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) July 26, 2012 (July 25, 2012)

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 1.01. Entry into a Material Definitive Agreement.

On July 25, 2012, Build-A-Bear Workshop, Inc. (the “Company”) and all of its domestic subsidiaries (collectively with the Company, the “Borrower”) entered into a Tenth Amendment to Loan Documents (the “Loan Document Amendment”) with U.S. Bank National Association (“U.S. Bank”), which amends the Company’s Fourth Amended and Restated Loan Agreement (the “Credit Agreement”) and the Fourth Amended and Restated Revolving Credit Note (the “Revolving Credit Note”) with U.S. Bank effective as of June 30, 2012.

The Loan Document Amendment decreased the minimum tangible net worth covenant as of the end of the second and third fiscal quarters of 2012 from $90 million to $82.5 million. Thereafter, the minimum tangible net worth covenant will revert to $90 million. Except for the change in the preceding sentence, the terms and conditions of the Credit Agreement remain unchanged. The Borrower does not currently have any outstanding borrowings under the Credit Agreement and is currently in compliance with the Credit Agreement covenants.

The foregoing description of the Loan Document Amendment is only a summary of certain terms and conditions thereof and is qualified in its entirety by reference to the Loan Document Amendment, which is filed as Exhibit 10.1 hereto and which is incorporated by reference herein. In addition, the Company has previously filed the Credit Agreement and the Revolving Credit Note as Exhibits 10.1 and 10.2, respectively, to its Current Report on Form 8-K, filed on August 13, 2008, as amended by the Seventh Amendment to Loan Documents previously filed as Exhibit 10.1 to its Current Report on Form 8-K, filed on October 29, 2009, and the Eighth Amendment to Loan Documents previously filed as Exhibit 10.1 to its Current Report on Form 8-K, filed on January 4, 2011, and the Ninth Amendment to Loan Documents previously filed as Exhibit 10.1 to its Current Report on Form 8-K, filed on January 4, 2012, which documents have also been incorporated by reference in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 15, 2012. The foregoing description of such documents is also only a summary of certain terms and conditions thereof and is qualified in its entirety to such documents as previously filed.

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2012, the Company issued a press release announcing, among other things, total revenue, net retail sales, comparable store sales, consolidated e-commerce sales, retail gross margin, selling, general and administrative expense, consolidated pre-tax loss, tax benefit, and consolidated net loss for the second quarter (13 weeks ended June 30, 2012) and the first six months of fiscal 2012 (26 weeks ended June 30, 2012). The press release also reported the Company’s quarter-end store count, cash, and inventory as well as the Company’s objectives for fiscal 2012, including a summary of anticipated store closings, openings, and relocations, capital expenditures, and depreciation and amortization.

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 Current Report on Form 8-K (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
10.1	Tenth Amendment to Loan Documents between Build-A-Bear Workshop, Inc., Build-A-Bear Workshop Franchise Holdings, Inc., Build-A-Bear Entertainment, LLC, Build-A-Bear Retail Management, Inc., as Borrowers, and U.S. Bank National Association, as Lender, entered into effective as of June 30, 2012.
99.1	Press Release dated July 26, 2012

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 26, 2012

By: /s/ Tina Klocke
Name: Tina Klocke
Title: Chief Operations and Financial Bear, Secretary and Treasurer

EXHIBIT INDEX

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99.1	Press Release dated July 26, 2012

Exhibit 10.1

TENTH AMENDMENT TO LOAN DOCUMENTS

BUILD-A-BEAR WORKSHOP, INC. ("BABWI"), successor by merger to BUILD-A-BEAR WORKSHOP, LLC, **BUILD-A-BEAR WORKSHOP FRANCHISE HOLDINGS, INC.** ("BABWF"), **BUILD-A-BEAR ENTERTAINMENT, LLC** ("BABE"), **BUILD-A-BEAR RETAIL MANAGEMENT, INC.** ("BABRM"), jointly and severally (individually and collectively, the "Borrower"), and **U.S. BANK NATIONAL ASSOCIATION** ("Lender"), hereby agree as follows effective as of June 30, 2012 (the "Effective Date"):

1. **Recitals**.

1.1 Lender and Build-A-Bear Workshop, LLC entered into a Loan Agreement and related loan and security documents dated as of March 1, 2000 pursuant to which the Lender extended a revolving credit facility to the Borrower (the "Loan").

