CHRISTOPHER & BANKS CORP
Form 10-K/A
July 23, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(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.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this Form 10-K/A) to our Annual Report on Form 10-K for the fiscal year ended March 1, 2008, initially filed with the Securities and Exchange Commission on May 15, 2008 (the Original Filing), is being filed to amend Item 8 in the Original Filing to add the name of our independent registered public accounting firm to the signature line of the Report of Independent Registered Public Accounting Firm contained therein. The accounting firm delivered a signed copy of its report to us prior to our making the Original Filing. Item 9A is being re-filed in this Form 10-K/A because it incorporates by reference the Report of Independent Registered Public Accounting Firm included in Item 8. In addition, Item 15 of the Original Filing has been amended to contain (1) revised incorporation by reference language for Exhibit 3.1, (2) a currently dated consent from our independent registered public accounting firm, and (3) currently dated certifications from our Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Such consent and certifications are attached to this Form 10-K/A as Exhibits 23.1, 31.1, 31.2, 32.1 and 32.2.

Except for the foregoing amended information, this Form 10-K/A does not amend or update any other information contained in the Original Filing.

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PART II

ITEM 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Christopher & Banks Corporation

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Christopher & Banks Corporation and its subsidiaries at March 1, 2008 and March 3, 2007, and the results of their operations and their cash flows for each of the three fiscal years in the period ended March 1, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 1, 2008, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 12 to the consolidated financial statements, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) as of March 4, 2007. As discussed in Note 2 to the consolidated financial statements, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 123(R), *Share-Based Payment*, as of February 26, 2006.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Minneapolis, Minnesota

May 15, 2008

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CHRISTOPHER & BANKS CORPORATION
CONSOLIDATED BALANCE SHEET

		March 1, 2008		March 3, 2007
ASSETS				
Current assets:				
Cash and cash equivalents	$	78,492,297	$	53,991,398
Short-term investments				48,275,000
Accounts receivable		5,222,976		4,481,624
Merchandise inventories		43,840,338		52,354,944
Prepaid expenses		11,597,280		10,666,421
Income taxes receivable		5,031,494		2,076,717
Current deferred tax asset		4,450,899		3,257,919
Total current assets		148,635,284		175,104,023
Property, equipment and improvements, net		133,598,580		127,776,442
Long-term investments		23,350,000		
Deferred tax asset		5,784,895		
Goodwill				3,587,052
Intangible assets		74,135		575,281
Other assets		348,828		280,299
Total assets	$	311,791,722	$	307,323,097
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	15,380,692	$	16,287,931
Accrued salaries, wages and related expenses		9,246,050		7,574,930
Other accrued liabilities		28,040,623		22,387,281
Total current liabilities		52,667,365		46,250,142
Non-current liabilities:				
Deferred lease incentives		24,854,278		23,646,261
Deferred rent obligations		11,720,689		10,678,341
Deferred tax liability				983,137
Other liabilities		3,722,195		
Total non-current liabilities		40,297,162		35,307,739
Commitments				
Stockholders equity:				
Preferred stock $0.01 par value, 1,000,000 shares authorized, none outstanding				
Common stock $0.01 par value, 74,000,000 shares authorized, 45,050,290 and 45,038,310 shares issued, and 35,259,572 and 36,521,451 shares outstanding, in fiscal 2008 and fiscal 2007, respectively		450,503		450,383
Additional paid-in capital		110,359,847		106,806,885
Retained earnings		221,928,654		213,264,385
Common stock held in treasury, 9,790,718 and 8,516,859 shares at cost in fiscal 2008 and fiscal 2007, respectively		(112,711,809)		(94,756,437)
Accumulated other comprehensive income (loss)		(1,200,000)		
Total stockholders equity		218,827,195		225,765,216

Total liabilities and stockholders equity	$	311,791,722	$	307,323,097

The accompanying notes are an integral part of these consolidated financial statements.

