
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

Form 8-K

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

Date of Report (Date of earliest event reported): May 1, 2015

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.)

**222 Merchandise Mart Plaza, 23rd Floor
Chicago, Illinois 60654**
(Address of principal executive offices, including zip code)

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

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

Employment Agreement of Julie Younglove-Webb, Senior Vice President, Operations

On May 1, 2015, Potbelly Corporation (the “Company”) announced the promotion of Julie Younglove-Webb, age 45, to Senior Vice President, Operations, effective as of May 1, 2015.

Ms. Younglove-Webb has been employed by the Company since 2010, serving as Vice President, Operations since January 2013, and as Zone Manager, Operations from January 2010 through December 2012. Ms. Younglove-Webb holds an M.B.A. from Wayne State University, an M.S. in Management and Organization from Penn State University, and a B.A. from the University of Michigan.

Pursuant to the terms of her employment agreement (“Younglove-Webb Employment Agreement”), dated May 1, 2015, Ms. Younglove-Webb will be paid an annual base salary of \$315,000. The Younglove-Webb Employment Agreement also provides, among other things, that: (i) she is eligible to receive a discretionary bonus at a target rate of 60% of her base salary based on the attainment of mutually agreed upon performance goals; (ii) she 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 Ms. Younglove-Webb in performing services to the Company; and (iv) severance and change of control benefits contingent upon Ms. Younglove-Webb agreeing to a general release of claims in favor of the Company following termination of employment. Ms. Younglove-Webb 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. Ms. Younglove-Webb’s employment continues to be at-will and may be terminated at any time for any reason.

The foregoing description of the Younglove-Webb Employment Agreement is not complete and is qualified in its entirety by reference to the Younglove-Webb 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 signing of the Younglove-Webb Employment Agreement, Ms. Younglove-Webb will receive 95,000 non-qualified stock options which shall vest over 4 years at the rate of 25% per year. The stock options will be issued pursuant to the Company’s 2013 Long-Term Incentive Plan.

Employment Agreement of John Morlock, Senior Vice President, Operations Growth

On May 1, 2015, the Company entered into an employment agreement with John Morlock, to reflect his appointment as the Company’s Senior Vice President, Operations Growth. Mr. Morlock previously served as the Company’s Senior Vice President and Chief Operations Officer. Pursuant to the terms of his employment agreement (“Morlock Employment Agreement”), dated May 1, 2015, Mr. Morlock will be paid an annual base salary of \$160,000 and will work a reduced workload, effective May 15, 2015. The Morlock Employment Agreement also provides, among other things, that: (i) he is eligible to receive a discretionary bonus upon recommendation of the CEO and approval of the Company’s Compensation Committee of the Board of Directors; (ii) the Company shall reimburse all reasonable business expenses incurred by Mr. Morlock in performing services to the Company; and (iii) certain severance benefits contingent upon Mr. Morlock agreeing to a general release of claims in favor of the Company following termination of employment, if such termination occurs prior to December 31, 2015. Mr. Morlock 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. Morlock’s employment continues to be at-will and may be terminated at any time for any reason.

The foregoing description of the Morlock Employment Agreement is not complete and is qualified in its entirety by reference to the Morlock Employment Agreement which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated in this Item 5.02 in its entirety by reference.

Item 7.01. Regulation FD Disclosure.

On May 1, 2015, the Company issued a press release announcing the promotion of Julie Younglove-Webb to Senior Vice President, Operation of the Company and the appointment of John Morlock to Senior Vice President, Operations Growth, 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	Executive Employment Agreement dated May 1, 2015, between Potbelly Corporation and Julie Younglove-Webb.
10.2	Executive Employment Agreement dated May 1, 2015, between Potbelly Corporation and John Morlock.
99.1	Press Release issued by the Company on May 1, 2015.

