CHRISTOPHER & BANKS CORP
Form 10-K
May 15, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 1, 2008

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File No. 001-31390

CHRISTOPHER & BANKS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**06 - 1195422** (I.R.S. Employer Identification No.)
2400 Xenium Lane North, Plymouth, Minnesota (Address of principal executive offices)	**55441** (Zip Code)

Registrant s telephone number, including area code: **(763) 551-5000**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES o NO **x**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES o NO **x**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO **o**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO x

The aggregate market value of the Common Stock, par value $0.01 per share, held by non-affiliates of the registrant as of August 31, 2007, was approximately $422,692,464 based on the closing price of such stock as quoted on the New York Stock Exchange ($12.08) on such date.

The number of shares outstanding of the registrant s Common Stock, par value $0.01 per share, was 35,261,197 as of May 3, 2008 (excluding treasury shares of 9,790,718).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s Proxy Statement for the Annual Meeting of Stockholders to be held July 30, 2008 (the Proxy Statement) are incorporated by reference into Part III.

CHRISTOPHER & BANKS CORPORATION

2008 ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1.
BUSINESS

General

Christopher & Banks Corporation is a Minneapolis-based retailer of women s apparel, which operates retail stores through its wholly-owned subsidiaries, collectively referred to as Christopher & Banks or the Company. As of May 3, 2008, the Company operated 848 stores in 46 states, including 550 Christopher & Banks stores, 262 C.J. Banks stores and 36 Acorn stores.

History

Christopher & Banks Corporation, a Delaware Corporation, was incorporated in 1986 to acquire Braun s Fashions, Inc., which had operated as a family-owned women s apparel business since 1956. In July 2000, the Company s stockholders approved a change in the Company s name from Braun s Fashions Corporation to Christopher & Banks Corporation. The Company s C.J. Banks brand was internally developed and opened its first store in August 2000. Acorn was acquired by the Company in November 2004.

Christopher & Banks/C.J. Banks Segment

The Company s Christopher & Banks stores offer distinctive fashions featuring exclusively designed, coordinated assortments of women s apparel in sizes 4 to 16. The Company s C.J. Banks stores offer similar assortments of women s apparel in sizes 14W to 24W.

The casual lifestyle brand fashions sold by both Christopher & Banks and C.J. Banks are typically suitable for both work and leisure activities and are offered at moderate price points. The target customer for Christopher & Banks and C.J. Banks generally ranges in age from 40 to 60 and is typically part of the female baby boomer demographic.

Acorn Segment

In its Acorn stores, the Company, since acquiring this division in 2004, has sold private label, as well as branded apparel, in sizes 2 to 16. Acorn stores also offer accessories, including jewelry, hand bags and other gift items. The target customer of the Company s Acorn stores ranges in age from 40 to 60 and is typically an affluent female baby boomer who seeks fashion-forward merchandise to fit her active, multi-faceted lifestyle.

Segments

For details concerning the operating performance of each of the Company s reportable segments, see Note 17 to the Consolidated Financial Statements, which is incorporated herein by reference.

Strategy

The Company s overall strategy for its primary brands, Christopher & Banks and C.J. Banks, is to consistently provide a well-focused apparel assortment in order to satisfy its target customer s expectations for style, value and versatility. To differentiate itself from its competitors, the Company s buyers, working in conjunction with the Company s internal design group, create a diverse merchandise assortment which is manufactured exclusively for the Company under its proprietary Christopher & Banks and C.J. Banks brand names. The Company also has a technical design group which establishes technical specifications for the Company s merchandise.

The Company is in the process of repositioning Acorn from primarily offering private label merchandise to featuring recognized brands. In addition, the Company is working to expand the accessory component of Acorn s merchandise offerings. These changes are being implemented in an effort to create a distinctive boutique atmosphere for the Acorn stores.

Strategic Initiatives

Following is a summary of several key strategic initiatives on which the Company is focusing its efforts. Other information related to these key elements of the Company s business follows this summary.

Merchandise

- As a casual lifestyle brand apparel retailer, the Company seeks to provide products that are distinctive and inspired by popular fashion trends. In fiscal 2009, the Company plans to update its product offerings with new silhouettes, color, prints, patterns and textures, along with increasing its emphasis on novelty styles and expanding its offering of fashion basics. The Company also plans to smooth its merchandise flow and provide more frequent deliveries of fresh product to its stores in fiscal 2009.

Sourcing

- The Company plans to diversify its supplier base geographically, add key suppliers with expertise along merchandise category lines and reduce its significant reliance on one key supplier and one primary buying agent.

Marketing

- The Company plans to expand its marketing initiatives in an effort to increase its brand awareness and generate an increase in store traffic and thus enhance its sales opportunities. Marketing expenditures are expected to increase from approximately 1.0% of sales in fiscal 2008 to slightly more than 1.5% of sales in fiscal 2009.

E-commerce

- In February 2008, the Company launched separate e-commerce websites for its Christopher & Banks and C.J. Banks brands and believes these websites will enable it to generate incremental sales and offer additional convenience to its customers.

Information Technology

- In fiscal 2008 and continuing into fiscal 2009, the Company has increased its efforts to upgrade and enhance various components of its information systems including, among other things, implementing a new merchandise planning and allocation system and installing new point-of-sale registers in approximately 550 of its stores. Management has focused its efforts on various information system upgrades and enhancements as the Company has opened a significant number of new stores over the past few years which has placed significant demands on its existing information systems.

Planning and Allocation

- In fiscal 2008 and continuing into fiscal 2009, the Company is installing a new merchandise planning and allocation system, which will provide increased flexibility in product placement as well as improved forecasting and planning capabilities.

Store Expansion

- The Company plans a more conservative approach to store expansion in fiscal 2009, with approximately 30 new locations planned as compared to 69 new store openings in fiscal 2008.

Merchandise

In fiscal 2008, the Company s merchandise primarily included women s apparel generally consisting of knit tops, shirtings, novelty jackets, sweaters, skirts, dresses, denim bottoms and bottoms of other fabrications. The Company s Acorn stores sell a variety of accessories in addition to women s apparel.

