
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 17, 2017

Potbelly Corporation

(Exact name of registrant as specified in its charter)

Commission File Number: 001-36104

Delaware
(State or other jurisdiction
of incorporation)

36-4466837
(IRS Employer
Identification No.)

111 N. Canal Street, Suite 850
Chicago, Illinois 60606
(Address of principal executive offices, including zip code)

(312) 951-0600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

Emerging growth company

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

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

Appointment of Interim Chief Executive Officer

Potbelly Corporation (the “Company”) reported in its Current Report on Form 8-K with the Securities and Exchange Commission on May, 31, 2017, that Aylwin Lewis, Chairman and Chief Executive Officer, will be leaving Potbelly later this year. On July 18, 2017, the Company’s Board of Directors appointed Michael Coyne, the Company’s Chief Financial Officer (“CFO”), as the interim Chief Executive Officer. Mr. Lewis will continue his role as Chairman of the Board of Directors through August 8, 2017. The Board of Directors has engaged an executive search consultant to assist in identifying and evaluating prospective candidates for the role of Chief Executive Officer.

In connection with Mr. Coyne’s appointment as interim Chief Executive Officer, the Company has entered into a letter agreement (the “Letter Agreement”) with Mr. Coyne which provides that, for the duration of his tenure as interim Chief Executive Officer, the Company has agreed to pay him additional compensation of \$25,000 per calendar month (\$12,500 for any calendar month for which he provides services as interim Chief Executive Officer for 14 days or less). This additional compensation is in addition to Mr. Coyne’s base salary, which will remain unchanged. The additional compensation will not be treated as base salary, bonus or other compensation for purposes of his employment agreement. The foregoing description of the Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the Letter Agreement filed herewith as Exhibit 10.1 and is incorporated by reference herein.

Mr. Coyne, age 54, joined the Company in May 2015 as the CFO. Mr. Coyne was previously employed at CNA Financial Corporation, where he served as Senior Vice President, Small Business from 2009 through 2015, and as Senior Vice President and Chief Financial Officer of CNA’s Property & Casualty Operations from 2005 through 2009. Prior to joining CNA, Mr. Coyne held various senior positions at Sears Holding Corporation, culminating as Vice President and Treasurer. Mr. Coyne holds an M.B.A. from Northwestern University’s Kellogg Graduate School of Management and a B.S. from the University of Illinois.

There are no arrangements or understandings between Mr. Coyne and any other persons pursuant to which Mr. Coyne was selected as interim Chief Executive Officer of the Company. There are no family relationships between Mr. Coyne and any director or executive officer of the Company (or person nominated or chosen to become a director or executive officer of the Company), and Mr. Coyne has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended, nor are any such transactions currently proposed.

Management Retention Agreements

On July 17, 2017, with the authorization of the Compensation Committee of the Company’s Board of Directors, the Company offered and entered into retention agreements (the “Retention Agreements”) with each of Mr. Coyne, Chief Financial Officer; Mr. Matthew Revord, Senior Vice President, Chief Legal Officer, General Counsel and Secretary; and Ms. Julie Younglove-Webb, Senior Vice President, Operations.

Subject to the restrictions set forth in the Retention Agreements, each of Mr. Coyne, Mr. Revord and Ms. Younglove-Webb will be eligible to receive a cash retention award (“Retention Payment”) in an amount equal to \$444,375; \$416,250; and \$382,500, respectively in the event that the relevant executive remains employed with the Company through December 31, 2018. The Retention Payment is payable only if the executive (1) remains employed in good standing through the Retention Date, is terminated other than for Cause (as defined in the Retention Agreements), and (2) delivers a valid and irrevocable release and waiver in form provided by the Company. The Retention Payment will be payable to the relevant executive in one lump sum payment made sixty days following the earlier of (i) the executive’s Termination Date (as defined in the Retention Agreement) or (ii) December 31, 2018.

