based Restricted Stock shall be transferable by the Employee if the Employee is still an Employee, and has been continuously serving during such forty-eight (48) month period as such an employee of the Company on such date.

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

(b) Performance-Based Restricted Stock

The restrictions on transfer described in this Section A.1 applicable to the Performance-Based Restricted Stock awarded above shall lapse and be of no further force and effect as follows, if (1) the performance criteria applicable to the Performance-Based Restricted Stock as established by the Committee and included in **Exhibit A** hereto (the “**Performance Criteria**”) has been satisfied, and (2) the Employee is still an employee of the Company on the respective annual anniversary, and has been continuously serving as such an employee of the Company during such 12-month period ending on the annual anniversary:

Date	Percent of Grant for which Restrictions Lapse on Indicated Date
Grant Date	0
1 st Anniversary of Grant Date:	25%
2 nd Anniversary of Grant Date:	25%
3 rd Anniversary of Grant Date:	25%
4 th Anniversary of Grant Date:	25%

For avoidance of doubt, on the date ending forty-eight (48) months after the Grant Date, 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 during such forty-eight (48) month period as such 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 the fiscal year in which the Performance-Based Restricted Stock is awarded, fifty percent (50%) of the Maximum number of shares of Performance-Based Restricted Stock (as set forth above) shall become immediately free of the restrictions of this Section A.1.(b). If a Change of Control occurs at any time after the end of the fiscal year in which the Performance-Based Restricted Stock is awarded, 100% of the shares earned based on the Performance Criteria (as set forth in **Exhibit A**) not yet free of the restrictions of this Section A.1.(b) shall become immediately free of such restrictions.

2. Death or Disability of the Employee. 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, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares, as follows: (i) with respect to the shares of Time-Based Restricted Stock, since the Grant Date; and (ii) with respect to the shares of Performance-Based Restricted Stock, only upon satisfaction of the Performance Criteria.

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 the first anniversary of the Grant Date;

(ii) At any time during the term of the Option granted hereby on or after first anniversary of the Grant Date, the Employee may purchase up to 25% 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 the second anniversary of the Grant Date, the Employee may purchase up to an additional 25% of the total number of shares to which the Option granted hereby relates;

(iv) At any time during the term of the Option granted hereby on or after the third anniversary of the Grant Date, the Employee may purchase up to an additional 25% of the total number of shares to which the Option granted hereby relates; and

(v) At any time on or after the fourth anniversary of the Grant Date, the Employee may purchase up to an additional 25% of the total number of shares to which the Option granted hereby relates;

so that on or after fifth anniversary of the Grant Date, 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 Date of Grant.

(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 thirty (30) days after the date of such termination; and (ii) may, subject to the Committee's sole discretion and consent, be exercised at any time within three (3) months after such termination, or for such longer period as the Committee may permit, but not after ten (10) years from the Date of Grant.

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 Date of Grant. 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 Date of Grant.

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.

5. **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

[Insert Applicable Performance Criteria]