

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) April 30, 2007

Build-A-Bear Workshop, Inc.

-----  
(Exact Name of Registrant as Specified in Its Charter)

Delaware

001-32320

43-1883836

-----  
(State or Other Jurisdiction  
of Incorporation)

-----  
(Commission File Number)

-----  
(IRS Employer  
Identification No.)

1954 Innerbelt Business Center Drive  
St. Louis, Missouri

63114

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

(314) 423-8000

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(Registrant's Telephone Number, Including Area Code)

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

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

Item 2.02. Results of Operations and Financial Condition.  
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On May 1, 2007, Build-A-Bear Workshop, Inc. (the "Company") issued a  
press release announcing, among other things, total revenue, net income, net  
retail sales, gross margin and diluted earnings per share for the first quarter  
of fiscal 2007. The press release also included expected earnings and diluted  
earnings per share for the second quarter and full year of fiscal 2007. A copy  
of the press release is furnished as Exhibit 99.1 hereto and is incorporated by  
reference herein. The description of the press release contained herein is  
qualified in its entirety by the full text of such exhibit.

Item 7.01. Regulation FD Disclosure.  
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On April 30, 2007, Build-A-Bear Workshop, Inc. ("BABW" or the "Company") entered  
into a series of agreements whereby it agreed to make an additional equity  
investment in, and perform additional consulting services for, Retail  
Entertainment Concepts, LLC ("REC"). REC is an early-stage company that has  
developed an interactive retail concept targeted primarily to boys and their  
families.

Including both BABW's equity investment in REC for cash completed on April 30,  
2007 and an earlier equity investment for cash that BABW made in May 2006, BABW  
has paid approximately \$2,960,000 in exchange for 3,040,571 Class A Membership  
Units (at a price of approximately \$0.97 per Unit) in REC. The Class A  
Membership Units are preferred units with customary rights associated with a  
private company investment, including pre-emptive rights for future issuances by  
REC, a right of first refusal on certain transfers by the other members, co-sale  
rights on certain transfers by the other members, registration rights in the

event of a conversion to a corporation and subsequent public offering.

Under a consulting services agreement executed in conjunction with the closing of the April 30, 2007 financing, BABW is providing operational support services to REC in exchange for additional Class A Membership Units on a per unit valuation of the most immediate preceding preferred unit financing, in an amount to be determined in relation to the aggregate amount of services to be performed during the year. BABW currently estimates it will provide approximately \$1,200,000 in services during 2007 and expects to receive an amount of Class A membership units based on a per unit valuation of \$0.97.

Also in conjunction with its direct cash investment in REC, BABW entered into an agreement with an entity controlled by the original founders of REC, Construct-A-Car, Inc. ("CAC"), providing for: (i) the purchase by BABW of 312,000 common units of REC owned by CAC at \$0.011 per unit, or a total of \$3,428; (ii) the purchase, for \$150,000, of a five-year "call" option, exercisable until April 2012, from CAC to acquire an additional 1,250,000 of REC common units owned by the CAC, at an exercise price of \$1.25 per common unit; and (iii) a "put" option which CAC may exercise at any time between April 2008 and April 2012, requiring BABW to purchase some or all of such 1,250,000 shares of common units of REC owned by CAC, at fifty cents (\$0.50) per unit. The aggregate number of units subject to the put and call is 1,250,000 units. The \$150,000 purchase price for the option would offset the purchase price on a put, but would not offset the call price.

Additionally, BABW maintains an advisory services agreement signed in May 2006 under which BABW provides advisory services to REC in exchange for warrants to purchase 10% of the fully diluted equity of REC, at an aggregate exercise price of \$800. BABW could exercise the warrants upon certain specified events, including an IPO of REC, any reclassification, reorganization, consolidation, merger, sale of substantially all the assets of REC or its successor, a bankruptcy or similar event or any voluntary or involuntary dissolution, liquidation or winding-up of REC.

As a result of the transactions described above, BABW would own as much as approximately 34% of fully diluted equity in REC by early 2008 (excluding of any additional funding rounds by REC which may impact BABW's percentage ownership, and including the full exercise of the option/put on the REC shares owned by CAC and the issuance of equity in exchange for the anticipated services as described above).

Maxine Clark, BABW's Chairman and Chief Executive Bear, continues to serve on the management committee of REC.

The information furnished in this Item 7.01 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934 (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, regardless of any general incorporation language in such filing. In addition, this report shall not be deemed an admission as to the materiality of any information contained herein that is required to be disclosed solely as a requirement of this Item.

Item 9.01. Financial Statements and Exhibits.

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(d) Exhibits

SIGNATURES

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

BUILD-A-BEAR WORKSHOP, INC.