Historically, sweaters have accounted for a large percentage of the Company s sales. Over the past few years, the Company has shifted merchandise receipts away from its sweater category and expanded its offerings in other merchandise categories. Sweaters comprised approximately 20% of the Company s sales in fiscal 2008, compared to 23% and 30% in fiscal 2007 and 2006, respectively.

In previous fiscal years, the Company s Christopher & Banks and C.J. Banks stores introduced six different mini-fashion seasons each year. Each mini-season had two delivery months and used the same color palette. Beginning in fiscal 2009, the Company plans to increase its focus on color by developing seasonal color palettes that flow and build month-to-month to ensure newness of fashions within its stores. The Company also plans to do refresher floor sets each month in between the traditional, larger monthly floor sets.

The Company plans to continue to explore potential merchandise and brand extensions that could be complementary to its current brands. In fiscal 2008, the Company introduced a CBK Sport line. While the Company does not plan to carry a separate CBK Sport line going forward, successful elements from this line will be incorporated into other merchandise categories. In October 2007, the Company tested a collection of petite sizes in approximately 95 Christopher & Banks stores. Based on favorable customer response, the Company plans to feature petite sizes in approximately 300 Christopher & Banks stores by September 2008.

Sourcing

The vast majority of the Company s merchandise is manufactured overseas, with direct imports, where the Company was the importer of record, accounting for approximately 78% of the Company s total dollar volume of merchandise purchases in fiscal 2008. During fiscal 2008, the Company purchased approximately 98% of its merchandise from 150 vendors and the Company s ten largest vendors provided approximately 50% of the Company s purchases. In addition, purchases from the Company s largest overseas supplier accounted for approximately 18% of total purchases, compared to 17% in fiscal 2007. The Company does not have long-term purchase commitments or arrangements with any of its suppliers.

Although the Company has an established operating history with its largest vendor, there can be no assurance that this relationship can be maintained in the future or that the vendor will continue to supply merchandise to the Company. If there should be any significant disruption in the supply of merchandise from this vendor, management believes that it will be able to shift production to other suppliers so as to continue to secure the required volume of product. Nevertheless, it is possible that any significant disruption in supply could have a material adverse impact on the Company s financial position and results of operations.

In fiscal 2008 and 2007, the Company purchased approximately 47% of its merchandise through one buying agent. The Company has begun the process of establishing relationships with additional primary suppliers which are intended to reduce its reliance on this buying agent. This buying agent also has indicated its desire to cease serving as an intermediary with manufacturers on behalf of Christopher & Banks. Therefore, the Company anticipates that by the end of December 2008 it will have substantially reduced or phased out its use of this buying agent. While management believes the actions it is taking to mitigate the risk of reliance on this agent will be successful, any significant disruption in supply from vendors through this agent could have a material adverse impact on the Company s financial position and results of operations.

In the third quarter of fiscal 2008, the Company hired, for the first time, a Vice President of Sourcing and is in the process of building a staff for its sourcing function. As part of its process to improve sourcing efficiencies, the Company plans to add key suppliers with expertise along merchandise categories and diversify its sourcing geographically among additional countries.

Marketing

The Company continues to invest in the development of its brands through, among other things, in-store marketing, direct mail and email communications. Compelling window and in-store marketing materials are used to communicate the Company s fashion and promotional message. The Company s customer relationship management database is managed by an outside service provider. However, the Company s marketing department reviews customer purchase history to make strategic decisions regarding direct mail initiatives. The Company also sends periodic email messages to customers regarding new product arrivals and features, in-store promotions or other offers.

In fiscal 2009, the Company intends to focus its marketing on increasing its capture of customer email addresses, as email contact provides the Company with a cost-effective means of communicating with its customers on a regular basis. The Company is planning to expand its marketing efforts in fiscal 2009, with marketing-related spending expected to increase to slightly more than 1.5% of sales, compared to approximately 1.0% of sales in fiscal 2008.

E-commerce

In February 2008, the Company launched separate e-commerce websites for its Christopher & Banks and C.J. Banks brands. These websites give customers the ability to view and purchase the Company s merchandise online at www.christopherandbanks.com and www.cjbanks.com. The Company currently sells essentially the same selection of merchandise on its websites that it features in its Christopher & Banks and C.J. Banks stores. In the future, the Company is planning to offer a greater size selection through its e-commerce websites. Inventory and order fulfillment for the Company s e-commerce operations is handled by a third-party provider. The Company s new websites offer convenience and product research capabilities to its customers, which management believes will generate incremental sales. Further, management believes that the websites provide the Company with a means to drive additional traffic to its Christopher & Banks and C.J. Banks stores and increase brand awareness.

The Company does not have an e-commerce enabled website for its Acorn brand and does not currently plan to launch an e-commerce website for Acorn.

The Company s websites referenced above are for textual reference only and such references are not intended to incorporate the Company s websites into this Annual Report on Form 10-K.

Information Technology

All of the Company s stores utilize point-of-sale (POS) registers, which are polled nightly to collect SKU-level sales data and inventory information, including information by style, color and size. Management evaluates this information to analyze same-store sales results, profitability and to formulate and implement Company-wide merchandise pricing decisions.

In fiscal 2008, the Company invested more heavily than in recent years in implementing and enhancing its information systems. The Company s largest project was the implementation of a new merchandise planning and allocation system. By the end of fiscal 2008, the Company had installed several modules of this system. The Company also completed an upgrade to its store software application and made substantial progress on implementing a new wide area store network. In addition, the Company enhanced its ability to analyze merchandise and financial information through the installation of a data warehouse.

In fiscal 2009, the Company plans to complete the implementation of the remaining modules of its merchandise planning and allocation system. In addition, the Company plans to install new POS register hardware in approximately 550 of its stores in the first and second quarters of fiscal 2009. The Company also plans to complete the implementation of a new suite of Oracle financial software in the second quarter of fiscal 2009.