The foregoing description of the Retention Agreements does not purport to be complete and is qualified in its entirety by reference to the Retention Agreements, which are filed herewith as Exhibits 10.2, 10.3 and 10.4 and are incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Letter Agreement between Potbelly Corporation and Michael Coyne, dated July 18, 2017
10.2	Retention Agreement between Potbelly Corporation and Michael Coyne, dated July 17, 2017
10.3	Retention Agreement between Potbelly Corporation and Matthew Revord, dated July 17, 2017
10.4	Retention Agreement between Potbelly Corporation and Julie Younglove-Webb, dated July 17, 2017

SIGNATURES

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

Date: July 18, 2017

Potbelly Corporation

By: /s/ Matthew Revord

Name: Matthew Revord

Title: Senior Vice President and Chief Legal Officer

Letter Agreement

Mr. Michael Coyne
Potbelly Corporation
111 North Canal, Suite 850
Chicago, Illinois 60606

Re: Compensation as Interim Chief Executive Officer

Dear Mike:

We are pleased that you have agreed to serve as the Interim Chief Executive Officer (“Interim CEO”) of Potbelly Corporation (the “Company”) beginning effective July 18, 2017. The purpose of this letter agreement is to document the compensation that you will receive for your duties as Interim CEO.

For the period that you serve as Interim CEO, the Company will pay you a cash payment of \$25,000 per calendar month; provided, however, that if you serve as the Interim CEO for 14 days or less during a calendar month, you will only receive a cash payment of \$12,500 for that month. Any payments to which you are entitled for a month will be paid to you no later than the last day of the month following the month for which the services were performed (or such earlier date required by applicable law). All payments will be subject to applicable withholdings and other required deductions.

Any payments for additional compensation for your duties as Interim CEO will terminate for periods after you cease serving as the Interim CEO. The payments set forth herein are in addition to any compensation to which you are entitled under your Executive Employment Agreement with the Company dated May 1, 2015 (the “Employment Agreement”). Your additional compensation outlined in this letter agreement, will not be considered base salary, bonus or other compensation for purposes of your Employment Agreement.

Please indicate your agreement with the foregoing by signing and returning a copy of this letter agreement to me. Of course, if you have any questions regarding the foregoing, please feel free to contact me.

Sincerely yours,

POTBELLY CORPORATION

By: /s/ Marla Gottschalk

Name: Marla Gottschalk

Title: Director

Agreed:

/s/ Michael Coyne

Michael Coyne

July 18, 2017

RETENTION AGREEMENT

This RETENTION AGREEMENT (“Agreement”) is made and entered into as of July 1, 2017 (the “Effective Date”) by and between Potbelly Corporation, a Delaware corporation (hereinafter referred to as “Company”), and Michael Coyne, an individual (hereinafter referred to as “Executive”).

Statement of Purpose

WHEREAS, Company’s current Chief Executive Officer will be leaving Company in August, 2017 and Company is currently in the process of searching for a new Chief Executive Officer; and

WHEREAS, Company’s the Board of Directors of Company (the “Board”) recognizes that this is a time of uncertainty and that retention of existing talent and leadership during the transition to a new Chief Executive Officer is key to the continuing success of Company’s business;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby mutually covenanted and agreed by Company and Executive as follows:

1. Definitions. To the extent not otherwise defined in this Agreement, the following capitalized terms shall have the meaning specified.

(a) “Cause” shall have the meaning specified in the Employment Agreement.

(b) “Code” means the Internal Revenue Code of 1986, as amended.

(c) “Disability” shall have the meaning specified in the Employment Agreement.

(d) “Employment Agreement” means the Executive Employment Agreement between Company and Executive dated May 1, 2015.

(e) “Payment Date” means the sixtieth (60th) day following the earlier of (i) Executive’s Termination Date or (ii) the Retention Date.

(f) “Release” means the form of release provided by Company to Executive.

(g) “Release Requirements” will be satisfied as of any date if, as of such date, (i) Executive (or, in the event of his or her death, his or her estate) has executed the Release, (ii) the revocation period required by applicable law has expired and Executive (or his or her estate, if applicable) has not revoked the Release within such revocation period, and (iii) the Release has become effective.

(h) “Retention Date” means December 31, 2018.

(i) “*Retention Period*” means the number of days from and including the Effective Date through and including the Retention Date.

(j) “*Termination Date*” means the date, prior to the Retention Date, on which Executive’s employment with Company and its affiliates (including any successors to Company or any of its affiliates) terminates for any reason. Executive’s employment with Company shall not be considered terminated if Executive’s employment is transferred among or between Company and its affiliates or to a successor of Company and/or any of its affiliates. For the avoidance of doubt, if Executive becomes employed by an entity into which Company or any of its affiliates is merged, or the purchaser of substantially all of the assets of Company, or a successor to such entity or purchaser, Executive shall not be treated as having terminated employment for purposes of determining whether Executive has incurred a Termination Date for purposes of this Agreement until such time as Executive terminates employment with the merged entity or purchaser (or successor), as applicable.

