

**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): April 10, 2020

Potbelly Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36104
(Commission File Number)

36-4466837
(IRS Employer
Identification No.)

111 N. Canal Street, Suite 850
Chicago, Illinois
(Address of Principal Executive Offices)

60606
(Zip Code)

Registrant's Telephone Number, Including Area Code: (312) 951-0600

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	PBPB	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)

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 1.01. Entry into a Material Definitive Agreement

On April 10, 2020, Potbelly Sandwich Works, LLC (the “Borrower”), an indirect subsidiary of Potbelly Corporation (the “Company”), was granted a loan (the “Loan”) from JPMorgan Chase Bank, N.A. in the aggregate amount of \$10,000,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 6, 2020 issued by the Borrower, matures on April 6, 2022 and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Reference is made to the disclosure under Item 1.01 above which is hereby incorporated in this Item 2.03 by reference.

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

The Company appointed Steven W. Cirulis, age 49, as Senior Vice President, Chief Financial Officer and Chief Strategy Officer, effective as of April 6, 2020 (the “Effective Date”).

Mr. Cirulis previously served in a strategic planning, finance and analytical consulting role for the Company since December 2019. Prior to that, Mr. Cirulis served as Senior Vice President, Strategic Projects at Panera Bread from 2017 to 2018. Prior to his role at Panera Bread, Mr. Cirulis was the Global Vice President, Corporate Strategy, at McDonald’s Corporation from 2011 to 2016. Prior to joining McDonald’s, Mr. Cirulis was the Senior Director of Strategy, Business Development and Insights, for Gap Brand at Gap, Inc. from 2006 to 2011. Mr. Cirulis is an MBA graduate of the Kellogg Graduate School of Management at Northwestern University, and holds an undergraduate degree in economics and political science from Northwestern University.

Mr. Cirulis takes over from Alan Johnson, Chief Executive Officer of the Company, who temporarily assumed the responsibilities of the principal financial officer and William Atkins, the Company’s Vice President, Controller, who temporarily assumed the responsibilities of the principal accounting officer.

Pursuant to the terms of his employment agreement (the “Executive Employment Agreement”), made and entered into and effective as of April 6, 2020, Mr. Cirulis will be paid an annual base salary of \$425,000, although as is the case with all senior management, his base salary has been temporarily reduced by 25%. Mr. Cirulis’s Executive Employment Agreement also provides, among other things, that: (i) he is eligible to receive a discretionary bonus at a target rate of 60% of his base salary based on the attainment of mutually agreed upon performance goals; (ii) he is eligible for annual equity grants as determined by the Compensation Committee of the Company’s Board of Directors; (iii) the Company shall reimburse all reasonable business expenses incurred by Mr. Cirulis in performing services to the Company; and (iv) severance and change of control benefits contingent upon Mr. Cirulis agreeing to a general release of claims in favor of the Company following termination of employment shall be available. Mr. Cirulis will also be eligible to participate in all customary employee benefit plans or programs of the Company generally made available to the Company’s senior executive officers. Mr. Cirulis has agreed to observe the Company’s standard confidentiality and non-compete agreement. Mr. Cirulis’s employment is at-will and may be terminated at any time for any reason.

The foregoing description of the Executive Employment Agreement is not complete and is qualified in its entirety by reference to the Executive Employment Agreement which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated in this Item 5.02 in its entirety by reference.

In connection with the commencement of his Executive Employment Agreement, Mr. Cirulis was granted a one-time cash sign on bonus of \$100,000. Mr. Cirulis also received equity consisting of 30,000 restricted stock units to be granted on the Effective Date, 30,000 restricted stock units to be granted on the six month anniversary of the Effective Date, and 30,000 restricted stock units to be granted on the twelve month anniversary of the Effective Date, provided Mr. Cirulis remains continuously employed by the Company through the applicable grant date. The equity awards will be granted under the Potbelly Corporation 2019 Long-Term Incentive Plan, which is filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 21, 2019.

There are no family relationships between Mr. Cirulis 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. Cirulis has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 7.01. Regulation FD Disclosure.

