

Item 2.02. Results of Operations and Financial Condition.

On July 28, 2011, Build-A-Bear Workshop, Inc. (the “Company”) issued a press release announcing, among other things, total revenues, comparable store sales, e-commerce sales, net loss, and loss per share for the second quarter (13 weeks ended July 2, 2011) and the first six months of fiscal 2011 (26 weeks ended July 2, 2011). The press release also discussed the Company’s cash and inventory as of July 2, 2011 and stock repurchases during the quarter. In addition, the press release included the Company’s outlook for fiscal 2011 capital expenditures, depreciation and amortization, and store openings and closings.

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.

The information furnished in contained or incorporated by reference into this Item 2.02, including Exhibit 99.1 attached hereto, 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 (including Exhibit 99.1) 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.

(d) Exhibits

Exhibit Number Description of Exhibit

99.1 Press Release dated July 28, 2011

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: July 28, 2011

By: /s/ Tina Klocke

Name: Tina Klocke

Title: Chief Operations and Financial Bear,
Secretary and Treasurer

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------|-----------------------------------|
| 99.1 | Press Release dated July 28, 2011 |

Build-a-Bear Workshop, Inc. Reports Fiscal 2011 Second Quarter Results

- *Total revenue increases 9.0% to \$81.8 million, excluding the impact of foreign currency*
- *Consolidated comparable store sales increase 7.1%*
- *Consolidated e-commerce sales increase 22.8%, excluding the impact of foreign currency*

ST. LOUIS, Mo.--(BUSINESS WIRE)--July 28, 2011--Build-A-Bear Workshop, Inc. (NYSE: BBW), an interactive entertainment retailer, today reported results for the second quarter and first six months ended July 2, 2011. Second quarter 2011 total revenue increased 9.0%, excluding the impact of foreign currency. Consolidated comparable store sales increased 7.1% and included an 8.3% increase in North America and a 1.3% increase in Europe. The quarter's results were positively impacted by the shift of the Easter holiday, which moved into the second quarter this year from the first quarter in 2010. Second quarter net loss of \$6.7 million or \$0.37 per share included \$0.05 per share in consulting costs related to the Company's continuing initiatives to improve efficiencies and reduce expenses. This compares to the second quarter fiscal 2010 net loss of \$0.45 per share, which included a \$0.02 per share non-cash impairment charge related to certain long-term deposits. For the full-year 2011, the Company continues to anticipate savings from the consulting project of \$4.0 million to \$6.0 million, or \$0.14 to \$0.21 per diluted share, with an expected annualized benefit of \$10 million to \$15 million.

"In the second quarter, we grew our total revenue, increased our comparable store sales and achieved higher gross margin which resulted in a significant improvement in our net loss, as compared to the prior year," stated Build-A-Bear Workshop Chairman and Chief Executive Bear Maxine Clark. "While the quarter benefited from the movement of Easter into the fiscal period, our consolidated comp sales trends were also positive post-Easter reflecting strength in our merchandise and marketing initiatives. Our consolidated e-commerce sales rose 22.8% for the quarter giving us confidence in our strategies throughout all channels of our business."

“We believe the ongoing execution of our strategies will put us in a strong position to continue our positive sales performance throughout the second half of the year,” Ms. Clark continued. “Our summer product is strong, including the recent launch of the Smurfs, which capitalized on the build-up to the theatrical release. We continue to move aggressively on initiatives to improve our cost structure. As such, we expect to achieve our annual profitability goals and advance our number one objective to increase shareholder value by profitably growing sales,” Ms. Clark concluded.

Fiscal 2011 Second Quarter (13 weeks ended July 2, 2011):

- Total revenues were \$81.8 million, a 10.4% increase from \$74.1 million in the fiscal 2010 second quarter or an increase of 9.0% excluding the impact of foreign currency.
- Consolidated comparable store sales increased 7.1%, including an 8.3% increase in North America and a 1.3% increase in Europe.
- Consolidated e-commerce sales rose 22.8%, excluding the impact of foreign currency.
- Net loss was \$6.7 million, or \$0.37 per share, compared to the fiscal 2010 second quarter net loss of \$8.5 million, or \$0.45 per share. Second quarter fiscal 2011 net loss included \$0.9 million, or \$0.05 per share, in consulting costs. Second quarter 2010 net loss included a \$0.3 million, or \$0.02 per share, non-cash impairment charge related to certain long-term deposits.

