

BUILD A BEAR WORKSHOP INC
Form DEF 14A
April 05, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Build-A-Bear Workshop, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:

Table of Contents

Build-A-Bear Workshop, Inc.

1954 Innerbelt Business Center Drive

St. Louis, Missouri 63114

April 5, 2013

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Build-A-Bear Workshop, Inc. to be held at our World Bearquarters, 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114 on Thursday, May 9, 2013, at 10:00 a.m. Central Time. For your reference, directions for our annual meeting site are provided at Appendix A to this proxy statement.

At the meeting, you will be asked to elect three Directors; ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our current fiscal year; approve, by non-binding vote, executive compensation; and transact such other business as may properly come before the meeting.

The formal Notice of Annual Meeting of Stockholders and proxy statement accompanying this letter provide detailed information concerning matters to be considered and acted upon at the meeting. Your vote is important. I urge you to vote as soon as possible, whether or not you plan to attend the annual meeting. You may vote via the Internet, as well as by telephone or by mailing the proxy card. Please review the instructions with the proxy card regarding each of these voting options.

Thank you for your continued support of, and interest in, Build-A-Bear Workshop. I look forward to seeing you at the annual meeting.

Sincerely,

Maxine Clark
Chief Executive Bear

Table of Contents

Build-A-Bear Workshop, Inc.

1954 Innerbelt Business Center Drive

St. Louis, Missouri 63114

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 9, 2013

The 2013 Annual Meeting of Stockholders of **BUILD-A-BEAR WORKSHOP, INC.**, a Delaware corporation (the Company), will be held at our World Bearquarters, 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114, on Thursday, May 9, 2013, at 10:00 a.m. Central Time, to consider and act upon the following matters:

1. to elect three Directors;
2. to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's current fiscal year;
3. to approve, by non-binding vote, executive compensation; and
4. to transact such other business as may properly come before the meeting or any adjournments thereof.

Only stockholders of record at the close of business on March 26, 2013 are entitled to notice of and to vote at the annual meeting. At least ten days prior to the meeting, a complete list of stockholders entitled to vote will be available for inspection by any stockholder for any purpose germane to the meeting, during ordinary business hours, at the office of the Secretary of the Company at 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114. As a stockholder of record, you are cordially invited to attend the meeting in person. Regardless of whether you expect to be present at the meeting, please either (i) complete, sign and date the enclosed proxy and mail it promptly in the enclosed envelope, or (ii) vote electronically via the Internet or telephone as described in greater detail in the proxy statement. Returning the enclosed proxy, voting electronically, or voting telephonically will not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors

Tina Klocke
Chief Operations and Financial Bear,

Treasurer and Secretary

EVEN THOUGH YOU MAY PLAN TO ATTEND THE MEETING IN PERSON, PLEASE VOTE BY TELEPHONE OR THE INTERNET, OR EXECUTE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY. A RETURN ENVELOPE (WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR YOUR CONVENIENCE. TELEPHONE AND INTERNET VOTING INFORMATION IS PROVIDED ON YOUR PROXY CARD. SHOULD YOU ATTEND THE MEETING IN PERSON, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Proxy Statement</u>	1
<u>About the Meeting</u>	1
<u>Voting Securities</u>	3
<u>Security Ownership of Certain Beneficial Owners and Management</u>	4
<u>Proposal No. 1. Election of Directors</u>	5
<u>Directors</u>	6
<u>The Board of Directors and its Committees</u>	10
<u>Committee Charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics</u>	11
<u>Board Member Independence and Committee Member Qualifications</u>	13
<u>Related Party Transactions</u>	13
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	14
<u>Board of Directors Compensation</u>	14
<u>Executive Compensation</u>	15
<u>Compensation Discussion and Analysis</u>	15
<u>Compensation and Development Committee Report</u>	25
<u>Compensation Committee Interlocks and Insider Participation</u>	25
<u>2012 Summary Compensation Table</u>	25
<u>2012 Grants of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at 2012 Fiscal Year-End</u>	27
<u>2012 Option Exercises and Stock Vested</u>	28
<u>2012 Non-Qualified Deferred Compensation</u>	28
<u>Executive Employment and Severance Agreements</u>	28
<u>Proposal No. 2. Ratification of Appointment of Independent Accountants</u>	32
<u>Proposal No. 3. Advisory (Non-binding) Vote Approving Executive Compensation</u>	34
<u>Report of the Audit Committee</u>	35
<u>Stockholder Communications with the Board</u>	36
<u>Selection of Nominees for the Board of Directors</u>	37
<u>Stockholder Proposals</u>	38
<u>Other Matters</u>	38
<u>Appendix A</u>	A-1

Table of Contents

BUILD-A-BEAR WORKSHOP, INC.

1954 Innerbelt Business Center Drive

St. Louis, Missouri 63114

2013 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Build-A-Bear Workshop, Inc., a Delaware corporation (the Company or Build-A-Bear Workshop), to be voted at the 2013 Annual Meeting of Stockholders of the Company and any adjournment or postponement of the meeting. The meeting will be held at our World Bearquarters, 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114, on Thursday, May 9, 2013, at 10:00 a.m. Central Time, for the purposes contained in the accompanying Notice of Annual Meeting of Stockholders and in this proxy statement. For your reference, directions to our annual meeting site are provided at Appendix A to this proxy statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 9, 2013

The Company's proxy statement, Annual Report on Form 10-K for the 2012 fiscal year and summary Annual Report to Stockholders are available at <https://materials.proxyvote.com/120076>.

ABOUT THE MEETING

Why Did I Receive This Proxy Statement?

Because you were a stockholder of the Company as of March 26, 2013 (the Record Date) and are entitled to vote at the annual meeting, the Board of Directors is soliciting your proxy to vote at the meeting.

This proxy statement summarizes the information you need to know to vote at the meeting. This proxy statement and form of proxy were first mailed to stockholders on or about April 5, 2013.

What Am I Voting On?

You are voting on three items:

- (a) the election of three Directors;
- (b) the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2013; and

(c) the approval, by non-binding vote, of executive compensation.

How Do I Vote?

Stockholders of Record: If you are a stockholder of record, there are four ways to vote:

by toll-free telephone at 1-800-652-8683;

by Internet at www.investorvote.com/BBW;

by completing and returning your proxy card in the postage-paid envelope provided; or

by written ballot at the meeting.

Street Name Holders: Shares which are held in a brokerage account in the name of the broker are said to be held in street name. If your shares are held in street name you should follow the voting instructions provided by your broker. You may complete and return a voting instruction card to your broker, or, in many cases, your broker may also allow you to vote via the telephone or Internet. Check your proxy card for more information. If you hold your shares in street name and wish to vote at the meeting, you must obtain a legal proxy from your broker and bring that proxy to the meeting.

Please note that brokers may no longer use discretionary authority to vote shares on the election of Directors or on executive compensation matters if they have not received instructions from their clients. Please vote your proxy so your vote can be counted.

Regardless of how your shares are registered, if you complete and properly sign the accompanying proxy card and return it to the address indicated, it will be voted as you direct.

Table of Contents

What is the Deadline for Voting via Internet or Telephone?

Internet and telephone voting for stockholders of record is available through 11:59 p.m. Central Time on Wednesday, May 8, 2013 (the day before the annual meeting).

What Are the Voting Recommendations of the Board of Directors?

The Board recommends the following votes:

- (a) FOR election of each of the three nominees as Directors;
- (b) FOR ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for fiscal 2013; and
- (c) FOR the non-binding approval of executive compensation.

Unless you give contrary instructions on your proxy card, the persons named as proxy holders will vote your shares in accordance with the recommendations of the Board of Directors.

Will Any Other Matters Be Voted On?

We do not know of any other matters that will be brought before the stockholders for a vote at the annual meeting. If any other matter is properly brought before the meeting, your signed proxy card gives authority to Maxine Clark and Tina Klocke to vote on such matters in their discretion.

Who Is Entitled to Vote at the Meeting?

Only stockholders of record at the close of business on the Record Date are entitled to receive notice of and to participate in the annual meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

How Many Votes Do I Have?

You will have one vote for every share of Build-A-Bear Workshop common stock you owned on the Record Date.

How Many Votes Can Be Cast by All Stockholders?

17,087,949, consisting of one vote for each share of Build-A-Bear Workshop common stock outstanding on the Record Date. There is no cumulative voting.

How Many Votes Must Be Present to Hold the Meeting?

The holders of a majority of the aggregate voting power of Build-A-Bear Workshop common stock outstanding on the Record Date, or 8,543,975 votes, must be present in person, or by proxy, at the meeting in order to constitute a quorum necessary to conduct the meeting.

If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the meeting so that we will know as soon as possible that a quorum has been achieved.

What Vote Is Required to Approve Each Proposal?

In the election of Directors (Proposal 1), the affirmative vote of a plurality of the votes present in person or by proxy and entitled to vote at the meeting is required. A proxy that has properly withheld authority with respect to the election of one or more Directors will not be voted with

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

respect to the Director or Directors indicated, although it will be counted for the purposes of determining whether there is a quorum.

For the proposals to (i) ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm (Proposal 2) and (ii) approve, by non-binding vote, executive compensation (Proposal 3), the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the proposal will be required for approval. An abstention with respect to these proposals will be counted for the purposes of determining the number of shares entitled to vote that are present in person or by proxy. Accordingly, an abstention will have the effect of a no vote.

Please vote your proxy so your vote can be counted. This is particularly important since brokers may no longer use discretionary authority to vote shares on the election of Directors or on executive compensation matters if they have not received instructions from their clients. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to the matter and will therefore have no effect on the outcome of that matter.

Table of Contents

Can I Change My Vote?

Yes. Just send in a new proxy card with a later date, cast a new vote by telephone or Internet, or send a written notice of revocation bearing a date later than the date of the proxy to the Company's Corporate Secretary at the address on the cover of this proxy statement. Also, if you attend the meeting and wish to vote in person, you may request that your previously submitted proxy not be used.

How Can I Access the Company's Proxy Materials and Annual Report Electronically Online?

This proxy statement and the 2012 annual report are available at <https://materials.proxyvote.com/120076>.

Who Can Attend the Annual Meeting?

Any Build-A-Bear Workshop stockholder as of the Record Date may attend the meeting. If you own shares in street name, you should ask your broker or bank for a legal proxy to bring with you to the meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement so that we can verify your ownership of our stock and admit you to the meeting. However, you will not be able to vote your shares at the meeting without a legal proxy.

If you return a proxy card without indicating your vote, your shares will be voted as follows: (i) FOR the three nominees for Director named in this proxy statement (Proposal 1); (ii) FOR ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for fiscal 2013 (Proposal 2); (iii) FOR approval, by non-binding resolution, of executive compensation (Proposal 3); and (iv) in accordance with the recommendation of management on any other matter that may properly be brought before the meeting and any adjournment of the meeting.

Proof of ownership of Build-A-Bear Workshop stock, as well as a valid form of personal identification (with picture), must be presented in order to attend the annual meeting.

What is Householding of Proxy Materials?

The Securities and Exchange Commission (SEC) has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from one or more of the affected stockholders. The Company will deliver, promptly upon request, a separate copy of the proxy statement to any stockholder who is subject to householding. You can request a separate proxy statement by writing to the Company at Build-A-Bear Workshop, Inc., Attention: Investor Relations, 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114 or by calling the Company at (314) 423-8000. Once you have received notice from your broker or the Company that they are or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement in the future, or if you currently receive multiple proxy statements and would prefer to participate in householding, please notify your broker if your shares are held in a brokerage account or the Company if you hold registered shares. You can notify the Company by sending a written request to Build-A-Bear Workshop, Inc., Attention: Investor Relations, 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114 or by calling the Company at (314) 423-8000.

Who Pays for the Solicitation of Proxies?

The Company will bear the cost of the solicitation of proxies for the meeting. Brokerage houses, banks, custodians, nominees and fiduciaries are being requested to forward the proxy material to beneficial owners and their reasonable expenses therefor will be reimbursed by the Company. Solicitation will be made by mail and also may be made personally or by telephone, facsimile or other means by the Company's officers, Directors and employees, without special compensation for such activities.

VOTING SECURITIES

On the Record Date, there were 17,087,949 outstanding shares of the Company's common stock (referred to herein as shares).

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows the beneficial ownership of the Company's shares as of March 26, 2013 (unless otherwise noted) by (i) each person known by the Company to own beneficially more than 5% of the outstanding shares, (ii) each Director and Director nominee of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table (the "Named Executive Officers"), and (iv) all executive officers and Directors of the Company as a group. The table includes shares that may be acquired within 60 days of March 26, 2013 upon the exercise of stock options by employees or outside Directors and shares of restricted stock. Unless otherwise indicated, each of the persons or entities listed below exercises sole voting and investment power over the shares that each of them beneficially owns. Except as indicated below, the address of each person or entity listed is c/o Build-A-Bear Workshop, Inc., 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114. For the beneficial ownership of the stockholders owning 5% or more of the shares, the Company relied on publicly available filings and representations of the stockholders.

Name of Beneficial Owner	Amount and Nature of Shares of Common Stock Beneficially Owned ⁽¹⁷⁾⁽¹⁸⁾	Percentage of Class
Braden Leonard ⁽¹⁾	2,651,296	15.5%
Maxine Clark and affiliates ⁽²⁾	2,113,975	12.2%
Dimensional Fund Advisors LP ⁽³⁾	1,397,584	8.2%
Paradigm Capital Management, Inc. ⁽⁴⁾	1,204,700	7.1%
Cannell Capital LLC ⁽⁵⁾	892,915	5.2%
Tina Klocke ⁽⁶⁾	301,584	1.8%
Eric Fencil ⁽⁷⁾	160,374	*
Mary Lou Fiala ⁽⁸⁾	89,909	*
David Finnegan ⁽⁹⁾	83,791	*
Coleman Peterson ⁽¹⁰⁾	80,569	*
Louis Mucci ⁽¹¹⁾	77,037	*
James M. Gould ⁽¹²⁾	75,016	*
Teresa Kroll ⁽¹³⁾	74,572	*
Thomas Pinnau ⁽¹⁴⁾	41,245	*
Virginia H. Kent ⁽¹⁵⁾	41,106	*
All Directors and executive officers as a group (13 persons) ⁽¹⁶⁾	5,803,710	33.0%

* Less than 1.0%.

(1) Represents 2,525,000 shares held by BML Investment Partners, L.P. ("BML"), with respect to which BML and Braden M. Leonard share voting and dispositive power, 115,804 shares of common stock held by Mr. Leonard with respect to which he has sole voting and dispositive power, and 10,492 restricted shares. The principal address of BML and Mr. Leonard is 65 E. Cedar Suite 2, Zionsville, Indiana 46077. Mr. Leonard controls the voting and/or investment power for the shares held by BML as the managing member of BML's sole general partner.

(2) Represents 236,311 shares owned directly by Ms. Clark, 37,402 shares owned indirectly through her husband, 111,415 shares of restricted stock, and 1,468,783 shares held by Smart Stuff, Inc. Ms. Clark controls the voting and/or investment power for the shares held by Smart Stuff, Inc. as its president and sole stockholder. Smart Stuff, Inc. was issued membership interests in the predecessor entity to the Company in 1997 in conjunction with the original founding of the business by Ms. Clark. Also includes vested options to purchase 260,064 shares with exercise prices ranging from \$5.11 to \$34.65.

(3) Represents 1,397,584 shares held by Dimensional Fund Advisors LP ("Dimensional"), with respect to which Dimensional has sole dispositive power, and includes 1,368,870 shares to which Dimensional has sole voting power. The principal address of Dimensional is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746. All information regarding ownership by Dimensional is based solely on a Form 13G filed by Dimensional on February 11, 2013.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

- (4) Represents 1,204,700 shares held by Paradigm Capital Management, Inc. (Paradigm), with respect to which Paradigm has sole voting and dispositive power. The principal address of Paradigm is Nine Elk Street, Albany, New York 12207. All information regarding ownership by Paradigm is based solely on a Schedule 13G filed by Paradigm on February 12, 2013.
- (5) Represents 892,915 shares held by Cannell Capital LLC (Cannell), with respect to which Cannell has sole voting and dispositive power. The principal address of Cannell is 310 E. Pearl St., Unit A, P.O. Box 3459, Jackson, WY 83001. All information regarding ownership by Cannell is based solely on a Schedule 13G filed by Cannell on February 14, 2013.
- (6) Represents 139,483 shares of common stock (including 300 shares owned by Ms. Klocke s spouse and 200 shares held in trust for the benefit of Ms. Klocke s children), 38,799 restricted shares, and vested options to purchase 123,302 shares with exercise prices ranging from \$5.11 to \$34.65.
- (7) Represents 96,461 shares of common stock, 26,151 restricted shares, and vested options to purchase 37,762 shares with exercise prices ranging from \$5.11 to \$6.59.
- (8) Represents 89,909 shares of common stock, 17,486 of which are restricted.
- (9) Represents 29,239 shares of common stock, 22,087 restricted shares, and vested options to purchase 32,465 shares with exercise prices ranging from \$5.11 to \$34.65.
- (10) Represents 80,569 shares of common stock, 10,492 of which are restricted.
- (11) Represents 77,037 shares of common stock, 10,492 of which are restricted.
- (12) Represents 75,016 shares of common stock, 10,492 of which are restricted.