On April 13, 2020, the Company issued a press release announcing the appointment of Steven W. Cirulis as Senior Vice President, Chief Financial Officer and Chief Strategy Officer of the Company, as noted in Item 5.02 above. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this Item 7.01 and Exhibit 99.1 attached hereto is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference to such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Executive Employment Agreement dated April 6, 2020, between Potbelly Corporation and Steve Cirulis</u>
99.1	<u>Potbelly Corporation Press Release dated April 13, 2020</u>

SIGNATURES

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

Date: April 13, 2020

Potbelly Corporation

By: /s/ Matthew Revord

Name: Matthew Revord

Title: Senior Vice President and Chief Legal Officer



EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into on April 6, 2020 and effective as of April 6, 2020 (the "Effective Date") by and between Potbelly Corporation, a Delaware corporation (hereinafter referred to as "Company"), and Steve Cirulis, an individual (hereinafter referred to as "Executive").

Statement of Purpose

WHEREAS, Company wishes to employ Executive as its Senior Vice President, Chief Financial Officer and Chief Strategy Officer; and

WHEREAS, Executive desires to accept such employment on the terms and conditions set forth below; and

WHEREAS, Company and Executive desire to definitively set forth their agreement with respect to Executive's employment; and

WHEREAS, Potbelly Illinois, Inc. and Potbelly Sandwich Works, LLC are direct or indirect subsidiaries of Company;

NOW, THEREFORE, in consideration of the Statement of Purpose, the terms and provisions of this Agreement and other good and valuable consideration, the parties hereto mutually consent, covenant, represent, warrant, and agree as follows:

1. Term, Employment and Duties.

(a) *Term.* The term of employment of Executive pursuant to this Agreement (the "Term") shall commence on the Effective Date and shall terminate on the date Executive's employment with Company and its affiliates terminates for any reason ("Termination Date"). Executive shall at all times be an at-will employee and nothing in this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that Executive has a right to continue to be employed by Company for any period of time or any specific rate of compensation. Notwithstanding the foregoing, in the event that Executive does not commence active employment under this Agreement on the Effective Date, this Agreement shall be of no force and effect and neither party will have any obligations hereunder.

(b) *Title and Duties.* Effective as of the Effective Date, Company hereby agrees to employ Executive, and Executive agrees to accept employment, as Company's Senior Vice President, Chief Financial Officer and Chief Strategy Officer. Executive shall also have the commensurate titles and positions with such subsidiaries or affiliates of Company as determined by Company and shall serve in such positions without additional compensation. Executive shall have the duties, responsibilities and authority customary for his positions and shall perform such other duties consistent with such positions as may be assigned to Executive, from time to time, by Company. Without limiting the generality of the foregoing, Executive will lead the finance and accounting activities of the Company and achieve the expectations as outlined to him by the Chief Executive Officer of the Company ("CEO").

(c) *Performance of Duties.* Executive shall devote Executive's full business time, energy, loyalty, and ability exclusively to the business, affairs, and interests of Company and its affiliates, and shall use Executive's best efforts and abilities to promote the interests of Company and its affiliates and to perform the services contemplated by this Agreement and agrees that he will perform his duties faithfully and efficiently subject to the directions of the CEO. Without the prior approval of the CEO, Executive shall not, during the Term, directly or indirectly, render any other employment or consulting activities or services, including as a director, to any other person, firm, corporation, or other entity; provided, however, that, to the extent that the following activities do not conflict with or detract from the performance by Executive of Executive's duties, Executive may act as a director of, and may also engage in activities involving, charitable, educational, religious, and similar types of organizations, and similar types of activities.

(d) *Confidentiality, Non-Competition, Non-Interference and Intellectual Property.* The Company's offer of employment set forth in this Agreement is made upon the express condition that Executive executes and delivers that certain Executive Confidentiality and Business Preservation Agreement provided to Executive simultaneously herewith and dated as of the Effective Date. In addition, Company is entering into this Agreement with Executive and will employ Executive on the express condition that Executive does not use or disclose to Company any confidential or proprietary information or trade secrets belonging to anyone with whom Executive previously worked, and with the understanding that Executive's employment with Company will not violate or be restricted by any non-competition or other agreement with anyone else. The Termination Benefits set forth in Paragraph 4 of this Agreement are, in part, provided as compensation for the execution of the confidentiality and restrictive covenant obligations noted herein. Those Termination Benefits, this Agreement and Executive's Employment will cease and be null and void should Executive not enter into the Executive Confidentiality and Business Preservation Agreement.

