

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 27, 2006

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

-----  
(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 April 27, 2006, 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 2006. The press release also included expected earnings and diluted  
earnings per share for the full year of fiscal 2006. 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 9.01 Financial Statements and Exhibits.  
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(d) Exhibits

Exhibit Number Description of Exhibit  
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99.1 Press Release dated April 27, 2006

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: April 27, 2006

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 April 27, 2006

## Build-A-Bear Workshop, Inc. Reports Fiscal 2006 First Quarter Results

ST. LOUIS--(BUSINESS WIRE)--April 27, 2006--Build-A-Bear Workshop, Inc. (NYSE: BBW):

- First quarter earnings per diluted share were \$0.41 including stock-based compensation expense of \$0.02, vs. \$0.40 in fiscal 2005.
- Fiscal 2006 earnings guidance remains \$1.44 to \$1.53 per diluted share. Guidance includes UK acquisition impacts of approximately \$0.10 to \$0.13 per diluted share, stock-based compensation expense of approximately \$0.08 per diluted share and distribution center transition cost of approximately \$0.04 per diluted share.

Build-A-Bear Workshop, Inc. (NYSE: BBW), an interactive entertainment retailer of customized stuffed animals, announced that total revenue for the fiscal 2006 first quarter (13 weeks ended April 1, 2006) increased 14.6% to \$98.6 million, compared to \$86.1 million in the prior year's first quarter (13 weeks ended April 2, 2005).

First quarter net income increased 4.7% to \$8.3 million, or \$0.41 per diluted share. These results, which include the impact of \$0.02 per share for stock-based compensation expenses, compare to net income of \$8.0 million, or \$0.40 per diluted share in last year's first quarter.

"We are pleased with our performance and progress in the first quarter, especially since the first quarter of last year included sales generated by the Easter Holiday. This year, the Easter holiday fell in April and is in our second quarter," said Maxine Clark, chairman and chief executive officer. "Results were in-line with our plans, and we also made progress on several important strategic initiatives, including the acquisition of The Bear Factory and our franchisee in the United Kingdom. In addition, construction of our new Ohio distribution center remains on schedule and on budget with plans to become operational this fall. Finally, we added Singapore to our international franchise family. With new store openings, new ballpark stadium stores, our first store in a zoo, and over 25 event visits scheduled for our Build-A-Bear Workshop On Tour mobile store, we continue to take our brand to wherever families go to have fun."

## Fiscal 2006 First Quarter

Fiscal 2006 first quarter total revenue includes net retail sales of \$97.7 million, an increase of \$12.0 million or 14.0% compared to last year's first quarter. Net retail sales growth was primarily driven by the addition of new stores opened during the past twelve months and an increase in Internet sales of 16.6% to \$2.5 million. Comparable store sales declined 3.8%. First quarter total revenue includes revenue from international franchise fees and third-party licensing totaling \$901,000, an increase of \$565,000 compared to last year's first quarter.

First quarter net income growth of \$0.4 million, compared to the fiscal 2005 first quarter, was driven primarily by higher net retail sales, lower store preopening costs, and higher interest income, partially offset by higher stock-based compensation expense. Retail gross margin rate decreased to 49.0%, down from 50.5% in the fiscal 2005 first quarter. Selling, general and administrative expense as a percent of total revenue increased to 35.9% from 34.7% primarily due to higher stock-based compensation and performance-based bonus expenses.

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). Fiscal 2005 first quarter results include the impact of stock-based compensation expense of \$61,000 pretax (\$38,000 net of tax and no per share impact).

During the 2006 first quarter, the company opened two new Build-A-Bear Workshop(R) retail stores in the United States and Canada, as planned. This compares to opening three new Build-A-Bear Workshop stores during the 2005 first quarter. In addition, the company opened one new ballpark store - in San Francisco's AT&T Park - the first store in a zoo at the Saint Louis Zoo, and one new friends 2B made store in the newly remodeled and expanded Myrtle Beach South Carolina Build-A-Bear Workshop store. A second new ballpark store at the new Busch Stadium - home of the St. Louis Cardinals - in St. Louis opened in early April along with three ballpark store reopenings in Philadelphia, Cincinnati and Cleveland.