Mr. Gould has pledged 43,283 shares to U.S. Bank, N.A. as security for a loan.

- (13) Represents 19,327 shares of common stock, 21,039 restricted shares, and vested options to purchase 34,206 shares with exercise prices ranging from \$5.11 to \$34.65.

Table of Contents

(14) Represents 41,245 shares of common stock, 10,492 of which are restricted.

(15) Represents 41,106 shares of common stock, of which (i) 10,492 shares are restricted and (ii) 10,000 are owned by Ms. Kent's spouse.

(16) Includes all Directors and executive officers who own a total of 313,165 shares of restricted stock and vested options to purchase a total of 487,799 shares of common stock. Shares owned by Mr. Ebsworth, a Director Emeritus, are not included.

(17) Other than as indicated, no Director or Named Executive Officer beneficially owns shares that are pledged as security.

(18) Share numbers include restricted stock granted to Named Executive Officers on March 19, 2013 at a closing price of \$5.15.

PROPOSAL NO. 1. ELECTION OF DIRECTORS

The Company's Board of Directors presently has eight members, divided into three classes as nearly equal in number as possible. The classes have staggered three-year terms. As a result, only one class of Directors is elected at each annual meeting of our stockholders. Mary Lou Fiala, James M. Gould and Thomas Pinnau are Class III Directors, and their terms will expire at the 2013 annual meeting. Maxine Clark, Virginia Kent and Louis Mucci are Class I Directors, and their terms will expire at the 2014 annual meeting. Braden Leonard and Coleman Peterson are Class II Directors, and their terms will expire at the 2015 annual meeting. Currently, all of our Directors hold office until the annual meeting of stockholders at which their terms expire or until their successors are duly elected and qualified.

Under our Corporate Governance Guidelines, a Director may not stand for election or re-election after reaching the age of 73. Barney Ebsworth did not stand for re-election at the 2006 annual meeting, and serves the Company as Director Emeritus.

A Director Emeritus is not permitted to vote on matters brought before the Board of Directors or any Board committee and is not counted for the purposes of determining whether a quorum of the Board or a Board committee is present. A Director Emeritus is not compensated for his or her services.

The Nominating and Corporate Governance Committee nominated the Class III Directors, Mary Lou Fiala, James M. Gould and Thomas Pinnau, to be re-elected to serve until the 2016 annual meeting of stockholders or until their successors are duly elected and qualified. As noted below, Ms. Fiala and Mr. Gould have served on our Board of Directors for several years. Mr. Pinnau was appointed to the Board of Directors in May 2012.

The Board of Directors Unanimously Recommends a Vote FOR the Named Nominees

Proxies cannot be voted for a greater number of persons than the number of nominees named herein. Unless otherwise specified, all proxies will be voted in favor of the three nominees listed herein for election as Directors.

The Board has no reason to expect that any of the nominees will be unable to stand for election on the date of the meeting or for good cause will not serve. If a vacancy occurs among the original nominees prior to the meeting, the proxies will be voted for a substitute nominee named by the Board of Directors and for the remaining nominees. Directors are elected by a plurality of the votes present in person or by proxy and entitled to vote at the meeting.

Table of Contents**DIRECTORS**

Set forth below are the names, ages, positions and brief accounts of the business experience for each of our Directors as of March 26, 2013. The biographies of each of the nominees and continuing Directors below contains information each Director has given us about his or her age, all positions he or she holds, his or her principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he or she currently serves as a Director or has served as a Director during the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a Director, we also believe that all of our Director nominees and continuing Directors have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to the Company and our Board.

Class III Directors Up for Re-Election

Mary Lou Fiala, 61, was originally appointed to the Board at a regular Board meeting on January 26, 2005, and then she was re-elected at our 2005, 2008 and 2010 annual meetings of stockholders. She was appointed as our Non-Executive Chairman in November 2011. From January 2009 until her retirement in December 2009, Ms. Fiala served as Vice Chairman and Chief Operating Officer of Regency Centers Corporation (Regency), a publicly traded real estate investment trust specializing in the ownership and operation of grocery anchored shopping centers. From 1998 until January 2009, she served as President and Chief Operating Officer of Regency. At Regency, Ms. Fiala was responsible for human resources, marketing, and operational management of Regency's retail centers nationwide. Prior to working with Regency, Ms. Fiala served as Managing Director of Security Capital Global Strategic Group Incorporated, where she was responsible for the development of operating systems for the firm's retail-related initiatives. Previously, she also served as Senior Vice President and Director of Stores for Macy's East (Macy's)/Federated Department Stores, Inc. (Federated), where she was responsible for 19 Macy's stores in five states, generating more than \$1 billion in sales. Before her tenure at Macy's, Ms. Fiala was Senior Vice President of Henri Bendel and Senior Vice President and Regional Director of stores for Federated's Burdine's Division. Ms. Fiala earned a bachelor's of science degree from Miami University. She is a current member of the board of directors of Regency and General Growth Properties, Inc., a publicly traded shopping mall real estate investment trust. She is also a trustee for the International Council of Shopping Centers where she also served as Chairman during 2008-2009. In addition, she is an independent director of CNL Macquarie Global Growth Trust, Inc., an international non-traded SEC reporting real estate investment trust. Ms. Fiala and her husband reside in Colorado. They have three children and two grandchildren.

Over the course of her career and especially while serving at various times as Vice Chairman, President, and Chief Operating Officer of a company that owns and operates shopping centers, Ms. Fiala gained extensive experience in the areas of real estate, store operations, human resources, strategic planning, marketing, and corporate governance. These skills and talents enhance the ability of the Build-A-Bear Workshop Board to effectively develop strategies to operate its retail stores and efficiently manage its associates.

Table of Contents

James M. Gould, 64, was initially elected to our Board of Directors pursuant to the terms of a stockholders agreement which terminated upon the closing of our initial public offering in 2004, and then he was re-elected to our Board at our 2007 and 2010 annual meetings of stockholders. Mr. Gould has served on our Board of Directors since our conversion to a corporation in April 2000, and he served on an advisory board to our predecessor entity prior to that time. Mr. Gould is a Managing General Partner of The Walnut Group, a group of affiliated private equity funds, and he has held that position since 1994. He is also the Managing Member of Gould Venture Group V, LLC, a diversified financial concern, and is the owner of Management One Ltd., a firm he founded that represents professional athletes. He serves on several private company boards, including Wild Things Gear, a designer of high-end outdoor apparel, The O Gara Group, a global products and services company, and Adspace Networks, a mall digital media network. He has served on numerous charitable boards, including Prevent Child Abuse America, Camp BrightLight in partnership with the YMCA and the Cincinnati Ballet Company. Mr. Gould has a bachelor's degree in history from the University of Wisconsin. He resides in Cincinnati, Ohio.

As Managing General Partner of a group of private equity funds, Mr. Gould has extensive financial, merchandising, corporate governance and traditional and multi-channel marketing experience. As an executive producer of motion pictures and as a sports agent, he also has extensive entertainment experience and brand expertise. With this background, Mr. Gould brings to Build-A-Bear Workshop highly relevant and valuable insights in the areas of financing, merchandising, marketing, and development of our entertainment properties and strategic opportunities.

Thomas Pinnau, 48, was appointed to the Board of Directors at the regular Board meeting on May 10, 2012, after being recommended to our Nominating and Corporate Governance Committee by a third-party search firm. Since 2011, Mr. Pinnau has been the Chief Executive Officer of Knowledge Universe, Global Work-Life Solutions, a provider of corporately sponsored employee work life support product services. From 2009 to 2011, Mr. Pinnau was EVP / Executive Managing Director of the International Health and Beauty retail and consumer products business at The Alliance Boots Company. In this role he was leading a business of \$2.5 billion in sales with presence in 25 countries including the US and over 500 company-owned stores. From 2007 to 2009, Mr. Pinnau was SVP / General Manager of the North American Premium Snackfood business with the Mars Company. Prior to that Mr. Pinnau held various managerial positions for over 14 years with The Procter & Gamble Company in Europe, the US and Latin America, last as the Managing Director for the Personal Beauty Care Division in Latin America. Mr. Pinnau completed a master level business administration and engineering academic degree program at the Hamburg University, Germany. He resides in Los Angeles, California with his wife and their son.

In his various executive management positions, Mr. Pinnau gained extensive experience in building international brands, leading diverse multi-cultural organizations, driving product and business model innovation, and heading multi-channel businesses in the US as well as internationally. With these experiences, Mr. Pinnau brings to Build-A-Bear Workshop highly valuable insights in the area of strategic planning, international retail, franchise partnerships, marketing, brand building, innovation and operations management.

Table of Contents**Class I Directors Terms Expiring in 2014**

Maxine Clark, 64, has been our Chief Executive Bear since she founded the Company in 1997. She was our President from our inception in 1997 to April 2004, and served as Chairman of our Board of Directors from our conversion to a corporation in April 2000 until November 2011. She was initially elected to our Board of Directors pursuant to the terms of a stockholders' agreement which terminated upon the closing of the Company's initial public offering in 2004. Ms. Clark was re-elected at our 2005, 2008, and 2011 annual meetings of stockholders. Prior to founding Build-A-Bear Workshop, Ms. Clark was the President of Payless ShoeSource, Inc. (Payless) from 1992 until 1996. Before joining Payless, Ms. Clark spent over 19 years in various divisions of The May Department Stores Company in areas including merchandise development, merchandise planning, merchandise research, marketing and product development. Ms. Clark serves on the Board of Directors of Foot Locker, Inc., and formerly served on the Board of Directors of J. C. Penney Company, Inc., both publicly traded retail companies. Ms. Clark is a member of the Board of Trustees of Washington University in St. Louis and serves on the Board of Directors of Barnes-Jewish Hospital in St. Louis, the Goldfarb School of Nursing at Barnes-Jewish College, the St. Louis Regional Educational and Public Television Commission (KETC/Channel 9 Public Television), and is Chair of KIPP St. Louis Public Charter School. Ms. Clark is Past Chair of Teach for America-St. Louis and a member of its national Board. She is a past trustee of the International Council of Shopping Centers. She is also a member of the Committee of 200, an organization for women entrepreneurs around the world. Ms. Clark has a bachelor's degree from the University of Georgia and an Honorary Doctor of Laws from Saint Louis University.

Ms. Clark has extensive leadership and executive experience in the retail industry, which includes founding and leading Build-A-Bear Workshop. She has nearly 40 years experience in the areas of marketing, merchandising, store operations, digital technology, entertainment, strategic planning, and real estate. With this experience, along with her service on the Boards of Directors of other publicly traded retail companies, she brings to the Build-A-Bear Workshop Board of Directors highly relevant and valuable insights and perspectives on all aspects of the Company's retail and entertainment business.

Virginia Kent, 58, was appointed to the Board of Directors at a regular Board meeting on November 17, 2010 and was re-elected to our Board at our 2011 annual meeting of stockholders. Since 2002, Ms. Kent has been an independent management consultant advising clients on a variety of business issues with primary focus on marketing strategy, global branding, and product development. She also served as Acting Chief Executive Officer of UniRush, LLC, a financial services company, from 2005 through 2007. From 1999 to 2002, she served as President and Chief Executive Officer of Reflect.com, an online customized beauty products business which was spun out of The Procter & Gamble Company. Ms. Kent assumed the Reflect.com position after spending approximately 20 years in the toy industry, where her last position was President, U.S. Toy Group at Hasbro, Inc., a \$1 billion division of the number two worldwide toy and game company. Her career included a broad range of executive positions, including President of Global Brands and Product Development with Hasbro, Inc. and a succession of management positions in its Tonka and Kenner Products subsidiaries. She started her professional career in brand management at The Procter & Gamble Company. Ms. Kent holds an undergraduate degree in Mathematics and Economics from Wellesley College, and a Masters in Business Administration from University of Michigan. She previously served as a director of The Timberland Company, a publicly traded global developer and marketer of outdoor boots, clothing and accessories, where she chaired its Management Development and Compensation Committee and its Governance and Nominating Committee. Ms. Kent and her husband reside in Cincinnati, Ohio. They have one daughter.

As an executive with extensive background in the development, manufacture, marketing and sale of toys and consumer products, Ms. Kent has deep experience in the areas of merchandising, marketing, branding, strategic planning, and operations. Through her longstanding service as a director of another public company, The Timberland Company, she also brings valuable insights and perspectives regarding corporate governance, executive compensation, and succession planning to the Build-A-Bear Workshop Board of Directors.

Table of Contents

Louis Mucci, 71, was originally appointed to the Board at a regular Board meeting on November 17, 2004, and then he was re-elected at our 2005, 2008 and 2011 annual meetings of stockholders. Since May 2011, he has served as a member of the Board of Directors of Granite City Food & Brewery Ltd., a publicly held restaurant developer and operator. From February 2007 until June 2009, Mr. Mucci was a senior advisor to SMH Capital investment banking group, a company with shares registered pursuant to Section 12 of the Securities Exchange Act of 1934. He held the position of Chief Financial Officer at BJ's Restaurants, Inc., a public company, and served on that company's Board of Directors from May 2002 until September 2005. Mr. Mucci also served as an advisor to the Board of Directors of BJ's Restaurants, Inc. until December 31, 2008. He retired from PricewaterhouseCoopers LLP in 2001 after 25 years as a partner with the firm. Mr. Mucci's most recent position at PricewaterhouseCoopers LLP was Chairman of the West Coast Retail Group. In this role he served on the firm's National Retail Executive Committee. Mr. Mucci had also served as the West Coast Personnel and Business Development partner. He led several quality control reviews of various offices within PricewaterhouseCoopers LLP and has extensive securities experience, including with respect to initial public offerings, registration statements and other filings, and correspondence and dialog with the SEC. He also has significant litigation support experience in acting as an accounting expert witness for his clients. Mr. Mucci holds a Bachelors of Science degree from California State University, Los Angeles, where he received the Distinguished Alumni Award from the Accounting Department and the School of Business Economics. Mr. Mucci is a member of the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants and the Retail Executive Forum. In 2011, Mr. Mucci became qualified as a Chartered Global Management Accountant.

Mr. Mucci obtained extensive financial and accounting expertise while serving as a partner of an independent accounting firm. During his tenure as Chief Financial Officer of a publicly traded restaurant company, he gained additional financial and accounting expertise in addition to store operations, human resources, workers compensation, insurance, corporate administration, and strategic planning experience. Mr. Mucci brings extensive financial expertise to the Build-A-Bear Workshop Board of Directors and qualifies as an audit committee financial expert as such term is defined under applicable SEC rules. In addition, given his experience with other consumer-focused businesses, Mr. Mucci provides valuable insights and perspectives regarding the financing and operation of the Company's business.

Class II Directors Terms Expiring in 2015

Braden Leonard, 42, was appointed to the Board of Directors at a special Board meeting on April 28, 2011 and then he was re-elected at our 2012 annual meeting of stockholders. Since 2004, Mr. Leonard has been the Managing Member and founder of BML Capital Management, LLC, which is the General Partner of BML Investment Partners, L.P., a concentrated value oriented investment fund. At BML, he is responsible for research, capital allocation, and all investment decisions. Prior to founding BML, Mr. Leonard was an equity trader for a proprietary trading firm, ETG, LLC from 1995-2003. Mr. Leonard has a bachelor's degree in accounting from Purdue University. He resides in Zionsville, Indiana with his wife and three daughters.

As an equity trader and later as Managing Member of the General Partner of an investment fund, Mr. Leonard obtained extensive expertise in financial analysis and investments. He brings to the Build-A-Bear Workshop Board of Directors insights on financing issues and capital allocation. As a representative of the Company's largest stockholder, he also provides insights from an institutional shareholder perspective.