Fiscal 2011 First Six Months (26 weeks ended July 2, 2011):

- Total revenues were \$177.8 million, a 1.3% increase from \$175.6 million in the first six months of fiscal 2010, or an increase of 0.8% excluding the impact of foreign currency.
 - Consolidated comparable store sales decreased 2.0%, including a 2.0% decrease in North America and a 1.7% decrease in Europe.
 - Consolidated e-commerce sales rose 9.5%, excluding the impact of foreign currency.
 - Net loss was \$8.9 million, or \$0.50 per share compared to net loss of \$6.8 million, or \$0.36 per share in the first six months of fiscal 2010. The net loss for the first six months of fiscal 2011 included \$1.9 million, or \$0.10 per share in consulting costs. The net loss for the first six months of fiscal 2010 included a \$0.3 million, or \$0.02 per share, non-cash impairment charge related to certain long-term deposits.
-

During the quarter, the Company opened one store in North America and closed one store in Europe. At quarter end the Company operated 342 company-owned stores – 289 in North America and 53 in Europe, as compared to 292 in North America and 54 in Europe at the end of fiscal 2010 second quarter. Additionally, as of the end of the fiscal 2011 second quarter, the Company operated eight pop-up locations in North America.

Balance Sheet

The Company ended the 2011 second quarter with a strong balance sheet and no borrowings under its revolving credit facility. As of July 2, 2011, cash and cash equivalents totaled \$34.7 million, over 30% of which was domiciled outside the U.S. Total inventory at quarter end was \$46.2 million. Inventory per square foot declined 20%, as compared to the prior year period.

The Company continues to expect capital expenditures of \$12 to \$15 million in 2011, compared to capital spending of \$15 million in 2010 and depreciation and amortization of approximately \$25 million, compared to \$27 million in 2010. Through the first half of 2011, the Company opened one store, closed three stores and relocated four existing locations and, for the full fiscal year, currently expects to open five stores and close five to ten stores.

During fiscal 2011 second quarter, the Company repurchased approximately 389,000 shares of its common stock at a total cost of \$2.6 million. At quarter end, the Company had \$18.6 million of availability under the current stock repurchase program.

Today's Conference Call Webcast

Build-A-Bear Workshop will host a live Internet webcast of its quarterly investor conference call at 9 a.m. ET today. The audio broadcast may be accessed at the Company's investor relations Web site, <http://IR.buildabear.com>. The call is expected to conclude by 10 a.m.

A replay of the conference call webcast will be available in the investor relations Web site for one year. A telephone replay will be available beginning at approximately noon ET today until midnight ET on August 11, 2011. The telephone replay is available by calling (617) 801-6888. The access code is 80107441.

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. There are more than 400 Build-A-Bear Workshop stores worldwide, including company-owned stores in the U.S., Puerto Rico, Canada, the United Kingdom and Ireland, and franchise stores in Europe, Asia, Australia, Africa, the Middle East, Mexico and South America. Founded in St. Louis in 1997, Build-A-Bear Workshop is the leader in interactive retail. Brands include make-your-own Major League Baseball® mascot in-stadium locations, and Build-A-Dino® stores. Build-A-Bear Workshop extends its in-store interactive experience online with its award winning virtual world Web site at bearville.com®. The company was named to the FORTUNE 100 Best Companies to Work For® lists for the third year in a row in 2011. Build-A-Bear Workshop (NYSE: BBW) posted total revenue of \$401.5 million in fiscal 2010. For more information, call 888.560.BEAR (2327) or visit the company's award-winning Web site at buildabear.com®.

Forward-Looking Statements

This press release contains "forward-looking statements" (within the meaning of the federal securities laws) which represent Build-A-Bear Workshop expectations or beliefs with respect to future events. Our actual results may differ materially from the results discussed in the forward-looking statements. These risks and uncertainties include, without limitation, those detailed under the caption "Risk Factors" in our annual report on Form 10-K for the fiscal year ended January 1, 2011, as filed with the SEC, and the following: general economic conditions may continue to deteriorate, which could lead to disproportionately reduced consumer demand for our products, which represent relatively discretionary spending; customer traffic may continue to decrease in the shopping malls where we are located, on which we depend to attract guests to our stores; we may be unable to generate interest in and demand for our interactive retail experience, or to identify and respond to consumer preferences in a timely fashion; our marketing and on-line initiatives may not be effective in generating sufficient levels of brand awareness and guest traffic; we may be unable to generate comparable store sales growth; we may be unable to renew or replace our store leases, or enter into leases for new stores on favorable terms or in favorable locations, or may violate the terms of our current leases; we may be unable to effectively manage the operations and growth of our company-owned stores; the availability and costs of our products could be adversely affected by risks associated with international manufacturing and trade, including foreign currency fluctuation; we are susceptible to disruption in our inventory flow due to our reliance on a few vendors; high petroleum products prices could increase our inventory transportation costs and adversely affect our profitability; we may be unable to effectively manage our international franchises or laws relating to those franchises may change; we may be unable to operate our European company-owned stores profitably; fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; we may be unable to repurchase shares at all or at the times or in the amounts we currently anticipate or the results of the share repurchase program may not be as beneficial as we currently anticipate; our products could become subject to recalls or product liability claims that could adversely impact our financial performance and harm our reputation among consumers; we may improperly obtain or be unable to protect information from our guests in violation of privacy or security laws or expectations; we may suffer negative publicity or be sued due to violations of labor laws or unethical practices by manufacturers of our merchandise; we may suffer negative publicity or negative sales if the non-proprietary toy products we sell in our stores do not meet our quality or sales expectations; we may lose key personnel, be unable to hire qualified additional personnel, or experience turnover of our management team; we may be unable to operate our company-owned distribution center efficiently or our third-party distribution center providers may perform poorly; our market share could be adversely affected by a significant, or increased, number of competitors; we may fail to renew, register or otherwise protect our trademarks or other intellectual property; we may have disputes with, or be sued by, third parties for infringement or misappropriation of their proprietary rights; and poor global economic conditions could have a material adverse effect on our liquidity and capital resources. These risks, uncertainties and other factors may adversely affect our business, growth, financial condition or profitability, or subject us to potential liability, and cause our actual results, performance or achievements to be materially different from those expressed or implied by our forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All other brand names, product names, or trademarks belong to their respective holders.