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CHRISTOPHER & BANKS CORPORATION
CONSOLIDATED STATEMENT OF INCOME

	Fiscal Year Ended		
	March 1, 2008	March 3, 2007	February 25, 2006
Net sales	$ 575,780,825	$ 547,316,832	$ 490,508,054
Costs and expenses:			
Merchandise, buying and occupancy, exclusive of depreciation and amortization	354,468,184	330,473,262	292,071,779
Selling, general and administrative	166,361,699	145,228,828	131,717,125
Depreciation and amortization	22,603,342	20,606,249	18,847,615
Impairment of store assets	6,924,694	1,080,743	237,764
Impairment of goodwill	3,587,052		
Total costs and expenses	553,944,971	497,389,082	442,874,283
Operating income	21,835,854	49,927,750	47,633,771
Interest income, net	4,661,683	5,115,525	2,092,411
Income before income taxes	26,497,537	55,043,275	49,726,182
Income tax provision	9,479,383	21,356,791	19,313,648
Net income	$ 17,018,154	$ 33,686,484	$ 30,412,534
Basic earnings per common share:			
Net income	$ 0.48	$ 0.90	$ 0.85
Basic shares outstanding	35,771,851	37,306,742	35,907,028
Diluted earnings per common share:			
Net income	$ 0.47	$ 0.89	$ 0.84
Diluted shares outstanding	35,851,507	37,761,001	36,220,153
Dividends per share	$ 0.24	$ 0.20	$ 0.16

The accompanying notes are an integral part of these consolidated financial statements.

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CHRISTOPHER & BANKS CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

	Shares Issued	Shares Held in Treasury	Common Stock Shares Outstanding	Amount Outstanding	Amount Held in Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
February 26, 2005	42,503,590	6,784,736	35,718,854	$ 425,047	$ (60,576,094)	$ 61,035,745	$ 162,324,168	$	$ 163,208,866
Net income							30,412,534		30,412,534
Stock issued on exercise of options	502,561		502,561	5,015		3,003,396			3,008,411
Tax benefit on exercise of stock options						1,641,463			1,641,463
Stock-based compensation expense						260,352			260,352
Dividends paid ($0.16 per share)							(5,738,727)		(5,738,727)
February 25, 2006	43,006,151	6,784,736	36,221,415	$ 430,062	$ (60,576,094)	$ 65,940,956	$ 186,997,975	$	$ 192,792,899
Net income							33,686,484		33,686,484
Stock issued on exercise of options	1,740,076		1,740,076	17,400		30,992,575			31,009,975
Issuance of restricted shares, net of forfeitures	292,083		292,083	2,921					2,921
Tax benefit on exercise of stock options						5,785,587			5,785,587
Stock-based compensation expense						4,087,767			4,087,767
Acquisition of common stock held in treasury, at cost		1,732,123	(1,732,123)		(34,180,343)				(34,180,343)
Dividends paid ($0.20 per share)							(7,420,074)		(7,420,074)
March 3, 2007	45,038,310	8,516,859	36,521,451	$ 450,383	$ (94,756,437)	$ 106,806,885	$ 213,264,385	$	$ 225,765,216
Comprehensive income:									
Net income							17,018,154		17,018,154
Temporary impairment of long-term investments								(1,200,000)	(1,200,000)
Total comprehensive income									15,818,154
Adoption of FIN 48							219,654		219,654
Stock issued on exercise of options	112,530		112,530	1,125		1,155,868			1,156,993
Issuance of restricted shares, net of forfeitures	(100,550)		(100,550)	(1,005)		1,005			
Tax benefit on exercise of stock options						(122,279)			(122,279)
Stock-based compensation expense						2,518,368			2,518,368
Acquisition of common stock held in treasury, at cost		1,273,859	(1,273,859)		(17,955,372)				(17,955,372)
Dividends paid ($0.24 per share)							(8,573,539)		(8,573,539)

March 1, 2008	45,050,290	9,790,718	35,259,572	$	450,503	$	(112,711,809)	$	110,359,847	$	221,928,654	$	(1,200,000)	$ 218,827,195

The accompanying notes are an integral part of these consolidated financial statements.