2. Termination of Employment.

(a) *Termination Date.* Executive's Termination Date shall occur upon termination by Company for any reason or no reason or by Executive for any reason or no reason, including any of the following: (i) Executive's death; (ii) Executive being disabled by reason of physical and mental infirmity or both, thereby rendering Executive unable to satisfactorily perform Executive's duties under this Agreement (a "Disability"), said Disability to be determined in good faith by the CEO in consultation with no fewer than two (2) accredited physicians selected by the CEO and reasonably approved by Executive in the event that Disability is disputed; (iii) termination of Executive's employment by Company with or without Cause (as defined below) or (iv) Executive's resignation with or without Good Reason (as defined below). Executive's Termination Date shall be considered to be on account of a "Qualifying Termination" if the Termination Date occurs due to (1) termination by Company without Cause, or (2) termination by Executive with Good Reason.

(b) *Cause*. The term “Cause” as used in this Agreement shall mean an act, action, or series of acts or actions, or omission or series of omissions, by Executive which constitute or result in: (i) intentional misrepresentation of material information by Executive in Executive’s relations with Company; (ii) Executive’s indictment (or its equivalent) for the commission of a crime by Executive that constitutes a felony; (iii) commission of an act involving moral turpitude; (iv) the material breach or material default by Executive of any of Executive’s written agreements with Company or obligations under any material provision of this Agreement or any written policy of Company (that remains unremedied within thirty (30) days after notice to Executive); (v) the commission of fraud or embezzlement on the part of Executive; (vi) failure to comply with any lawful written direction of Company’s Board of Directors (the “Board”) (that, if capable of cure without damage to Company, remains unremedied within thirty (30) days after notice to Executive); or (vii) willful action taken for the purpose of harming Company or any of its affiliates. For purposes of clause (vii) of this Paragraph 2(b), no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done or omitted to be done, by Executive in bad faith and without reasonable belief that Executive’s action or omission was in the best interest of Company. An act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interest of Company.

(c) *Good Reason*. The term “Good Reason” as used in this Agreement means the occurrence, without Executive’s consent, of (i) a material reduction in either Executive’s rate of Base Salary (as defined in Paragraph 3(a)) or Executive’s target or maximum bonus percentage (other than (A) a reduction which does not exceed the percentage reduction of an across the board salary or bonus reductions (target, actual or maximum) for management employees, or (B) the pay reduction of 25% for all senior executives of the Company that was imposed as of March 30, 2020 and which shall continue indefinitely until removed at the sole discretion of the Company for all senior executives (the “Corona Cut”)); (ii) any material reduction in the position, authority, or office of Executive with respect to Company, or in Executive’s responsibilities or duties for Company, or a change in reporting to anyone other than the Chief Executive Officer of the Company; or (iii) any action or inaction by Company that constitutes a material breach of the terms of this Agreement; or (iv) any relocation of Executive’s principal place of work with Company to a place more than fifty (50) miles from Company’s headquarters at the Effective Date; provided, however, that any such occurrence under clauses (i) – (iv) above shall constitute Good Reason only if (1) Executive provides notice to Company within thirty (30) days after the occurrence, (2) Company fails to cure such occurrence within thirty (30) days after receipt of notice from Executive, and (3) Executive terminates employment within thirty (30) days following expiration of the cure period.

3. Compensation and Benefits During Employment.

(a) *Base Salary*. During the term of Executive’s employment hereunder, Company shall pay to Executive a base salary at an annual rate of \$425,000.00 (the “Base Salary”), payable in accordance with the Company’s normal payroll practices, subject to the Corona Cut such that, as of the Effective Date and unless and until the Corona Cut is removed Executive’s Base Salary shall be an annual rate of \$340,000. The Base Salary will be reviewed annually based on the Company’s normal review cycle.

(b) *Annual Bonus.* Beginning with calendar year 2020, Executive shall be eligible for a discretionary “Annual Bonus” in accordance with Company’s Named Executive Officers Incentive Plan as in effect from time to time (or a successor thereof) (the “NEO Incentive Plan”) at a target rate of 60% of his Base Salary and a maximum rate established by the Compensation Committee consistent with other members of the Senior Leadership Team, subject to satisfaction of applicable performance ratings and other conditions as determined by the Company from time to time. Executive’s bonus shall be paid in a single lump sum cash payment not later than June 15 following the conclusion of the calendar year in which such bonus is earned; provided, however, that if the annual audit for such calendar year has not been issued by Company’s outside auditors by said June 15, then payment shall be made within thirty (30) days following the issuance of such audit, but in no event shall payment be made later than the end of the calendar year following the calendar year in which such bonus is earned. The Annual Bonus for any year shall be prorated for partial years and shall be subject to the terms and conditions of the NEO Incentive Plan.