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 July 2, 2011 | % of Total Revenues ⁽¹⁾ | 13 Weeks Ended July 3, 2010 | % of Total Revenues ⁽¹⁾ |
|---|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| Revenues: | | | | |
| Net retail sales | \$ 80,391 | 98.2 | \$ 72,488 | 97.8 |
| Commercial revenue | 736 | 0.9 | 985 | 1.3 |
| Franchise fees | 714 | 0.9 | 661 | 0.9 |
| Total revenues | <u>81,841</u> | <u>100.0</u> | <u>74,134</u> | <u>100.0</u> |
| Costs and expenses: | | | | |
| Cost of merchandise sold | 51,926 | 64.0 | 50,334 | 68.5 |
| Selling, general and administrative | 40,539 | 49.5 | 36,403 | 49.1 |
| Store preopening | 146 | 0.2 | 77 | 0.1 |
| Interest expense (income), net | (105) | (0.1) | (77) | (0.1) |
| Total costs and expenses | <u>92,506</u> | <u>113.0</u> | <u>86,737</u> | <u>117.0</u> |
| Loss before income taxes | (10,665) | (13.0) | (12,603) | (17.0) |
| Income tax benefit | (3,990) | (4.9) | (4,126) | (5.6) |
| Net loss | <u>\$ (6,675)</u> | <u>(8.2)</u> | <u>\$ (8,477)</u> | <u>(11.4)</u> |
| Loss per common share: | | | | |
| Basic | <u>\$ (0.37)</u> | | <u>\$ (0.45)</u> | |
| Diluted | <u>\$ (0.37)</u> | | <u>\$ (0.45)</u> | |
| Shares used in computing common per share amounts: | | | | |
| Basic | 17,839,349 | | 18,866,448 | |
| Diluted | 17,839,349 | | 18,866,448 | |

(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 and commercial revenue. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales and commercial revenue and immaterial rounding.

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

| | 26 Weeks Ended July 2, 2011 | % of Total Revenues ⁽¹⁾ | 26 Weeks Ended July 3, 2010 | % of Total Revenues ⁽¹⁾ |
|--|--|---|--|---|
| Revenues: | | | | |
| Net retail sales | \$ 174,550 | 98.2 | \$ 172,274 | 98.1 |
| Commercial revenue | 1,841 | 1.0 | 1,951 | 1.1 |
| Franchise fees | 1,440 | 0.8 | 1,344 | 0.8 |
| Total revenues | <u>177,831</u> | <u>100.0</u> | <u>175,569</u> | <u>100.0</u> |
| Costs and expenses: | | | | |
| Cost of merchandise sold | 110,151 | 62.4 | 109,440 | 62.8 |
| Selling, general and administrative | 81,803 | 46.0 | 75,935 | 43.3 |
| Store preopening | 193 | 0.1 | 88 | 0.1 |
| Interest expense (income), net | (1) | (0.0) | (108) | (0.1) |
| Total costs and expenses | <u>192,146</u> | <u>108.0</u> | <u>185,355</u> | <u>105.6</u> |
| Loss before income taxes | (14,315) | (8.0) | (9,786) | (5.6) |
| Income tax benefit | (5,388) | (3.0) | (2,987) | (1.7) |
| Net loss | <u>\$ (8,927)</u> | <u>(5.0)</u> | <u>\$ (6,799)</u> | <u>(3.9)</u> |
| Loss per common share: | | | | |
| Basic | \$ (0.50) | | \$ (0.36) | |
| Diluted | \$ (0.50) | | \$ (0.36) | |
| Shares used in computing common per share amounts: | | | | |
| Basic | 17,964,763 | | 18,920,494 | |
| Diluted | 17,964,763 | | 18,920,494 | |