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CHRISTOPHER & BANKS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

	Fiscal Year Ended		
	March 1, 2008	**March 3, 2007**	**February 25, 2006**
Cash flows from operating activities:			
Net income	$ 17,018,154	$ 33,686,484	$ 30,412,534
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	22,603,342	20,546,233	18,847,615
Excess income tax benefit on exercise of stock options	(19,785)	(5,785,587)	1,641,463
Stock-based compensation expense	2,518,368	4,087,767	260,352
Deferred income taxes	(6,814,957)	(3,180,752)	(2,954,487)
Loss on disposal of furniture, fixtures and equipment	392,398	153,882	647,022
Impairment of store assets	6,924,694	1,080,743	237,764
Impairment of goodwill	3,587,052		
Amortization of deferred revenue from lease termination			(106,250)
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(741,352)	271,679	(1,008,815)
(Increase) decrease in merchandise inventories	8,514,606	(14,483,569)	2,653,633
(Increase) decrease in prepaid expenses	(930,859)	(7,603,600)	789,386
(Increase) decrease in income taxes receivable	(3,077,056)	2,731,358	1,527,451
Increase in other assets	(68,529)	(70,430)	(59,026)
Increase (decrease) in accounts payable	(1,057,133)	5,857,927	(1,757,817)
Increase in accrued salaries, wages and related expenses	1,671,120	2,125,422	842,912
Increase in other accrued liabilities	5,653,342	2,904,298	6,354,874
Increase in deferred rent obligations	1,042,348	1,068,342	1,438,325
Increase in deferred lease incentives	2,017,484	1,843,392	1,154,827
Increase in other liabilities	2,795,794		
Net cash provided by operating activities	62,029,031	45,233,589	60,921,763
Cash flows from investing activities:			
Purchase of property, equipment and improvements	(35,900,999)	(30,529,935)	(26,624,307)
Proceeds from sale of furniture, fixtures and equipment			6,152
Purchases of investments	(115,050,000)	(123,627,900)	(44,842,729)
Sales of investments	138,775,000	105,352,900	61,591,058
Net cash used in investing activities	(12,175,999)	(48,804,935)	(9,869,826)
Cash flows from financing activities:			
Exercise of stock options and issuance of restricted stock	1,156,993	30,992,575	3,008,411
Dividends paid	(8,573,539)	(7,420,074)	(5,738,727)
Excess income tax benefit on exercise of stock options	19,785	5,785,587	
Acquisition of common stock held in treasury	(17,955,372)	(34,180,343)	
Net cash used in financing activities	(25,352,133)	(4,822,255)	(2,730,316)
Net increase (decrease) in cash and cash equivalents	24,500,899	(8,393,601)	48,321,621
Cash and cash equivalents at beginning of year	53,991,398	62,384,999	14,063,378
Cash and cash equivalents at end of year	$ 78,492,297	$ 53,991,398	$ 62,384,999
Supplemental cash flow information:			
Interest paid	$ 3,409	$ 8,353	$ 1,458
Income taxes paid	$ 16,388,824	$ 21,862,381	$ 18,101,388
Purchases of equipment and improvements, accrued not paid	$ 149,894	$ 576,659	$ 712,136

The accompanying notes are an integral part of these consolidated financial statements.

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CHRISTOPHER & BANKS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Christopher & Banks Corporation, through its wholly-owned subsidiaries (collectively referred to as Christopher & Banks or the Company) operates retail stores selling women s apparel in the United States. The Company operated 837, 778 and 705 stores at the end of fiscal 2008, 2007 and 2006, respectively.