1.2 Lender, Build-A-Bear Workshop, LLC and BABWI entered into an assumption and amendment agreement dated as of April 3, 2000, whereby BABWI assumed all of the obligations of its predecessor in interest, Build-A-Bear Workshop, LLC.

1.3 Lender and Borrower amended the terms of the Loan by the First Amended and Restated Loan Agreement and related loan and security documents dated as of June 1, 2001 (the "First Amended Loan Agreement").

1.4 Lender and Borrower amended and restated the First Amended Loan Agreement by the Second Amended and Restated Loan Agreement dated as of February 13, 2002 (the "Second Amended Loan Agreement") and Borrower delivered to Lender in connection therewith the First Amended and Restated Revolving Credit Note and the First Amended and Restated Security Agreement.

1.5 Lender and Borrower amended the Second Amended Loan Agreement and related Loan Documents pursuant to the First Amendment to Loan Documents effective as of May 30, 2003 to add additional borrowers to the Loan Documents, to revise certain financial covenants in the Loan Documents, and to add Build-A-Bear Workshop Canada, Ltd. ("Bear Canada") as a guarantor of the obligations under the Loan Documents.

1.6 Lender and Borrower amended the Second Amended Loan Agreement and related Loan Documents pursuant to the Second Amendment to Loan Documents effective as of December 31, 2003 to add an additional borrower to the Loan Documents.

1.7 Lender and Borrower amended the Second Amended Loan Agreement and related Loan Documents pursuant to the Third Amendment to Loan Documents effective as of May 31, 2004 to extend the Maturity Date and to change certain other terms and covenants in the Loan Documents.

1.8 Lender and Borrower amended the Second Amended Loan Agreement and related Loan Documents pursuant to the Fourth Amendment to Loan Documents effective as of September 28, 2004 to correct the name of Bear Canada.

1.9 Lender and Borrower amended and restated the Second Amended Loan Agreement by the Third Amended and Restated Loan Agreement dated as of May 31, 2005 (the "Third Amended Loan Agreement") and Borrower delivered to Lender in connection therewith the Second Amended and Restated Revolving Credit Note.

1.10 Lender and Borrower amended the Third Amended Loan Agreement and related Loan Documents pursuant to the Fifth Amendment to Loan Documents effective as of June 30, 2006 to add Build-A-Bear Workshop UK Holdings, Ltd. ("Bear UK") as a Borrower and to change certain other terms and covenants in the Loan Documents and Borrower delivered to Lender in connection therewith the Third Amended and Restated Revolving Credit Note.

1.11 Lender and Borrower amended the Third Amended Loan Agreement and related Loan Documents pursuant to the Sixth Amendment to Loan Documents effective as of June 19, 2007 to extend the Maturity Date.

1.12 Lender and Borrower amended and restated the Third Amended Loan Agreement by the Fourth Amended and Restated Loan Agreement dated as of August 11, 2008 (the "Fourth Amended Loan Agreement") and Borrower delivered to Lender in connection therewith the Fourth Amended and Restated Revolving Credit Note (the "Fourth Amended Revolving Credit Note").

1.13 Lender and Borrower amended the Fourth Amended Loan Agreement, the Fourth Amended Revolving Note, and the related Loan Documents pursuant to the Seventh Amendment to Loan Documents effective as of October 28, 2009 to extend the Maturity Date, to adjust the rate of interest, and to modify certain covenants.

1.14 Lender and Borrower amended the Fourth Amended Loan Agreement, the Fourth Amended Revolving Note, and the related Loan Documents pursuant to the Eighth Amendment to Loan Documents effective as of December 31, 2010 to extend the Maturity Date, to adjust the rate of interest, and to modify certain covenants.

1.15 Lender and Borrower amended the Fourth Amended Loan Agreement, the Fourth Amended Revolving Note, and the related Loan Documents pursuant to the Ninth Amendment to Loan Documents effective as of December 30, 2011 to extend the Maturity Date, and to modify certain covenants.

1.16 Lender and Borrower intend to amend the Loan Documents by this Tenth Amendment to Loan Documents (the "Amendment") to modify the Tangible Net Worth Covenant.

1.17 Capitalized terms used herein and not otherwise defined will have the meanings given such terms in the Loan Agreement.