Distribution, Planning and Allocation

The Company utilizes a single distribution center in Plymouth, Minnesota to receive and distribute merchandise to its stores. Substantially all merchandise is pre-ticketed by the Company s overseas suppliers. Once received at the Company s distribution center, merchandise is counted and processed for distribution to its stores. Merchandise shipments are made daily from the Company s distribution center to its stores utilizing a national carrier to ensure a fresh flow of new merchandise to its stores.

In late fiscal 2008, the Company implemented several modules of its new merchandise planning and allocation system. Through the use of the new allocation modules, the Company anticipates that it will gain increased flexibility in product placement. Functionality from this system is expected to allow the Company to more easily manage its merchandise assortment based on differences in store sales volume and climate, as well as fashion and size preferences. When fully implemented, the planning and allocation system will provide the Company with both detailed level and unit planning capabilities that it currently does not have. Further, the Company anticipates that the system will provide it with improved forecasting of sales, merchandise margins and inventory levels. The Company expects to begin to realize benefits from the new planning and allocation system in the second half of fiscal 2009, with an anticipated increase in benefits in fiscal 2010.

Store Expansion

During fiscal 2008, the Company opened 26 new Christopher & Banks stores, 39 new C.J. Banks stores and four new Acorn stores. The Company closed ten stores during fiscal 2008, which included seven Christopher & Banks stores and three Acorn stores.

Given the current challenging economic climate and the Company s desire to make certain additional infrastructure investments, management is planning a more conservative approach to store expansion for fiscal 2009. In fiscal 2009, the Company is planning to open approximately 30 new stores. The Company expects that approximately half of the new stores will be Christopher & Banks and the remainder will be C.J. Banks. No new Acorn stores are planned to open in fiscal 2009. The Company also plans to close approximately ten stores in fiscal 2009.

The Company has historically operated the majority of its stores in enclosed shopping malls. Management intends to focus future store expansion in lifestyle and power strip locations due to the convenience these locations provide its customers.

While the Company may from time to time consider the acquisition or organic development of other retail concepts, it is not exploring such options at this time.

Properties

The Company uses a prototype store design for each of its store concepts. These store designs are regularly modified and updated, with an updated Christopher & Banks store prototype being developed in fiscal 2008. The store designs provide an open and inviting environment, which enables the Company to deliver a focused merchandise presentation to its customers.

The Company historically completed a major or minor remodeling of each store on a ten-year cycle as leases expired. However, since a substantial majority of the Company s stores currently utilize a similar prototype design, the Company plans to remodel stores on an as-needed basis in the future. Nonetheless, minor improvements, such as carpet replacement and painting, will continue to be made. The Company completed nine store remodels in fiscal 2008 and plans to complete six store remodels in fiscal 2009.

Store Operations

The Company manages its stores in a manner that encourages participation by the store manager in the execution of the Company s business and operational strategies. Managers are eligible for Company incentive awards based upon exceeding planned store sales volume goals.

The Company s store operations are organized into districts and regions. Each district is managed by a district manager, who typically supervises approximately ten stores. The Company has eight regional managers who supervise the district managers.

Competition

The women s retail apparel business is highly competitive. The Company believes that the principal bases upon which it competes are unique merchandise selection, quality garment construction, visual merchandise presentation, customer service, merchandise price and store location. The Company competes with a broad range of national and regional retail chains that sell similar merchandise, including department stores and specialty stores. Many of these competitors are larger and have greater financial resources than the Company. The Company believes that its unique merchandise assortments, strong visual presentation, product quality and customer service enable the Company to compete effectively.

Employees

As of May 3, 2008, the Company had approximately 2,400 full-time and 5,400 part-time employees. The number of part-time employees typically increases during November and December. None of the Company s employees is represented by a labor union or is subject to a collective bargaining agreement. The Company has never experienced a work stoppage and considers its relationship with its employees to be good.

Seasonality

The Company s quarterly results may fluctuate significantly depending on a number of factors, including general economic conditions, customer response to the Company s seasonal merchandise mix, timing of new store openings, adverse weather conditions, shifts in the timing of certain holidays and shifts in the timing of promotional events. During the past two fiscal years, the Company s sales and operating income have been the highest in the first and third fiscal quarters as customers response to its seasonal merchandise offering has been more favorable. The Company had an operating loss in the fourth quarter of fiscal 2008 as the economic environment was particularly challenging.

Trademarks and Service Marks

The Company, through its wholly-owned subsidiary, Christopher & Banks Company, is the owner of the federally registered trademark and service mark Christopher & Banks, which is its predominant private brand, and C.J. Banks, its large size private brand. Management believes these primary marks are important to its business and are recognized in the women s retail apparel industry. Accordingly, the Company intends to maintain these marks and the related registrations. U.S. trademark registrations are for a term of ten years and are renewable every ten years as long as the trademarks are used in the regular course of trade. Management is not aware of any challenges to the Company s right to use these marks in the United States.

The Company uses the name Acorn for the stores it acquired from Gilmore Brothers, Inc. in November 2004, though it does not hold a federally registered trademark or service mark for that name. The Company believes it has established common law rights in this trademark. The Company has registrations or is in the process of registering other trademarks or service marks that it believes are of less importance than its Christopher & Banks and C.J. Banks trademarks. In addition, the Company owns various Internet domain name registrations in conjunction with its trademarks and e-commerce business.

Available Information

The Company makes available free of charge, on or through its website, located at www.christopherandbanks.com, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission.

ITEM 1A.
RISK FACTORS

Set forth below are certain of the important risks that we face and that could cause actual results to differ materially from the forward-looking statements or information in this document. Please also see the Statement Regarding Forward-Looking Disclosures in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations.

The current state of the U.S. economy has and can be expected to have a material negative impact on consumer purchases of discretionary items, such as women s apparel, which in turn can have a material adverse impact on the Company s level of sales and profitability.

Many factors affect the level of consumer spending in the apparel industry, including:

- general business conditions;
- consumer interest rates;
- the availability of consumer credit;
- taxation;
- employment levels;
- political conditions such as war, terrorism and political unrest;
- the residential real estate market; and
- increasing energy and food prices.