(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 and commercial revenue. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales and commercial revenue and immaterial rounding.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(dollars in thousands, except share and per share data)

| | <u>July 2, 2011</u> | <u>January 1, 2011</u> | <u>July 3, 2010</u> |
|---|-------------------------|----------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 34,742 | \$ 58,755 | \$ 31,168 |
| Inventories | 46,156 | 46,475 | 57,115 |
| Receivables | 4,606 | 7,923 | 3,513 |
| Prepaid expenses and other current assets | 22,580 | 18,425 | 17,370 |
| Deferred tax assets | 7,585 | 7,465 | 7,231 |
| Total current assets | <u>115,669</u> | <u>139,043</u> | <u>116,397</u> |
| Property and equipment, net | 81,225 | 88,029 | 92,634 |
| Goodwill | 33,542 | 32,407 | 31,742 |
| Other intangible assets, net | 1,043 | 1,444 | 2,813 |
| Other assets, net | 15,070 | 14,871 | 10,740 |
| Total Assets | <u>\$ 246,549</u> | <u>\$ 275,794</u> | <u>\$ 254,326</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 33,280 | \$ 36,325 | \$ 30,341 |
| Accrued expenses | 6,818 | 15,488 | 6,597 |
| Gift cards and customer deposits | 23,487 | 28,880 | 22,891 |
| Deferred revenue | 6,852 | 6,679 | 9,131 |
| Total current liabilities | <u>70,437</u> | <u>87,372</u> | <u>68,960</u> |
| Deferred franchise revenue | 1,571 | 1,706 | 1,792 |
| Deferred rent | 26,606 | 28,642 | 31,686 |
| Other liabilities | 375 | 361 | 806 |
| Stockholders' equity: | | | |
| Common stock, par value \$0.01 per share | 192 | 196 | 203 |
| Additional paid-in capital | 72,979 | 76,582 | 78,130 |
| Accumulated other comprehensive loss | (7,580) | (9,959) | (11,244) |
| Retained earnings | 81,969 | 90,894 | 83,993 |
| Total stockholders' equity | <u>147,560</u> | <u>157,713</u> | <u>151,082</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 246,549</u> | <u>\$ 275,794</u> | <u>\$ 254,326</u> |

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

| | <u>13 Weeks Ended July 2, 2011</u> | <u>13 Weeks Ended July 3, 2010</u> | <u>26 Weeks Ended July 2, 2011</u> | <u>26 Weeks Ended July 3, 2010</u> |
|---|--|--|--|--|
| Other financial data: | | | | |
| Retail gross margin (\$) (1) | \$ 28,774 | \$ 22,403 | \$ 65,351 | \$ 63,390 |
| Retail gross margin (%) (1) | 35.8% | 30.9% | 37.4% | 36.8% |
| Capital expenditures, net (2) | \$ 3,815 | \$ 3,154 | \$ 6,137 | \$ 6,410 |
| Depreciation and amortization | \$ 6,206 | \$ 6,762 | \$ 12,730 | \$ 13,629 |
| E-commerce sales | \$ 2,089 | \$ 1,667 | \$ 4,963 | \$ 4,489 |
| Store data (3): | | | | |
| Number of company-owned stores at end of period | | | | |
| North America | | | 289 | 292 |
| Europe | | | 53 | 54 |
| Total stores | | | <u>342</u> | <u>346</u> |
| Number of franchised stores at end of period | | | 70 | 60 |
| Company-owned store square footage at end of period | | | | |
| North America | | | 835,019 | 848,467 |
| Europe (4) | | | 76,481 | 77,520 |
| Total square footage | | | <u>911,500</u> | <u>925,987</u> |
| Comparable store sales change (%) (5) | | | | |
| North America | 8.3% | (9.7)% | (2.0)% | (3.3)% |
| Europe | 1.3% | (11.2)% | (1.7)% | (3.6)% |
| Consolidated | <u>7.1%</u> | <u>(10.0)%</u> | <u>(2.0)%</u> | <u>(3.3)%</u> |

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

(2) Capital expenditures, net represents cash paid for property, equipment, other assets and other intangible assets.

(3) Excludes our webstore and seasonal and event-based locations. North American stores are located in the United States, Canada and Puerto Rico. In Europe, stores are located in the United Kingdom and Ireland and, prior to 2011, France.

(4) Square footage for stores located in Europe is estimated selling square footage.

(5) 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

Investors:

Tina Klocke, 314-423-8000 x5210

or

Media:

Jill Saunders, 314-423-8000 x5293