Build-A-Bear Workshop stores at the end of the first quarter totaled 193 in the United States and nine in Canada. During the

quarter the international franchisees opened no new international stores; international stores totaled 30 at the end of the first quarter.

#### U.K. Acquisition Update

On April 3, 2006, the company announced that it had completed the acquisition of The Bear Factory Limited, a United Kingdom-based stuffed animal retailer, and the acquisition of Amsbra, Ltd., its franchisee in the U.K.

The acquisition includes 29 Bear Factory stores - 28 stores in the UK and one in the Irish Republic - and 11 Amsbra stores. The company will convert the Bear Factory stores to Build-A-Bear Workshop stores starting in May and complete the store conversion in time for the 2006 holiday season.

#### International Franchising

In February, the company signed a franchise agreement to open Build-A-Bear Workshop stores in Singapore. This recent agreement brings the total number of international countries with franchise agreements to fourteen. Those countries include Australia, Belgium, Denmark, France, India, Japan, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Singapore, South Korea, Sweden and Thailand. In fiscal 2005, revenue from international franchise fees totaled \$2.0 million. The company expects fiscal 2006 international franchise fee revenue to total approximately \$3.0 million. International franchise fee revenue excludes U.K.-based stores which are now reflected in retail sales following the acquisition of Amsbra, Ltd.

#### Outlook for 2006

The company reaffirmed its previous guidance for fiscal 2006 (52 weeks ended Dec. 30, 2006) of earnings per share (EPS) to be in the range of \$1.44 to \$1.53. This guidance includes the anticipated U.K. acquisition impacts of approximately \$0.10 to \$0.13 per diluted share, stock-based compensation expense of approximately \$0.08 per diluted share (\$2.7 million pretax, \$1.7 million net of tax) and distribution center transition costs of approximately \$0.04 per diluted share (\$1.4 million pretax, \$0.9 million net of tax).

The U.K. acquisition impacts primarily reflect costs associated with rebranding, store conversion, and integration of the Bear Factory stores, as well as a reduction in franchise fee revenue and lower interest income.

Build-A-Bear Workshop expects to open approximately 30 new Build-A-Bear Workshop stores in the United States and Canada and approximately five new friends 2B made(R) stores in fiscal 2006. Fourteen of the new U.S. and Canada stores are planned to open in the second quarter. In the UK, the company plans to open three to five new Build-A-Bear Workshop stores in fiscal 2006; international franchisees expect to open up to 20 new stores.

#### Other News

Build-A-Bear Workshop will host its Annual Meeting of Shareholders on Thursday, May 11, 2006, at 10:00 a.m. local time (CDT) at the McDonnell Center at River Camp at the Saint Louis Zoo, 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(R) will host a live audio webcast of its discussion with the investment community regarding the company's fiscal 2006 first quarter results. The webcast can be accessed at <http://ir.buildabear.com>. Following the live discussion, a replay of the webcast will be available until the 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 240 stores in the United States, Canada and the United Kingdom. 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. In April 2006, Build-A-Bear Workshop acquired The Bear Factory Limited and Amsbra, Ltd. adding company-owned stores in the United Kingdom and Ireland. Build-A-Bear Workshop (NYSE: BBW) posted total revenue of \$362 million in fiscal 2005. 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 not realize some of the expected benefits of the acquisition of Amsbra and The Bear Factory; we may be unable to construct and/or effectively run our own warehouse and distribution center; we may be unable to generate comparable store sales growth; our marketing initiatives may not generate sufficient brand awareness and sales; we may be unable to effectively manage our international franchises or comply with changing laws relating thereto; we may be unable to generate demand for our retail experience, or to respond to 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; we may lose key personnel, or be unable to hire qualified additional personnel; vendor deliveries may be disrupted; the availability and costs of our products could be impacted by international manufacturing and trade issues; our warehousing and distribution vendors may perform poorly; we may fail to protect our intellectual property and may have infringement, misappropriation or other disputes or litigation with third parties; 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 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 the Company or its 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		13 Weeks Ended	
	April 1, 2006	% of Total Revenues (1)	April 2, 2005	% of Total Revenues (1)
<b>Revenues:</b>				
Net retail sales	\$ 97,730	99.1%	\$ 85,723	99.6%
Franchise fees	690	0.7	306	0.4
Licensing revenue	211	0.2	30	0.0
<b>Total revenues</b>	<b>98,631</b>	<b>100.0</b>	<b>86,059</b>	<b>100.0</b>
<b>Costs and expenses:</b>				
Cost of merchandise sold	49,860	51.0	42,397	49.5
Selling, general and administrative	35,451	35.9	29,845	34.7
Store preopening	615	0.6	1,188	1.4
Interest expense (income),				