The U.S. economy is currently experiencing significant and what may be worsening macro-economic issues, including tightening of U.S. credit markets, a residential real estate crisis, recessionary and inflationary pressures, high energy and food prices, the declining value of the U.S. dollar, higher unemployment rates and stock market volatility, which the Company believes has negatively impacted its business and may continue to do so in the near future. The Company believes that consumer purchases of discretionary items, including women s apparel, have declined and may continue to decline during periods of a negative economic environment and other periods

where discretionary income is lower. A continued downturn in the U.S. economy may adversely affect the Company s level of sales and results of operations.

A decline in consumer spending on apparel could reduce our sales and slow our growth.

The industry in which we operate can be cyclical. Because apparel purchases are generally discretionary, declines in consumer spending patterns may impact us more negatively as an apparel retailer. Therefore, we may not be able to maintain our recent revenue or operating income levels if there is a decline in consumer spending patterns, and we may decide to slow or alter our growth plans.

A reduction in the volume of mall traffic could significantly reduce our sales and leave us with unsold inventory.

A significant portion of our current stores are located in shopping malls. Sales at these stores are derived, in part, from the volume of traffic in those malls. Our stores benefit from the ability of the malls anchor tenants, generally large department stores, and other area attractions to generate consumer traffic. Sales volume and mall traffic may be adversely affected by regional economic downturns, the closing of anchor department stores and competition from non-mall retailers and other malls where we do not have stores. Any of these events, or a decline in the desirability of the shopping environment of a particular mall or in the popularity of mall shopping generally among our customers, could reduce the number of customers visiting our stores and thus our level of sales and leave us with excess inventory. We may respond by increasing markdowns or initiating marketing promotions to reduce excess inventory, which could further decrease our merchandise margins and operating income.

We operate in the highly competitive retail industry and the size and resources of some of our competitors may allow them to compete more effectively than we can, which could result in loss of our market share.

We face intense competition in the retail industry. We compete primarily with women s apparel retailers, department stores, catalog retailers and Internet businesses that also engage in the retail sale of women s apparel. We believe that the principal bases upon which we compete are the quality, design and price of our merchandise and the quality of our customer service. Many of our competitors are, and many of our potential competitors may be, larger and have greater financial, marketing and other resources and therefore may be able to adapt to changes in customer requirements more quickly, devote greater resources to the marketing and sale of their products, generate greater national brand recognition or adopt more aggressive pricing policies than we can. In addition, an increased level of promotions or discounted sales by our competitors may adversely affect response rates to our merchandise or to our own level of promotions or sales. As a result, we may lose market share, which could reduce our revenues, merchandise margins and operating income.

Our inability to increase same-store sales could cause our earnings to decline.

If our future same-store sales fail to increase, our earnings are likely to decline. See Management s Discussion and Analysis of Financial Condition and Results of Operations Under Item 7. In addition, our results have fluctuated in the past and can be expected to continue to fluctuate in the future. For example, over the past twelve fiscal quarters, our quarterly same-store sales have ranged from an increase of 9% in the third quarter of fiscal 2008 to a decrease of 7% in the fourth quarter of fiscal 2007. A variety of factors affect same-store sales, including fashion trends, competition, current economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our merchandise mix, the success of marketing programs, timing and level of markdowns and weather conditions. These factors may cause our future same-store sales results to be materially lower than both our recent past performance and our expectations, which could cause declines in our quarterly earnings and stock price.

If we are unable to anticipate or react to changing consumer preferences in a timely manner, our sales, merchandise margins and operating income could decline.

Our success largely depends on our ability to consistently gauge fashion trends and provide merchandise that satisfies customer demands in a timely manner. Any fashion missteps may affect merchandise quality and inventory levels, since we enter into agreements to manufacture and purchase our merchandise well in advance of the selling season for such merchandise. Our failure to anticipate, identify or react appropriately in a timely manner to changes in fashion trends could lead to lower sales, excess inventories and more frequent and larger markdowns, which could have a material adverse impact on our business.

The Company may not be able to successfully reposition its Acorn segment.

The Company acquired the Acorn concept in November 2004. Acorn sales and operating results have not met management s expectations. In fiscal 2008, the Company recorded an impairment charge of $6.5 million related to the impairment of long-lived assets of the Acorn stores and a $3.6 million goodwill impairment charge. The realization of revenue growth and improved merchandise and operating margins related to Acorn will depend largely upon the Company s ability to:

- add recognized apparel brand merchandise to the Acorn assortment that results in favorable customer response and increased sales;
- increase the penetration of the Acorn accessory category resulting in improved merchandise margins; and
- refine the Acorn brand s marketing and promotional programs and increase the number of regular Acorn

customers.

There can be no assurance that the Company can successfully execute any of the actions above or that the Company s strategies for the Acorn brand will achieve the results necessary to generate positive operating results, particularly in this challenging economic environment. If the Company fails to improve Acorn s operations or cannot successfully execute its growth strategy, the Company s results will be adversely impacted and future impairment or other charges may be recognized.

We rely on the experience and skills of key personnel, the loss of whom could damage our ability to develop or successfully sell our merchandise.

We believe we have benefited substantially from the leadership and strategic guidance of our key executives and members of our creative team, who are primarily responsible for developing our merchandise and reinforcing our brand identity. The loss, for any reason, of the services of any of these individuals could delay the implementation of our strategies. In addition, merchandise we develop without the guidance and direction of these key personnel may not receive the same level of acceptance, thereby resulting in a decline in sales, merchandise margins or both.

Our results of operations could deteriorate if we fail to attract, develop and retain qualified employees.

Our performance is dependent on attracting and retaining a large and growing number of employees. Our success depends in part upon our ability to attract, develop and retain a sufficient number of qualified employees, including store and administrative personnel. The turnover rate in the retail industry is high, and qualified individuals of the requisite caliber and number needed to fill open positions may be in short supply in some geographic areas or subject area disciplines. Significant increases in employee turnover rates could have a material adverse effect on our business, financial condition and results of operations.

Our results of operations could be adversely affected if labor costs increase.

Our ability to meet our labor needs while controlling our labor costs is subject to external factors such as unemployment levels, minimum wage legislation, health care legislation and changing demographics. In addition, our labor costs are influenced by health care and workers compensation costs, both of which have been rising in recent years. If overall labor costs increase more than anticipated, it could negatively impact our earnings.