Table of Contents

Coleman Peterson, 64, was appointed to the Board of Directors at a regular Board meeting on November 10, 2005, and then he was re-elected at our 2006, 2009 and 2012 annual meetings of stockholders. He served as our Lead Independent Director from May 2009 until November 2011. Mr. Peterson is President and Chief Executive Officer of Hollis Enterprises LLC, a human resources consulting firm, which he founded in 2004 following his retirement from Wal-Mart Stores, Inc. ("Walmart"). Mr. Peterson served as the Executive Vice-President of People at Walmart from 1994 to 2004. Prior to joining Walmart in 1994, Mr. Peterson spent 16 years with Venture Stores, with his last role being the Senior Vice-President of Human Resources. Mr. Peterson holds an undergraduate degree in English literature and a master's degree in Industrial Relations from Loyola University of Chicago. Mr. Peterson serves on the Board of Directors of J.B. Hunt Transportation, Inc., a publicly traded trucking and transportation company, and Cracker Barrel Old Country Store, Inc., a publicly traded owner of stores and restaurants, and previously served as a Director of The Service Master Company and Knockout Holdings, Inc. He served as the Chairman of the Board of Trustees of Northwest Arkansas Community College. He formerly served on the Executive Committee of the National Association for the Advancement of Colored People ("NAACP") and also served as Treasurer of the NAACP Special Contributions Fund. Mr. Peterson resides in Hilton Head, South Carolina with his wife. They have a daughter and a son.

As a human resources executive for retail companies and Chief Executive Officer of a human resources consulting firm, and through his service on the Board of Directors of other publicly traded companies, Mr. Peterson obtained extensive expertise in the areas of human resources, succession planning, retailing, store operations, strategic planning, and corporate governance. He brings to the Build-A-Bear Workshop Board of Directors skills and talents to help the Company develop its compensation programs, manage its human resources, oversee succession planning, and operate its retail business.

Director Emeritus

Barney Ebsworth, 78, was initially elected to our Board of Directors pursuant to the terms of a stockholders agreement which terminated upon the closing of our initial public offering in 2004. Mr. Ebsworth served as a director on our Board of Directors from our conversion to a corporation in April 2000 until he became a Director Emeritus after our 2006 annual meeting of stockholders, and he served on an advisory board to our predecessor entity prior to that time. Mr. Ebsworth is the founder and Chief Executive Officer of Windsor, Inc., formed in 1979 for the purpose of providing financing for venture capital, real estate and other investments. Mr. Ebsworth was the founder and Chief Executive Officer of INTRAV, a general agency formed in 1959 for the purpose of selling travel to individuals and businesses, until the company was sold in 1999. Mr. Ebsworth also founded Royal Cruise Line and Clipper Cruise Line in 1972 and 1981, respectively. He was the Chairman of those companies from inception to the time they were sold in 1986 and 1997, respectively. Mr. Ebsworth is also a Trustee of the Seattle Art Museum and a member of the Trustees Council and Co-Chairman of the Collectors Committee of the National Gallery of Art, Washington D.C. Mr. Ebsworth has a bachelor's degree from Washington University in St. Louis. He has one daughter, one granddaughter and one grandson.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Company's Board of Directors is responsible for establishing broad corporate policies and for overseeing the overall management of the Company. In addition to considering various matters which require Board approval, the Board provides advice and counsel to, and ultimately monitors the performance of, the Company's senior management. There are three standing committees of the Board of Directors: the Audit Committee, the Compensation and Development Committee, and the Nominating and Corporate Governance Committee.

Table of Contents

**COMMITTEE CHARTERS, CORPORATE GOVERNANCE GUIDELINES,
BUSINESS CONDUCT POLICY AND CODE OF ETHICS**

The Board of Directors has adopted charters for all three of its standing Committees. The Board has also adopted Corporate Governance Guidelines, which set forth the obligations and responsibilities of the Directors with respect to independence, meeting attendance, compensation, re-election, orientation, self-evaluation, and stock ownership. The Board of Directors has also adopted a Business Conduct Policy which applies to all of the Company's Directors and employees, and a Code of Ethics Applicable to Senior Executives, which applies to the Company's senior executives and the controller. Copies of the Committee charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics Applicable to Senior Executives can be found in the Corporate Governance section on the Company's Investor Relations website at <http://ir.buildabear.com> (information on our website does not constitute part of this proxy statement). The Company intends to comply with the amendment and waiver disclosure requirements of applicable Form 8-K rules by posting such information on its website. The Company will post any amendments to the Committee charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics Applicable to Senior Executives in the same section of the Company's website. The Committee charters, Corporate Governance Guidelines, Business Conduct Policy and Code of Ethics Applicable to Senior Executives are also available in print to stockholders and interested parties upon written request delivered to Build-A-Bear Workshop, Inc., 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114. Each of our Directors, executive officers, Bearquarters associates, and store management sign our Business Conduct Policy on an annual basis to ensure compliance. In addition, each of our executives signs our Code of Ethics Applicable to Senior Executives each year to ensure compliance.

Board Leadership Structure

Prior to November 2011, the Board combined the role of Chairman of the Board with the role of Chief Executive Bear and had a Lead Independent Director position to strengthen the governance structure. In November 2011, to further strengthen the governance structure, the Board separated the role of Chairman from the role of Chief Executive Bear, elected Mary Lou Fiala as Non-Executive Chairman, and eliminated the role of Lead Independent Director. The Board chose to separate the roles of Chairman and Chief Executive Bear in recognition of the current demands of the two roles. While the Non-Executive Chairman organizes Board activities to enable the Board to effectively provide guidance to and oversight and accountability of management, the Chief Executive Bear is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company. The Non-Executive Chairman creates and maintains an effective working relationship with the Chief Executive Bear and other members of management and with the other members of the Board; provides the Chief Executive Bear ongoing direction as to Board needs, interests and opinions; and assures that the Board agenda is appropriately directed to the matters of greatest importance to the Company. In carrying out her responsibilities, the Non-Executive Chairman preserves the distinction between management and Board oversight by (i) ensuring that management develop corporate strategy and risk management practices, and (ii) focusing the Board to review and express its judgments on such developments.

The Board believes this structure provides an efficient and effective leadership model for the company. To assure effective independent oversight, the Board has adopted a number of governance practices, including:

A strong, independent, clearly-defined Non-Executive Chairman role;

Executive sessions of the independent Directors before or after every regular board meeting; and

Annual performance evaluations of the Chief Executive Bear by the independent Directors.

The responsibilities of the Non-Executive Chairman include: (i) collaborating with the Chief Executive Bear to determine Board meeting agendas; (ii) presiding at all meetings of the Board, including executive sessions of the independent Directors; (iii) facilitating communication with independent Directors, including strategy updates; (iv) serving as principal liaison between the independent Directors, the Chief Executive Bear, and the Company's management; (v) collaborating with the Board on Chief Executive Bear succession planning; (vi) collaborating with the Board regarding the retention of outside advisors and consultants who report directly to the Board when necessary; and (vii) if requested by stockholders, ensuring that he/she is available, when appropriate, for consultation and direct communication. The Non-Executive Chairman also collaborates with the Board and the Chief Executive Bear to set strategic goals for the Company and develop plans to implement those goals.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Stockholders or interested parties can contact the Non-Executive Chairman in writing c/o Build-A-Bear Workshop, Inc., 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114.

Meeting Attendance

The Board of Directors met ten times in 2012 for regular and special meetings. All Directors attended at least 75% of the aggregate number of meetings of the Board and committees on which they served. Overall attendance at meetings of the Board and Board committees in 2012 was approximately 98%. While the Company does not have a formal policy requiring members

Table of Contents

of the Board to attend the annual meeting, the Company encourages all Directors to attend. All of our current Directors attended our 2012 annual meeting and plan to attend the 2013 annual meeting.

The members, primary functions and number of meetings held for each of the Committees are described below.

Audit Committee

The members of the Audit Committee are Louis Mucci (Chair), Mary Lou Fiala, Virginia Kent, Braden Leonard and Thomas Pinnau.

The Audit Committee reviews the independence, qualifications and performance of our independent auditors, and is responsible for recommending the initial or continued retention of, or a change in, our independent auditors. The Committee reviews and discusses with our management and independent auditors our financial statements and our annual and quarterly reports, as well as the quality and effectiveness of our internal control procedures, critical accounting policies and significant regulatory or accounting initiatives.

The Committee discusses with management earnings press releases and our major financial risk exposures. Furthermore, the Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal control or auditing matters. The Committee approves the audit plan and staffing of the internal audit department. Periodically throughout each year, the Committee meets separately in executive session with management, the independent accountants, and the Company's internal auditors to discuss any matters that the Committee or any of these groups believe should be discussed privately.

In fulfilling its responsibilities, the Committee reports regularly to the Board regarding its activities, reviews and reassesses the adequacy of its charter on an annual basis, and performs an annual self-evaluation of Committee performance. The Audit Committee held ten meetings in 2012.

Compensation and Development Committee

The members of the Compensation and Development Committee are Coleman Peterson (Chair), Mary Lou Fiala, James M. Gould, Virginia Kent and Thomas Pinnau.

The Compensation and Development Committee is responsible for evaluating and approving the Company's overall compensation philosophy and policies, and consults with management regarding the Company's executive compensation program. The Committee makes recommendations to the Board of Directors regarding compensation arrangements for our executive officers, including annual salary, bonus and long-term incentive awards, and is responsible for reviewing and approving the compensation of the Company's Directors. As part of its duties, the Committee oversees and administers the Company's employee benefit and incentive compensation plans and programs, including the establishment of certain applicable performance criteria and assessment of risks associated with those plans and programs. The Committee also reviews and assesses the adequacy of the Company's stock ownership and retention guidelines for senior executives. For additional information on the Committee's processes, please see the "Compensation Discussion and Analysis" section of this proxy statement.

The Committee reports regularly to the Board regarding its activities, reviews and reassesses the adequacy of its charter on an annual basis and conducts an annual self-evaluation of Committee performance. The Compensation and Development Committee held seven meetings in 2012.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are James M. Gould (Chair), Braden Leonard, Louis Mucci and Coleman Peterson.

The Nominating and Corporate Governance Committee establishes criteria for membership of the Company's Board of Directors and its committees and selects and nominates candidates for election or re-election as Directors at the Company's annual meeting. Additionally, the Committee determines the composition, nature and duties of the Board committees and oversees the Board and committee self-evaluation processes.

The Committee is also responsible for reviewing and making recommendations to the Board regarding the Company's Corporate Governance Guidelines, whistleblower policy and ethics codes.

The Committee reports regularly to the Board regarding its activities, reviews and reassesses the adequacy of its charter on an annual basis and conducts an annual self-evaluation of Committee performance. The Nominating and Corporate Governance Committee held five meetings in

2012.

Risk Oversight by the Board

It is management's responsibility to assess and manage the various risks the Company faces. It is the Board's responsibility to oversee management in this effort. In exercising its oversight, the Board has allocated some areas of focus to its committees and has retained areas of focus for itself, as more fully described below.

Table of Contents

Management generally views the risks the Company faces as falling into the following categories: strategic, operational, financial and compliance. The Board as a whole has oversight responsibility for the Company's strategic and operational risks. Throughout the year, the Chief Executive Bear and other members of senior management discuss these risks with the Board during reviews that focus on a particular function.

The Audit Committee has oversight responsibility for financial risk (such as accounting, finance, internal controls and tax strategy). Oversight responsibility for compliance risk is shared among the Board committees. For example, the Audit Committee oversees compliance with finance and accounting laws and policies; the Compensation and Development Committee oversees compliance with the Company's executive compensation plans and related laws and policies; and the Nominating and Corporate Governance Committee oversees compliance with governance-related laws and policies, including the Company's Corporate Governance Guidelines.

Compensation Risk Assessment

During fiscal 2012, the Company undertook a comprehensive review of its material compensation plans and programs for all employees. In conducting this assessment, the Company inventoried its material plans and programs and presented a summary of its findings to the Compensation and Development Committee, which determined that none of its compensation plans and programs is reasonably likely to have a material adverse effect on the Company.

BOARD MEMBER INDEPENDENCE AND COMMITTEE MEMBER QUALIFICATIONS

The Board of Directors annually determines the independence of Directors based upon a review conducted by the Nominating and Corporate Governance Committee and the Board of Directors. No Director is considered independent unless he or she has no material relationship with the Company, either directly or as a partner, stockholder, family member, or officer of an organization that has a material relationship with the Company. To evaluate the materiality of any such relationship, the Board has established categorical independence standards consistent with Section 303A of the New York Stock Exchange (NYSE) Listed Company Manual. On an annual basis, each Director and Named Executive Officer is obligated to complete a Director and Officer Questionnaire. Additionally, our Corporate Governance Guidelines require any Director to disclose any matters that may arise during the course of the year which have the potential to impair independence.

The Board has determined that, in its judgment as of the date of this proxy statement, each of the non-management Board members (including all members of the Audit, Nominating and Corporate Governance, and Compensation and Development Committees) are independent Directors, as defined by our Corporate Governance Guidelines and Section 303A of the NYSE Listed Company Manual. Accordingly, Mary Lou Fiala, James M. Gould, Virginia Kent, Braden Leonard, Louis Mucci, Coleman Peterson and Thomas Pinnau are all independent Directors, as defined by our Corporate Governance Guidelines and Section 303A of the NYSE Listed Company Manual.

In addition, the Board also determined that each member of the Audit Committee (Mary Lou Fiala, Virginia Kent, Braden Leonard, Louis Mucci, and Thomas Pinnau) is independent under the heightened Audit Committee independence requirements included in Section 303A of the NYSE Listed Company Manual and the SEC rules. Moreover, each member of the Audit Committee is financially literate, and at least one such member (Louis Mucci) has accounting or related financial management expertise as required in Section 303A of the NYSE Listed Company Manual. Furthermore, the Board determined that Louis Mucci qualifies as an audit committee financial expert as such term is defined under applicable SEC rules. Finally, each member of the Compensation and Development Committee (Mary Lou Fiala, James Gould, Virginia Kent, Coleman Peterson, and Thomas Pinnau) is independent as such term is defined in the listing standards of the NYSE, is a non-employee director pursuant to SEC Rule 16b-3 and is an outside director for purposes of Section 162(m) of the Internal Revenue Code.

RELATED PARTY TRANSACTIONS

In addition to annually reviewing the independence of our Directors, the Company also maintains strict policies and procedures for ensuring that our Directors, executive officers and employees maintain high ethical standards and avoid conflicts of interest. Our Business Conduct Policy prohibits any direct or indirect conflicts of interest and requires any transactions which may constitute a potential conflict of interest to be reported to the Nominating and Corporate Governance Committee. Our Code of Ethics applicable to Senior Executives requires our leadership to act with honesty and integrity, and to disclose to the Nominating and Corporate Governance Committee any material transaction that reasonably could be expected to give rise to actual or apparent conflicts of interest.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Our Nominating and Corporate Governance Committee has established written procedures for the review and pre-approval of all transactions between us and any related parties, including our Directors, executive officers, nominees for Director or executive officer, 5% stockholders and immediate family members of any of the foregoing. Specifically, pursuant to our Code of Ethics, any Director or executive officer intending to enter into a transaction with the Company must provide the Nominating and Corporate Governance Committee with all relevant details of the transaction. The transaction will then be evaluated by the

Table of Contents

Nominating and Corporate Governance Committee to determine if the transaction is in our best interests and whether, in the Committee's judgment, the terms of such transaction are at least as beneficial to us as the terms we could obtain in a similar transaction with an independent third party. In order to meet these standards, the Nominating and Corporate Governance Committee may conduct a competitive bidding process, secure independent consulting advice, engage in its own fact-finding, or pursue such other investigation and fact-finding initiatives as may be necessary and appropriate in the Committee's judgment.

Store Fixtures and Furniture

We purchase fixtures for new stores and furniture for our corporate offices from NewSpace, Inc. (NewSpace). Robert Fox, the husband of Ms. Clark, our Chief Executive Bear, owns 100% of the capital stock of NewSpace. The total payments to NewSpace for these fixtures and furniture amounted to approximately \$900,000 in fiscal 2012.

In 2006, 2010 and 2013 we conducted a competitive bid process for purchase of store fixtures and furniture. Taking into account all relevant factors, including price and quality, the Nominating and Corporate Governance Committee determined that engaging NewSpace as the vendor was in the best interests and, the terms of the transactions were at least as beneficial to the Company as the terms it could obtain in a similar transaction with an independent third party. In 2007, 2009, 2011 and 2012, the Nominating and Corporate Governance Committee reviewed the terms of the transactions with NewSpace and determined that they are at least as beneficial to us as the terms we could obtain in similar transactions with an independent third party. We expect to continue to purchase store fixtures and furniture from NewSpace if NewSpace continues to offer competitive pricing through the bidding process and provide superior service levels.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and executive officers, persons who beneficially own more than 10% of a registered class of the Company's equity securities, and certain other persons to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC, and to furnish the Company with copies of the forms. Based solely on its review of the forms it received, or written representations from reporting persons, the Company believes that all of its Directors, executive officers and greater than 10% beneficial owners complied with all such filing requirements during 2012.

