

bebe stores, inc.
Form 4
December 18, 2006

FORM 4

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

OMB APPROVAL

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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 *
MASHOUF PAUL

(Last) (First) (Middle)
400 VALLEY DRIVE
(Street)

BRISBANE, CA 94005-1208

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
bebe stores, inc. [BEBE]

3. Date of Earliest Transaction (Month/Day/Year)
12/14/2006

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)
BS VP Mfg/Sourcing

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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	12/14/2006		M	5,000 A	\$ 4.18 15,470	D	
Common Stock	12/14/2006		S	5,000 D	\$ 20.5 10,470	D	
Common Stock	12/14/2006		M	3,000 A	\$ 4.18 13,470	D	
Common Stock	12/14/2006		S	3,000 D	\$ 20.7 10,470	D	
Common Stock	12/15/2006		M	5,000 A	\$ 4.18 15,470	D	

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Common Stock 12/15/2006 S 5,000 D \$ 20.38 10,470 D

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 (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 Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 4.18	12/14/2006		M	5,000	03/03/2004 ⁽¹⁾ 03/03/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 4.18	12/14/2006		M	3,000	03/03/2004 ⁽¹⁾ 03/03/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 4.18	12/15/2006		M	5,000	03/03/2004 ⁽¹⁾ 03/03/2013	Common Stock

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

MASHOUF PAUL
400 VALLEY DRIVE
BRISBANE, CA 94005-1208

BS VP Mfg/Sourcing

Signatures

PAUL S
MASHOUF 12/18/2006

Signature of Reporting Person

Date

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) The Option becomes exercisable at the rate of 20% in the first year, 20% in the second year and 30% in each of the third and fourth years.

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

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