We are highly dependent on foreign manufacturers and one buying agent and interruption in our foreign sourcing operations or in our agent relations could disrupt production, shipment or receipt of our merchandise, which would result in lost sales and could increase our costs.

In fiscal 2008, approximately 78% of our merchandise was directly imported from foreign factories and our 10 largest suppliers accounted for approximately 50% of the merchandise we purchased. Substantially all of the Company s directly imported merchandise is manufactured in Southeast Asia. Purchases from the Company s largest overseas supplier accounted for approximately 18% of total purchases in fiscal 2008. The majority of these goods are produced in China, Hong Kong and Singapore. An adverse change in the status of our relationship with our largest supplier or any event causing a sudden disruption of manufacturing or imports from Asia or elsewhere, including the imposition of additional import restrictions, could materially harm our operations. In addition, approximately 47% of our merchandise purchases, all of which was manufactured in Asia, were sourced through a single buying agent. We are reducing our reliance on this agent and transitioning this agent s business to other additional primary suppliers. A sudden disruption or termination in our relationship with this agent could adversely affect our supply of goods from the manufacturers we source through this buying agent. We have no long-term merchandise supply contracts, and we compete with other companies for production facilities and import quota capacity. Disruption in our foreign sourcing operations or buying agent relations could adversely impact our sales and earnings.

Sourcing our products abroad poses various risks to our business.

The vast majority of our products are manufactured to our specifications primarily by foreign manufacturers. We cannot control all of the various factors that might affect a manufacturer s ability to ship orders of our products in a timely manner or to meet our quality standards. We expect all of our vendors to comply with applicable laws, including labor and environmental laws, and otherwise be

certified as meeting our required standards of conduct. Our ability to find qualified manufacturers who meet our standards and supply products in a timely and efficient manner is a significant challenge. Our sourcing operations may be hurt by political or financial instability, currency and exchange risks, disruption of imports by labor disputes and local business practices, trade restrictions, duties, tariffs, transportation capacity and costs, health concerns regarding infectious diseases in countries in which our merchandise is produced, to the extent these acts affect the production, shipment or receipt of merchandise. Late delivery of products or delivery of products that do not meet our quality standards could cause us to delay the timely delivery of merchandise to our stores. Our future operations and performance will be subject to these factors, which are beyond our control, and these factors could materially hurt our business, financial condition and results of operations or may require us to modify our current business practices and incur increased costs.

We could also be adversely impacted by production delays resulting from various policies adopted by the Peoples Republic of China which seek to minimize pollution by limiting the operation of polluting agents in advance of the Beijing Olympics to be held during August 2008.

The cost or availability of raw materials could hurt our profitability.

The raw materials used to manufacture our products are subject to availability constraints and price volatility caused by high demand for fabrics, weather, supply conditions, government regulations, economic climate and other unpredictable factors. Increases in the demand for, or the price of, raw materials could hurt our profitability.

Our ability to source our merchandise profitably or at all could be hurt if new trade restrictions are imposed or existing trade restrictions or quotas become more burdensome.

Trade restrictions, including increased tariffs, safeguards or quotas, on apparel and accessories could increase the cost or reduce the supply of merchandise available to us. Under the World Trade Organization (WTO) Agreement, effective January 1, 2005, the U.S. and other WTO member countries removed quotas on goods from WTO members, which in certain instances affords us greater flexibility in importing textile and apparel products from WTO countries from which we source our merchandise. However, as the removal of quotas resulted in an import surge from China, the U.S. in May 2005 imposed safeguard quotas on seven categories of goods and apparel imported from China. Effective January 1, 2006, the U.S. imposed quotas on approximately twelve categories of goods and apparel from China, and may impose additional quotas in the future. These and other trade restrictions could have a significant impact on our sourcing patterns in the future. The extent of this impact, if any, and the possible effect on our purchasing patterns and costs, cannot be determined at this time. We cannot predict whether any of the countries in which our merchandise is currently manufactured or may be manufactured in the future will be subject to additional trade restrictions imposed by the U.S. and foreign governments, nor can we predict the likelihood, type or effect of any such restrictions. Trade restrictions, including increased tariffs or quotas, embargoes, safeguards and customs restrictions against apparel items, as well as U.S. or foreign labor strikes, work stoppages or boycotts could affect the import of such merchandise and could increase the cost or reduce the supply of merchandise available to us and adversely affect our business, financial condition, results of operations and liquidity.

Our plans to expand our store base may not be successful, which could impact our competitive position and our profitability.

We opened 69 new stores in fiscal 2008. We plan to open approximately 30 new stores in fiscal 2009. Accomplishing our store expansion goals depends upon a number of factors, including locating suitable sites which will result in a level of sales that allows us to operate profitably, negotiating favorable lease terms and hiring and training qualified associates, particularly at the store management level. Failure to manage effectively these and other similar factors may affect our ability to lease new stores or increase our store operations costs, which could have a material adverse effect on our future profitability.

We plan to open stores in new markets. The risks associated with entering a new market include difficulties in attracting customers due to a lack of customer familiarity with our brands, our lack of familiarity with local customer preferences and seasonal differences in the market. In addition, entry into new markets may bring us into competition with new competitors or with existing competitors with a large, established market presence. We cannot ensure that our new stores will be profitably deployed; as a result, our future profitability may be materially adversely affected.

Our information systems are aging and may not be adequate to support our future growth, which could disrupt business operations.

Components of our existing information systems are not state-of-the-art and have been in use for a number of years. Over the past several years, we have opened a significant number of new stores, which has placed additional demands on our existing information systems. In order to support future growth, we are undertaking significant information system implementations, modifications and/or upgrades at significant cost to us. Such projects involve inherent risks associated with replacing and/or changing existing systems, such as system disruptions and the failure to accurately capture data, among others. In addition, such upgrades may not be as effective as planned or yield the anticipated benefits. Any disruption in operation of our information systems due to system failures, natural disasters, accidents or other events affecting the ability to effectively use our data center, if not anticipated and appropriately mitigated, or our failure to effectively upgrade, integrate or expend capital on such systems, could have a material adverse effect on our business.