Fiscal year and basis of presentation

The Company s fiscal year ends on the Saturday nearest February 28. The fiscal years ended March 1, 2008 and February 25, 2006 each consisted of 52 weeks. The fiscal year ended March 3, 2007 consisted of 53 weeks. The Consolidated Financial Statements include the accounts of Christopher & Banks Corporation and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during a reporting period. As a result, actual results could differ because of the use of these estimates and assumptions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks, and investments purchased with an original maturity of three months or less.

Investments

The Company accounts for its investments in accordance with Statement of Accounting Standard No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115). At March 1, 2008, the Company s long-term investments consisted solely of auction rate securities (ARS). Under SFAS No. 115, the Company s ARS are classified as long-term available-for-sale securities and are reported at fair value, with *unrealized gains and losses excluded from earnings and reported as a separate component of stockholders equity. The Company reviews impairments of its investments in accordance with Emerging Issues Task Force 03-1 and Financial Accounting Standards Board Staff Position SFAS Nos. 115-1 and 124-1, The Meaning of Other-Than-Temporary-Impairment and Its Application to Certain Investments, to determine the classification of the impairment as temporary or other-than-temporary. The Company s determination of fair value of its ARS, and whether any unrealized gains or losses associated with its ARS are deemed temporary or other-than-temporary, included an evaluation of the likelihood of whether the Company will receive all of the cash flows contractually stipulated for each investment, the credit quality of the underlying collateral, the U.S. government guarantee of repayment of the student loans which serve as collateral for approximately 85% of the Company s ARS that substantially limits risk of default and the continued payment of interest at or above market rates. The determination of fair value is subject to change based on developments regarding the liquidity of ARS and an evaluation of the credit markets in general. As such, the Company will continue to monitor market conditions and evaluate whether its investments are appropriately valued. Please see further discussion regarding the Company s long-term investments and ARS in Note 3 to the consolidated financial statements.*

Inventory valuation

The Company s merchandise inventories are stated at the lower of average cost or market utilizing the retail method. At any given time, inventories include items that have been marked down to management s estimate of their fair market value. The Company bases the decision to mark down merchandise primarily upon the current rate of sale, quantity on hand and the age of the item. To the extent that estimates of fair market value differ from actual results, additional markdowns may have to be recorded, which could reduce merchandise margins and operating results.

Property, equipment and improvements

Property, equipment and improvements are stated at cost. Property and equipment is depreciated over its estimated useful life; three to five years for computer hardware and software, seven years for furniture, fixtures and other equipment, and 25 years for the Company s corporate office and distribution center and related building improvements. Store leasehold improvements are amortized over the shorter of the useful life or term of the related leases, which is typically ten years.

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Repairs and maintenance which do not extend an asset s useful life are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in income for that period.

Long-Lived Assets

The Company reviews long-lived assets with definite lives at least annually or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144). This review includes the evaluation of individual under-performing stores and assessing the recoverability of the carrying value of the assets related to the store. Future cash flows are projected for the remaining lease life considering such factors as future sales levels, operating income, changes in occupancy expenses other than base rent and other expenses, as well as the overall operating environment specific to that store. If the estimated undiscounted future cash flows are less than the carrying value of the assets, the Company records an impairment charge equal to the difference between the assets fair value and carrying value. Fair value is determined by a discounted cash flow analysis. As the projection of future cash flows involves judgment and estimates, differences in circumstances or estimates could produce different results. Please see Notes 6 and 7 to the consolidated financial statements for further information regarding the Company s impairment of long-lived assets.

Goodwill

The Company recognizes goodwill as the excess cost of an acquired entity over the net amount assigned to assets acquired, including intangible assets, and liabilities assumed. In accordance with SFAS No. 142, Goodwill and Intangible Assets, the Company evaluates the recoverability of goodwill at least annually during the fourth quarter and between annual evaluations if events occur or circumstances change that would indicate an impairment. Goodwill is evaluated based on a two step test. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount exceeds fair value, the second step of the impairment test is performed to measure the amount of any impairment loss. In calculating the implied value of goodwill, the fair value of the reporting unit is allocated to all assets and liabilities of the reporting unit based on relative fair values. The excess of the fair value of the reporting unit over amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is measured as the excess of the carrying value of goodwill over its implied value. Please see Note 8 to the consolidated financial statements for further information regarding the Company s impairment of goodwill.