BOARD OF DIRECTORS COMPENSATION

The following table discloses compensation information of members of the Company's Board of Directors for serving as members of the Company's Board in 2012:

Name:	Fees Earned or Paid in Cash(\$)	Stock Awards (\$)⁽²⁾	Total (\$)
Maxine Clark ⁽¹⁾	\$	\$	\$
Mary Lou Fiala	114,725	66,097	180,822
James M. Gould	50,000	39,660	89,660
Virginia Kent	40,000	39,660	79,660
Braden Leonard	40,000	39,660	79,660
Louis Mucci	58,500	39,660	98,160
Coleman Peterson	51,854	39,660	91,514
Thomas Pinnau ⁽³⁾	15,714	74,797	90,511
William Reisler ⁽⁴⁾	24,286		24,286
Barney Ebsworth ⁽⁵⁾			

(1)

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

As a member of management, Maxine Clark, the Company's Chief Executive Bear, did not receive compensation for her services as Director in 2012. The compensation received by Ms. Clark as an employee of the Company is shown in the Summary Compensation Table.

- (2) In November 2012, Ms. Fiala received grants of 17,486 shares of the Company's common stock with grant date fair values totaling \$66,097 and Ms. Kent and Messrs. Gould, Leonard, Mucci, Peterson, and Pinnau each received a grant of 10,492 shares of the Company's common stock with a grant date fair value of \$39,660. Upon joining the Board in May 2012, Mr. Pinnau received a grant of 7,524 shares of the Company's common stock with a grant date fair value of \$35,137. These amounts represent the aggregate number of restricted shares outstanding for each Director as of December 31, 2012. See Note 13 to the Company's Consolidated Financial Statements filed as part of our Annual Report on Form 10-K for the year ended December 29, 2012 for a discussion of the assumptions used in the valuation of awards.
- (3) Mr. Pinnau was appointed to the Board of Directors in May 2012.
- (4) When Mr. Reisler retired from the Board after fulfilling his term of office in May 2012, all of the shares he received in November 2011 vested.
- (5) As noted below, Mr. Ebsworth was not paid any compensation for serving as Director Emeritus in 2012.

Table of Contents

Director Compensation Policies

The Compensation and Development Committee reviews Board compensation annually, in conjunction with the November Board meeting. Currently, the Board compensation program provides for an annual retainer for Board membership, and Board members do not receive additional fees or compensation for attending meetings or for being a committee member or attending committee meetings. In 2012, the annual retainer for Board membership was \$40,000, an amount that has been in effect since 2005. Each Board member also receives a restricted stock award granted for annual service with a value of \$75,000, as determined on the grant date, prorated in the case of a Director who joins the Board during the year. Prior to November 2012, the annual restricted stock grants vested each year on the anniversary date of our initial public offering (October 28, 2004). The vesting of all restricted stock grants is subject to continued service on our Board. In November 2012, the Board adjusted the program so that grants are made on the date of each annual meeting of stockholders and vest one year later. As a one-time transition grant for service from October 29, 2012 through the date of the annual meeting, directors received a pro-rated grant with a value of \$39,658. On the date of the 2013 annual meeting, non-management directors (other than Mr. Leonard as discussed below) will receive a restricted stock award with a value of \$75,000 which will vest one year thereafter, subject to continued service on the Board.

In order for the Company to retain its qualified independent Board members whom are fulfilling additional responsibilities, the Board pays additional annual retainer fees for the Chairman of our committees as follows: Audit Committee \$18,500; Compensation and Development Committee \$11,250; and Nominating and Corporate Governance Committee \$10,000. The Board has created the role of Non-Executive Chairman and established an additional annual retainer for such role in the amount of \$85,000 plus an additional annual restricted stock award with a value of \$50,000. In conjunction with the transition to making annual grants of restricted stock on the date of each annual meeting of stockholders discussed above, the Non-Executive Chairman received an additional pro-rated grant with a value of \$26,438 in November 2012 and on the date of the annual meeting, will receive a restricted stock award with a value of \$50,000 which will vest one year thereafter subject to continued service on the Board.

Effective January 2013, in support of the Company's cost cutting initiatives, the Board decided to reduce the annual retainer that each Director will receive in 2013 for Board membership by 10% from \$40,000 to \$36,000 and the additional annual retainer that the Non-Executive Chairman receives by 10% from \$85,000 to \$76,500. Furthermore, Braden Leonard agreed to forgo all director compensation in 2013.

Our Corporate Governance Guidelines provide that non-management Directors are required to own shares of the Company's common stock having a value equal to three times the annual cash retainer for Board membership. This policy does not apply to Directors Emeritus.

Under our Corporate Governance Guidelines, no Director may stand for election or re-election after reaching the age of 73. However, a retiring Director may be asked by the Board to continue to serve the Company in the status of Director Emeritus. A Director Emeritus does not receive an annual cash retainer or restricted stock grant. If a Director reaches the mandatory retirement age or chooses not to run for re-election at the Annual Meeting of Stockholders after having fulfilled his or her full class term of office, then all of his or her remaining unvested restricted shares will immediately vest.

We reimburse our Directors and Directors Emeritus for reasonable out-of-pocket expenses incurred in connection with attendance and participation in Board and committee meetings. We also reimburse our Directors for expenses incurred in the attendance of director continuing education conferences.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

The following Compensation Discussion and Analysis (CD&A) describes our overall compensation philosophy and the primary components of our executive compensation program. Furthermore, the CD&A explains the process by which the Compensation and Development Committee (the Committee) determined the fiscal 2012 compensation for the following Named Executive Officers:

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Maxine Clark Chief Executive Bear

Tina Klocke Chief Operations and Financial Bear, Secretary and Treasurer

Eric Fencel Chief Berrister, General Counsel and International Franchising

David Finnegan Chief Information Bear

Teresa Kroll Chief Marketing and Entertainment Bear

Table of Contents

Executive Summary

A summary of key results in 2011 includes the following:

Consolidated net retail sales of \$387.0 million, essentially flat with fiscal 2010, excluding the impact of foreign currency;

Consolidated comparable store sales declined 2.1% and included a 2.5% decline in North America and a 0.2% decline in Europe;

Net loss per share of \$0.98 compared to diluted earnings per share of \$0.01 in 2010. Net loss for 2011 included a \$15.6 million non-cash income tax charge, or \$0.88 per share, related to a valuation allowance against net deferred tax assets; and

Achieved cost savings of \$3.0 million.

While disappointed with our overall results in 2012, the Company is in the midst of a multi-year turnaround initiative that includes closing 60 to 70 stores from 2012 through 2014, opening new stores in a new design that builds our destination appeal and refocusing on brand messaging in our marketing programs. During 2012, we began to see our initiatives gain traction. A summary of key results in 2012 includes the following:

Consolidated net retail sales of \$374.6 million;

Consolidated comparable store sales declined 3.3% and included a 2.0% decline in North America and a 8.4% decline in Europe;

Net loss per share of \$3.02 which included a \$33.7 million, or \$2.06 per share, non-cash charge to impair goodwill associated with the Company's UK business; and

Achieved cost savings of \$7.5 million.

We seek to design and implement executive compensation programs that align with our stockholders' interests. A significant portion of our Named Executive Officers' compensation is based on individual, corporate financial, and company stock price performance, while avoiding the encouragement of unnecessary or excessive risk-taking. For 2012, our Named Executive Officers' total direct compensation consisted of a mix of base salary, annual cash bonuses based on the achievement of pre-established financial goals, and long-term incentive awards consisting of performance shares and restricted stock.

In 2012, we received a favorable advisory vote on our executive compensation program. Over 98% of shares voted at our 2012 Annual Meeting of Stockholders voted to approve our executive compensation program. The Committee believes this affirms our stockholders' strong support of the Company's executive compensation program and did not change its approach in the 2012 year based on the results of the advisory vote. The Committee will continue to monitor and consider the outcomes of future advisory votes on the Company's executive compensation program when making compensation decisions for the Named Executive Officers.

In March 2012, the Committee approved adjustments to our Named Executive Officers' compensation programs as highlighted below:

Based on the Committee's overall evaluation of executives' individual performance in 2011, internal equity considerations, and each executive's competitive positioning versus market data, the Committee approved salary increases for the Named Executive Officers averaging 2.4%. The Committee did not increase the salary of the Chief Executive Bear for 2012.

After reviewing the Company's strategic business plan for 2012, the Committee continued its emphasis on revenue and consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) growth in the 2012 annual bonus plan. The plan uses a combination of consolidated revenue (weighted 25%) and EBITDA (weighted 75%).

Based on the Company's actual consolidated revenue and EBITDA performance in 2012, no payouts were made under the annual bonus plan for 2012 performance.

After reviewing market data information on prevalent long-term incentive practices among the Company's peer group and other retailers and the Company's historical share dilution, the Committee approved a change to the approach for granting long-term incentives to our Named Executive Officers. Starting with the 2012 grants, the Committee eliminated the use of stock options and focused awards on a combination of performance-based and time-based restricted stock. Grants were allocated on a target mix of 50% in performance-based restricted stock and 50% in time-based restricted stock, based on target grant values established by the Committee. Since the fiscal year 2012 earnings per share goal for the performance-based restricted stock awards was not attained, no portion of those awards were earned for 2012, and the awards were forfeited.

Table of Contents

In addition to the key decisions approved by the Committee for 2012, the Company's executive compensation program continues to feature the following best practices:

Stock ownership guidelines for executives and Directors;

Incentive compensation recoupment, or "clawback", provisions on incentive awards;

Insider trading policy, including anti-hedging provisions for executive and Directors;

No tax gross-up provisions on any compensation or severance events; and

No executive perquisite benefits, beyond limited supplemental disability and life insurance.

Emphasis on Performance-Based Compensation

As discussed throughout this CD&A, the Committee seeks to design executive compensation programs that are highly aligned with long-term shareholder value creation and provide rewards for the achievement of pre-established Company financial metrics. In keeping with this philosophy, the Committee approved a target mix of total direct compensation (base salary, annual bonus, and long-term incentives) for 2012 for our Chief Executive Bear, more heavily weighted on performance-based compensation, with 54% of total direct compensation weighted on target annual bonus (39%) and performance-based stock (15%) and the remainder comprised of salary (31%) and time-based restricted stock (15%).

Based on this emphasis on performance-based compensation, our Chief Executive Bear's historical compensation has had a strong relationship with our Company performance. As discussed earlier in the Executive Summary section, the Company has generated lower revenues and profitability than was targeted in our financial plan, and as a result, our Chief Executive Bear has received significantly less performance-based compensation awards than targeted by the Committee at the grant date, as none of her performance-based awards were earned in 2012.

Below is a comparison of performance-based compensation granted to our Chief Executive Bear compared to how much of such compensation was actually paid or vested based on the Company's performance:

Summary of Chief Executive Bear Annual Bonuses Paid as a Percent of Target

Year	Target	Actual Payout	Actual Payout
			Percent of Target
2010	\$ 800,000	\$ 566,308	71%
2011	\$ 659,500	\$ 0	0%
2012	\$ 824,000	\$ 0	0%
3-Year Total	\$ 2,283,500	\$ 566,308	25%

Summary of Performance-Based Restricted Shares Vested as a Percent of Target

Year	Target Shares	Shares Vested	Actual Shares Vested as a Percent of	Notes
------	---------------	---------------	--------------------------------------	-------

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

			Target	
2010				None granted in 2010
2011	27,416	0	0%	25% of total LTI weighting
2012	58,220	0	0%	50% of total LTI weighting
3-Year Total	85,636	0	0%	

Compensation Philosophy

The fundamental objectives of our executive compensation program are to attract and retain highly qualified executive officers, to motivate these executive officers to materially contribute to our long-term business success, and to align the interests of our executive officers and stockholders by rewarding our executives for individual and corporate performance based on targets established by the Committee.

We believe that achievement of these compensation program objectives enhances long-term stockholder value. When designing compensation packages to reflect these objectives, the Committee is guided by the following four principles:

Alignment with stockholder interests: Compensation should be tied, in part, to our stock performance through the granting of equity awards to align the interests of executive officers with those of our stockholders.

Recognition for business performance: Compensation should correlate in large part with our overall financial performance.

Table of Contents

Accountability for individual performance: Compensation should partially depend on the individual executive's performance, in order to motivate and acknowledge the key contributors to our success.

Competition: Compensation should generally reflect the competitive marketplace and be consistent with that of other well-managed companies in our peer group and the broader retail industry sector.

In implementing this compensation philosophy, the Committee takes into account the compensation amounts from the previous years for each of the Named Executive Officers, and internal compensation equity among the Named Executive Officers. Historically, the Committee has strived to structure compensation packages so that total payout, taking into consideration performance-based compensation, will be near the median if the Company meets its financial targets and above the median if the Company exceeds its financial targets and the individual Named Executive Officers perform well in their roles throughout the fiscal year.

2012 Compensation Determination Process

Each year the Committee engages in a review of our executive compensation with the goal of ensuring the appropriate combination of fixed and variable compensation linked to individual and corporate performance.

Role of the Committee and Board of Directors

The Committee Charter provides the Committee with the option of either determining the Chief Executive Bear's compensation, or recommending such compensation to the Board for determination. The Committee has historically chosen to consult with the full Board of Directors, other than the Chief Executive Bear, on the Chief Executive Bear's compensation, because the Committee believes that the Chief Executive Bear's performance and compensation are so critical to the success of the Company that Board involvement in such matters is appropriate. The Committee also determines the compensation and review process for all executive officers other than the Chief Executive Bear. Because the Committee Charter specifically delegates this responsibility to the Committee, it only involves the full Board in an advisory capacity with respect to the compensation decision-making process for the other Named Executive Officers.

Role of Management

Also in the course of its review, the Committee considered the advice and input of the Company's management. Specifically, the Committee leverages the Company's management, human resources department and law department to assist the Committee in the timely and cost-effective fulfillment of its duties. The Committee solicits input from the Chief Executive Bear and human resources department regarding compensation policies and levels. The legal department assists the Committee in the documentation of compensation decisions. In addition, the Second Amended and Restated 2004 Stock Incentive Plan ("Stock Incentive Plan") provides that the Chief Executive and Chief Operations Officer Bears have the limited authority to grant equity awards to Company employees other than executive officers. The Committee does not permit members of the Company's management to materially participate in the determination of their particular compensation; nor does the Committee permit members of management, including the Chief Executive Bear, to be physically present for those portions of Committee meetings during which the particular member of the management team's performance and compensation are reviewed and determined.

Role of Committee Consultants

For 2012, the Committee retained Meridian Compensation Partners, LLC ("Meridian") as its independent consultant on executive and Director compensation. Meridian's engagement is to act as the Committee's independent advisor on executive and Director compensation and in this role, Meridian assisted the Committee in the determination of the peer group, the compensation benchmarking process, and the review and establishment of compensation policies and programs for Named Executive Officers.

The Committee did not direct Meridian to perform its services in any particular manner or under any particular method, and all decisions with respect to the Named Executive Officers' compensation are made by the Committee. The Committee has the final authority to retain and terminate the compensation consultant and evaluates the consultant annually. The Company has no relationship with Meridian (other than the relationship undertaken by the Committee), and therefore the Committee believes that Meridian is independent.

Compensation Market Data and Benchmarking

The Committee believes that external market data is an important tool by which to measure the fairness and competitiveness of the Company's executive compensation. In November 2011, Meridian reviewed the Company's compensation peer group and developed recommendations for changes for the January 2012 market study. The peer group review considered the following characteristics:

Industry

Table of Contents

Revenues

Net Income

Market Value

Number of Employees

Number of Stores

As a result of the review, the Committee approved the use of the following 19 peer companies for the January 2012 market study:

A.C. Moore Arts & Crafts, Inc.	Cole Kenneth Productions Inc.	McCormick & Schmicks Seafood Restaurants
Benihana Inc.	CPI Corp.	Shoe Carnival Inc.
Books A Million Inc.	Destination Maternity Corporation	Steven Madden, Ltd.
Cache Inc.	Great Wolf Resorts, Inc.	Vera Bradley Inc.
CEC Entertainment Inc.	Kirkland's, Inc.	Wet Seal Inc.
Christopher & Banks Corporation	Leapfrog Enterprises Inc.	Zumiez Inc.
Citi Trends Inc.		

Buckle Inc., California Pizza Kitchen Inc., and Jos A. Bank Clothiers were eliminated from the Company's peer group for the 2012 analysis. Leapfrog Enterprises Inc. and Vera Bradley Inc. were added to the 2012 peer group. The Company still competes with much larger companies for executive talent, but the Committee believes that the 2012 peer group is more appropriate in most instances for benchmarking purposes. In addition to the peer group information, Meridian also provided size-adjusted, retail industry survey market data.