(c) *Time Off.* During the Term, Executive shall be entitled to paid time off consistent with Company practice and policy for executive-level employees, but not less than 25 vacation days and 2 personal days per year, subject to pro ration for partial years. In addition, Executive shall be entitled to those paid holidays granted to Company employees while Executive is employed.

(d) *Executive Benefits/Perquisites.* Executive shall be entitled to such other benefits, including health insurance, dental, 401(k), and other benefits and perquisites in such form and in such manner and at such times as Company shall from time to time adopt and establish for its executive-level employees generally. Executive shall be subject to eligibility and other requirements of applicable benefit plans. Generally, your eligibility date for Company-provided benefits will be May 1, 2020.

(e) *Expenses and Reimbursements.* Company shall pay or reimburse Executive for all reasonable business expenses actually incurred or paid by Executive during the Term in the performance of Executive’s duties and responsibilities under this Agreement, subject to and in accordance with applicable expense reimbursement policies as in effect from time to time and the terms and conditions of this Agreement.

(f) *Equity Awards.* Executive shall be entitled to annual equity grants, if any, as determined by the Compensation Committee of the Board (the “Compensation Committee”). Executive shall receive an initial grant under the Potbelly Corporation 2019 Long-Term Incentive Plan, as further amended and restated (the “Equity Plan”) (and not to be considered representative of any future grants either as to amount or form), of restricted stock units (“RSUs”) as follows, to be granted in the first open trading window that begins after the date specified as soon as practicable within the applicable open trading (assuming in each case continued employment of Executive through the applicable grant date): (i) 30,000 RSUs on the Effective Date; plus (ii) 30,000 RSUs on the six month anniversary of the Effective Date; plus (iii) 30,000 RSUs on the twelve month anniversary of the Effective Date, For years beginning in 2021

and thereafter, Executive shall be eligible to participate in the Equity Plan at a level consistent with other members of the Senior Leadership Team, which equity award may be in the form of stock options, restricted stock units (including performance-based restricted stock units) and/or other forms of awards permitted under the Equity Plan, as determined in the sole discretion of the Compensation Committee; provided, however, that the actual value of the equity award for any year shall be determined by the Compensation Committee in its sole discretion taking into account Executive's performance and performance of the Company for the applicable period to which the award relates. All awards under the Equity Plan shall be evidenced by an award agreement setting forth the terms and conditions of the applicable award.

(g) *Sign On Bonus.* Executive shall receive a one-time cash sign on bonus of \$100,000 (the "Signing Bonus") on the first pay period after the Effective Date. In the event Executive's Termination Date occurs for any reason (other than for Good Reason) prior to the 18 month anniversary of the Effective Date, Executive shall pay back to the Company the entire after tax amount received by Executive of the Signing Bonus within 90 days of the Termination Date.

4. Payments and Benefits on Termination of Employment.

(a) *Termination for any Reason.* If Executive's Termination Date occurs for any reason, Company shall pay or provide to Executive (i) Executive's Base Salary in effect at the time for the period ending on the Termination Date; (ii) Executive's earned but unpaid Annual Bonus for any bonus year ending prior to the bonus year during which the Termination Date occurs; (iii) reimbursement of Executive's incurred but unreimbursed business expenses for periods prior to Executive's Termination Date; and (iv) any other payments or benefits to be provided to Executive by Company pursuant to any employee benefit plans or arrangements of Company or required by applicable law, to the extent such amounts are due from Company. Executive will be entitled to any other benefits in accordance with the terms of the applicable benefit plan or program. Generally, (i) all vested stock options outstanding on Executive's Termination Date shall remain exercisable for ninety (90) days following the Termination Date or for such longer or shorter period specified under the stock option agreement evidencing such stock option but in no event after the expiration of the stock option term, and (ii) all restricted stock units and performance stock units shall be forfeited upon termination of employment; provided, however, that all awards are subject to the terms and conditions of the LTIP and the applicable award agreements. Executive shall give written notice to the Company's Chief Executive Officer and Chief Legal Officer of not less than 60 days in the event Executive elects to leave the Company for any reason; provided, however, that a termination for Good Reason shall be subject to the terms and conditions as otherwise apply under this Agreement.