Intangible Assets

Intangible assets comprised of customer lists and customer related information obtained through acquisition are recorded at cost net of accumulated amortization. Amortization is computed on a straight-line basis which reflects the economic benefits of these assets based on useful lives ranging from three to nine years.

Common stock held in treasury

The Company accounts for its treasury stock under the cost method, whereby stockholders equity is reduced for the total cost of the shares repurchased. The Company engages in treasury stock repurchases as a means to reduce the number of shares of the Company s common stock outstanding, which in turn increases earnings per share.

Revenue recognition

Sales are recognized by the Company at the point of purchase when the customer takes possession of the merchandise and pays for the purchase, typically with cash or credit card. The Company s e-commerce operation records revenue upon the estimated customer receipt date of the merchandise. Shipping and handling revenues are included in net sales. Sales taxes collected from customers are remitted to the appropriate taxing jurisdictions and are excluded from sales revenue.

Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point a sale is recorded. The Company recognizes income for unredeemed gift cards when the likelihood of a gift card being redeemed by a customer is remote (gift card breakage) and the Company determines that it does not have a legal obligation to remit the value of the unredeemed gift card to the relevant jurisdiction as unclaimed property or abandoned property.

Vendor allowances

From time to time, the Company receives certain allowances or credits from its vendors primarily related to defective merchandise. These allowances or credits are reflected as a reduction of merchandise inventory in the period they are received. The majority of the Company s merchandise is produced exclusively for the Company. Accordingly, the Company does not enter into any arrangements with vendors where payments or other consideration might be received in connection with the purchase or promotion of a vendor s products, buy-down agreements or cooperative advertising programs.

Merchandise, buying and occupancy costs, exclusive of depreciation and amortization

Merchandise, buying and occupancy costs include the cost of merchandise, markdowns, shrink, freight from the Company s distribution center to its stores, buyer and distribution center salaries, buyer travel, rent and other occupancy related costs, various merchandise design and development costs, miscellaneous merchandise related expenses and other costs related to the Company s distribution network. Merchandise, buying and occupancy costs exclude all depreciation and amortization expense.

Selling, general and administrative expenses

Selling, general and administrative expenses include all salaries with the exception of buyer and distribution center salaries, other employee benefits, advertising and marketing, store supplies, credit card processing fees, information technology related costs, insurance, professional services, non-buyer travel and miscellaneous other selling and administrative related expenses. Selling, general and administrative expenses exclude all depreciation and amortization expense.

Store pre-opening costs

Non-capital expenditures such as payroll and training costs incurred prior to the opening of a new store are charged to selling, general and administrative expense in the period they are incurred.

Rent expense, deferred rent obligations and deferred lease incentives

The Company leases all of its store locations under operating leases. Most of these lease agreements contain tenant improvement allowances, funded by landlord incentives or rent holidays, which are recorded as a deferred lease incentive and amortized as a reduction of rent expense over the term of the lease. Certain of the Company s lease agreements contain rent escalation clauses which provide for scheduled rent increases during the lease term or for rental payments commencing at a date other than the date of initial occupancy. Such stepped rent expense is recorded in the Consolidated Statement of Income on a straight-line basis over the lease term, not including any renewal option periods, and the difference between the recognized rent expense and amounts payable under the lease are recorded as deferred rent obligations. In addition, the Company has a limited number of other lease agreements for retail space which include escalation in minimum rent based on increases in the Consumer Price Index, not to exceed 2.0%. For these leases, the Company utilizes the maximum annual increase of 2.0% for purposes of calculating rent expense and future minimum lease payments.