2. Retention Payment.

(a) *Retention Payment.* If Executive remains continuously employed by Company as a full-time employee from the Effective Date through the Retention Date and if the Release Requirements are satisfied by the Payment Date, Executive shall be entitled to a “Retention Payment” in an amount equal to \$444,375, which Retention Payment shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date.

(b) *Termination of Employment Without Cause or on Account of Death or Disability.* Notwithstanding the provisions of paragraph (a), if Executive’s Termination Date occurs prior to the Retention Date (A) as a result of termination by Company for reasons other than for Cause, (B) on account of Executive’s death, or (C) on account of Executive’s Disability, and, in any such case, if the Release Requirements are satisfied as of the Payment Date, then:

- (i) if the Termination Date occurs as a result of termination by Company for reasons other than for Cause, Executive shall be entitled to payment of the Retention Payment;
- (ii) if the Termination Date occurs as a result of Executive’s death or Disability on or after the six month anniversary of the Effective Date, Executive shall be entitled to payment of the Retention Payment; or
- (iii) if the Termination Date occurs as a result of Executive’s death or Disability prior to the six month anniversary of the Effective Date, Executive shall be entitled to a pro rata portion of the Retention Payment, equal to the amount of the Retention Payment multiplied by a fraction the numerator of which is the number of days from and including the Effective Date through and including the Termination Date and the denominator of which is Retention Period.

The Retention Payment (or any portion thereof) shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date provided that the Release Requirements are satisfied as of such earlier date.

(c) *Other Terminations of Employment.* If Executive's Termination Date occurs prior to the Retention Date for any reason other than as described in paragraph (b) (including as a result of voluntary resignation), Executive shall not be entitled to any Retention Payment pursuant to this Agreement or otherwise.

3. Miscellaneous Provisions

(a) *Governing Law.* This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois without regard to the conflicts of laws principles of such state.

(b) *Assignment/Successors.* Executive may not assign or transfer any of his or her obligations, or any of his or her rights to any payments, under this Agreement; provided, however, that if Employee shall die, all amounts then payable to Employee hereunder shall be paid in accordance with the terms of this Agreement to Employee's estate. Company may assign any or all of its rights and interests under this Agreement to one or more of its affiliates or successors and Company may designate one or more of its affiliates to perform its obligations hereunder. This Agreement shall be binding upon, and inure to the benefit of, Company and its successors and assigns and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of Company's assets and business.

(c) *Agreement Not Guarantee of Employment.* This Agreement does not constitute a guarantee of employment by Company and will not give Executive the right to be retained in the employ of Company or any of its affiliates or any successor, nor any right or claim to any benefit under this Agreement unless such right or claim has specifically arisen under this Agreement.

(d) *Withholding.* All payments under this Agreement are subject to applicable taxes and other withholdings.

(e) *Amendment.* This Agreement may be amended at any time by mutual written agreement of the parties.

(f) *Entire Agreement.* This Agreement contains the entire understanding between the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements and conditions, express or implied, oral or written, with respect to the subject matter hereof.

(g) *Special Section 409A Rules.* It is the intent of Company that payments under this Agreement comply with or be exempt from Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if any payment hereunder is subject to section 409A of the Code, and if such payment or benefit is to be paid or provided on account of Executive's separation from service or termination of employment:

- (i) and if Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code) and if any such payment or benefit is required to be made or provided prior to the first day of the seventh month following Executive's separation from service or termination of employment, such payment or benefit shall be delayed until the first day of the seventh month following Executive's separation from service; and
- (ii) for purposes of applying the requirements of Section 409A of the Code, the determination as to whether Executive has had a separation from service or termination of employment shall be made in accordance with the provisions of section 409A of the Code and the guidance issued thereunder without application of any alternative levels of reductions of bona fide services permitted thereunder.

(h) *Execution in Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of the parties reflected hereon as the signatories.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in writing as of this 17th date of July, 2017.

POTBELLY CORPORATION

By: /s/ Peter Bassi

Name: Peter Bassi

Title: Director

EXECUTIVE

/s/ Michael Coyne

Michael Coyne

RETENTION AGREEMENT

This RETENTION AGREEMENT (“Agreement”) is made and entered into as of July 1, 2017 (the “Effective Date”) by and between Potbelly Corporation, a Delaware corporation (hereinafter referred to as “Company”), and Matthew Revord, an individual (hereinafter referred to as “Executive”).