Date: May 1, 2007

By: /s/ Tina Klocke

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Name: Tina Klocke  
Title: Chief Financial Bear,  
Secretary and Treasurer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
----- 99.1	----- Press Release dated May 1, 2007

## Build-A-Bear Workshop, Inc. Reports Fiscal 2007 First Quarter Results

- Earnings per diluted share were \$0.39, including U.K. acquisition dilution of \$0.14, vs. \$0.41 in 2006.
- Fiscal 2007 earnings guidance remains \$1.65 to \$1.75 per diluted share. Guidance includes stock-based compensation expense of approximately \$0.10 per diluted share.
- French franchise converted to Company-owned operation.

ST. LOUIS--(BUSINESS WIRE)--May 1, 2007--Build-A-Bear Workshop, Inc. (NYSE: BBW), an interactive entertainment-based retailer of customized stuffed animals, announced that total revenue for the fiscal 2007 first quarter (13 weeks ended March 31, 2007) increased 18% to \$116.8 million, compared to \$98.6 million in the prior year's first quarter (13 weeks ended April 1, 2006).

First quarter net income was \$8.1 million or \$0.39 per share. These results include impacts of \$0.14 per share related to the U.K. acquisition which were not included in the year ago quarter. The company reported net income of \$8.3 million or \$0.41 per diluted share in last year's first quarter.

"Our results in the first quarter were in-line with our plans," said Maxine Clark, chairman and chief executive bear. "With sales trends improving and strategies in place to maximize product opportunities moving forward, we are on track to meet the full-year earnings we previously provided. During the quarter we also converted our French franchise to a company-owned operation which will help us deliver a much improved brand experience, further leverage our U.K. operations, and grow our brand in this important market. We remain focused on growing our business, driving business initiatives that benefit the long-term success of our brand, developing products that are relevant, and providing an exceptional experience to our Guests."

## Fiscal 2007 First Quarter

Fiscal 2007 first quarter total revenue includes net retail sales of \$115.9 million, an increase of \$18.2 million or 18.6% compared to last year's first quarter. Net retail sales growth was driven by new stores opened during the past twelve months in North America, U.K. operation sales totaling \$10.8 million, non-traditional store locations, and an increase in Internet sales of 24.1% to \$3.1 million. Comparable store sales in North America declined 6.9%. First quarter total revenue also includes revenue from international franchise fees and third-party licensing.

The first quarter net income of \$8.1 million reflects several items directly related to the U.K. acquisition, including an operating loss of \$2.2 million from that business, and the loss of interest income and franchise income which would have been recognized if the acquisition had not occurred. The U.K. operating loss included costs associated with closing one store in France previously owned by a franchisee. As anticipated, retail gross margin rate decreased to 46.4%, from 49.0% in the fiscal 2006 first quarter, primarily due to higher store occupancy costs in the United Kingdom. Also included in the 2007 first quarter is stock-based compensation expense of \$0.6 million pretax (\$0.4 million net of tax or \$0.02 per diluted share). Fiscal 2006 first quarter results include the impact of stock-based compensation expense of \$0.5 million pretax (\$0.3 million net of tax or \$0.02 per diluted share).

During the 2007 first quarter, the company opened four new Build-A-Bear Workshop(R) (BABW) retail stores in North America, as planned, compared with opening two new BABW stores during the 2006 first quarter. These openings include the company's first store in a science center at the Saint Louis Science Center. The store includes both Build-A-Bear Workshop and a full assortment of Build-A-Dino(R) products. In the United Kingdom, the company opened two new stores in Exeter, England and Edinburgh, Scotland.

Build-A-Bear Workshop stores at the end of the first quarter totaled 237 in North America and 40 in the United Kingdom.

Fiscal 2007 first quarter results reflect the company's acquisition, completed on April 2, 2006, of The Bear Factory Limited,

a United Kingdom-based stuffed animal retailer, and the acquisition of Amsbra, Ltd., its franchisee in the United Kingdom.

On February 20, 2007, the company's board of directors authorized the repurchase of up to \$25 million of its outstanding common stock over the next 12 months. During the fiscal 2007 first quarter, the company repurchased and retired 176,500 shares of common stock for \$4.7 million.

#### Outlook

The company reaffirmed its previous guidance for fiscal 2007 (52 weeks ended Dec. 29, 2007) of earnings per share (EPS) in the range of \$1.65 to \$1.75. This guidance includes the anticipated impact of expensing stock-based compensation of approximately \$3.1 million pretax (\$2.0 million net of tax or \$0.10 per diluted share). Fiscal 2006 full year results included the impact of stock-based compensation expense of \$2.1 million pretax (\$1.3 million net of tax or \$0.07 per diluted share).

The guidance for fiscal 2007 assumes North American comparable store sales to be in the flat to negative mid-single digit range. The company's earnings outlook also assumes no significant change in the overall retailing environment. The guidance does not include any positive impact that may come from the company's share repurchase program.

