BAB INC Form 4 October 21, 2005

FORM 4

OMB APPROVAL

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

Form 4 or Form 5 obligations may continue. STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * MURTAUGH MICHAEL K	2. Issuer Name and Ticker or Trading Symbol BAB INC [BABB]	5. Relationship of Reporting Person(s) to Issuer		
(Last) (First) (Middle)	3. Date of Earliest Transaction	(Check all applicable)		
500 LAKE COOK ROAD, SUITE 475	(Month/Day/Year) 10/19/2005	_X_ Director _X_ 10% Owner _X_ Officer (give title Other (specify below) below) Vice President General Counsel		
(Street)	4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person		
DEERFIELD, IL 60015		Form filed by More than One Reporting Person		

(City)	(State)	(Zip) Tab	le I - Non-l	Derivative	Securitie	es Ac	cquired, Dispose	d of, or Benef	icially Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	Code (Instr. 8)	4. Securities Acquired or(A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
Common Stock	10/19/2005		Code V G	Amount 22,222		Price 5 0	643,366	D	Manager of

Common **Holdings** 2,096,195 I Stock Investments, LLC (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. DiNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		ate	7. Title and A Underlying S (Instr. 3 and	Securities	8. Price of Derivative Security (Instr. 5)
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Incentive Common Stock	<u>(2)</u>				(2)	<u>(3)</u>	Incentive Common Stock	0	

Reporting Owners

Reporting Owner Name / Address	Relationships					
• 0	Director	10% Owner	Officer	Other		
MURTAUGH MICHAEL K 500 LAKE COOK ROAD, SUITE 475 DEERFIELD, IL 60015	X	X	Vice President General Counsel			

Signatures

Michael K.

Murtaugh 10/21/2005 **Signature of Date Reporting Person

Explanation of Responses:

- If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Indirect common stock held as a Manager of Holdings Investments, LLC
- 6,666 options exercisable 12/01/04 at \$0.51 6,667 options exercisable 12/01/05 at \$0.51 6,666 options exercisable 01/25/06 at \$0.97 6,667 options exercisable 12/01/06 at \$0.51 6,667 options exercisable 01/25/07 at \$0.97 6,667 options exercisable 01/25/08 at \$0.97
- (3) 20,000 options expire 12/02/2013 20,000 options expire 01/25/2015

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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