2. **Amendment**.

2.1 Section 6.4 of the Fourth Amended Loan Agreement is hereby deleted and replaced with the following:

6.4 **Minimum Tangible Net Worth.** Permit the Tangible Net Worth of Borrower on a consolidated basis to be less than: (a) $82,500,000 as of the fiscal quarters ending June 30, 2012 and September 29, 2012, or (b) $90,000,000 as of the fiscal quarter ending December 29, 2012 and at all times thereafter. Such amount shall be increased by the amount of all equity contributions made to the Borrower on a consolidated basis from time to time and shall be reduced by the amount of dividends, share repurchases, or any other return of capital contributions permitted under this Agreement; provided however, that such reductions shall not cause the Tangible Net Worth of Borrower on a consolidated basis to be less than $82,500,000 at any time prior to the last day of the fiscal quarter ending December 29, 2012, or less than $90,000,000 at any time thereafter.

3. **General**.

3.1 Except as expressly modified herein, the Loan Documents, as amended, are and remain in full force and effect. The Loan Documents are hereby ratified and confirmed as the continuing obligation of Borrower. Nothing contained herein will be construed as waiving any Default or Event of Default under the Loan Documents or will affect or impair any right, power or remedy of Lender under or with respect to the Loan Documents, as amended, or any agreement or instrument guaranteeing, securing or otherwise relating to any of the Obligations.

3.2 Borrower represents and warrants to Lender that: (a) this Amendment and the documents to be executed by Borrower in connection with this Amendment have been duly authorized, executed and delivered by Borrower; (b) each has full power and authority to enter into this Amendment; (c) this Amendment and the documents executed by Borrower in connection with this Amendment constitute the legal, valid and binding obligations of Borrower enforceable in accordance with their respective terms except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws in effect from time to time affecting the rights of creditors generally and except as such enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in law or in equity); and (d) no Default or Event of Default exists. The representations and warranties of Borrower contained in the Loan Documents are deemed to have been made again on and as of the date of execution of this Amendment, except to the extent that such representations and warranties were expressly limited to an earlier date.

3.3 All representations and warranties made by Borrower herein will survive the execution and delivery of this Amendment.

3.4 This Amendment will be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns.

3.5 Borrower will pay attorneys' fees and expenses of Lender incurred in connection with this Amendment and related documentation. Such fees, expenses may be charged to Borrower by Lender as a Revolving Advance.

3.6 This Amendment will in all respects be governed and construed in accordance with the laws of the State of Ohio.

3.7 A copy of this Amendment may be attached to the Note as an allonge. This Amendment is a "Loan Document" as defined in the Loan Agreement.

3.8 This Amendment and the documents and instruments to be executed hereunder constitute the entire agreement among the parties with respect to the subject matter hereof and shall not be amended, modified or terminated except by a writing signed by the party to be charged therewith.

3.9 Borrower agrees to execute such other instruments and documents and provide Lender with such further assurances as Lender may reasonably request to more fully carry out the intent of this Amendment.

3.10 This Amendment may be executed in a number of identical counterparts. If so, each such counterpart shall collectively constitute one agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

3.11 No provision of this Amendment is intended or shall be construed to be for the benefit of any third party.

3.12 **BORROWER AND LENDER HEREBY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION RELATING TO THIS INSTRUMENT AND TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. BORROWER AND LENDER EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.**

SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE TO TENTH AMENDMENT TO LOAN DOCUMENTS

U.S. BANK NATIONAL ASSOCIATION
Lender

By: /s/ Charles L. Thomas
Charles L. Thomas
Senior Vice President

BUILD-A-BEAR WORKSHOP, INC.,
BUILD-A-BEAR WORKSHOP FRANCHISE HOLDINGS, INC.,
BUILD-A-BEAR RETAIL MANAGEMENT, INC.
Borrowers

By: /s/ Maxine Clark
Maxine Clark
Chief Executive Officer

BUILD-A-BEAR ENTERTAINMENT, LLC,
By: Build-A-Bear Retail Management, Inc.,
Sole Member
Borrower

By: /s/ Maxine Clark
Maxine Clark
Chief Executive Officer

Exhibit 99.1

Build-A-Bear Workshop, Inc. Reports Second Quarter and First Six Months Fiscal 2012 Results

- **Second quarter pre-tax loss of $8.3 million improves from a pre-tax loss of $10.7 million in the fiscal 2011 second quarter**
- **First six months North American comparable store sales increase 1.1%**
- **First six months consolidated e-commerce sales increase 7.6%**

ST. LOUIS--(BUSINESS WIRE)--July 26, 2012--Build-A-Bear Workshop, Inc. (NYSE: BBW), an interactive entertainment retailer, today reported results for the second quarter and first six months ended June 30, 2012.