Statement of Purpose

WHEREAS, Company’s current Chief Executive Officer will be leaving Company in August, 2017 and Company is currently in the process of searching for a new Chief Executive Officer; and

WHEREAS, Company’s the Board of Directors of Company (the “Board”) recognizes that this is a time of uncertainty and that retention of existing talent and leadership during the transition to a new Chief Executive Officer is key to the continuing success of Company’s business;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby mutually covenanted and agreed by Company and Executive as follows:

1. **Definitions.** To the extent not otherwise defined in this Agreement, the following capitalized terms shall have the meaning specified.

(a) “Cause” shall have the meaning specified in the Employment Agreement.

(b) “Code” means the Internal Revenue Code of 1986, as amended.

(c) “Disability” shall have the meaning specified in the Employment Agreement.

(d) “Employment Agreement” means the Executive Employment Agreement between Company and Executive dated July 25, 2013, as amended dated April 22, 2015.

(e) “Payment Date” means the sixtieth (60th) day following the earlier of (i) Executive’s Termination Date or (ii) the Retention Date.

(f) “Release” means the form of release provided by Company to Executive.

(g) “Release Requirements” will be satisfied as of any date if, as of such date, (i) Executive (or, in the event of his or her death, his or her estate) has executed the Release, (ii) the revocation period required by applicable law has expired and Executive (or his or her estate, if applicable) has not revoked the Release within such revocation period, and (iii) the Release has become effective.

(h) “Retention Date” means December 31, 2018.

(i) “*Retention Period*” means the number of days from and including the Effective Date through and including the Retention Date.

(j) “*Termination Date*” means the date, prior to the Retention Date, on which Executive’s employment with Company and its affiliates (including any successors to Company or any of its affiliates) terminates for any reason. Executive’s employment with Company shall not be considered terminated if Executive’s employment is transferred among or between Company and its affiliates or to a successor of Company and/or any of its affiliates. For the avoidance of doubt, if Executive becomes employed by an entity into which Company or any of its affiliates is merged, or the purchaser of substantially all of the assets of Company, or a successor to such entity or purchaser, Executive shall not be treated as having terminated employment for purposes of determining whether Executive has incurred a Termination Date for purposes of this Agreement until such time as Executive terminates employment with the merged entity or purchaser (or successor), as applicable.

2. Retention Payment.

(a) *Retention Payment.* If Executive remains continuously employed by Company as a full-time employee from the Effective Date through the Retention Date and if the Release Requirements are satisfied by the Payment Date, Executive shall be entitled to a “Retention Payment” in an amount equal to \$416,250, which Retention Payment shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date.

(b) *Termination of Employment Without Cause or on Account of Death or Disability.* Notwithstanding the provisions of paragraph (a), if Executive’s Termination Date occurs prior to the Retention Date (A) as a result of termination by Company for reasons other than for Cause, (B) on account of Executive’s death, or (C) on account of Executive’s Disability, and, in any such case, if the Release Requirements are satisfied as of the Payment Date, then:

- (i) if the Termination Date occurs as a result of termination by Company for reasons other than for Cause, Executive shall be entitled to payment of the Retention Payment;
- (ii) if the Termination Date occurs as a result of Executive’s death or Disability on or after the six month anniversary of the Effective Date, Executive shall be entitled to payment of the Retention Payment; or
- (iii) if the Termination Date occurs as a result of Executive’s death or Disability prior to the six month anniversary of the Effective Date, Executive shall be entitled to a pro rata portion of the Retention Payment, equal to the amount of the Retention Payment multiplied by a fraction the numerator of which is the number of days from and including the Effective Date through and including the Termination Date and the denominator of which is Retention Period.

The Retention Payment (or any portion thereof) shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date provided that the Release Requirements are satisfied as of such earlier date.

(c) *Other Terminations of Employment.* If Executive's Termination Date occurs prior to the Retention Date for any reason other than as described in paragraph (b) (including as a result of voluntary resignation), Executive shall not be entitled to any Retention Payment pursuant to this Agreement or otherwise.

3. Miscellaneous Provisions

(a) *Governing Law.* This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois without regard to the conflicts of laws principles of such state.

(b) *Assignment/Successors.* Executive may not assign or transfer any of his or her obligations, or any of his or her rights to any payments, under this Agreement; provided, however, that if Employee shall die, all amounts then payable to Employee hereunder shall be paid in accordance with the terms of this Agreement to Employee's estate. Company may assign any or all of its rights and interests under this Agreement to one or more of its affiliates or successors and Company may designate one or more of its affiliates to perform its obligations hereunder. This Agreement shall be binding upon, and inure to the benefit of, Company and its successors and assigns and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of Company's assets and business.