(b) *Qualifying Termination—Non-Change in Control.* If Executive's Termination Date occurs by reason of a Qualifying Termination and if the Release Requirements (as defined Paragraph 4(e)) are satisfied as of the sixtieth (60th) day following the Termination Date (which sixtieth (60th) day shall be referred to as the "Payment Date"), then, in addition to the payments and benefits to which Executive is entitled under Paragraph 4(a), Executive will be entitled to the following payments and benefits:

(i) Company shall pay Executive a cash severance payment in a gross amount equal to twelve (12) months of Executive's Base Salary (determined as of the Termination Date without regard to any reduction thereof under circumstances which constitute Good Reason) (the "Severance Payment"). Any Severance Payment to which Executive is entitled under this Paragraph 4(b)(i) will commence on the first regular payroll date after the Payment Date and shall continue to be paid in substantially equal payroll by payroll period installments for a period of twelve (12) months thereafter

(ii) If Executive is entitled to and elects continuation coverage under Company's group health plans pursuant to "COBRA" ("COBRA Coverage"), Company shall continue to pay on behalf of Executive and his eligible dependents the same level of employer contribution that is provided by Company for corresponding coverage for similarly-situated active employees for the lesser of (1) twelve (12) months following Executive's Termination Date or (2) the date on which COBRA Coverage terminates by its terms (the "Post-Termination Coverage Benefit"). Company shall have no obligations under this Paragraph 4(b)(ii) if the Post-Termination Coverage Benefit would subject Company or any of its affiliates to tax penalties or materially increase the cost to Company and its affiliates of providing group medical coverage to employees generally. For the period commencing on Executive's Termination Date and ending on the Payment Date, the COBRA Coverage shall be provided at Executive's expense and, if the Release Requirements are satisfied on the Payment Date, Executive shall be entitled to a lump sum payment in an amount equal to the Post-Termination Coverage Benefit that would have been provided to Executive for the period beginning on the Termination Date and ending on the Payment Date, which lump sum payment shall be made on the Payment Date or the next scheduled payroll date.

If the Release Requirements are not satisfied on the Payment Date, Executive shall not be entitled to any payments or benefits under this Paragraph 4(b).

(c) *Qualifying Termination—Change in Control.* If Executive's Termination Date occurs by reason of a Qualifying Termination on or within two (2) years following a Change in Control (as defined below), then, in addition to the payments and benefits to which Executive is entitled under Paragraph 4(a), Executive will be entitled to the following payments and benefits (which shall not be subject to satisfaction of the Release Requirements):

(i) Company shall pay Executive the Severance Benefit in accordance with the provisions of Paragraph 4(b)(i).

(ii) If Executive is entitled to and elects COBRA Coverage, Company shall provide Executive with the Post-Termination Coverage Benefit in accordance with the provisions of Paragraph 4(b)(ii).

(iii) Company shall pay Executive a cash payment equal to the amount of the Annual Bonus that Executive would have received for the bonus year in which the Termination Date occurs had his Termination Date not occurred, based on actual Company performance and pro-rated for the portion of the bonus year completed prior to the Termination Date, payable at the same time as the annual bonus is paid to similarly-situated active executive employees in accordance with the terms of the applicable bonus plan of Company.

For purposes of this Agreement, the term “Change in Control” shall mean, a “Change in Control” as defined in the Incentive Plan.

(d) *Company Property.* Upon Executive’s Termination Date, Executive will promptly return to Company all the documents and/or property of or relating to Company or any of its affiliates within Executive’s possession or control.

(e) *Release Requirements.* For purposes of this Agreement, the “Release Requirements” shall be satisfied as of any date if, as of such date, Executive (or, for purposes of Paragraph 4(f) in the event of death, the legal representative of Executive’s estate) has signed a form of general release and waiver satisfactory to Company and Executive (the “Release”) and the Release has become effective in accordance with applicable law (including that the Release has not been revoked and the revocation period applicable under applicable law has expired).

(f) *Termination by Reason of Death or Disability.* If Executive’s Termination Date occurs by reason of death or Disability and the Release Requirements are satisfied (which, in the case of death shall be satisfied by the legal representative of Executive’s estate), then, in addition to the payments and benefits to which Executive is entitled under Paragraph 4(a), Company shall pay to Executive or the legal representative of his estate, as applicable, a cash payment equal to the amount of the Annual Bonus that Executive would have received for the bonus year in which the Termination Date occurs had his Termination Date not occurred, based on actual Company performance and pro-rated for the portion of the bonus year completed prior to the Termination Date, payable at the same time as the annual bonus is paid to similarly-situated active executive employees in accordance with the terms of the applicable bonus plan of Company.