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: May 1, 2015

Potbelly Corporation

By: /s/ Matthew Revord

Name: Matthew J. Revord

Title: Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

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10.2	Executive Employment Agreement dated May 1, 2015, between Potbelly Corporation and John Morlock.
99.1	Press Release issued by the Company on May 1, 2015.



THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of May 1, 2015 (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, Executive is currently employed by Company as a Vice President; and

WHEREAS, the Company desires to promote Executive to Senior Vice President, Operations and 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 the Company;

NOW, THEREFORE, in consideration of the Statement of Purpose, the terms and provisions of this Contract 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 this Agreement shall commence on the Effective Date and shall terminate on the date the 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.

(b) *Title and Duties.* Effective as of the Effective Date, Company hereby agrees to continue to employ Executive, and Executive agrees to continue in the employ of Company, as Company's Senior Vice President, Operations. Executive shall also have the commensurate titles and positions with such subsidiaries of 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 her positions and shall perform such other duties consistent with such positions as may be assigned to Executive, from time to time, by Company.

(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 she will perform her duties faithfully and efficiently subject to the directions of the CEO. Without the prior approval of the Company's CEO or the executive to whom she reports, 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.* Executive hereby acknowledges and confirms that the Executive Confidentiality and Non-Compete Agreement signed by Executive and effective as of the Effective Date is hereby incorporated into and forms a part of this 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 reduction which does not exceed the percentage reduction of an across the board salary or bonus reductions (target, actual or maximum) for management employees); (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; (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) – (v) 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 \$315,000.00 (the "Base Salary"). The Base Salary may be increased from time to time at the recommendation of the CEO and approved by the Compensation Committee of the Board (the "Compensation Committee").

(b) *Annual Bonus.* Executive shall be eligible for a discretionary "Annual Bonus" in accordance with the Company's Executive Officers Incentive Plan as in effect on the Effective Date at a target rate of 60% of her Base Salary. 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.

EXECUTIVE EMPLOYMENT AGREEMENT

(c) *Time Off.* During the Term, Executive shall be entitled to vacation consistent with Company practice and policy for executive-level employees, but not less than four (4) weeks per year. 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.

(e) *Expenses.* 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.

(f) *Equity Awards.* Executive shall be entitled to annual equity grants, if any, as determined by the Compensation Committee.

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 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. Unless Executive's Termination Date occurs as a result of a Qualifying Termination, all 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.

(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 her 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

EXECUTIVE EMPLOYMENT AGREEMENT

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 her 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 the Company.

For purposes of this Agreement, the term "Change in Control" shall mean, a "Change in Control" as defined in the Potbelly Corporation 2012 Long-Term 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), the legal representative of Executive's estate) has signed a form of general release and waiver satisfactory to Company and Executive if prior to death (the "Release") and the Release has become effective in accordance with applicable law (including that the Release has not 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 her 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 her 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.

EXECUTIVE EMPLOYMENT AGREEMENT

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 her employment with Company or any amounts which might have been earned by Executive in other employment had she 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
222 Merchandise Mart Plaza Suite 2300
Chicago, Illinois 60654

Attention: General Counsel

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.

EXECUTIVE EMPLOYMENT AGREEMENT

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

13. Disputes. 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, 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. 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 her 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 her 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.

EXECUTIVE EMPLOYMENT AGREEMENT

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 Executive Confidentiality and Non-Compete 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, except as otherwise specifically stated in this Agreement, including the Prior Agreement; provided, however, that nothing in this Agreement shall supersede the provisions of the Stock Terms Agreement which was included as Exhibit C to the Prior Agreement. 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]

EXECUTIVE EMPLOYMENT AGREEMENT

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

Dated as of May 1, 2015

POTBELLY CORPORATION

/s/ Aylwin Lewis

By: Aylwin Lewis

Its: President and Chief Executive Officer

EXECUTIVE:

/s/ Julie Younglove-Webb

Julie Younglove-Webb



THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of May 1, 2015 (the "Effective Date") by and between Potbelly Corporation, a Delaware corporation (hereinafter referred to as "Company"), and John Morlock, an individual (hereinafter referred to as "Executive").