(c) *Agreement Not Guarantee of Employment.* This Agreement does not constitute a guarantee of employment by Company and will not give Executive the right to be retained in the employ of Company or any of its affiliates or any successor, nor any right or claim to any benefit under this Agreement unless such right or claim has specifically arisen under this Agreement.

(d) *Withholding.* All payments under this Agreement are subject to applicable taxes and other withholdings.

(e) *Amendment.* This Agreement may be amended at any time by mutual written agreement of the parties.

(f) *Entire Agreement.* This Agreement contains the entire understanding between the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements and conditions, express or implied, oral or written, with respect to the subject matter hereof.

(g) *Special Section 409A Rules.* It is the intent of Company that payments under this Agreement comply with or be exempt from Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if any payment hereunder is subject to section 409A of the Code, and if such payment or benefit is to be paid or provided on account of Executive's separation from service or termination of employment:

-
- (i) and if Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code) and if any such payment or benefit is required to be made or provided prior to the first day of the seventh month following Executive's separation from service or termination of employment, such payment or benefit shall be delayed until the first day of the seventh month following Executive's separation from service; and
 - (ii) for purposes of applying the requirements of Section 409A of the Code, the determination as to whether Executive has had a separation from service or termination of employment shall be made in accordance with the provisions of section 409A of the Code and the guidance issued thereunder without application of any alternative levels of reductions of bona fide services permitted thereunder.

(h) *Execution in Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of the parties reflected hereon as the signatories.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in writing as of this 17th date of July, 2017.

POTBELLY CORPORATION

By: /s/ Marla Gottschalk

Name: Marla Gottschalk

Title: Director

EXECUTIVE

/s/ Matthew Revord

Matthew Revord

RETENTION AGREEMENT

This RETENTION AGREEMENT (“Agreement”) is made and entered into as of July 1, 2017 (the “Effective Date”) by and between Potbelly Corporation, a Delaware corporation (hereinafter referred to as “Company”), and Julie Younglove-Webb, an individual (hereinafter referred to as “Executive”).

Statement of Purpose

WHEREAS, Company’s current Chief Executive Officer will be leaving Company in August, 2017 and Company is currently in the process of searching for a new Chief Executive Officer; and

WHEREAS, Company’s the Board of Directors of Company (the “Board”) recognizes that this is a time of uncertainty and that retention of existing talent and leadership during the transition to a new Chief Executive Officer is key to the continuing success of Company’s business;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby mutually covenanted and agreed by Company and Executive as follows:

1. **Definitions.** To the extent not otherwise defined in this Agreement, the following capitalized terms shall have the meaning specified.

(a) “Cause” shall have the meaning specified in the Employment Agreement.

(b) “Code” means the Internal Revenue Code of 1986, as amended.

(c) “Disability” shall have the meaning specified in the Employment Agreement.

(d) “Employment Agreement” means the Executive Employment Agreement between Company and Executive dated May 1, 2015.

(e) “Payment Date” means the sixtieth (60th) day following the earlier of (i) Executive’s Termination Date or (ii) the Retention Date.

(f) “Release” means the form of release provided by Company to Executive.

(g) “Release Requirements” will be satisfied as of any date if, as of such date, (i) Executive (or, in the event of his or her death, his or her estate) has executed the Release, (ii) the revocation period required by applicable law has expired and Executive (or his or her estate, if applicable) has not revoked the Release within such revocation period, and (iii) the Release has become effective.

(h) “Retention Date” means December 31, 2018.

(i) “*Retention Period*” means the number of days from and including the Effective Date through and including the Retention Date.

(j) “*Termination Date*” means the date, prior to the Retention Date, on which Executive’s employment with Company and its affiliates (including any successors to Company or any of its affiliates) terminates for any reason. Executive’s employment with Company shall not be considered terminated if Executive’s employment is transferred among or between Company and its affiliates or to a successor of Company and/or any of its affiliates. For the avoidance of doubt, if Executive becomes employed by an entity into which Company or any of its affiliates is merged, or the purchaser of substantially all of the assets of Company, or a successor to such entity or purchaser, Executive shall not be treated as having terminated employment for purposes of determining whether Executive has incurred a Termination Date for purposes of this Agreement until such time as Executive terminates employment with the merged entity or purchaser (or successor), as applicable.