We depend significantly on a single operations and distribution facility.

All of our administrative and distribution operations are housed in a single facility. A significant interruption in the operation of this facility due to natural disasters, accidents or other events could reduce our ability to receive and provide merchandise to our stores as well as reduce our ability to administer and oversee our business, which could reduce our sales and results of operations.

Our future office space needs are likely to exceed the capacity of our current facility, which could adversely impact our future operations or cost structure.

The office space in our current headquarters facility is fully utilized and limits our ability to add additional staff. If we are unable to locate additional or alternate facilities to adequately address our future office space needs, it may adversely impact our ability to add needed personnel, operate efficiently or provide a conducive work environment, all of which could adversely impact our future operations. In addition, the cost of additional or alternate facilities could negatively impact our future earnings.

Failure to deliver merchandise from our distribution center to our stores by a third party could result in lost sales or reduced demand for our merchandise.

The success of our stores depends on their timely receipt of merchandise from our distribution center. An independent third party transportation company delivers our merchandise to our stores. This third party employs personnel represented by a labor union. Disruptions in the delivery of merchandise or work stoppages by employees of this third party could delay the timely receipt of merchandise, which could result in lost sales, a loss of loyalty to our brands and the late receipt of inventory when it is no longer seasonally appropriate. Timely receipt of merchandise by our stores may also be affected by factors such as inclement weather, natural disasters, accidents, system failures and acts of terrorism. We may respond by increasing markdowns or initiating marketing promotions, which would decrease our merchandise margins and operating income.

There are risks associated with our e-commerce sales.

We sell merchandise over the Internet through our websites, www.christopherandbanks.com and www.cjbanks.com. Our e-commerce operations are subject to numerous risks, including:

- reliance on third party computer hardware/software and order fulfillment providers;
- rapid technological change;
- diversion of sales from our stores;
- liability for online content;
- violations of state or federal privacy laws;
- credit card fraud;
- risks related to the failure of the computer systems that operate our websites and their related support systems, including computer viruses;

- telecommunications failures and electronic break-ins and similar disruptions; and
- timely delivery of our merchandise to our customers by third parties.

There is no assurance that our e-commerce operations will meet our sales and profitability plans.

Failure to comply with privacy and information security laws could adversely impact our business or reputation.

The use of individually identifiable data by our business and our business associates is regulated at the federal and state levels. Privacy and information security laws and regulations change, and compliance with them may result in cost increases due to necessary systems changes and the development of new administrative processes.

If we or our business associates fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged, possibly resulting in lost future business, and we could be subjected to additional legal risk as a result of such non-compliance.

The extent to which we may or may not be able to secure and protect trademarks and other intellectual property rights may adversely affect our business and financial performance.

We believe that our Christopher & Banks and C.J. Banks trademarks are important to our success. Even though we register and protect our trademarks and other intellectual property rights, there is no assurance that our actions will protect us from the prior registration by others or prevent others from infringing our trademarks and proprietary rights or seeking to block sales of our products as infringements of their trademarks and proprietary rights. If we cannot adequately protect our marks or prevent infringement of them, our business and financial performance could suffer.

The effects of war, terrorism or other catastrophes could materially adversely impact our business.

Threat of terrorists attacks or actual terrorist events in the United States and worldwide could disrupt the production, shipment or receipt of our merchandise or lead to lower client traffic in regional shopping centers. Natural disasters could also impact our ability to open and run our stores in affected areas. Lower customer traffic due to security concerns, war or the threat of war and natural disasters could result in decreased sales that would have a material adverse impact on our business, financial condition and results of operations.

ITEM 1B.
UNRESOLVED STAFF COMMENTS

There are no matters which are required to be reported under Item 1B.

ITEM 2.
PROPERTIES

Store Locations

The Company s Christopher & Banks and C.J. Banks stores are located primarily in regional shopping malls in mid-sized cities and suburban areas, which offer mall-traffic by potential walk-in customers. Approximately 85% of the Company s stores are located in enclosed regional malls that typically have numerous specialty stores and two or more general merchandise chains or department stores as anchor tenants. The remainder of the Company s Christopher & Banks and C.J. Banks stores are primarily located in lifestyle, power and strip shopping centers. The Company attempts to locate its stores strategically within each mall or shopping center to attract walk-in customers through attractive visual displays and the use of lifestyle graphics. While the Company has historically operated the majority of its stores in enclosed shopping malls, management intends to focus future store expansion in lifestyle and power strip locations due to the convenience these locations provide its customers. Most of the Company s 36 Acorn stores are located in upscale lifestyle centers and other distinctive shopping areas.

At May 3, 2008, Christopher & Banks stores averaged approximately 3,300 square feet, C. J. Banks stores averaged approximately 3,600 square feet and Acorn stores averaged approximately 2,500 square feet. The Company estimates approximately 85% of the total aggregate store square footage is allocated to selling space.

At May 3, 2008, the Company operated 848 stores in 46 states as follows:

State	Number of Christopher & Banks Stores	Number of C.J. Banks Stores	Number of Acorn Stores	Total Stores
Alabama	4	2		6
Alaska				
Arizona	8	3		11
Arkansas	6	2		8
California	11	1		12
Colorado	21	9	2	32
Connecticut	4		1	5
Delaware	2			2
Florida	14	4		18
Georgia	5	1	4	10
Hawaii				
Idaho	7	3		10
Illinois	27	15	6	48
Indiana	19	14		33
Iowa	23	12		35
Kansas	11	7		18
Kentucky	10	4	1	15
Louisiana	2			2
Maine	3	2		5
Maryland	7	2		9
Massachusetts	11	2		13
Michigan	30	17	2	49
Minnesota	35	15	3	53
Mississippi				
Missouri	13	13		26
Montana	6	4		10
Nebraska	12	7		19
Nevada				
New Hampshire	3			3
New Jersey	2		2	4
New Mexico	4	3		7
New York	23	16		39
North Carolina	8	4	3	15
North Dakota	7	4		11
Ohio	37	23	4	64
Oklahoma	8	1		9
Oregon	8	3		11
Pennsylvania	42	19		61
Rhode Island	1			1
South Carolina	2	1	3	6
South Dakota	6	3		9
Tennessee	14	5	2	21
Texas	20	2		22
Utah	9	3		12
Vermont	2	1		3
Virginia	13	7	2	22
Washington	16	8		24
West Virginia	7	7		14
Wisconsin	24	11	1	36
Wyoming	3	2		5
	550	262	36	848