Statement of Purpose

WHEREAS, Executive is currently employed by Company and is party to an Executive Employment Agreement dated as of July 25, 2013 (the "Prior Agreement"); and

WHEREAS, the Company desires to change Executive's position to Senior Vice President, Operations Growth and 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 in this Agreement which supersedes and replaces the Prior Agreement; and

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

NOW, THEREFORE, in consideration of the Statement of Purpose, the terms and provisions of this Contract 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 this Agreement shall commence on the Effective Date and shall terminate on the date the 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.

(b) *Title and Duties.* Effective as of the Effective Date, Company hereby agrees to continue to employ Executive, and Executive agrees to continue in the employ of Company, as Company's Senior Vice President, Operations Growth. Executive shall also have the commensurate titles and positions with such subsidiaries of 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.

(c) *Performance of Duties.* Executive shall devote at least 30 hours per week 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 Company's CEO or the executive to whom he reports, 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.* Executive hereby acknowledges and confirms that the Executive Confidentiality and Non-Compete Agreement signed by Executive and effective as of the Effective Date is hereby incorporated into and forms a part of this 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. Executive's Termination Date shall be considered to be on account of a "Qualifying Termination" if the Termination Date occurs due to termination by Company without Cause.

(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.

3. Compensation and Benefits During Employment.

(a) *Base Salary.* Effective as of May 15, 2015 and continuing during the term of Executive's employment hereunder, Company shall pay to Executive a base salary at an annual rate of \$160,000.00 (the "Base Salary"). The Base Salary may be increased from time to time at the recommendation of the CEO and approved by the Compensation Committee of the Board (the "Compensation Committee").

(b) *Annual Bonus.* Executive shall be eligible for a discretionary "Annual Bonus" at the recommendation of the CEO and approved by the Compensation Committee. 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.

(c) *Time Off.* During the Term, Executive shall be entitled to vacation consistent with Company practice and policy for executive-level employees, but not less than fifteen (15) days per year. 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.

(e) *Expenses.* 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.

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(f) *Equity Awards.* If Executive resigns his employment on account of retirement (which, solely for purposes of this Paragraph 3(f), shall mean a resignation by Executive with or without good reason after Executive has attained at least age 57 and completed at least 10 years of service with the Company and if such termination is not for any other reason), all vested stock options that were vested and outstanding as of July 25, 2013 and that continue to be outstanding on the Termination Date shall remain exercisable in accordance with the terms of the stock option agreement evidencing such stock option for five (5) years after the Termination Date (or, if less, the expiration date of such stock option). Notwithstanding the preceding sentence, if, after the Termination Date, Executive becomes employed on a full-time basis or provides consulting services on a full-time basis for another employer or entity (as determined in the reasonable judgment of the Board) (the "Reemployment Date"), then the options shall remain exercisable in accordance with the terms of the stock option agreement evidencing such stock option until the earlier of (i) ninety (90) days following the Reemployment Date or (ii) the expiration date of the stock option term. All other 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. Executive shall provide written notice to the Company of any post-Termination Date employment that could reasonably be expected to constitute full-time employment for purposes of this Paragraph 3(f).

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 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. Unless Executive resigns his employment on account of retirement as set forth in Paragraph 3(f) above, all 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.

(b) *Qualifying Termination.* If Executive's Termination Date occurs prior to December 31, 2015 by reason of a Qualifying Termination and if the Release Requirements (as defined Paragraph 4(d)) 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 six (6) months of Executive's Base Salary (determined as of the Termination Date) (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 six (6) 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) six (6) 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

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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.

(iii) Company shall pay Executive a cash payment equal to 5/12 of 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, payable at the same time as the annual bonus is paid to similarly-situated active named executive officer employees in accordance with the terms of the applicable bonus plan of Company.