In January 2012, the Committee reviewed a report from Meridian comparing each element of total direct compensation for the Company's Named Executive Officers against market data. The Committee observed that total target direct compensation levels for 2012 were within a reasonable range of the market 50th percentile for our executive team.

While market data is an important measuring tool, it is only one of four principal considerations under the Company's compensation philosophy.

2012 Base Salary

Base salary provides fixed compensation to an individual that reflects his or her job responsibilities, experience, value to the Company, and demonstrated performance.

Salaries or minimum salaries for each Named Executive Officer are established in their employment agreements. These salaries or minimum salaries and the amount of any increase over minimums are determined by the Committee based on its subjective evaluation of a variety of factors, including

the nature and responsibility of the position;

the impact, contribution, expertise and experience of the individual executive;

competitive market information regarding salaries to the extent available and relevant;

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

the importance of retaining the individual along with the competitiveness of the market for the individual executive's talent and services; and

the recommendations of the Chief Executive Bear (except in the case of her own compensation).

Typically, the Committee considers these factors during an annual review in March. In March 2012, the Committee considered salary increases for the Named Executive Officers. The Committee undertook an annual performance review of each of the Named Executive Officers. The Named Executive Officers each prepared a self-evaluation. The Chief Executive Bear completed evaluations of the Named Executive Officers other than herself and discussed those evaluations with, and received input from, the Committee. The Chief Executive Bear was primarily responsible for providing feedback to the other Named Executive Officers regarding their performance. In the case of the Chief Executive Bear, the Non-Executive Chairman presented the Committee and the Board's feedback to the Chief Executive Bear on her self-evaluation.

Following completion of these reviews of each individual's 2011 performance, the Committee approved the following salary adjustments for the Named Executive Officers in 2012:

Name	2011 Salary	2012 Salary	Percent Increase
Maxine Clark	\$ 659,200	\$ 659,200	0.0%
Tina Klocke	350,000	357,000	2.0%
Eric Fencil	293,600	300,000	2.2%
David Finnegan	290,900	297,000	2.1%
Teresa Kroll	255,400	270,000	5.7%

Table of Contents

Following these increases, the salaries of the Named Executive Officers were within a competitive range of the median of the market data reviewed by the Committee.

In March 2013, following completion of the annual review process described above, the Committee decided not to adjust the salary of any of the Named Executive Officers. In lieu of a salary adjustment, based on its subjective evaluation of the Named Executive Officers' 2012 performance, the Committee awarded discretionary bonus payments of \$10,000 to Mr. Fencel and \$7,500 to Mr. Finnegan.

2012 Bonus Plan

The Committee continued the use of a cash bonus plan in 2012 for the Named Executive Officers, granting potential cash bonuses pursuant to the Build-A-Bear Workshop, Inc. 2012 Bonus Plan (the "2012 Bonus Plan") for the Named Executive Officers only if the Company achieved certain financial performance levels. Thus, consistent with all four elements of its compensation philosophy, the Committee aligned the Named Executive Officers' 2012 cash bonus completely with the interests of our stockholders.

On March 20, 2012, the Committee established the 2012 performance objectives for the range of bonuses to be paid to the Company's Named Executive Officers and the target bonus awards expressed as a percentage of eligible base salary ("Base Bonus Payout"). The 2012 base bonus calculation for each Named Executive Officer was determined by multiplying the Base Bonus Payout by the officer's eligible base salary, as defined above, according to the following schedule ("Base Bonus Calculation"):

Name	Base Bonus Payout
Maxine Clark	125%
Tina Klocke	70%
Eric Fencel	40%
David Finnegan	40%
Teresa Kroll	40%

Ms. Clark's employment agreement contains a provision which establishes Base Bonus Payout percentage will be no less than 125%. Ms. Clark agreed to voluntarily waive this provision of her contract for 2011, and the Committee established a Base Bonus Payout percentage for Ms. Clark of 100% for 2011. In order to increase the portion of Ms. Clark's total direct compensation that is performance-based, when the Base Bonus Payout reverted to 125% in 2012 as provided for under her employment agreement, her 2012 salary was not increased.

Prior to 2011, the Company's bonus plan was based solely on a net income goal. After numerous discussions regarding the Company's strategic business plan in 2010 and 2011, the Committee approved a 2011 Bonus Plan based on achievements in consolidated revenue and EBITDA, as the Committee determined that these criteria more accurately measure the Company's performance in light of its long-term goals. For the 2012 Bonus Plan, the Committee continued its focus on revenues and EBITDA. Further, after consideration of the measures and goals for 2012 and typical peer practices, the Committee decreased the total potential payout at the "threshold" performance level from 50% to 25% and increased the total potential payout at the "maximum" performance level from 150% of target to 200%. The cash bonus, if any, to be paid to each respective Named Executive Officer was to 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 column (3) below for fiscal 2012 consolidated revenue, plus (ii) 75% of the applicable percentage of Base Bonus Calculation set forth in column (3) below for fiscal 2012 consolidated EBITDA.

Consolidated Revenue 25% Percent Weighting

(1) Achievement Level	(2) Consolidated Revenue	(3) Percentage of Base Bonus Calculation
Threshold	\$ 398,302,000	25%
Target	\$ 410,332,000	100%
Maximum	\$ 426,766,000	200%

Table of Contents**Consolidated EBITDA 75% Percent Weighting**

(1)	(2)	(3)
Achievement Level	Consolidated EBITDA	Percentage of Base Bonus Calculation
Threshold	\$ 23,282,000	25%
Target	\$ 28,001,000	100%
Maximum	\$ 34,524,000	200%

The 2012 Bonus Plan provided for mandatory bonus payouts only if the Company's 2012 consolidated revenue or consolidated EBITDA (after providing for any bonus expense) exceeded the threshold amount. Under the 2012 Bonus Plan, consolidated revenue and consolidated EBITDA results that fell between any of the achievement levels set forth in the tables above would have been interpolated in accordance with the methodology set forth in the 2012 Bonus Plan, in the sole discretion of the Committee. Notwithstanding the foregoing, no cash bonuses would be paid if consolidated comparable store sales for 2012 fiscal year were less than 2.0%. This discretion included the ability to reduce the otherwise applicable percentage of Base Bonus Calculation for each achievement level, but the Committee did not have the discretion to increase the amount of compensation payable above the maximum percentage of Base Bonus Calculation for each achievement level.

In March 2013, the Committee determined that the Company did not meet the established 2012 thresholds for consolidated revenue or consolidated EBITDA, and therefore, no awards were paid to executives under the 2012 Bonus Plan.

2012 Long-Term Incentive Program

The objective of the Company's long-term incentive program is to provide a long-term retention incentive for the Named Executive Officers and to align their interests directly with those of our stockholders by way of stock ownership.

Under the Stock Incentive Plan, the Committee has the discretion to determine whether equity awards will be granted to Named Executive Officers and if so, the number of shares subject to each award. The Stock Incentive Plan allows the Committee to grant the following types of awards, in its discretion: options, stock appreciation rights, cash-based awards or other stock-based awards, such as common stock, restricted stock and other awards valued in whole or in part by reference to the fair market value of the stock. In most instances, these long-term grants vest over a multi-year basis.

The Committee meets in March of every year to determine the recipients of annual long-term incentive awards and to grant such awards by formal action. The practice of granting long-term incentive awards in March by Committee action applies uniformly to the Named Executive Officers and other employees of the Company and, with rare exceptions, is the only practice employed by the Company in connection with the granting of equity awards. The Committee does, however, have the discretion to make grants whenever it deems it appropriate in the best interests of the Company. Additionally, pursuant to the Stock Incentive Plan, employees who are hired or promoted by the Company after the March Committee meeting may receive grants from the Chief Executive Bear or Chief Operating Bear at the levels previously approved by the Committee, at the date of such hire or promotion.

The Company does not have any program, plan or practice in place to time option or other award grants with the release of material, non-public information and does not release such information for the purpose of affecting the value of executive compensation. The exercise price of stock subject to options awarded under the Stock Incentive Plan is the fair market value of the stock on the date of grant. Under the terms of the Stock Incentive Plan, the fair market value of the stock is the closing sales price of the stock on the date of grant as reported by the NYSE.

Since the Company's base salaries are always paid in cash, and the 2012 Bonus Plan described above is a cash plan, the Committee determined that stock-based awards would be appropriate for the long-term incentive component of executive officer compensation for fiscal 2012. Historically, the Company has granted stock-based compensation in the form of either (1) restricted stock; (2) stock options; (3) performance-based stock; or (4) a combination of these vehicles.

In January and March 2012, the Committee reviewed a report of updated market data and industry compensation trends developed by Meridian. Based on the market data and a desire to further align our Named Executive Officers' compensation with stockholder interests, the Committee approved the use of a combination of performance-based restricted stock and time-based restricted stock for 2012. In determining the awards to be granted in 2012, the Committee considered market trends among the peers and general industry, our historical dilution levels, and a desire to focus more of our Named Executive Officers' pay on pre-established performance metrics. As a result, the Committee approved long-term

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

incentives for the Named Executive Officers with target award values allocated between 50% performance-based restricted stock and 50% time-based restricted stock. The Committee determined that this combination of awards more effectively aligns executive compensation with stockholder interests, recognizes business performance, and helps the Company retain and incentivize the Named Executive Officers.

Table of Contents

The Committee determined the amount of equity awards granted to each executive using three key considerations: (1) market data for equity grant levels from market data provided in the Meridian study; (2) grant levels required to bring the executives' total target direct compensation at or near the median of total compensation of market data; and (3) grant levels required to retain key individual employee contributors. In establishing the size of the 2012 equity award pool, the Committee considered the amount of stock and options outstanding, the expense associated with the grants and the potentially dilutive effect on stockholders, in addition to the overall compensation policy of the Company to place emphasis on incentive compensation over base salaries.

On March 20, 2012, the Committee approved the following 2012 long-term incentive awards to the Named Executive Officers under the Stock Incentive Plan:

Name	Number of Shares	Target Number of Shares of
	of Time-Based Restricted Stock	Performance-Based Restricted Stock
Maxine Clark	58,220	58,220
Tina Klocke	20,164	20,164
Eric Fencil	13,852	13,852
David Finnegan	11,592	11,592
Teresa Kroll	11,592	11,592

The time-based restricted stock vests 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. The performance-based restricted stock was subject to the achievement of the Company's fiscal 2012 earnings per share. The program was structured so that any awards earned from the achievement of the established earnings per share goals would 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. This vesting schedule was established to align with the current vesting schedules of our time-based restricted stock.

The number of performance-based restricted stock shares, if any, that could have been earned by each Named Executive Officer was 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 column (3) below for fiscal 2012 earnings per share.

Fiscal 2012 Performance-Based Restricted Stock Payout-Earnings Per Share

(1)	(2)	(3) Percentage of Target Value of Performance-Based Restricted Stock Earned Calculation
Achievement Level	Earnings Per Share	
Below Threshold	Less than \$ 0.06 per share	0%
Threshold	\$ 0.06 per share	50%
Target	\$ 0.32 per share	100%
Maximum	\$ 0.69 per share	200%

Because the Company did not meet its threshold earnings per share goal for fiscal 2012, none of the performance-based restricted stock awards were earned for performance and the awards were therefore forfeited.

Pursuant to the terms of the Stock Incentive Plan, the Committee may, in its sole discretion, provide for the following upon a change in control: (1) accelerated vesting of any outstanding award; (2) termination of an award in exchange for the payment of cash; and/or (3) issuance of substitute awards. The 2012 equity award agreements for the Named Executive Officers and other employees each contained a clause subjecting the grants to accelerated vesting upon a change in control. The Committee believes that this change in control protection is prevalent among other companies in the peer group, and the value of the stock grants as a retention tool would be diminished if this protection were not included in the grant terms.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Further information regarding the 2012 grants of long-term incentive awards made to Named Executive Officers can be found in the 2012 Grants of Plan-Based Awards Table.

Insider Trading Policy

The Build-A-Bear Workshop, Inc. Insider Trading Policy prohibits the Directors, Named Executive Officers and other employees from selling the Company's securities short that is, selling securities that are borrowed (and not owned) on the assumption that the Company's share price will decrease. The Company's insider trading policy also prohibits Directors, Named Executive Officers and other employees from buying or selling puts (i.e., options to sell), calls (i.e., options to purchase), future contracts, or other forms of derivative securities relating to the Company's securities.

Table of Contents***Policy for Adjustment or Recovery of Awards in the Event of Accounting Restatement***

The 2012 Bonus Plan provided that in the event of a restatement impacting net income, the Company would recover from the Named Executive Officer the applicable amount which should not have been paid based on the restatement, plus interest.

Executive Stock Ownership Guidelines

The Committee maintains stock ownership guidelines for Named Executive Officers. The guidelines require executives to acquire and maintain a minimum level of stock ownership in Company stock.

The ownership guidelines for our Named Executive Officers are set forth in the table below.

Position	Multiple of Base Salary
Maxine Clark	Six times (6X)
All Other Named Executive Officers	One time (1X)

The executives have three years to reach the applicable minimum holding requirement and, thereafter, may not sell shares if such sale would cause the executive's holdings to fall below the minimum holding requirement. The withholding of shares to satisfy income tax withholding associated with a stock option exercise or restricted stock vesting or to pay the exercise price in connection with a stock option exercise is not considered a sale of Company stock for the purposes of these guidelines. Each of the executives complied with these guidelines in 2012.

Retirement and Other Post-Termination Benefits

We have entered into employment agreements with our Named Executive Officers that provide for a continuation of certain post-employment benefits, to the extent permitted under the applicable employment benefit plan(s). Such benefits plans are the same for all employees (except for the long-term disability insurance which the Company pays 100% of the premiums for senior level employees, including the Named Executive Officers, as discussed below). The employment agreements for the Named Executive Officers provide for certain payments to be made to them if their employment is terminated under certain circumstances. See *Executive Employment and Severance Agreements* for a discussion of such terms of our Named Executive Officers' employment agreements.

In connection with the announcement of Ms. Clark's planned retirement, on January 28, 2013 the Company and Ms. Clark entered into a Retirement, Separation Agreement and General Release (the *Retirement Agreement*) which provides that her employment with the Company will terminate following a six-week transition period following the date that a successor Chief Executive Bear is employed by the Company. Ms. Clark will receive an aggregate of \$1,318,400, less any applicable withholding, payable in equal installments in accordance with the Company's regular payroll dates for a period of 24 months following her retirement, reduced by any cash compensation from a subsequent employer during that period. During this 24-month period, Ms. Clark will also receive the amount that the Company has been paying toward her coverage under the Company's welfare benefit plans, also payable in equal installments in accordance with the Company's regular payroll dates. In addition, Ms. Clark remained eligible to receive a bonus under the Company's 2012 bonus plan for its chief executives, though no bonuses were earned based on fiscal 2012 performance, and will remain eligible to receive a bonus under the Company's 2013 bonus plan for chief executives to the extent performance and other criteria are met under the 2013 bonus plan. Any bonus for 2013 will be pro-rated based on the number of full calendar weeks Ms. Clark is employed by the Company. All shares of Ms. Clark's restricted shares and stock options which have not vested on the date of her retirement will continue to vest through March 31, 2014, and all vested unexercised stock options will remain exercisable until the earlier of their original expiration date or April 30, 2014. The Company will pay up to \$25,000 of Ms. Clark's legal expenses incurred in connection with drafting and negotiation of the Retirement Agreement. Ms. Clark also agreed to (1) a general release of claims, (2) keep Company information secret and confidential, (3) certain non-compete restrictions for 24 months following retirement, and (4) certain non-solicitation restrictions for 36 months following retirement.

On January 28, 2013, the Company and Ms. Clark also entered into a six month Consulting Agreement (the *Consulting Agreement*) which will begin upon her retirement. During such six-month period, Ms. Clark will be paid consulting fees of \$29,166 per month.

Change in Control Severance Policy

We do not currently maintain any change in control severance plans or severance policies. Therefore, none of our Named Executive Officers will receive any severance payments solely as a result of a change in control of the Company. See the section titled *Executive Employment and*

Severance Agreements for a complete description of the circumstances under which our Named Executive Officers would be paid severance.

Table of Contents**Other Benefits**

The Company seeks to maintain an open and inclusive culture in its facilities and operations among executives and other Company employees. Thus, the Company does not provide executives with reserved parking spaces or separate dining or other facilities, nor does the Company have programs for providing personal-benefit perquisites to executives, such as permanent lodging or defraying the cost of personal entertainment or family travel. With the exception of disability insurance (as noted below), the Company's health care and other insurance programs are the same for all eligible employees, including the Named Executive Officers.