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Store Leases

All of the Company s store locations are leased. Lease terms typically include a rental period of ten years and may contain a renewal option. Leases generally require payments of fixed minimum rent and contingent percentage rent, calculated based on a percent of sales in excess of a specified level. The following table, which covers all of the stores operated by the Company at May 3, 2008, indicates the number of leases expiring during the fiscal year indicated and the number of such leases with renewal options. The number of stores with leases expiring in fiscal 2009 includes those stores which currently are operating on month-to-month terms.

Fiscal Year	Number of Leases Expiring	Number with Renewal Options
2009	55	2
2010	51	2
2011	67	
2012	97	7
2013	104	
2014-2018	460	8
2019-2023	14	1
Total	848	20

For leases that expire in a given year, the Company plans to evaluate the projected future performance of each store location prior to lease expiration and determine if it will negotiate a new lease for that particular location.

Corporate Office and Distribution Center Facility

In fiscal 2002, the Company purchased its 210,000 square foot corporate office and distribution center facility, located in Plymouth, Minnesota. Prior to fiscal 2002, the Company leased this facility. The Company utilizes the entire facility for its corporate office and distribution center requirements. The portion of the Company s headquarters devoted to office space is at capacity. As such, the Company intends to pursue new or additional office space to accommodate its future staffing requirements.

ITEM 3.

LEGAL PROCEEDINGS

The Company is subject from time to time to various routine legal proceedings and claims that arise in the ordinary course of business. Although the amount of any liability that could arise with respect to any current actions can not be accurately predicted, any such liability is not expected to have a material adverse impact on the Company s financial position or results of operations.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of fiscal 2008.

ITEM 4A.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company as of May 3, 2008.

Name	Age	Positions and Offices
Lorna Nagler	51	President and Chief Executive Officer
Susan C. Connell	55	Executive Vice President and Chief Merchandise Officer
Monica L. Dahl	41	Executive Vice President and Chief Operating Officer
Andrew K. Moller	49	Executive Vice President and Chief Financial Officer
Steven J. Danker	51	Senior Vice President, Information Systems and Strategy
Kim A. Decker	47	Senior Vice President, Store Operations
Luke R. Komarek	54	Senior Vice President, General Counsel and Corporate Secretary

Lorna Nagler has served as President and Chief Executive Officer since August 2007. From 2004 to 2007 Ms. Nagler was President of Lane Bryant, a division of Charming Shoppes, Inc. She was President of Catherines Stores, also a division of Charming Shoppes, Inc., from 2002 to 2004. From 1996 to 2002, Ms. Nagler held various retail management positions with Kmart Corporation including Senior Vice President, General Merchandise Manager - Apparel and Jewelry from 2000 to 2002 and General Merchandise Manager, Divisional Vice President Kids and Menswear from 1998 to 2000. From 1994 to 1996 Ms. Nagler was a Vice President, Divisional Merchandise Manager for Kids R Us. Ms. Nagler also has previous retail experience with Montgomery Ward and Main Street Department Stores.

Susan C. Connell has served as Executive Vice President and Chief Merchandise Officer since July 2007. From 2003 to June 2007 she was Senior Vice President General Merchandise Manager with Lane Bryant, a division of Charming Shoppes, Inc. Ms. Connell was Vice President General Merchandise Manager of Motherhood Maternity for Mothers Work, Inc. from 2001 to 2002. From 2000 to 2001, Ms. Connell was Senior Vice President, Product Development for E Specialty Brands and from 1996 to 2000 Ms. Connell was a Divisional Merchandise Manager for G.H. Bass & Co. Ms. Connell was Director of Product Development for United Retail Group, Inc. from 1994 to 1996. From 1986 to 1994, Ms. Connell held various retail positions with Women s Specialty Retailing Group including General Merchandise Manager of Petite Sophisticate from 1993 to 1994.

Monica L. Dahl has served as Executive Vice President and Chief Operating Officer since December 2005. Ms. Dahl served as Vice President of Business Development from November 2004 to December 2005. Upon joining the Company in May 2004, Ms. Dahl was Director of Business Development. From January 1993 to April 2004, Ms. Dahl held various positions with Wilson s Leather including Director of Sourcing; Divisional Merchandise Manager Women s Apparel; Director of Merchandise Planning; and several positions in the Finance department. Ms. Dahl was with Arthur Andersen LLP from December 1987 to December 1992.

Andrew K. Moller has served as Executive Vice President and Chief Financial Officer since December 2005. From March 1999 through December 2005, Mr. Moller served as Senior Vice President and Chief Financial Officer. From March 1998 through February 1999, Mr. Moller was Vice President and Chief Financial Officer. Mr. Moller was Controller from January 1995 through February 1998. From September 1992 through December 1994, Mr. Moller was Assistant Controller. Prior to joining the Company, Mr. Moller held managerial accounting positions with Ladbroke Racing Canterbury, Inc., a subsidiary of Ladbroke Group, and with B Dalton Bookstores. Mr. Moller also has previous experience with Arthur Andersen LLP.

Steven J. Danker has served as Senior Vice President, Information Systems and Strategy since October 2006 when he joined the Company. From 2005 to October 2006, Mr. Danker provided management and technology consulting services. From 2003 to 2004, Mr. Danker was Senior Vice President and Chief Information Officer for Value Vision Media, Inc. / Shop NBC. Mr. Danker was a consultant, Interim Chief Information Officer and Senior Vice President, Business Transformation for Waldo s Dolar Mart de Mexico from 2001 to 2003. From 1998 to 2001, Mr. Danker was Senior Vice President and Chief Information Officer for Musicland Stores Corporation. From 1992 to 1998, Mr. Danker held various positions with Boston Chicken, Inc. Mr. Danker served in marketing and sales management positions with IBM from 1985 to 1992 and with NCR from 1978 to 1985.