5. Mitigation and Set-Off. Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. Company shall not be entitled to set off against the amounts payable to Executive under this Agreement any amounts earned by Executive in other employment after termination of his employment with Company or any amounts which might have been earned by Executive in other employment had he sought such other employment; provided, however that Company shall be entitled to set off against the amounts payable to Executive under this Agreement any amounts owed to Company by Executive.

6. Reimbursements. To the extent that any reimbursements under this Agreement are taxable to Executive, such reimbursements shall be paid to Executive only if (a) to the extent not specified herein, the expenses are incurred and reimbursable pursuant to a reimbursement plan that provides an objectively determinable nondiscretionary definition of the expenses that are eligible for reimbursement and (b) the expenses are incurred during the Term. With respect to any expenses that are reimbursable pursuant to the preceding sentence, the amount of the expenses that are eligible for reimbursement during one calendar year may not affect the amount of reimbursements to be provided in any subsequent calendar year, the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the calendar year in which the expense was incurred, and the right to reimbursement of the expenses shall not be subject to liquidation or exchange for any other benefit.

7. Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below (or such other addresses as shall be specified by the parties by like notice). Communications that are to be delivered by the U.S. mail or by overnight service are to be delivered to the addresses set forth below:

to Company:

Potbelly Corporation
111 N. Canal Street, Suite 850
Chicago, IL 60606

Attention: Chief Legal Officer

or to Executive, to Executive's home address as reflected in Company's records.

Each party, by notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

8. Non-Waiver. No waiver by either party or any breach by the other party of any provision hereof shall be deemed to be a waiver of any later or other breach thereof or as a waiver of any such or other provision of this Agreement.

9. Governing Law and Choice of Forum. The construction, validity, and enforceability of this Agreement shall be governed by the laws of the State of Illinois, as that law applies to contracts made, and to be wholly performed, in the State of Illinois.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Company, Executive, and Executive's personal representatives, beneficiaries, heirs, and successors. Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Company would be required to perform it if no such succession has taken place.

11. Severability. If any provision of this Agreement or any part thereof be held invalid or unenforceable, the same shall not affect or impair any other provision of this Agreement or any part thereof, and the invalidity or unenforceability of any provision of this Agreement shall not have any effect on or otherwise impair or limit the other obligations of Company or Executive.

12. Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original hereof.

13. Disputes. The parties have mutually decided and agreed to resolve disputes as noted in Paragraph 13 and its subparts by binding arbitration. The parties have come to this mutually agreeable and voluntary decision due to the following reasons: (1) arbitration provides the opportunity to resolve disputes more efficiently than a court case; (2) arbitration may be less costly than a court case; and (3) to avoid the public forum for resolving what could be mutual and/or highly personal claims. The parties have negotiated over this arbitration agreement and agree as noted below.

(a) Except as set forth in this Paragraph 13, any dispute, claim or difference arising between Company and Executive (each a "Party," and jointly, the "Parties"), including any dispute, claim or difference arising out of this Agreement, and any class or collective action will be settled exclusively by binding arbitration in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"). The arbitration will be held Chicago, Illinois unless the Parties mutually agree otherwise. Nothing contained in this Paragraph 13 will be construed to limit or preclude a Party from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief to compel another party to comply with its obligations under this Agreement or any other agreement between or among the Parties during the pendency of the arbitration proceedings.