Second Quarter 2012 Highlights (13 weeks ended June 30, 2012):

- Consolidated net retail sales of $79.0 million represented a 1.8% decrease compared to $80.4 million in 2011, excluding the impact of foreign exchange;
- Consolidated comparable store sales declined 1.7% and included a 1.8% decrease in North America and a 1.3% decrease in Europe. Second quarter 2012 net revenue and comparable store sales were negatively impacted by the shift of the Easter holiday and associated school vacations, which moved sales into this year's first quarter;
- Consolidated e-commerce sales rose 5.5%, excluding the impact of foreign exchange. This comes on top of a 22.8% increase in the fiscal 2011 second quarter; and
- Pre-tax loss of $8.3 million improved from a pre-tax loss of $10.7 million in the fiscal 2011 second quarter.

Maxine Clark, Build-A-Bear Workshop's Chief Executive Bear commented, "Our first six months results show our progress toward our goals with positive comparable store sales in North America, a sequential improvement in quarterly trend in Europe and strong growth in our e-commerce sales. The execution of our key strategies, including disciplined expense control, has driven a solid improvement in our operating performance in the first half of 2012. While the economic environment continues to be challenging, particularly in Europe, we believe the key components of our strategy are on track to post further improvement in sales productivity and profitability.

"In just over a month, we will open our first newly imagined store design in St. Louis with five additional stores opening in major US markets in the following weeks. The new store merges Build-A-Bear Workshop's hands-on bear-making process with the power of technology to provide a magical new experience for our Guests," concluded Ms. Clark.

Additional Second Quarter 2012 Details:

- Total revenues were $80.4 million compared to $81.8 million in the 2011 second quarter, a decrease of 1.8%, excluding the impact of foreign exchange;
- Retail gross margin was 35.0%, an 80 basis point decline from retail gross margin of 35.8% in the 2011 second quarter;
- Selling, general and administrative expense (“SG&A”) was $37.1 million, or 46.1% of revenues, a 180 basis point improvement excluding $1.5 million in consulting costs from the 2011 second quarter;
- Tax benefit was $0.8 million at an effective rate of 9.1% compared to a tax benefit of $4.0 million at an effective rate of 37.4% in the 2011 second quarter; and
- Net loss was $7.6 million or $0.46 per share compared to $6.7 million or $0.37 per share in the fiscal 2011 second quarter. Net loss in 2012 was negatively impacted by (i) $0.14 per share related to changes in the effective tax rate; and (ii) $0.04 per share resulting from a change in share count due to repurchases that were made in the second half of 2011. Last year's net loss was negatively impacted by $0.05 per share related to the Company’s consulting project.

First Six Months 2012 (26 weeks ended June 30, 2012):

- Total revenues were $176.8 million compared to $177.8 million in 2011, a decrease of 0.4%, excluding the impact of foreign exchange;
- Consolidated net retail sales of $174.2 million were flat compared to $174.6 million in 2011, excluding the impact of foreign exchange;
- Consolidated comparable store sales were essentially flat and included a 1.1% increase in North America and a 6.0% decrease in Europe;
- Consolidated e-commerce sales rose 7.6%, excluding the impact of foreign exchange. This comes on top of an increase of 9.5% in the first six months of 2011;
- Retail gross margin was 37.7%, a 30 basis point improvement from the first six months of 2011;
- SG&A was $77.2 million, or 43.7% of revenues, a 70 basis point improvement excluding $3.0 million in consulting costs from the first six months of 2011;
- Pre-tax loss of $9.4 million improved from a pre-tax loss of $14.3 million in the first six months of fiscal 2011;
- Tax benefit was $0.9 million at an effective rate of 9.2%, compared to a tax benefit of $5.4 million at an effective rate of 37.6% for the first six months of 2011; and

- Net loss was $8.6 million or $0.53 per share, compared to $8.9 million, or $0.50 per share in the first six months of fiscal 2011. Net loss in 2012 was negatively impacted by (i) $0.17 per share related to changes in the effective tax rate; and (ii) $0.05 per share resulting from a change in share count due to repurchases that were made in the second half of 2011. Last year's net loss was negatively impacted by $0.10 per share related to the Company's consulting project.