Kim A. Decker has served as Senior Vice President, Store Operations since December 2005. From August 2002 to December 2005, Ms. Decker served as Vice President and Director of Stores, C.J. Banks Division. From March 1998 through July 2002, Ms. Decker was the Senior Regional Manager for the Company s Christopher & Banks division. Ms. Decker held the position of Field Director of Store Operations with the Company from October 1996 until February 1998. From March 1993 to September 1996, Ms. Decker was a Regional Manager and from February 1987 to February 1993, Ms. Decker was a District Manager for the Company. From May 1980 to January 1987, Ms. Decker held various store level positions with the Company.

Luke R. Komarek has served as Senior Vice President, General Counsel since joining the Company in May 2007. He was named Corporate Secretary in August 2007. In February 2008, he was named Chief Compliance Officer of the Company. Prior to joining Christopher & Banks, Mr. Komarek served as General Counsel, Chief Compliance Officer and Secretary at PNA Holdings, LLC and Katun Corporation from March 2004 to May 2007. Previously, Mr. Komarek served as Vice President of Legal Affairs and Compliance at Centerpulse Spine-Tech Inc. from February 2003 to March 2004. Mr. Komarek was with FSI International, Inc., a semiconductor equipment company, most recently serving as Vice President, General Counsel and Corporate Secretary, from 1995 to 2002.

PART II

ITEM 5.

MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company s common stock is traded on the New York Stock Exchange under the symbol CBK . The quarterly high and low stock sales price information for the Company s common stock for fiscal 2008 and 2007 are included in the table below.

	Market Price			
Quarter Ended		**High**		**Low**
March 1, 2008	$	16.51	$	8.54
December 1, 2007	$	16.32	$	11.43
September 1, 2007	$	19.19	$	12.08
June 2, 2007	$	19.89	$	16.36
March 3, 2007	$	21.20	$	17.78
November 25, 2006	$	30.09	$	21.33
August 26, 2006	$	29.47	$	25.00
May 27, 2006	$	27.71	$	21.27

The number of holders of record of the Company s common stock as of May 3, 2008 was 117. Based upon information received from the record holders, there are approximately 5,700 beneficial owners. The last reported sales price of the Company s common stock on May 3, 2008 was $11.17.

In fiscal 2004, the Company s Board of Directors declared the Company s first cash dividend. The declaration provided for an on-going cash dividend of $0.04 per share to be paid quarterly, subject to Board approval. In July 2006, the Company s Board of Directors authorized an increase in the quarterly cash dividend to $0.06 per share. The Company has declared and paid a dividend each quarter since the first declaration in fiscal 2004.

The following table sets forth information concerning purchases made by the Company of its common stock during the fiscal quarter ended March 1, 2008:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
Fiscal December:				
December 2, 2007 - December 29, 2007		$		$ 10,863,000
Fiscal January:				
December 30, 2007 - February 2, 2008	312,900	$ 9.59	312,900	$ 7,863,000
Fiscal February:				
February 3, 2008 - March 1, 2008		$		$ 7,863,000
Total	312,900	$ 9.59	312,900	$ 7,863,000

(1) On May 24, 2007, the Company s Board of Directors authorized and subsequently announced a stock repurchase program enabling the Company to purchase up to $20 million of its common stock, subject to market conditions. The Board of Directors specified the stock repurchase program will expire one year from the announcement date.

Comparative Stock Performance

The graph below compares the cumulative total shareholder return on the common stock of the Company (C&B) since March 1, 2003 to the cumulative total stockholder return of (i) the S&P 500 Index and (ii) the S&P Apparel Retail Index. The Comparisons assume $100 was invested on March 1, 2003 in the Company s common stock, the S&P 500 Index and the S&P Apparel Retail Index and also assumes that any dividends are reinvested.

ITEM 6.

SELECTED FINANCIAL DATA

The following selected financial data has been derived from the audited Consolidated Financial Statements of the Company and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and related notes appearing in Item 8 of this Form 10-K.

	Fiscal Year Ended (In thousands, except per share amounts and selected operating data)				
	Mar. 1, 2008	**Mar. 3, 2007(1)**	**Feb. 25, 2006**	**Feb. 26, 2005**	**Feb. 28, 2004**
Income Statement Data:					
Net sales	$ 575,781	$ 547,317	$ 490,508	$ 438,862	$ 390,723
Merchandise, buying and occupancy costs, exclusive of depreciation and amortization	354,468	330,473	292,072	270,937	225,490
Selling, general and administrative expenses	166,362	145,229	131,717	108,856	89,316
Depreciation and amortization	22,603	20,606	18,847	16,157	13,633
Impairment of store assets	6,925	1,081	238		
Impairment of goodwill	3,587				
Operating income	21,836	49,928	47,634	42,912	62,284
Interest income, net	4,662	5,115	2,092	1,039	873
Income before income taxes	26,498	55,043	49,726	43,951	63,157
Income tax provision	9,480	21,357	19,313	16,935	24,354
Net income	$ 17,018	$ 33,686	$ 30,413	$ 27,016	$ 38,803
Basic earnings per common share:					
Net income	$ 0.48	$ 0.90	$ 0.85	$ 0.74	$ 1.03
Basic shares outstanding	35,772	37,307	35,907	36,322	37,549
Diluted earnings per common share:					
Net income	$ 0.47	$ 0.89	$ 0.84	$ 0.73	$ 1.01
Diluted shares outstanding	35,852	37,761	36,220	36,825	38,403
Dividends per share	$ 0.24	$ 0.20	$ 0.16	$ 0.16	$ 0.08

(1) The year ended March 3, 2007 consisted of 53 weeks. All other years presented consisted of 52 weeks.

	Mar. 1, 2008	Mar. 3, 2007(1)	Feb. 25, 2006	Feb. 26, 2005	Feb. 28, 2004