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) 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.

(d) 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(e), the legal representative of Executive's estate) has signed a form of general release and waiver satisfactory to Company and Executive if prior to death (the "Release") and the Release has become effective in accordance with applicable law (including that the Release has not revoked and the revocation period applicable under applicable law has expired).

(e) 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.

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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
222 Merchandise Mart Plaza Suite 2300
Chicago, Illinois 60654

Attention: General Counsel

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.** 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, 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. 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,

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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

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(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 Executive Confidentiality and Non-Compete 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, except as otherwise specifically stated in this Agreement, including the Prior Agreement; provided, however, that nothing in this Agreement shall supersede the provisions of the Stock Terms Agreement which was included as Exhibit C to the Prior Agreement. 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]

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

Dated as of May 1, 2015

POTBELLY CORPORATION

/s/ Aylwin Lewis

By: Aylwin Lewis

Its: President and Chief Executive Officer

EXECUTIVE:

/s/ John Morlock

John Morlock



POTBELLY CORPORATION APPOINTS NEW SENIOR VICE PRESIDENT OF OPERATIONS

Chicago, IL May 1, 2015 – Potbelly Corporation (NASDAQ: PBPE) today announced the promotion of Julie Younglove-Webb as its new Senior Vice President of Operations, effective May 1, 2015. Ms. Younglove-Webb will oversee all aspects of company operations.

“We are thrilled to announce the promotion of Julie Younglove-Webb,” said Aylwin Lewis, Chairman and Chief Executive Officer of Potbelly. “Julie joined the Potbelly Nation in 2008, first learning operations as a General Manager and then as a District Manager before assuming various operations roles and being promoted to her latest role as Central Zone Vice President, overseeing 250 shops. Over the last seven years, we have come to know Julie as a strong leader, and also as a person of high integrity. Under her leadership, we have seen great results with our people, customers, sales and profit metrics. We are extremely excited for Julie to lead the Operations team. I am certain that Julie will do excellent work, and will continue to build on the strong foundation that John Morlock has started.”

Lewis continued, “After 12 years with Potbelly, John had requested a reduced workload. His contributions as our senior operations leader cannot be overstated. I am grateful that we keep John’s expertise within Potbelly. John will now serve as our SVP of Ops Growth, where he will lead Global Franchise Operations and Loss Prevention. He remains on the Real Estate and the Menu committees.”

Prior to Potbelly, Ms. Younglove-Webb held a number of leadership positions within IBM, Kmart and Sears Holdings Corporation. Ms. Younglove-Webb began her career at IBM in IT leadership. At Kmart, she served as Vice President, Marketing where she was responsible for the company’s advertising and marketing functions. At Sears, Ms. Younglove-Webb served as Senior Vice President and GM of Sears Essentials, where she oversaw all operations including merchandising, marketing and field operations for 67 stores with revenues over \$1 billion. Ms. Younglove-Webb later served as Senior Vice President, Customer Experience, with continued responsibility for Sears Essentials and expanded responsibility for all Sears Holdings in-store experiences.

Ms. Younglove-Webb completed her undergraduate degree at the University of Michigan and received an MBA from Wayne State, and an M.S. in Management and Organization from Penn State University.

About Potbelly

Potbelly Corporation is a fast growing neighborhood sandwich concept offering toasty warm sandwiches, signature salads and other fresh menu items served by engaging people in an environment that reflects the Potbelly brand. Our Vision is for our customers to feel that we are their “Neighborhood Sandwich Shop” and to tell others about their great experience. Our Mission is to make people really happy and to improve every day. Our Passion is to be “The Best Place for Lunch.” The Company owns and operates over 300 shops in the United States and the District of Columbia and our franchisees operate over twenty shops domestically and in the Middle East. For more information, please visit our website at www.potbelly.com.

Contact: **Investor Relations** Investors@Potbelly.com 312-428-2950