Balance Sheet

The Company ended the 2012 second quarter with a strong balance sheet and no borrowings under its revolving credit facility. As of June 30, 2012 cash and cash equivalents totaled $26.5 million, the majority of which was domiciled outside the U.S. Total inventory at quarter end was $47.0 million. Inventory per square foot increased 3.3%, as compared to the prior year period.

In 2012, the Company expects to close approximately ten stores including certain temporary and seasonal locations. The Company also expects to remodel or open approximately 20 stores, with six of the stores in its new design. The Company expects capital expenditures to be $20 million to $23 million in fiscal 2012 to support the refresh and repositioning of stores and investment in infrastructure. Depreciation and amortization is expected to be approximately $22 million.

Stores

At quarter end the Company operated 345 company-owned stores – 287 in North America and 58 in Europe, as compared to 289 in North America and 53 in Europe at the end of the fiscal 2011 second quarter. The Company's international franchisees opened five stores, net of closures, to end the first six months of the year with 84 stores in 14 countries.

2012 Objectives

To increase long-term shareholder value, the Company continues to expect to:

- **Introduce a new store design** to enhance the bear-making experience and drive store traffic and sales. The Company expects to open six of these stores starting in September.
- **Improve store productivity and profitability** by closing select stores during the year, transferring a percentage of the sales to other stores in the same markets. The Company will also reduce the square footage of other stores by relocating them within the same malls.
- **Increase shopping frequency** by increasing new Guest traffic to its stores by rebalancing its marketing messages to include both product and brand, and by refreshing its loyalty program to increase Guest retention.
- **Reinforce Build-A-Bear Workshop as a top destination for gifts**, capitalizing on its 15th birthday occasion to take this initiative to an entirely new level.

- **Increase the Company's global presence** with the anticipated opening of ten to twelve international franchise locations, net of closures in 2012.
- **Improve cost efficiencies** with approximately $7 to $9 million in savings in fiscal 2012, a portion of which will offset expected product cost increases and support sales-driving marketing initiatives.

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 our 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 2, 2012. The telephone replay is available by calling (858) 384-5517. The access code is 397181.

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® list for the fourth year in a row in 2012. Build-A-Bear Workshop (NYSE: BBW) posted total revenue of $394.4 million in fiscal 2011. 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 December 31, 2011, as filed with the SEC, and the following: general global 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 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 effectively operate or manage the overall portfolio of our company-owned stores; 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; the availability and costs of our products could be adversely affected by risks associated with international manufacturing and trade, including foreign currency fluctuation; 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 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 not be able to operate our company-owned stores in the United Kingdom and Ireland profitably; we may be unable to effectively manage our international franchises or laws relating to those franchises may change; 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; poor global economic conditions could have a material adverse effect on our liquidity and capital resources; we may have disputes with, or be sued by, third parties for infringement or misappropriation of their proprietary rights; fluctuations in our quarterly results of operations could cause the price of our common stock to substantially decline; and we may be unable to repurchase shares of our common stock 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. 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 June 30, 2012	% of Total Revenues (1)	13 Weeks Ended July 2, 2011	% of Total Revenues (1)
Revenues:				
Net retail sales	$ 78,989	98.2	$ 80,391	98.2
Commercial revenue	705	0.9	736	0.9
Franchise fees	716	0.9	714	0.9
Total revenues	80,410	100.0	81,841	100.0
Costs and expenses:				
Cost of merchandise sold	51,704	64.9	51,926	64.0
Selling, general and administrative	37,075	46.1	40,685	49.7
Interest expense (income), net	(63)	(0.1)	(105)	(0.1)
Total costs and expenses	88,716	110.3	92,506	113.0
Loss before income taxes	(8,306)	(10.3)	(10,665)	(13.0)
Income tax benefit	(755)	(0.9)	(3,990)	(4.9)
Net loss	$ (7,551)	(9.4)	$ (6,675)	(8.2)
Loss per common share:				
Basic	$ (0.46)		$ (0.37)	
Diluted	$ (0.46)		$ (0.37)	
Shares used in computing common per share amounts:				
Basic	16,458,889		17,839,349	
Diluted	16,458,889		17,839,349	

