

BAB, INC.  
Form 4  
May 05, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MURTAUGH MICHAEL K

(Last) (First) (Middle)  
500 LAKE COOK ROAD, SUITE 475  
(Street)

DEERFIELD, IL 60015

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BAB, INC. [BABB]

3. Date of Earliest Transaction (Month/Day/Year)  
05/02/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Vice President General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount  | (D)  | Price   |
| Common Stock                    | 05/02/2006                           |  | S                              |   | 11,350  | D  | Ⓛ   |
| Common Stock                    |                                      |  |                                |   | 2,096,195   | I  | Manager of Holdings Investments, LLC <sup>(2)</sup>   |

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) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Incentive Common Stock                     | (3)  |                                      |  | Code V (A) (D)                 |   | (4) (5)  | Incentive Common Stock  | Amount or Number of Shares<br>0            |

## Reporting Owners

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

## Signatures

Michael K.  
Murtaugh                      05/05/2006

                                            
\*\*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).

- (1) Sold 6,350 shares at \$0.93 Sold 2,500 shares at \$0.94 Sold 2,500 shares at \$0.92
- (2) Indirect ownership based on common stock held as a Manager of Holdings Investments, LLC
- (3) 20,000 shares exercisable at \$0.51 20,000 shares exercisable at \$0.97 20,000 shares exercisable at \$1.27
- (4) 6,666 shares 12/02/04 6,667 shares 12/02/05 6,667 shares 12/02/06 6,666 shares 01/25/06 6,667 shares 01/25/07 6,667 shares 01/25/08  
6,666 shares 12/07/06 6,667 shares 12/07/07 6,667 shares 12/07/08
- (5) 20,000 options expire 12/02/14 20,000 options expire 01/25/16 20,000 options expire 12/07/16

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.