Insurance

All Company employees, including the Named Executive Officers, are eligible to participate in medical, dental, vision, long- and short-term disability and life insurance plans and flexible spending accounts. The terms of such benefits for the Company's Named Executive Officers are the same as those for all Company employees, except that with respect to long-term disability insurance, the Company pays 100% of the premium for senior level employees, including the Named Executive Officers.

401(k)

The Company sponsors the Build-A-Bear Workshop, Inc. Employee Savings Trust, which is a qualified retirement plan with a 401(k) feature. Participants are provided the opportunity to make salary reduction contributions to the plan on a pre-tax basis. The Company has the ability to make discretionary matching contributions and discretionary profit sharing contributions to such plan. In 2012, the Company matched 30% of the participants' 2011 contributions of up to 6% of the participant's salary. The Company matching contribution is not fully vested until the participant has been employed by the Company for five years.

401(k) Mirror Plan

The Company sponsors the Build-A-Bear Workshop, Inc. Non-Qualified Deferred Compensation Plan, a non-qualified plan which mirrors the substantive terms of the Build-A-Bear Workshop, Inc. Employee Savings Trust. The non-qualified plan permits certain highly compensated employees, including the Named Executive Officers, whose deferrals are otherwise limited to the qualified plan, to make additional pre-tax deferrals of compensation. The Company may make matching contributions to this non-qualified plan to replicate Company matching contributions that would have been made to the qualified plan, but for limitations in the Internal Revenue Code. In 2012, the Company matched 30% of the participants' 2011 contributions of up to 6% of the participant's salary, divided between the 401(k) plan and the 401(k) mirror plan. The Company matching contribution is not fully vested until the participant has been employed by the Company for five years. Of the Named Executive Officers, only Mses. Klocke and Kroll and Mr. Finnegan participate in this plan.

Federal Income Tax and Accounting Considerations***Section 162(m)***

The policy of the Committee is to establish and maintain a compensation program that maximizes long-term stockholder value. The Committee believes executive compensation programs should serve to achieve that objective, while also minimizing any effect of Section 162(m) of the Internal Revenue Code. Generally, Section 162(m) provides for an annual \$1 million limitation on the deduction an employer may claim for compensation of executive officers unless it is performance-based. The stock options and the performance-based restricted stock issued to senior executives and managers as part of the Company's long-term incentive program qualify as performance-based compensation as defined in Section 162(m) because the Stock Incentive Plan, approved by stockholders, complies with the provisions of Section 162(m). The 2012 Bonus Plan of the Company providing cash bonuses to executives pursuant to the Stock Incentive Plan is performance-based and has previously been approved by our stockholders. Accordingly, the stock options, performance-based restricted stock and cash bonuses under such incentive plans will not be included in applying the \$1 million limitation. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has adopted a policy that all compensation will not necessarily be deductible for income tax purposes. For example, salary and time-based restricted stock grants are not considered performance-based for the purpose of Section 162(m).

Accounting Considerations

The Committee has taken certain accounting rules and consequences into consideration when determining the type of equity awards that executive officers should receive as part of the Company's long-term incentive plan component of compensation packages. The vesting of restricted stock and stock option grants made to the Company's executive officers and employees and the associated Financial Accounting Standards Board's Accounting Standards Codification Topic 718 (FASB ASC Topic 718) expense recognition is tied to the passage of time

rather than conditioned upon fulfillment of certain performance targets.

Table of Contents**COMPENSATION AND DEVELOPMENT COMMITTEE REPORT**

The Company's Compensation and Development Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by the Compensation and Development Committee of the Board of Directors:

Coleman Peterson, Chairman

Mary Lou Fiala

James M. Gould

Virginia Kent

Thomas Pinnau

The Compensation and Development Committee Report and the Report of the Audit Committee below will not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement or portions thereof into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and will not otherwise be deemed filed under such Acts.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2012 the Compensation and Development Committee was comprised of Coleman Peterson (Chair), Mary Lou Fiala, James M. Gould, Virginia Kent, Thomas Pinnau and William Reisler, none of whom are employees or current or former officers of the Company, nor had any relationship with the Company required to be disclosed as transactions with related persons pursuant to Item 404(a) of Regulation S-K. No executive of the Company served on the compensation committee or board of any company that employed any member of the Company's Compensation and Development Committee or Board of Directors.

2012 SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual and long-term compensation for all services rendered in all capacities to the Company for the fiscal years ended December 29, 2012, December 31, 2011 and January 1, 2011. The Company cautions that the amounts reported in the Stock Awards and Option Awards columns may not represent the amounts that the Named Executive Officers will actually realize from the awards. Whether, and to what extent, a Named Executive Officer realizes value will depend on the Company's stock price when restricted stock vests or the stock option is exercised and on continued employment.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Non-Equity			Total (\$)
					Option Awards (\$)	Incentive Plan Compensation (\$)	All Other Compensation (\$) ⁽²⁾	

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

Maxine Clark	2012	\$ 659,200	\$	\$ 475,949	\$	\$	\$ 3,568	\$ 1,138,717
Chief Executive Bear	2011	654,031		510,760	169,954		4,273	1,339,018
	2010	629,231		324,281	338,433	566,308	5,757	1,864,010
Tina Klocke	2012	355,116		164,841			4,146	524,103
Chief Operations and Financial	2011	339,231		176,886	58,752		7,954	582,823
Bear, Treasurer & Secretary	2010	303,269		117,935	123,073	131,012	5,666	680,955
Eric Fencl	2012	298,277	10,000	113,240			2,266	423,783
Chief Bearrister General	2011	291,285		121,517	40,370		3,538	456,710
Counsel and International	2010	285,000		67,798	70,765	82,080	3,719	509,362
Franchising								
David Finnegan	2012	295,358	7,500	94,764			3,580	401,202
Chief Information Bear	2011	288,773		101,720	33,784		3,482	427,759
	2010	280,846		61,920	64,618	80,883	5,165	493,432
Teresa Kroll	2012	266,069		94,764			2,067	362,900
Chief Marketing and	2011	253,515		88,455	29,383		4,202	375,555
Entertainment Bear	2010	248,400		53,063	55,373	71,539	3,124	431,499

(1)The amounts appearing in the Stock Awards column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock awards granted in fiscal 2012, fiscal 2011, and fiscal 2010. In fiscal 2012 and 2011, the grants consisted of both performance-based restricted stock and time-based restricted stock. As discussed in the Compensation Discussion and Analysis, because the Company did not achieve the threshold earnings per share target for fiscal 2012 or 2011, all of the performance-based restricted shares were forfeited the following March. In fiscal 2010, all of the stock awards

Table of Contents

were in the form of time-based restricted stock. The recipients have the right to vote and receive dividends as to all unvested shares of time-based restricted stock, but did not have such rights with respect to performance-based restricted stock that was not earned. The time-based restricted stock grants in 2012, 2011 and 2010 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. If any of the performance-based restricted stock grants in 2012 and 2011 had been earned, they would have also vested 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. See 2012 Grants of Plan-Based Awards Table. See also Note 13 to the Company's Consolidated Financial Statements filed as part of our Annual Report on Form 10-K for the year ended December 29, 2012 for a discussion of the assumptions used in the valuation of awards. The grant date fair value of the performance-based restricted stock presented is based on the achievement of threshold performance levels per the instructions to Item 402(c) of Regulation S-K. The grant date fair value of the performance-based restricted stock awards for each Named Executive Officer assuming that the maximum level of performance conditions was achieved is as follows: Maxine Clark \$634,598; Tina Klocke \$219,788; Eric Fencl \$150,987; David Finnegan \$126,353; and Teresa Kroll \$126,353.

- (2) All Other Compensation includes the Company's contribution to the 401(k) plan and to the non-qualified deferred compensation plan, payment by the Company of long term disability, and life insurance premiums for the benefit of the Named Executive Officers. For fiscal 2012, Company contributions to our 401(k) plan were as follows: Maxine Clark \$2,550; Tina Klocke \$1,598; Eric Fencl \$1,342; David Finnegan \$1,329; and Teresa Kroll \$1,197. For fiscal 2012, Company contributions to our non-qualified deferred compensation plan were as follows: Tina Klocke \$1,598; and David Finnegan \$1,329. For fiscal 2012, Company-paid premiums for long-term disability insurance were as follows: Maxine Clark \$784; Tina Klocke \$784; Eric Fencl \$784; David Finnegan \$784; Teresa Kroll \$745. For fiscal 2012, Company-paid premiums for life insurance were as follows: Maxine Clark \$234; Tina Klocke \$166; Eric Fencl \$140; David Finnegan \$138; Teresa Kroll \$125.

2012 GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information with respect to plan-based awards granted to each of our Named Executive Officers during the fiscal year ended December 29, 2012.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards	All Other Option Awards	Grant	
		Threshold	Target	Maximum	Threshold	Target	Maximum	or Units	Options	Date Fair Value of Stock and Option	
		(\$)(1)	(\$)(1)	(\$)(1)	(#)(2)	(#)(2)	(#)(2)	(#)(2)	(#)(2)	(\$/Sh)	Awards
Maxine Clark	3/20/12 ⁽³⁾	\$ 206,000	\$ 824,000	\$ 1,648,000	29,110	58,220	116,440	58,220			\$ 317,299
	3/20/12 ⁽⁴⁾										
Tina Klocke	3/20/12 ⁽³⁾	62,475	249,900	499,800	10,082	20,164	40,328	20,164			109,894
	3/20/12 ⁽⁴⁾										
Eric Fencl	3/20/12 ⁽³⁾	29,828	119,311	238,622	6,926	13,852	27,704	13,852			75,493
	3/20/12 ⁽⁴⁾										
		29,700	118,800	237,600							

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

David Finnegan	3/20/12 ⁽³⁾				5,796	11,592	23,184		63,176
	3/20/12 ⁽⁴⁾							11,592	63,176
Teresa Kroll		27,000	108,000	216,000					
	3/20/12 ⁽³⁾				5,796	11,592	23,184		63,176
	3/20/12 ⁽⁴⁾							11,592	63,176

(1) Amounts represent the range of possible cash payouts for fiscal 2012 awards under the 2012 Bonus Plan. This chart reflects the threshold, target and maximum bonus amounts payable under the 2012 Bonus Plan performance year if pre-established financial targets would have been met. The amounts listed above were calculated based on the threshold, target, and maximum percentages as a percentage of the executive's base salary paid in 2012. As noted in the Section entitled Compensation Discussion and Analysis, the Company's consolidated revenue and EBITDA performance conditions for fiscal 2012 were both below threshold and, therefore, no cash payout was earned.

(2) These grants were made pursuant to the Stock Incentive Plan.

(3) These restricted stock awards were performance-based and would have vested in equal installments over four years beginning on the first anniversary of the grant date if the Company had achieved certain 2012 earnings per share results as discussed in the Compensation Discussion and Analysis. Because the Company did not achieve the threshold earnings per share target for fiscal 2012, all of these shares were forfeited in March 2013. Prior to forfeiture of the shares, the Named Executive Officers did not have the right to vote or receive dividends on any of unvested shares of performance-based restricted stock. The fair market value of the restricted stock on the date of grant was \$5.45 per share. The grant date fair value is computed in accordance with FASB ASC Topic 718.

(4) These restricted stock awards are subject to time-based vesting only and will vest in equal installments over four years beginning on the first anniversary of the grant date. Executives have the right to vote and receive dividends as to all unvested shares of time-based restricted stock. The fair market value of the restricted stock on the date of grant was \$5.45 per share. The grant date fair value is computed in accordance with FASB ASC Topic 718.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR-END**

The following table discloses information regarding outstanding awards under the Company's Stock Incentive Plan, as amended, as of the fiscal year end of December 29, 2012.

	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽⁴⁾
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ⁽⁴⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽⁴⁾
	Exercisable	Unexercisable ⁽¹⁾						
Maxine Clark	36,234		\$ 8.78	3/16/2014				
	35,000		34.65	3/8/2015 ⁽⁵⁾				
	78,762	26,254 ⁽⁶⁾	5.11	3/17/2019 ⁽⁵⁾				
	41,072	41,072 ⁽⁶⁾	6.59	3/23/2020 ⁽⁵⁾				
	11,103	33,309 ⁽⁶⁾	6.21	3/22/2021 ⁽⁵⁾				
					137,600 ⁽⁶⁾	\$ 538,016	29,110	\$ 113,820
Tina Klocke	25,000		9.10	4/24/2013				
	25,000		8.78	3/16/2014				
	6,500		34.65	3/8/2015				
	27,531	9,177	5.11	3/17/2019				
	14,936	14,936	6.59	3/23/2020				
	3,845	11,535	6.21	3/22/2021				
					48,125	188,169	10,082	39,421
Eric Fencil	14,697	4,899	5.11	3/17/2019				
	8,588	8,588	6.59	3/23/2020				
	2,642	7,926	6.21	3/22/2021				
					31,326	122,485	6,926	27,081
David Finnegan	2,000		34.65	3/8/2015				
	10,710	3,570	5.11	3/17/2019				
	7,842	7,842	6.59	3/23/2020				
	2,211	6,633	6.21	3/22/2021				
					26,336	102,974	5,796	22,662
Teresa Kroll	10,000		8.78	3/16/2014				
	6,500		34.65	3/8/2015				
	3,570	3,570	5.11	3/17/2019				
	3,360	6,720	6.59	3/23/2020				
	1,923	5,769	6.21	3/22/2021				
					24,596	96,170	5,796	22,662

(1) The amounts appearing in this column represent the total number of time-based stock options that have not vested as of December 29, 2012. Stock options granted on March 22, 2011, March 23, 2010 and March 17, 2009 vest at the rate of 25% per year over four years from the date of grant beginning on the first anniversary of the grant date.

(2)

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

The amounts appearing in this column represent the total number of time-based restricted shares that have not vested as of December 29, 2012. Restricted stock granted on March 17, 2009 vests at the rate of 25% per year over four years from the date of grant beginning on the first anniversary of the grant date. The amounts of unvested restricted stock held under the March 2009 award by our Named Executive Officers at December 29, 2012 are as follows: Maxine Clark 13,652; Tina Klocke 4,772; Eric Fencil 2,547; David Finnegan 1,856; and Teresa Kroll 1,856. Restricted stock granted on March 23, 2010 vests at the rate of 25% per year over four years from the date of grant beginning on the first anniversary of the grant date. The amounts of unvested restricted stock held under the March 2010 award by our Named Executive Officers at December 29, 2012 are as follows: Maxine Clark 24,604; Tina Klocke 8,948; Eric Fencil 5,144; David Finnegan 4,698; and Teresa Kroll 4,026. Restricted stock granted on March 22, 2011 vests at the rate of 25% per year over four years from the date of grant beginning on the first anniversary of the grant date. The amounts of unvested restricted stock held under the March 2011 award by our Named Executive Officers at December 29, 2012 are as follows: Maxine Clark 41,124; Tina Klocke 14,241; Eric Fencil 9,783; David Finnegan 8,190; and Teresa Kroll 7,122. Restricted stock granted on March 20, 2012 vests at the rate of 25% per year over four years from the date of grant beginning on the first anniversary of the grant date. The amounts of unvested restricted stock held under the March 2012 award by our Named Executive Officers at December 29, 2012 are as follows: Maxine Clark 58,220; Tina Klocke 20,164; Eric Fencil 13,852; David Finnegan 11,592; and Teresa Kroll 11,592.

Table of Contents

(3) The amounts appearing in this column represent the aggregate market value of time-based restricted shares that have not vested as of December 29, 2012 and are based on the closing price of \$3.91 for the shares of common stock on December 28, 2012.

(4) The amounts reflect the number and payout value of unearned performance-based restricted shares based on the assumed achievement of threshold performance goals. The payout value is based on the closing price of \$3.91 for the shares of common stock on December 28, 2012. However, because the Company did not achieve the threshold earnings per share target for fiscal 2012, all of these shares were forfeited in March 2013.

(5) As discussed in the Compensation Discussion and Analysis, the Company entered into a Retirement Agreement with Ms. Clark in January 2013, the terms of which provide that following her retirement all vested unexercised stock options will expire on the earlier of their original expiration dates or April 30, 2014.

(6) Pursuant to the terms of her Retirement Agreement, following her retirement all of Ms. Clark's restricted stock and stock options that have not vested as of the date of her retirement will continue to vest through March 31, 2014.

2012 OPTION EXERCISES AND STOCK VESTED

The following table provides information regarding stock options that were exercised by our Named Executive Officers and restricted stock that vested during the fiscal year ended December 29, 2012.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Maxine Clark		\$	161,971	\$ 882,545
Tina Klocke			60,145	327,746
Eric Fencl			91,782	424,327
David Finnegan			34,791	189,563
Teresa Kroll			20,920	113,663

2012 NON-QUALIFIED DEFERRED COMPENSATION

The following table provides information regarding our Named Executive Officers' non-qualified deferred compensation during the fiscal year ended December 29, 2012.