The guidance assumes that earnings per diluted share for the second quarter will be between \$0.15 and \$0.19, and includes the anticipated impact of expensing stock-based compensation of approximately \$0.9 million pretax (\$0.5 million net of tax or \$0.03 per diluted share). Second quarter earnings guidance also reflects the anticipated costs associated with higher advertising expenses, higher performance-based bonus compensation expense, and Canadian French and Spanish language translation costs associated with the company's store openings in Montreal and Puerto Rico in the second half of the year, compared to the fiscal 2006 second quarter. Second quarter 2007 total revenue growth is anticipated to be approximately 18% and North American comparable store sales are assumed to be in the flat to negative low-single digit range.

In North America, Build-A-Bear Workshop expects to open a total of 38 new BABW stores this year. In the U.K., the company plans to open seven to ten new stores, and in France the company plans to open approximately three new stores this year. In North America, 15 new BABW stores are planned to open in the second quarter, compared with opening 14 new BABW stores during the 2006 second quarter.

#### Other News

The company also announced today that its total equity investment in Retail Entertainment Concepts, LLC, also known as RIDEMAKERZ(TM), has increased to \$2.96 million. RIDEMAKERZ is an early-stage company developing an interactive retail concept that allows children and families to build and customize their own personalized cars. In addition to an equity investment in RIDEMAKERZ, Build-A-Bear Workshop has an agreement to provide operating and advisory services in exchange for additional equity ownership.

Build-A-Bear Workshop will host its Annual Meeting of Stockholders on Thursday, May 10, 2007 at 10:00 a.m. local time (CST) in the Redbird Club at Busch Stadium in St. Louis, Missouri. The company will broadcast the meeting over the Internet via webcast. The webcast will be accessible through the Investor Relations page of the Build-A-Bear workshop corporate Web site, <http://ir.buildabear.com>. Following the live meeting, a replay of the webcast will be available until the next annual meeting.

#### Today's Conference Call Webcast

Today at 10:00 a.m. EDT, Build-A-Bear Workshop will host a live audio webcast of its discussion with the investment community regarding the company's fiscal 2007 first quarter results. The webcast can be accessed at <http://ir.buildabear.com>. A replay of the webcast will be available following the live webcast and available until the company's next quarterly conference call.

#### About Build-A-Bear Workshop, Inc.

Build-A-Bear Workshop, Inc. is the only global company that offers an interactive make-your-own stuffed animal retail-entertainment

experience. Founded in St. Louis in 1997, the company currently operates more than 275 stores in the United States, Canada, the United Kingdom and Ireland. The addition of franchise stores in Europe, Asia and Australia make Build-A-Bear Workshop the leader in interactive retail. In November 2004, the company expanded the make-your-own concept from stuffed animals to dolls with the opening of its first friends 2B made(R) stores, where Guests can make their own doll friends. Build-A-Bear Workshop (NYSE: BBW) posted total revenue of \$437 million in fiscal 2006. For more information, call 888.560.BEAR (2327) or visit the company's award-winning Web sites at [www.buildabear.com](http://www.buildabear.com) and [www.friends2bmade.com](http://www.friends2bmade.com).

#### Forward-Looking Statements

This press release contains "forward-looking statements" (within the meaning of the federal securities laws) which represent the Build-A-Bear Workshop's expectations or beliefs with respect to future events. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. Those factors include, without limitation: we may be unable to generate comparable store sales growth and may continue to have negative comparable store performance; our marketing initiatives may not generate sufficient brand awareness and sales or demand for our retail experience; we may be unable to respond to changing consumer preferences; customer mall traffic may decrease as a result of various factors, including a reduction of consumer confidence because of terrorism or war; general economic conditions may worsen; our market share could be adversely affected by competitors; the availability and costs of our products could be impacted by international manufacturing and trade issues; our warehousing and distribution vendors may perform poorly, and we may be unable to realize the anticipated benefits from our distribution center; we may fail to protect our intellectual property and may have infringement, misappropriation or other disputes or litigation with third parties, which could be costly, distract our management and personnel and which could result in the diminution in value of our trademarks and other important intellectual property; we may be unable to open new stores, renew or replace our store leases, enter into leases for new stores on favorable terms, or continue to comply with our current leases; we may lose key personnel or be unable to hire qualified additional personnel, including store associates; vendor deliveries may be disrupted; we may not realize some of the expected benefits of the acquisition of Amsbra and The Bear Factory; we may be unable to effectively manage our international franchises or comply with changing laws relating thereto; we may experience communications or information systems failures; we may suffer negative publicity or be sued due to alleged violations of labor laws, employee regulations or unethical practices, either by us or our merchandise manufacturers; and we may violate or be accused of violating privacy or security laws by reason of improperly obtaining or failing to adequately protect Guest information. These and other applicable risks, cautionary statements and factors that could cause actual results to differ from the Company's forward-looking statements are included in the Company's filings with the SEC, including as described in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2005. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

**BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES**  
**Unaudited Condensed Consolidated Statements of Operations**  
(dollars in thousands, except share and per share data)

	13 Weeks Ended March 31, 2007		13 Weeks Ended April 1, 2006	
	%	%	%	%
	of Total Revenues(1)	of Total Revenues(1)	of Total Revenues(1)	of Total Revenues(1)
<b>Revenues:</b>				
Net retail sales	\$ 115,883	99.2	\$ 97,730	99.1
Franchise fees	695	0.6	690	0.7
Licensing revenue	236	0.2	211	0.2
<b>Total revenues</b>	<b>116,814</b>	<b>100.0</b>	<b>98,631</b>	<b>100.0</b>
<b>Costs and expenses:</b>				
Cost of merchandise sold	62,140	53.6	49,860	51.0
Selling, general				



and				
administrative	41,544	35.6	35,451	35.9
Store preopening	688	0.6	615	0.6
Interest expense				
(income), net	(545)	(0.5)	(866)	(0.9)
	-----	-----	-----	-----
Total costs and expenses	103,827	88.9	85,060	86.2
	-----	-----	-----	-----
Income before income taxes	12,987	11.1	13,571	13.8
Income tax expense	4,922	4.2	5,225	5.3
	-----	-----	-----	-----
Net income	\$ 8,065	6.9	\$ 8,346	8.5
	=====		=====	

Earnings per common share:

Basic	\$ 0.40	\$ 0.42
	=====	=====
Diluted	\$ 0.39	\$ 0.41
	=====	=====

Shares used in computing common per share amounts:

Basic	20,281,820	20,078,876
Diluted	20,525,347	20,401,378

(1) Selected statement of operations data expressed as a percentage of total revenues, except cost of merchandise sold which is expressed as a percentage of net retail sales. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales and rounding.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Balance Sheets  
(dollars in thousands, except share and per share data)

	March 31, 2007	December 30, 2006
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,375	\$ 53,109
Inventories	48,013	50,905
Receivables	6,028	7,389
Prepaid expenses and other current assets	17,854	11,805
Deferred tax assets	2,437	2,388
	-----	-----
Total current assets	116,707	125,596
Property and equipment, net	129,455	130,347
Goodwill	36,374	36,927
Other intangible assets, net	2,984	2,873
Other assets, net	4,972	4,027
	-----	-----
Total Assets	\$ 290,492	\$ 299,770
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 44,167	\$ 46,761
Accrued expenses	12,378	16,301
Gift cards and customer deposits	20,295	28,128
Deferred revenue	6,613	6,454
	-----	-----
Total current liabilities	83,453	97,644
	-----	-----
Deferred franchise revenue	2,418	2,297
Deferred rent	36,466	34,754
Other liabilities	308	352
Deferred tax liabilities	460	459
	-----	-----
Stockholders' equity:		
Common stock, par value \$0.01 per share	206	205
Additional paid-in capital	84,796	88,866
Other comprehensive income	(1,868)	(997)
Retained earnings	84,253	76,190

Total stockholders' equity	167,387	164,264
Total Liabilities and Stockholders' Equity	\$ 290,492	\$ 299,770

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Selected Financial and Store Data  
(dollars in thousands, except square foot data)

	13 Weeks Ended March 31, 2007	13 Weeks Ended April 1, 2006
Other financial data:		
Gross margin (\$) (1)	\$ 53,743	\$ 47,870
Gross Margin (%) (1)	46.4%	49.0%
Capital expenditures	\$ 4,944	\$ 9,662
Depreciation and amortization	\$ 6,260	\$ 4,782
Sales over the Internet	\$ 3,077	\$ 2,479
Store data (2):		
Number of stores at end of period		
North America	237	202
United Kingdom and Ireland	40	--
Total stores	277	202
Store square footage at end of period		
North America	721,467	623,360
United Kingdom and Ireland (3)	59,351	--
Total square footage	780,818	623,360
Comparable store sales change (%) (4)	(6.9)%	(3.8)%

(1)Gross margin represents net retail sales less cost of merchandise sold. Gross margin percentage represents gross margin divided by net retail sales.

(2)Excludes our webstore and seasonal and event-based locations.

(3)Square footage in the United Kingdom and Ireland is estimated selling square footage.

(4)Comparable store sales percentage changes are based on net retail sales and stores are considered comparable beginning in their thirteenth full month of operation.

CONTACT: Build-A-Bear Workshop, Inc.

Investors:

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or

Media:

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