(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 June 30, 2012	% of Total Revenues (1)	26 Weeks Ended July 2, 2011	% of Total Revenues (1)
Revenues:				
Net retail sales	$ 174,189	98.5	$ 174,550	98.1
Commercial revenue	1,081	0.6	1,841	1.1
Franchise fees	1,513	0.9	1,440	0.8
Total revenues	176,783	100.0	177,831	100.0
Costs and expenses:				
Cost of merchandise sold	109,170	62.3	110,151	62.4
Selling, general and administrative	77,201	43.7	81,996	46.1
Interest expense (income), net	(149)	(0.1)	(1)	(0.0)
Total costs and expenses	186,222	105.3	192,146	108.0
Loss before income taxes	(9,439)	(5.3)	(14,315)	(8.0)
Income tax benefit	(871)	(0.5)	(5,388)	(3.0)
Net loss	$ (8,568)	(4.8)	$ (8,927)	(5.0)
Loss per common share:				
Basic	$ (0.53)		$ (0.50)	
Diluted	$ (0.53)		$ (0.50)	
Shares used in computing common per share amounts:				
Basic	16,248,884		17,964,763	
Diluted	16,248,884		17,964,763	

(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)

	June 30, 2012	December 31, 2011	July 2, 2011
ASSETS			
Current assets:			
Cash and cash equivalents	$ 26,450	$ 46,367	$ 34,742
Inventories	47,029	51,860	46,156
Receivables	4,935	7,878	4,606
Prepaid expenses and other current assets	13,604	17,854	22,580
Deferred tax assets	469	419	7,585
Total current assets	92,487	124,378	115,669
Property and equipment, net	73,518	77,445	81,225
Goodwill	32,643	32,306	33,542
Other intangible assets, net	595	655	1,043
Other assets, net	6,704	6,787	15,070
Total Assets	$ 205,947	$ 241,571	$ 246,549
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 24,253	$ 41,032	$ 33,280
Accrued expenses	7,227	12,128	6,818
Gift cards and customer deposits	22,848	28,323	23,487
Deferred revenue	5,568	5,285	6,852
Total current liabilities	59,896	86,768	70,437
Deferred franchise revenue	1,301	1,436	1,571
Deferred rent	22,075	23,867	26,606
Other liabilities	257	257	375
Stockholders' equity:			
Common stock, par value $0.01 per share	174	174	192
Additional paid-in capital	66,060	65,402	72,979
Accumulated other comprehensive loss	(9,082)	(10,165)	(7,580)
Retained earnings	65,266	73,832	81,969
Total stockholders' equity	122,418	129,243	147,560
Total Liabilities and Stockholders' Equity	$ 205,947	$ 241,571	$ 246,549

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

	13 Weeks Ended June 30, 2012	13 Weeks Ended July 2, 2011	26 Weeks Ended June 30, 2012	26 Weeks Ended July 2, 2011
Other financial data:				
Retail gross margin ($) [1]	$ 27,666	$ 28,774	$ 65,677	$ 65,351
Retail gross margin (%) [1]	35.0%	35.8%	37.7%	37.4%
E-commerce sales	$ 2,191	$ 2,089	$ 5,316	$ 4,963
Capital expenditures, net [2]	$ 4,525	$ 3,815	$ 8,304	$ 6,137
Depreciation and amortization	$ 5,273	$ 6,206	$ 10,636	$ 12,730
Store data [3]:				
Number of company-owned stores at end of period				
North America			287	289
Europe			58	53
Total stores			345	342
Number of franchised stores at end of period			84	70
Company-owned store square footage at end of period				
North America			818,959	835,019
Europe [4]			83,742	76,481
Total square footage			902,701	911,500
Comparable store sales change (%) [5]				
North America	(1.8)%	8.3%	1.1%	(2.0)%
Europe	(1.3)%	1.3%	(6.0)%	(1.7)%
Consolidated	(1.7)%	7.1%	(0.1)%	(2.0)%

(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 pop-up, 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.
(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.

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