Name	Executive Contributions in Last FY(\$)	Registrant Contributions in Last FY(\$) ⁽¹⁾	Aggregate Earnings in Last FY(\$) ⁽¹⁾	Aggregate Balance at Last FYE(\$) ⁽²⁾
Maxine Clark	\$	\$	\$	\$
Tina Klocke ⁽³⁾	11,057	1,598	13,368	103,653
Eric Fencl				
David Finnegan ⁽³⁾	20,679	1,329	14,449	100,237
Teresa Kroll			6,803	106,524

(1) Registrant Contributions and Aggregate Earnings in the Last Fiscal Year during the last fiscal year are reported as compensation in the Summary Compensation Table included in this proxy statement.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

(2) For prior years, all amounts contributed by a Named Executive Officer and by the Company in such years have been reported in the Summary Compensation Table in our previously filed proxy statements in the year earned to the extent the executive was named in such proxy statements and the amounts were so required to be reported in such tables.

(3) Ms. Klocke and Mr. Finnegan were the only Named Executive Officers who contributed to the Non-Qualified Deferred Compensation Plan during 2012. In March of each year, contributions to the plan during the preceding fiscal year are matched by the Company. Amounts shown for Registrant Contributions were made in March 2013 as the Company's matching contribution for 2012 contributions, which was 15% up to the maximum of 6% of contributions made to the plan combined with the contributions made to the Company's qualified 401(k) plan. The Company's matching contribution does not fully vest until the participant has been employed by the Company for five years.

A description of the Company's Non-Qualified Deferred Compensation Plan is included in the Compensation Discussion and Analysis section.

EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENTS

The Company currently has employment agreements with Maxine Clark, our Chief Executive Bear; Tina Klocke, our Chief Operations and Financial Bear, Treasurer and Secretary; Eric Fencl, our Chief Bearrister, General Counsel and International Franchising; David Finnegan, our Chief Information Bear; Teresa Kroll, our Chief Marketing and Entertainment Bear; and certain other executives. The material terms of the agreements, as amended, are described below.

Ms. Clark's agreement had an initial term of five years from May 1, 2004 and renews from year-to-year thereafter. The agreement may be terminated by the Company prior to the end of the term upon death, disability, for cause (as defined in the agreement) or, following the initial term, without cause. Ms. Clark may terminate the agreement if the Company materially breaches the agreement and fails to cure such breach within 30 days after notice. If Ms. Clark terminates her employment for

Table of Contents

good reason (as defined in the agreement), or if the Company terminates her employment without cause after the initial term, the Company is obligated to continue her base salary for a period of 24 months after her termination, such payments to be reduced by any amount received from a subsequent employer during such period. For 24 months, the Company will also pay towards the premium for any continuation or conversion of welfare benefit insurance coverage an amount equal to the amount it was paying for Ms. Clark's coverage under the Company's welfare benefit plans as of the termination date.

As compensation for her services, Ms. Clark will receive an annual base salary of not less than \$375,000, which will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms. During the time since her employment agreement was entered into in May 2004, Ms. Clark has periodically received salary increases. Effective March 2011, Ms. Clark's annual base salary was increased to \$659,200 following such review. If Ms. Clark's performance targets are achieved, her salary must be increased annually by no less than the average percentage increase given to all of our other executive employees for such fiscal year. If the Company exceeds certain performance objectives, Ms. Clark is entitled to receive an annual bonus of not less than 125% of her annual salary for the fiscal year as determined by the Compensation and Development Committee. The agreement provides that Ms. Clark will be the highest paid executive with the Company over the course of her employment. Any bonus payable to Ms. Clark will be payable in cash, stock, stock options or a combination thereof. Ms. Clark will also be entitled to receive an automobile allowance and such other perquisites and benefits as we may award her from time to time. (Ms. Clark does not currently receive such car allowance or other perquisites, except as otherwise noted in this proxy statement.) The agreement also requires the Company to maintain life insurance on Ms. Clark in the amount of \$2 million, under which the Company is the beneficiary.

In connection with the announcement of Ms. Clark's planned retirement, on January 28, 2013 the Company and Ms. Clark entered into a Retirement Agreement which provides that her employment with the Company will terminate following a six-week transition period following the date that a successor Chief Executive Bear is employed by the Company. Ms. Clark will receive an aggregate of \$1,318,400, less any applicable withholding, payable in equal installments in accordance with the Company's regular payroll dates for a period of 24 months following her retirement, reduced by any cash compensation from a subsequent employer during that period. During this 24-month period, Ms. Clark will also receive the amount that the Company has been paying toward her coverage under the Company's welfare benefit plans, also payable in equal installments in accordance with the Company's regular payroll dates. In addition, Ms. Clark remained eligible to receive a bonus under the Company's 2012 bonus plan for its chief executives, though no bonuses were earned based on fiscal 2012 performance, and will remain eligible to receive a bonus under the Company's 2013 bonus plan for chief executives to the extent performance and other criteria are met under the 2013 bonus plan. Any bonus for 2013 will be pro-rated based on the number of full calendar weeks Ms. Clark is employed by the Company. All shares of Ms. Clark's restricted shares and stock options which have not vested on the date of her retirement will continue to vest through March 31, 2014 and all vested unexercised stock options will remain exercisable until the earlier of their original expiration date or April 30, 2014. The Company will pay up to \$25,000 of Ms. Clark's legal expenses incurred in connection with drafting and negotiation of the Retirement Agreement. Ms. Clark also agreed to (1) a general release of claims, (2) keep Company information secret and confidential, (3) certain non-compete restrictions for 24 months following retirement, and (4) certain non-solicitation restrictions for 36 months following retirement.

On January 28, 2013, the Company and Ms. Clark also entered into a six month Consulting Agreement which will begin upon her retirement. During such six-month period, Ms. Clark will be paid consulting fees of \$29,166 per month.

Ms. Klocke's agreement had an initial term of three years from March 7, 2004 and renews from year-to-year thereafter. The agreement may be terminated by the Company prior to the end of the term upon death, disability, for cause (as defined in the agreement), or without cause. Ms. Klocke may terminate the agreement in the event the Company materially breaches the agreement or the Company relocates Ms. Klocke to a location more than 100 miles from St. Louis and fails to cure such breach after notice. If we terminate Ms. Klocke's employment without cause or if Ms. Klocke terminates her employment for good reason (as defined in the agreement), we are obligated to continue her base salary for a period of 12 months after her termination, such payments to be reduced by any amounts received from a subsequent employer during such period. As compensation for her services, Ms. Klocke will receive an annual base salary at a rate not less than \$190,000 which rate will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms. During the time since her employment agreement was entered into in March 2004, Ms. Klocke has periodically received salary increases. Effective March 2012, Ms. Klocke's annual base salary was increased to \$357,000 following such review. If Ms. Klocke's performance targets are achieved, her salary must be increased annually by no less than the average percentage increase given to all of our other executive employees during that fiscal year. If the Company exceeds certain performance objectives determined annually by our Board of Directors, Ms. Klocke will receive an annual bonus of not less than 35% of her annual base salary, payable in cash, stock, stock options or a combination thereof. For 2012, her bonus target was 70% of her annual base salary.

Mr. Fencl's agreement had an initial term of three years from July 1, 2008 and renews from year-to-year thereafter. The agreement may be terminated by the Company prior to the end of the term upon death, disability, for cause (as defined in the agreement), or without cause. Mr. Fencl may terminate the agreement in the event the Company materially breaches the agreement and fails to cure such breach after notice or the Company issues a notice of non-renewal which results in the

Table of Contents

expiration of the agreement. If we terminate Mr. Fencl's employment without cause or if Mr. Fencl terminates his employment for good reason (as defined in the agreement), we are obligated to continue his base salary for a period of 12 months after his termination, such payments to be reduced by any amounts received from a subsequent employer during such period. For the period that welfare benefits are continued under COBRA, the Company will continue to pay the Company's portion of the medical plan premium. As compensation for his services, Mr. Fencl will receive an annual base salary at a rate not less than \$264,000 which rate will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms. During the time since his employment agreement was entered into in July 2008, Mr. Fencl has periodically received salary increases. Effective March 2012, Mr. Fencl's annual base salary was \$300,000 following such review. If Mr. Fencl's performance targets are achieved, his salary must be increased annually by no less than the average percentage increase given to all of our other executive employees during that fiscal year. If the Company exceeds certain performance objectives determined annually by our Board of Directors, Mr. Fencl will receive an annual bonus of not less than 35% of his annual base salary, payable in cash, stock, stock options or a combination thereof. For 2012, his bonus target was 40% of his annual base salary.

Mr. Finnegan's agreement had an initial term of three years from January 10, 2007 and renews for successive three-year terms thereafter. The agreement may be terminated by the Company prior to the end of the term upon death, disability, for cause (as defined in the agreement), or without cause. Mr. Finnegan may terminate the agreement in the event the Company materially breaches the agreement and fails to cure such breach after notice. If we terminate Mr. Finnegan's employment without cause or if Mr. Finnegan terminates his employment for good reason (as defined in the agreement), we are obligated to continue his base salary for a period of 12 months after his termination, such payments to be reduced by any amounts received from a subsequent employer during such period. As compensation for his services, Mr. Finnegan will receive an annual base salary at a rate not less than \$220,000 which rate will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms. During the time since his employment agreement was entered into in January 2007, Mr. Finnegan has periodically received salary increases. Effective March 2012, Mr. Finnegan's annual base salary was increased to \$297,000 following such review. If Mr. Finnegan's performance targets are achieved, his salary must be increased annually by no less than the average percentage increase given to all of our other executive employees during that fiscal year. If the Company exceeds certain performance objectives determined annually by our Board of Directors, Mr. Finnegan will receive an annual bonus of not less than 35% of his annual base salary, payable in cash, stock, stock options or a combination thereof. For 2012, his bonus target was 40% of his annual base salary.

Ms. Kroll's agreement had an initial term of one year from September 10, 2001 and renews from year-to-year thereafter. The agreement may be terminated by the Company prior to the end of the term upon death, disability, for cause (as defined in the agreement), or without cause. Ms. Kroll may terminate the agreement in the event the Company materially breaches the agreement and fails to cure such breach within 30 days after notice. If we terminate Ms. Kroll's employment without cause or if Ms. Kroll terminates her employment for good reason (as defined in the agreement), we are obligated to continue her base salary for a period of 12 months after her termination, such payments to be reduced by any amounts received from a subsequent employer during such period. As compensation for her services, Ms. Kroll will receive an annual base salary at a rate not less than \$185,000, which rate will be reviewed annually and be commensurate with similarly-situated executives in similarly-situated firms. During the time since her employment agreement was entered into in September 2001, Ms. Kroll has periodically received salary increases. Effective March 2012, Ms. Kroll's annual base salary was increased to \$270,000 following such review. If Ms. Kroll's performance targets are achieved, her salary must be increased annually by no less than the average percentage increase given to all of our other executive employees during that fiscal year. If the Company exceeds certain performance objectives determined annually by our Board of Directors, Ms. Kroll will receive an annual bonus of not less than 35% of her annual base salary, payable in cash, stock, stock options or a combination thereof. For 2012, her bonus target was 40% of her annual base salary.

The employment agreements for Ms. Clark, Ms. Klocke, Mr. Fencl, Mr. Finnegan and Ms. Kroll provide that:

for the term of the agreement and for one year thereafter (except for Ms. Clark's agreement, which prohibits such conduct for two years after the term of the agreement, and Ms. Klocke's and Ms. Kroll's agreements, which prohibit such conduct for three years after the term of the agreements), the employee may not become employed by or interested directly or indirectly in or associated with our competitors who are located within the United States or within any country where we have established a retail presence (or in the case of Ms. Kroll, which is located within 100 miles of any Company retail store); and

in the event of the employee's termination due to death, disability, or our breach as provided in the agreement, the executive or his or her beneficiaries or estate, will still be entitled to a bonus for such year prorated based on the number of full weeks the employee was employed during the year.

Table of Contents**Potential Payments Upon Termination or Change-In-Control**

Our Named Executive Officers are eligible to receive certain benefits in the event of termination of such officer's employment, including following a change-in-control. The following table presents potential payments to each of our Named Executive Officers as if the officer's employment had been terminated as of December 29, 2012, the last day of fiscal 2012. The termination benefits provided to our Named Executive Officers upon their voluntary termination of employment or retirement do not discriminate in scope, terms or operation in favor of our executive officers compared to the benefits offered to all salaried employees, so those benefits are not included in the table below. The amounts presented in the table are in addition to amounts each Named Executive Officer earned or accrued prior to termination, such as the officer's balances in our Non-Qualified Deferred Compensation Plan, previously vested options and restricted stock, and accrued vacation. For information about these previously earned and accrued amounts, see the Outstanding Equity Awards at 2012 Fiscal Year-End, 2012 Option Exercises and Stock Vested and Non-Qualified Deferred Compensation tables located elsewhere in this proxy statement.

Name/Circumstance	Salary		Equity With Accelerated Vesting ⁽³⁾	Continued Perquisites and Benefits ⁽⁴⁾	Total
	Continuation ⁽¹⁾	Bonus ⁽²⁾			
Maxine Clark					
Death	\$	\$ 0	\$ 538,016	\$	\$ 538,016
Disability		0			0
Severance Termination ⁽⁵⁾	1,318,400	0		12,217	1,330,617
Termination for Cause					
Involuntary Termination if Change-in Control	1,318,400	0	538,016	12,217	1,868,633
Change-in-Control (no termination)			538,016		538,016
Tina Klocke					
Death		0	188,169		188,169
Disability		0			0
Severance Termination ⁽⁵⁾	357,000	0			357,000
Termination for Cause					
Involuntary Termination if Change-in Control	357,000	0	188,169		545,169
Change-in-Control (no termination)			188,169		188,169
Eric Fencel					
Death		0	122,485		122,485
Disability		0			0
Severance Termination ⁽⁵⁾	300,000	0		8,576	308,576
Termination for Cause					
Involuntary Termination if Change-in Control	300,000	0	122,485	8,576	431,061
Change-in-Control (no termination)			122,485		122,485
David Finnegan					
Death		0	102,974		102,974
Disability		0			0
Severance Termination ⁽⁵⁾	297,000	0			297,000
Termination for Cause					
Involuntary Termination if Change-in Control	297,000	0	102,974		399,974
Change-in-Control (no termination)			102,974		102,974
Teresa Kroll					
Death		0	96,170		96,170
Disability		0			0
Severance Termination ⁽⁵⁾	270,000	0			270,000
Termination for Cause					
Involuntary Termination if Change-in Control	270,000	0	96,170		366,170
Change-in-Control (no termination)			96,170		96,170

(1) Severance pay is salary continuation of base salary for 24 months for Ms. Clark and 12 months for Mses. Klocke and Kroll and Messrs. Fencel and Finnegan, in each case reduced by the amount of any cash compensation from a subsequent employer during such period.

(2) Where indicated, the Named Executive Officer is entitled to pro-rated bonus based on the number of full calendar weeks during the applicable fiscal year during which the executive was employed. Amount shown is the actual bonus paid in March 2013 based on the Company's 2012 performance.

(3) The amounts appearing in this column represent the aggregate market value of time-based restricted shares and the value of stock options, the vesting of which would have been accelerated, each based on the closing price of \$3.91 for the shares of common stock on December 28, 2012. If a change of control occurred prior to the end of the fiscal year, vesting would have accelerated for the target number of performance-based restricted shares. For changes of control after year end, vesting would have accelerated for shares earned based on Company financial performance. However, because the Company did not achieve the threshold earnings per share target for fiscal 2012, and the above table assumes that the change of control happened at year-end, vesting would not have accelerated for performance-based restricted shares.

Table of Contents

(4) In the event of involuntary termination, for 24 months, the Company will also pay towards the premium for any continuation or conversion of welfare benefit insurance coverage an amount equal to the amount it was paying for Ms. Clark's coverage under the Company's welfare benefit plans as of the termination date. In the event of an involuntary termination, Ms. Klocke's and Ms. Kroll's employment agreements require the Company to continue the Company's welfare benefits for 12 months to the extent permitted by the Company's welfare benefit plans. However, the amount shown above is zero because such plans currently do not permit the Company to continue to provide such benefits following termination of employment. For the period that welfare benefits are continued under COBRA, the Company will continue to pay the Company's portion of Mr. Fencel's medical plan premium. Mr. Finnegan's employment agreement does not require the Company to pay for post-termination welfare benefits in excess of benefits required under COBRA.