net	(866)	(0.9)	(368)	(0.4)
Total costs and expenses	85,060	86.2	73,062	84.9
Income before income taxes	13,571	13.8	12,997	15.1
Income tax expense	5,225	5.3	5,029	5.8
Net income	\$ 8,346	8.5	\$ 7,968	9.3

Earnings per common share:				
Basic	\$ 0.42		\$ 0.41	
Diluted	\$ 0.41		\$ 0.40	

Shares used in computing common per share amounts:				
Basic	20,078,876		19,274,625	
Diluted	20,401,378		20,123,927	

(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)

	April 1, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$43,398	\$90,950
Cash in escrow	36,893	-
Inventories	43,591	40,157
Receivables	7,297	6,629
Prepaid expenses and other current assets	7,344	6,839
Deferred tax assets	3,347	3,232
Total current assets	141,870	147,807
Property and equipment, net	95,194	89,973
Note receivable from franchisee	4,517	4,518
Other intangible assets, net	1,340	1,454
Other assets, net	2,443	2,356
Total Assets	\$245,364	\$246,108
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$32,265	\$34,996
Accrued expenses	12,371	15,792
Gift cards and customer deposits	16,116	22,865
Deferred revenue	7,795	7,508
Total current liabilities	68,547	81,161
Deferred franchise revenue	2,740	2,306
Deferred rent	33,116	30,687
Other liabilities	550	586
Deferred tax liabilities	278	1,011
Stockholders' equity:		
Common stock, par value \$0.01 per share	204	201
Additional paid-in capital	85,246	85,259
Treasury stock	(211)	-
Retained earnings	55,046	46,700
Notes receivable from officers	(152)	(151)
Unearned compensation	-	(1,652)
Total stockholders' equity	140,133	130,357
Total Liabilities and Stockholders' Equity	\$245,364	\$246,108

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
 Unaudited Condensed Consolidated Statements of Cash Flows  
 (dollars in thousands)

	13 Weeks Ended April 1, 2006	13 Weeks Ended April 2, 2005
	-----	-----
Cash flows from operating activities:		
Net income	\$8,346	\$7,968
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	4,782	4,165
Deferred taxes	(847)	(686)
Tax benefit from stock option exercises	(405)	2,095
Loss (gain) on disposal of property and equipment	(13)	112
Stock-based compensation	493	61
Change in assets and liabilities:		
Inventories	(3,435)	(28)
Receivables	(667)	319
Prepaid expenses and other assets	(504)	289
Accounts payable	(2,731)	(3,884)
Accrued expenses and other liabilities	(6,772)	(5,240)
	-----	-----
Net cash provided by (used in) operating activities	(1,753)	5,171
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(9,662)	(5,501)
Purchases of other assets	(301)	(270)
Escrow deposit	(36,893)	-
	-----	-----
Net cash used in investing activities	(46,856)	(5,771)
	-----	-----
Cash flows from financing activities:		
Exercise of employee stock options and employee stock purchases	652	2,237
Collection of note receivable from officer	-	1,645
Tax benefit from stock option exercises	405	-
	-----	-----
Net cash provided by financing activities	1,057	3,882
	-----	-----
Net increase (decrease) in cash and cash equivalents	(47,552)	3,282
Cash and cash equivalents, beginning of period	90,950	67,327
	-----	-----
Cash and cash equivalents, end of period	\$43,398	\$70,609
	=====	=====

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

	13 Weeks Ended April 1, 2006	13 Weeks Ended April 2, 2005
	-----	-----
Other financial data:		
Gross margin (\$) (1)	\$ 47,870	43,326
Gross Margin (%) (1)	48.98%	50.54%
Capital expenditures	\$ 9,662	5,501
Depreciation and amortization	\$ 4,782	4,165
Store data (2):		
Number of stores at end of period	202	173
Store square footage at end of period	623,360	522,630
Comparable store sales change (%) (3)	(3.8)%	5.4%

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

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