

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2007-12-04** | Period of Report: **2007-12-03**

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ISSUER

BAB, INC.

CIK: **1123596** | IRS No.: **364389547** | State of Incorporation: **DE** | Fiscal Year End: **1130**
SIC: **2050** Bakery products

Mailing Address
500 LAKE COOK ROAD
SUITE 475
DEERFIELD IL 60015

Business Address
500 LAKE COOK ROAD
SUITE 475
DEERFIELD IL 60015
847 948-7520

REPORTING OWNER

MURTAUGH MICHAEL K

CIK: **1004171**
Type: **4** | Act: **34** | File No.: **000-31555** | Film No.: **071283721**

Mailing Address
500 LAKE COOK ROAD
SUITE 475
DEERFIELD IL 60015

Business Address
8501 WEST HIGGINS ROAD
STE 320
CHICAGO IL 60631
847 948-7520

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Expires: 02/28/2011
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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

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

| | | | | | | | | |
|--|---------|----------|--|--|--|--|--|--|
| 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 (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) VICE PRESIDENT GENERAL COUNSEL | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 12/03/2007 | | | | | |
| 500 LAKE COOK ROAD, SUITE 475 | | | 4. If Amendment, Date Original Filed(Month/Day/Year) | | | 6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person | | |
| (Street) DEERFIELD, IL 60015 | | | | | | | | |
| (City) | (State) | (Zip) | | | | | | |

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 | (A) or (D) | Price | | | |
| COMMON STOCK | 12/03/2007 | | S | | 1,000 | D | \$0.97 | 608,438 | D | |
| COMMON STOCK | 12/04/2007 | | S | | 3,000 | D | \$0.97 | 605,438 | D | |
| COMMON STOCK | | | | | | | | 2,096,195 | I | MANAGER OF HOLDINGS INVESTMENTS, LLC ⁽¹⁾ |

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 Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---|-----|--|-----------------|---|--|--|--|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | |
| INCENTIVE COMMON STOCK | (2) | | | | | | | (2) | (2) | COMMON STOCK | 90,000 | 90,000 | D | |

Explanation of Responses:

1. COMMON STOCK OWNED INDIRECTLY AS A MANAGER OF HOLDINGS INVESTMENTS, LLC
2. FOR DETAILS PLEASE REFER TO FORM 4 FILED 12/22/06, ACCESSION # 0001123596-000018

Signatures

MICHAEL K. MURTAUGH

** Signature of Reporting Person

12/04/2007

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.