(b) Each Party shall bear its own costs and fees of the arbitration, and the fees and expenses of the arbitrator will be borne equally by the Parties, provided, however, if the arbitrator determines that any Party has acted in bad faith, the arbitrator shall have the discretion to require any one or more of the Parties to bear all or any portion of fees and expenses of the Parties and/or the fees and expenses of the arbitrator; provided, further that, with respect to claims that, but for this mandatory arbitration clause, could be brought against Company under any applicable federal or state labor or employment law ("Employment Law"), the arbitrator shall be granted and shall be required to exercise all discretion belonging to a court of competent jurisdiction under such Employment Law to decide the dispute, whether such discretion relates to the provision of discovery, the award of any remedies or penalties, or otherwise and provided further that Company may be required to pay filing or administrative fees in the event that requiring Executive to pay such fees would render this Paragraph 13 unenforceable under applicable law. As to claims not relating to Employment Laws, the arbitrator shall have the authority to award any remedy or relief that a Court of the State of Illinois could order or grant. The decision and award of the arbitrator shall be in writing and copies thereof shall be delivered to each Party. The decision and award of the arbitrator shall be binding on all Parties. In rendering such decision and award, the arbitrator shall not add to, subtract from or otherwise modify the provisions of this Agreement. Either Party to the arbitration may seek to have the award of the arbitrator entered in any court having jurisdiction thereof. All aspects of the arbitration shall be considered confidential and shall not be disseminated by any Party with the exception of the ability and opportunity to prosecute its claim or assert its defense to any such claim. The arbitrator shall, upon request of either Party, issue all prescriptive orders as may be required to enforce and maintain this covenant of confidentiality during the course of the arbitration and after the conclusion of same so that the result and underlying data, information, materials and other evidence are forever withheld from public dissemination with the exception of its subpoena by a court of competent jurisdiction in an unrelated proceeding brought by a third party.

14. Assignment and Survival. This Agreement is personal to Executive and shall not be assignable by Executive. This Agreement may be assigned by Company only to a successor-in interest to all or substantially all of the business operations of Company or any of its affiliates. The rights and obligations of the parties to this Agreement shall survive its termination or expiration of this Agreement to the extent that any performance is required under this Agreement after the termination or expiration of the Agreement.

15. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be used against any person.

16. Indemnification. If Executive (or his heirs, executors or administrators) is made a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that Executive is or was a director or officer of Company or is or was serving at the request of Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, Executive (and his heirs, executors or administrators) shall be indemnified and held harmless by Company to the fullest extent permitted by Delaware Law. To the fullest extent authorized by Delaware Law, the right to indemnification conferred in this Paragraph 16 shall also include the right to be paid by Company the expenses incurred in connection with any such proceeding in advance of its final disposition upon delivery to Company of an undertaking by or on behalf of Executive to repay such amount if it shall ultimately be determined that Executive is not entitled to be indemnified. Company's obligations under this Paragraph 16 shall survive the termination or expiration of this Agreement for any reason.

17. Withholding. All payments and benefits under this Agreement are subject to withholding of all applicable taxes.

18. Special Section 409A Rules. It is intended that this Agreement will comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent applicable, and this Agreement shall be interpreted and construed on a basis consistent with such intent. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit 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 Termination Date (or other separation from service or termination of employment):

(a) 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 earlier of (i) the first (1st) day of the seventh (7th) month following Executive's separation from service or (ii) the date of Executive's death (the "Section 409A Payment Date"), such payment or benefit shall be delayed until the Section 409A Payment Date; and

(b) the determination as to whether Executive has had a termination of employment (or separation from service) 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.

For purposes of section 409A of the Code, any installment payment or benefit under this Agreement shall be treated as a separate payment. If this Paragraph 18 applies to any payment or benefit hereunder, any such payments or benefits that would otherwise have been paid or provided to Executive between Executive's Termination Date and the Section 409A Payment Date, shall be paid in a lump sum on the Section 409A Payment Date.

19. Entire Agreement. This Agreement, together with the Executive Confidentiality and Business Preservation Agreement in effect on the Effective Date, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and cancels all prior or contemporaneous oral or written agreements and understandings between them with respect to the subject matter hereof, including (i) the offer letter dated March 28, 2020 and (ii) the consulting agreement dated December 19, 2019 including any bonus payments or other amounts due other than the monthly payment for March 2020 services rendered by Executive. This Agreement may not be changed or modified orally but only by an instrument in writing signed by the parties hereto, which instrument states that it is an amendment to this Agreement.

[signature page follows]

IN WITNESS WHEREOF, intending to be legally bound, Company and Executive have executed this agreement on the date set forth below, effective as of April 6, 2020.