(5) Severance Termination would occur if the Company terminated the executive without cause or the executive terminated his or her employment for good reason (as each is defined in the applicable employment agreement).

PROPOSAL NO. 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

Ernst & Young LLP served as the Company's independent registered public accounting firm for the year ended December 29, 2012. The Audit Committee of the Board of Directors has appointed Ernst & Young LLP to act in that capacity for fiscal 2013, which ends on December 28, 2013. A representative of Ernst & Young LLP is expected to be present at the annual meeting with the opportunity to make a statement if he or she desires to do so and to be available to respond to appropriate questions from stockholders.

Although the Company is not required to submit this appointment to a vote of the stockholders, the Audit Committee of the Board of Directors continues to believe it appropriate as a matter of policy to request that the stockholders ratify the appointment of Ernst & Young LLP as principal independent registered public accounting firm. If the stockholders do not ratify the appointment, the Audit Committee will investigate the reasons for stockholder rejection and consider whether to retain Ernst & Young LLP or appoint another independent registered public accounting firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 28, 2013.**Principal Accountant Fees**

The following table presents fees for professional services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for the fiscal years ended December 29, 2012 and December 31, 2011, as well as fees billed for other services rendered by Ernst & Young LLP during those periods:

	Fiscal 2012	Fiscal 2011
Audit Fees ⁽¹⁾	\$ 608,600	\$ 518,000
Audit-Related Fees		
Tax Fees ⁽²⁾	57,200	57,500
All Other Fees		
Total Fees	\$ 665,800	\$ 575,500

(1) Audit Fees are fees paid for professional services rendered for the audit of the Company's annual consolidated financial statements, reviews of the Company's interim consolidated financial statements and statutory audit requirements at certain non-U.S. locations.

(2) Tax Fees are fees paid for tax consultation and compliance services.

Policy Regarding Pre-Approval of Services Provided by the Independent Registered Public Accounting Firm

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

The Audit Committee Charter requires the Audit Committee's pre-approval of all audit and permitted non-audit services to be performed for the Company by the independent registered public accounting firm. In determining whether proposed services are permissible, the Audit Committee considers whether the provision of such services is compatible with maintaining auditor independence. As part of its consideration of proposed services, the Audit Committee may consult with management as part of the decision making process, but may not delegate this authority to management. Pursuant to a delegation of authority from the Audit Committee, the Chair of the Audit Committee may pre-approve such audit or permitted non-audit services. If the Chair approves any such services, any such approvals are presented to the full Audit Committee at the next scheduled Audit Committee meeting. All of the services performed by Ernst & Young LLP during the 2012 and 2011 fiscal years were pre-approved by the Audit Committee.

Table of Contents

Change in Independent Registered Public Accounting Firm

On July 11, 2011, the Audit Committee of the Board of Directors of the Company approved the engagement of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2011. In connection with the selection of Ernst & Young LLP, on July 11, 2011, the Audit Committee also dismissed KPMG LLP as the Company's independent registered public accounting firm. The decision to change auditors was the result of a request for proposal process in which the Company evaluated the credentials of several firms.

During the fiscal years ended January 2, 2010 and January 1, 2011 and the subsequent interim period through July 11, 2011, neither the Company nor anyone on its behalf consulted with Ernst & Young LLP with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Ernst & Young LLP concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

The audit reports of KPMG LLP on the Company's consolidated financial statements as of and for the fiscal years ended January 2, 2010 and January 1, 2011 did not contain an adverse opinion or a disclaimer of an opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. The audit reports of KPMG LLP on the effectiveness of internal control over financial reporting as of January 2, 2010 and January 1, 2011 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended January 2, 2010 and January 1, 2011 and the subsequent interim period through July 11, 2011, there were no disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG LLP, would have caused KPMG LLP to make reference to the subject matter of the disagreements in its audit reports on the Company's consolidated financial statements for such years.

During the fiscal years ended January 2, 2010 and January 1, 2011 and the subsequent interim period through July 11, 2011, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

Table of Contents

PROPOSAL NO. 3. ADVISORY (NON-BINDING) VOTE APPROVING EXECUTIVE COMPENSATION

We are asking our stockholders to provide advisory approval of the compensation of our Named Executive Officers. As described in the Compensation Discussion and Analysis section of this proxy statement, the Compensation and Development Committee has designed and implemented executive compensation programs that are intended to align with our stockholders' interests. The fundamental objectives of our executive compensation program are to attract and retain highly qualified executive officers, to motivate these executive officers to materially contribute to our long-term business success, and to align the interests of our executive officers and stockholders by rewarding our executives for individual and corporate performance based on targets established by the Compensation and Development Committee. Accordingly, a significant portion of our Named Executive Officers' compensation is based on individual and corporate financial performance, while avoiding the encouragement of unnecessary or excessive risk-taking. Their total target direct compensation consisted of a mix of base salary, annual cash bonuses based on the achievement of pre-established targets, and long-term incentive awards with target award values allocated between time-based restricted stock and performance-based restricted stock.

In March 2012, based on each officer's performance in 2011 and current salary compared to salaries for similar executives within the Company's peer group and market survey data, salaries for the Named Executive Officers except for the Chief Executive Bear were increased so that their salaries were within a competitive range of the median of the market data reviewed by the Committee. Annual bonus plan targets were pre-established based on revenue and EBITDA goals. The mix of long-term incentive compensation awards was adjusted to more directly align the Named Executive Officers' interests with those of our stockholders through grants with target award values allocated between 50% time-based restricted stock, and 50% performance-based restricted stock which would have been earned only upon achievement of pre-established earnings per share targets.

The Company is in the midst of a multi-year turnaround initiative that includes closing 60 to 70 stores from 2012 through 2014, opening new stores in a new design that builds our destination appeal and refocusing on brand messaging in our marketing programs. In 2012, we began to see our initiatives gain traction. During 2012, the Company achieved cost savings of \$7.5 million and maintained a strong balance sheet. Nevertheless, fiscal 2012 was a disappointing year. The Company's total revenues were \$380.9 million, compared to \$394.4 million in fiscal 2011, a decrease of 3.3%, excluding the impact of foreign exchange. The Company incurred a net loss per share of \$3.04 which included a \$33.7 million, or \$2.06 per share, non-cash charge to impair goodwill associated with the Company's UK business. Because these results fell short of the threshold performance levels, none of the Named Executive Officers earned a bonus under the 2012 Bonus Plan, and all performance-based restricted shares were forfeited.

In March 2013, to even further align our Named Executive Officers' compensation with stockholder interests, the Committee approved long-term incentives for the Named Executive Officers with target award values allocated between 75% performance-based restricted stock, and 25% time-based restricted stock.

Additional information about the compensation of our Named Executive Officers is provided in the Executive Compensation section of this proxy statement which includes the Compensation Discussion and Analysis, compensation tables and narrative discussion.

While this vote is advisory, and not binding on our Company, it will provide information to our Compensation and Development Committee regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Committee will be able to consider when determining executive compensation for the remainder of fiscal 2013 and beyond.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting processes. Management is responsible for the Company's financial statements and overall reporting process, including the system of internal controls. The independent auditors are responsible for conducting annual audits and quarterly reviews of the Company's financial statements and expressing an opinion as to the conformity of the annual financial statements with generally accepted accounting principles.

The Audit Committee submits the following report pursuant to the SEC rules:

The Audit Committee has reviewed and discussed with management and with Ernst & Young LLP, the Company's independent registered public accounting firm, the audited and consolidated financial statements of the Company for the year ended December 29, 2012 (the 2012 Financial Statements).

Ernst & Young LLP has advised the management of the Company and the Audit Committee that it has discussed with them all the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T, which include among other items, matters related to the conduct of the audit of the 2012 Financial Statements.

The Audit Committee has received from Ernst & Young LLP the written disclosures and the letter required by applicable requirements of the PCAOB regarding Ernst & Young LLP's communications with the Audit Committee concerning independence and has discussed Ernst & Young LLP's independence with them.

Based upon the aforementioned review, discussions and representations of Ernst & Young LLP, and the unqualified audit opinion presented by Ernst & Young LLP on the 2012 Financial Statements, the Audit Committee recommended to the Board of Directors that the 2012 Financial Statements be included in the Company's Annual Report on Form 10-K for the 2012 fiscal year and that Ernst & Young LLP be selected as the independent registered public accounting firm for the Company for fiscal 2013.

Submitted by the Audit Committee of the Board of Directors:

Louis Mucci, Chairman

Mary Lou Fiala

Virginia Kent

Braden Leonard

Thomas Pinnau

Table of Contents

STOCKHOLDER COMMUNICATIONS WITH THE BOARD

Our Board of Directors has adopted a policy to provide a process for holders of our securities to send written communications to our Board. Any stockholder wishing to send communications to our Board should send the written communication and the following information to our Corporate Secretary, Build-A-Bear Workshop, Inc., 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114:

stockholder's name, number and type of securities owned, length of period held, and proof of ownership;

name, age, business and residential address of stockholder; and

any individual Director or committee to which the stockholder would like to have the written statement and other information sent. The Corporate Secretary, or his or her designee, will collect and organize all of such stockholder communications as he or she deems appropriate and, at least once each fiscal quarter, forward these materials to the Non-Executive Chairman, any Committee Chair or individual Director. The Corporate Secretary may refuse to forward material which he or she determines in good faith to be scandalous, threatening or otherwise inappropriate for delivery. The Corporate Secretary will also maintain copies of such materials.

Table of Contents

SELECTION OF NOMINEES FOR THE BOARD OF DIRECTORS

The Nominating and Corporate Governance Committee is responsible for identifying and recommending to the Board candidates to serve as members of the Board. The Nominating and Corporate Governance Committee has not adopted specific, minimum qualifications that nominees must meet in order for the Nominating and Corporate Governance Committee to recommend them to the Board, but rather, each nominee is individually evaluated based on his or her individual merits, taking into account our needs and the composition of the Board. The Nominating and Corporate Governance Committee seeks independent Directors who represent a mix of backgrounds and experiences that will enhance the quality of the board's deliberations and decisions. Candidates should have substantial experience with one or more publicly traded national or multinational companies or shall have achieved a high level of distinction in their chosen fields. The Nominating and Corporate Governance Committee has not adopted a formal policy with respect to diversity; however, the Board and the Nominating and Corporate Governance Committee believe that Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender, and ethnicity. The Nominating and Corporate Governance Committee will consider candidates submitted by a variety of sources including, without limitation, incumbent Directors, stockholders and our management. Periodically, the Company has engaged independent third party search firms to assist the Company in identifying and evaluating qualified Board candidates.

In all cases, members of the Nominating and Corporate Governance Committee discuss and evaluate each potential candidate's educational background, employment history, outside commitments and other relevant factors in detail, and suggest individuals qualified to serve on the Board to explore in more depth. Once a candidate is identified whom the Nominating and Corporate Governance Committee wants to seriously consider and move toward nomination, the Chairman of the Nominating and Corporate Governance Committee, or his or her designee, meets with that nominee to evaluate his or her potential interest in serving on the Board and sets up interviews with the full Nominating and Corporate Governance Committee.

Any stockholder or interested party wishing to submit a candidate for consideration should send the following information to the Corporate Secretary, Build-A-Bear Workshop, Inc., 1954 Innerbelt Business Center Drive, St. Louis, Missouri 63114:

stockholder's name, number of shares owned, length of period held, and proof of ownership;

name, age and address of candidate;

a detailed resume describing, among other things, the candidate's educational background, occupation, employment history, and material outside commitments (for example, memberships on other boards and committees, charitable foundations and the like);

a supporting statement which describes the candidate's reasons for seeking election to the Board and documents his or her ability to serve on the Board;

any information relating to the candidate that is required to be disclosed in the solicitation of proxies for election of Directors;

a description of any arrangements or understandings between the stockholder and the candidate;

any other information that would be useful to the Committee in considering the candidate; and

a signed statement from the candidate, confirming his or her willingness to serve on the Board.

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form DEF 14A

The Corporate Secretary will promptly forward such materials to the Nominating and Corporate Governance Committee Chair and the Non-Executive Chairman. The Corporate Secretary will also maintain copies of such materials for future reference by the Nominating and Corporate Governance Committee when filling Board positions. The same criteria apply with respect to the Nominating and Corporate Governance Committee's evaluation of all candidates for membership to the Board. However, separate procedures will apply, as provided in the bylaws, if a stockholder wishes to submit at an annual meeting a Director candidate who is not approved by the Nominating and Corporate Governance Committee or the full Board.

Table of Contents

STOCKHOLDER PROPOSALS

Our amended and restated bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as Directors at an annual meeting of stockholders, must provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not more than 120 days or less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders, or between January 9, 2014 and February 8, 2014, in the case of the 2014 annual meeting. However, in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder, in order to be timely, must be received no later than the close of business on the 10th day following the date on which notice of the date of the annual meeting was mailed to stockholders or made public, whichever first occurs. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for Directors at an annual meeting of stockholders.

Stockholder proposals intended to be presented at the 2014 annual meeting must be received by the Company at its principal executive office no later than December 6, 2013 in order to be eligible for inclusion in the Company's proxy statement and proxy relating to that meeting. Upon receipt of any proposal, the Company will determine whether to include such proposal in accordance with regulations governing the solicitation of proxies.

OTHER MATTERS

Management does not intend to bring before the meeting any matters other than those specifically described above and knows of no matters other than the foregoing to come before the meeting. If any other matters or motions properly come before the meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with the recommendation of management on such matters or motions, including any matters dealing with the conduct of the meeting.

By Order of the Board of Directors

Tina Klocke

Chief Operations and Financial Bear, Treasurer and Secretary

APRIL 5, 2013

Table of Contents

APPENDIX A

DIRECTIONS TO THE COMPANY S WORLD BEARQUARTERS

1954 INNERBELT BUSINESS CENTER DRIVE

ST. LOUIS, MISSOURI 63114

Build-A-Bear Workshop s World Bearquarters is located at 1954 Innerbelt Business Center Drive. Signs will be posted in the parking lot to direct you to the appropriate entrance.

FROM LAMBERT INTERNATIONAL AIRPORT

Take I-70 east and merge onto I-170 south via Exit 238B. Take the Page Avenue exit, Exit 4. Turn right onto Page Avenue and right onto Innerbelt Business Center Drive.

FROM DOWNTOWN ST. LOUIS OR ILLINOIS

Take I-70 west and merge onto I-170 south via Exit 238B. Take the Page Avenue exit, Exit 4. Turn right onto Page Avenue and right onto Innerbelt Business Center Drive.

FROM NORTH COUNTY LOCATIONS

Take I-170 south to the Page Avenue exit, Exit 4. Turn right onto Page Avenue and right onto Innerbelt Business Center Drive.

FROM SOUTH COUNTY LOCATIONS

Take I-270 north to I-64/US-40 east via Exit 12. Merge onto I-170 north. Take the Page Avenue exit, Exit 4. Turn left onto Page Avenue and turn right onto Innerbelt Business Center Drive.

FROM WEST COUNTY LOCATIONS

Take I-64/US-40 east and merge onto I-170 north. Take the Page Avenue exit, Exit 4. Turn left onto Page Avenue and turn right onto Innerbelt Business Center Drive.

Table of Contents

Table of Contents

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Central Time, on May 8, 2013.

Vote by Internet

Go to www.investorvote.com/BBW

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories &

Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** x as shown

in this example. Please do not write outside the designated areas.

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A

Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 4.

1. Election of Directors	For	Withhold	For	Withhold	For	Withhold	+
01 - Mary Lou Fiafa	..		02 - James M. Gould	03 - Thomas Pinnau

2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's current fiscal year.	For	Against	Abstain	3. Advisory vote on executive compensation.	For	Against	Abstain
..

4. To transact such other business as may properly come before the meeting or any adjournments thereof.	For	Against	Abstain	THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR ALL OF THE NOMINEES FOR DIRECTOR AND FOR PROPOSALS 2, 3 AND 4.			
..				

B

Non-Voting Items

Change of Address Please print your new address below. **Comments** Please print your comments below.

Meeting Attendance
 Mark the box to the right if you plan to attend the Annual Meeting. ..

C **Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign**

Below

Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

n/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within

Table of Contents

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders.

The Proxy Statement and the 2012 Annual Report to Stockholders are available at:

<https://materials.proxyvote.com/120076>

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

Proxy Build-A-Bear Workshop, Inc.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
OF BUILD-A-BEAR WORKSHOP, INC.**

The undersigned hereby appoints Chief Executive Bear Maxine Clark and Chief Operations and Financial Bear, Treasurer and Secretary Tina Klocke, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Build-A-Bear Workshop, Inc. Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Stockholders of the company to be held on May 9, 2013 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

(Continued and to be marked, dated and signed, on the other side)