

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) February 25, 2005

Build-A-Bear Workshop, Inc.

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(Exact Name of Registrant as Specified in Its Charter)

Delaware

001-32320

43-1883836

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(State or Other  
Jurisdiction of  
Incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

1954 Innerbelt Business Center Drive  
St. Louis, Missouri

63114

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(Address of Principal Executive Offices)

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(Zip Code)

(314) 423-8000

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(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 4.02. Non-Reliance on Previously Issued Financial Statements or a  
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Related Audit Report or Completed Interim Review.  
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(a) On February 25, 2005, management of Build-A-Bear Workshop, Inc. (the  
"Company") discussed with the Audit Committee of the Board of Directors of the  
Company a February 7, 2005 clarification of existing generally accepted  
accounting principles ("GAAP") applicable to leases and leasehold improvements  
articulated by the Office of the Chief Accountant of the Securities and Exchange  
Commission ("SEC"). The Company has determined it will restate certain prior  
period financial statements in order to correct its current method of accounting  
for rent holidays and landlord allowances. The Audit Committee concluded that  
the Company's previously issued audited consolidated financial statements should  
no longer be relied upon because of the errors described above.

Historically, the Company has recognized rent expense for leases on a  
straight-line basis beginning on the earlier of the store opening date or lease  
commencement date, which had the effect of excluding the build-out period (or  
"rent holiday") from the calculation of the period over which rent is expensed.  
Based on internal review and discussions with the Audit Committee and the  
Company's independent public accountants, the Company has determined that it  
will correct its accounting practices to include the build-out period in the  
calculation of the period over which rent is expensed.

Furthermore, the Company has historically accounted for landlord allowances  
as a reduction of the cost of leasehold improvements. Based on internal review  
and discussions with the Audit Committee and the Company's independent public  
accountants, the Company has determined that it will now account for landlord  
allowances as a deferred credit that will be recognized over the term of the  
lease as a reduction of rent expense. The term of the lease, as mentioned above,  
will now include the build-out period. The corrections to lease accounting  
methods will not have an impact on the cash flow and total rent expense over the

periods of the underlying leases.

Authorized officers of the Company have discussed with the Company's independent registered public accounting firm the Company's determination that previously issued financial statements should no longer be relied upon because of the errors described above. The Company is currently working with its independent accountants to quantify the error and the impacted periods.

The Company issued a press release in connection with the foregoing on February 28, 2005. The Company anticipates concluding its review in conjunction with announcing fiscal 2004 financial results on March 10, 2005. 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.

Item 9.01 Financial Statements and Exhibits.

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(c) Exhibits

Exhibit Number	Description of Exhibit
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99.1	Press Release dated February 28, 2005
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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.  
(Registrant)

Date: February 28, 2005

/s/ Tina Klocke

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Name: Tina Klocke  
Title: Chief Financial Bear, Secretary and  
Treasurer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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99.1	Press Release dated February 28, 2005

## Build-A-Bear Workshop, Inc. Announces Review of Lease Related Accounting Methods

ST. LOUIS--(BUSINESS WIRE)--Feb. 28, 2005--Build-A-Bear Workshop, Inc. (NYSE:BBW), an interactive, entertainment retailer of customized stuffed animals, announced that it is reviewing its lease related accounting methods.

Like many companies in the retail and restaurant industries, the company is reviewing its lease accounting methods in light of the new clarification of generally accepted accounting principles provided by the Office of the Chief Accountant of the Securities and Exchange Commission on Feb. 7, 2005.

At this time, the company has determined it will restate certain prior period financial statements in order to correct its current method of accounting for rent holidays and landlord allowances. The company's review is in process and includes consultations with its independent auditor and audit committee of the board of directors. The company anticipates completing its review in conjunction with announcing fiscal 2004 financial results on March 10, 2005.

As previously announced, Build-A-Bear Workshop plans to release fiscal 2004 fourth quarter and full year financial results before the market opens on March 10, 2005. The company will host a conference call to discuss the results at 9:00 a.m. Eastern Time that same morning. Speakers on the call include Maxine Clark, chairman and chief executive bear, Barry Erdos, president and chief operating officer bear and Tina Klocke, chief financial bear.

## About Build-A-Bear Workshop, Inc.

Build-A-Bear Workshop, Inc. (NYSE:BBW) is the leading and only national, company providing a make-your-own stuffed animal interactive entertainment retail experience. The first store opened in St. Louis in 1997 and as of January 2005 the company operated 170 stores in 40 states and Canada. With the opening of its international store in Sheffield, England in the fall of 2003, and the addition of international stores in Japan, Denmark and Australia in 2004, Build-A-Bear Workshop has become the global leader in the teddy bear business. In November 2004, the company also opened two friends 2B made(R) stores, the newest concept launch from Build-A-Bear Workshop. For more information about the company and its products call (888) 560-BEAR (2327) or visit the company's award-winning website at [www.buildabear.com](http://www.buildabear.com).

## Forward-Looking Statements

Statements in this news release expressing or indicating the beliefs and expectations of management regarding future performance are forward-looking statements including, without limitation, lease accounting methods, expected financial restatements, future earnings release dates, and any other plans, objectives, expectations and intentions contained in this release that are not historical facts. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. These risks and uncertainties include, without limitation, those detailed in our final prospectus dated October 28, 2004 under the caption "Risk Factors" and the following: (1) we may be unable to maintain our current comparable store sales growth; (2) our marketing initiatives may not be effective in generating sufficient levels of brand awareness and guest traffic; (3) we may be unable open new stores to effectively manage our growth; (4) we may be unable to effectively manage our international franchises or laws relating to those franchises may change; (5) 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; (6) customer traffic may decrease in the shopping malls where we are located, on which we depend to attract guests to our stores; (7) general economic conditions may decrease, which could lead to reduced consumer demand for our products; (8) our market share could be adversely affected by a significant number of competitors; (9) we may lose key personnel, be unable to hire qualified additional personnel, or experience turnover of our management team; (10) the ability of our principal vendors to deliver merchandise may be disrupted; (11) the availability and costs of our products could be adversely affected by risks associated with international manufacturing and trade; (12) third parties that manage our warehousing and distribution functions may perform poorly; (13) we may fail to renew, register or otherwise protect our trademarks or other intellectual property; (14) we may have disputes with, or be sued by, third parties for infringement or misappropriation of their proprietary rights; (15) we may be unable to renew or replace our store leases, or enter into leases for new stores on favorable terms,

or may violate the terms of our current leases; (16) we may experience failures in our communications or information systems; (17) terrorism or the uncertainty of future terrorist attacks or war could reduce consumer confidence and mall traffic; (18) we may become subject to challenges relating to overtime pay or other regulations relating to our employees; (19) we may suffer negative publicity or be sued due to violations of labor laws or unethical practices by manufacturers of our merchandise, and (20) we may improperly obtain or be unable to protect information from our guests in violation of privacy or security laws or expectations.

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. We do not undertake any obligation or plan to update these forward-looking statements, even though our situation may change.

CONTACT: Build-A-Bear Workshop, Inc.

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or

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