2. Retention Payment.

(a) *Retention Payment.* If Executive remains continuously employed by Company as a full-time employee from the Effective Date through the Retention Date and if the Release Requirements are satisfied by the Payment Date, Executive shall be entitled to a “Retention Payment” in an amount equal to \$382,500, which Retention Payment shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date.

(b) *Termination of Employment Without Cause or on Account of Death or Disability.* Notwithstanding the provisions of paragraph (a), if Executive’s Termination Date occurs prior to the Retention Date (A) as a result of termination by Company for reasons other than for Cause, (B) on account of Executive’s death, or (C) on account of Executive’s Disability, and, in any such case, if the Release Requirements are satisfied as of the Payment Date, then:

- (i) if the Termination Date occurs as a result of termination by Company for reasons other than for Cause, Executive shall be entitled to payment of the Retention Payment;
- (ii) if the Termination Date occurs as a result of Executive’s death or Disability on or after the six month anniversary of the Effective Date, Executive shall be entitled to payment of the Retention Payment; or
- (iii) if the Termination Date occurs as a result of Executive’s death or Disability prior to the six month anniversary of the Effective Date, Executive shall be entitled to a pro rata portion of the Retention Payment, equal to the amount of the Retention Payment multiplied by a fraction the numerator of which is the number of days from and including the Effective Date through and including the Termination Date and the denominator of which is Retention Period.

The Retention Payment (or any portion thereof) shall be paid in a single lump sum on the Payment Date and in no event shall Executive be permitted to determine the year of payment; provided, however, that, to the extent permitted by Section 409A of the Code, Company, in its sole discretion, may accelerate the payment of the Retention Bonus Payment to a date that is prior to the Payment Date provided that the Release Requirements are satisfied as of such earlier date.

(c) *Other Terminations of Employment.* If Executive's Termination Date occurs prior to the Retention Date for any reason other than as described in paragraph (b) (including as a result of voluntary resignation), Executive shall not be entitled to any Retention Payment pursuant to this Agreement or otherwise.

3. Miscellaneous Provisions

(a) *Governing Law.* This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois without regard to the conflicts of laws principles of such state.

(b) *Assignment/Successors.* Executive may not assign or transfer any of his or her obligations, or any of his or her rights to any payments, under this Agreement; provided, however, that if Employee shall die, all amounts then payable to Employee hereunder shall be paid in accordance with the terms of this Agreement to Employee's estate. Company may assign any or all of its rights and interests under this Agreement to one or more of its affiliates or successors and Company may designate one or more of its affiliates to perform its obligations hereunder. This Agreement shall be binding upon, and inure to the benefit of, Company and its successors and assigns and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of Company's assets and business.

(c) *Agreement Not Guarantee of Employment.* This Agreement does not constitute a guarantee of employment by Company and will not give Executive the right to be retained in the employ of Company or any of its affiliates or any successor, nor any right or claim to any benefit under this Agreement unless such right or claim has specifically arisen under this Agreement.

(d) *Withholding.* All payments under this Agreement are subject to applicable taxes and other withholdings.

(e) *Amendment.* This Agreement may be amended at any time by mutual written agreement of the parties.

(f) *Entire Agreement.* This Agreement contains the entire understanding between the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements and conditions, express or implied, oral or written, with respect to the subject matter hereof.

(g) *Special Section 409A Rules.* It is the intent of Company that payments under this Agreement comply with or be exempt from Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if any payment hereunder is subject to section 409A of the Code, and if such payment or benefit is to be paid or provided on account of Executive's separation from service or termination of employment:

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- (i) and if Executive is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code) and if any such payment or benefit is required to be made or provided prior to the first day of the seventh month following Executive's separation from service or termination of employment, such payment or benefit shall be delayed until the first day of the seventh month following Executive's separation from service; and
 - (ii) for purposes of applying the requirements of Section 409A of the Code, the determination as to whether Executive has had a separation from service or termination of employment shall be made in accordance with the provisions of section 409A of the Code and the guidance issued thereunder without application of any alternative levels of reductions of bona fide services permitted thereunder.

(h) *Execution in Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of the parties reflected hereon as the signatories.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in writing as of this 17th date of July, 2017.

POTBELLY CORPORATION

By: /s/ Peter Bassi

Name: Peter Bassi

Title: Director

EXECUTIVE

/s/ Julie Younglove-Webb

Julie Younglove-Webb