Date: April 6, 2020

POTBELLY CORPORATION

/s/ Alan Johnson
By: Alan Johnson
Its: President and Chief Executive Officer

EXECUTIVE:

/s/ Steve Cirulis
Steve Cirulis



Potbelly Corporation Appoints Steven W. Cirulis as Chief Financial Officer and Chief Strategy Officer

New CFO brings over 20 years of financial and strategy development experience across the fast-casual, quick-service, and retail industries

CHICAGO, April 13, 2020 – Potbelly Corporation (NASDAQ: PBPB), the iconic neighborhood sandwich shop, today announced that Steven W. Cirulis will be joining the Potbelly executive team as Senior Vice President, Chief Financial Officer and Chief Strategy Officer, effective immediately. Mr. Cirulis has been with Potbelly since December 2019, serving in a strategic planning, finance and analytical consulting role. Mr. Cirulis will now lead the Company's financial and strategy functions, including financial planning and analysis, accounting and financial reporting, tax, treasury, investor relations and enterprise procurement.

Alan Johnson, President and Chief Executive Officer of Potbelly, commented, "We are pleased to welcome Steve to our executive team. Over the last several months, I've seen Steve's strategic and financial contributions firsthand and believe that he will prove invaluable as we navigate the current environment. Steve has a proven track record of developing and executing growth strategies in the restaurant industry with his extensive time at McDonald's and Panera, including a focus on off-premise channels. He has also played a key role in the design and implementation of our Project Aurora tests. His insights and leadership will be instrumental as we continue to position Potbelly for a return to growth."

Mr. Cirulis commented, "I am honored and excited to be appointed as Chief Financial Officer and Chief Strategy Officer of Potbelly at such a pivotal time for our Company. I spent the last few months engaging with employees and customers to develop a deeper understanding of our business and the challenges we currently face, especially in the current environment. It is clear we have the right strategic framework in place, and that we have a solid and sustainable platform for growth when the normal market environment returns. I look forward to working with Alan and the Potbelly team as we navigate today's near-term challenges and eventually return our focus to long-term value creation."

Mr. Cirulis assumes his new role with over 20 years of experience in omnichannel businesses, including retail, restaurants, digital, CPG, hospitality, and entertainment. Most recently, Mr. Cirulis served as Senior Vice President, Strategic Projects at Panera Bread. Prior to his role at Panera Bread, Mr. Cirulis was the Global Vice President, Corporate Strategy at McDonald's, Senior Director of Strategy, Business Development and Insights, Gap Brand at Gap, Inc., and was Associate Partner at Prophet, Inc. Mr. Cirulis is also a Founding Board Member of The Nora Project and Vice President, Board Member of Winnetka Public Schools District 36. Mr. Cirulis completed his undergraduate work at Northwestern University, and earned an MBA from the Kellogg Graduate School of Management at Northwestern University.

About Potbelly

Potbelly Corporation is a neighborhood sandwich concept that has been feeding customers' smiles with warm, toasty sandwiches, signature salads, hand-dipped shakes and other fresh menu items, customized just the way customers want them, for more than 40 years. Potbelly promises Fresh, Fast & Friendly service in an environment that reflects the local neighborhood. Since opening its first shop in Chicago in 1977, Potbelly has expanded to neighborhoods across the country—with more than 400 company-owned shops in the United States. Additionally, Potbelly franchisees operate over 40 shops in the United States. For more information, please visit our website at www.potbelly.com.

Forward Looking Statements

In addition to historical information, this press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Forward-looking statements, written, oral or otherwise made, represent the Company's expectation or belief concerning future events. Without limiting the foregoing, the words "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "strives," "goal," "estimates," "forecasts," "projects" or "anticipates" or the negative of these terms and similar expressions are intended to identify forward-looking statements. Forward-looking statements may include, among others, statements relating to: our future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations. By nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statement, due to reasons including, but not limited to, competition; general economic conditions; our ability to successfully implement our business strategy; the success of our initiatives to increase sales and traffic; changes in commodity, energy and other costs; our ability to attract and retain management and employees; consumer reaction to industry-related public health issues and perceptions of food safety; our ability to manage our growth; reputational and brand issues; price and availability of commodities; consumer confidence and spending patterns; and weather conditions. In addition, there may be other factors of which we are presently unaware or that we currently deem immaterial that could cause our actual results to be materially different from the results referenced in the forward-looking statements. All forward-looking statements contained in this press release are qualified

in their entirety by this cautionary statement. Although we believe that our plans, intentions and expectations are reasonable, we may not achieve our plans, intentions or expectations. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See “Risk Factors” and “Cautionary Statement on Forward-Looking Statements” included in our most recent annual report on Form 10-K and other risk factors described from time to time in subsequent quarterly reports on Form 10-Q, all of which are available on our website at www.potbelly.com. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Contact Investor Relations:

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