For purposes of recognizing landlord incentives and minimum rental expense the Company utilizes the date that it obtains the legal right to use and control the leased space, which is generally when the Company enters the space and begins to make improvements in preparation of opening the new store location. For tenant improvement allowances funded by landlord incentives and rent holidays, the Company records a deferred lease incentive liability in other noncurrent liabilities on the Consolidated Balance Sheet and amortizes the deferred liability as a reduction of rent expense on the Consolidated Statement of Income over the term of the lease.

The Company s leases may also provide for contingent rents, which are determined as a percentage of revenues in excess of specified levels. The Company records an other accrued liability, within current liabilities on the Consolidated Balance Sheet, along with the corresponding rent expense in the Consolidated Statement of Income, when specified levels have been achieved or when management determines that achieving the specified levels during the fiscal year is probable.

Advertising

The Company expenses advertising costs as incurred. Advertising costs, including marketing-related expenses, for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006 were $6,355,855, $1,867,419 and $1,640,125, respectively. The increase in advertising costs in fiscal 2008 over fiscal 2007 resulted from the Company s continuing efforts to invest in the development of its brands through in-store signage and increased communication with its customers via direct mail and e-mail. The Company includes advertising expenses in selling, general and administrative expenses in the Consolidated Statement of Income.

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Fair value of financial instruments

The Company s financial instruments consist of cash, receivables, payables and accrued liabilities, for which current carrying amounts approximate fair market value.

Stock-based compensation

Effective February 26, 2006, the Company adopted the provisions of Statement of Financial Accounting Standard (SFAS) No. 123R, Share-Based Payment (SFAS 123R) using the modified prospective transition method. Under this transition method, stock-based compensation expense recognized for share-based awards during the fiscal year ended March 3, 2007 includes: (a) compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, February 25, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation expense for all stock-based compensation awards granted subsequent to February 25, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. In accordance with the modified prospective transition method, results for the prior period have not been restated. Prior to the adoption of SFAS 123R, the Company recognized stock-based compensation expense in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related Interpretations, as permitted by SFAS 123.

Income taxes

Income taxes are recorded following the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Realization of deferred tax assets is ultimately dependent upon future taxable income. Inherent in the measurement of deferred balances are certain judgments and interpretations of tax laws and published guidance with respect to the Company s operations. No valuation allowance has been provided for deferred tax assets because management believes the full amount of net deferred tax assets will be realized. The effective tax rate utilized by the Company reflects management s estimation of the expected tax liabilities within various taxing jurisdictions.

The Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN No. 48), on March 4, 2007. FIN No. 48 prescribes a minimum recognition threshold and measurement process for recording uncertain tax positions in the financial statements. Additionally, FIN No. 48 provides guidance on derecognition, classification, accounting and disclosure related to uncertain tax positions.

Net income per common share

Basic earnings per share (EPS) is computed based on the weighted average number of shares of common stock outstanding during the applicable periods while diluted EPS is computed based on the weighted average number of shares of common and common equivalent shares outstanding. The Company s reconciliation of EPS includes the individual share effects of all securities affecting EPS which consist solely of the effects of dilution from awards granted under the Company s stock-based compensation plans.

The following is a reconciliation of the number of shares and per share amounts used in the basic and diluted EPS computations.

	Fiscal Year Ended					
	March 1, 2008		March 3, 2007		February 25, 2006	
	Shares	Net Income Per Share	Shares	Net Income Per Share	Shares	Net Income Per Share
Basic	35,771,851	$ 0.48	37,306,742	$ 0.90	35,907,028	$ 0.85
Effect of dilution from stock-based compensation plans	79,656	(0.01)	454,259	(0.01)	313,125	(0.01)
Diluted	35,851,507	$ 0.47	37,761,001	$ 0.89	36,220,153	$ 0.84

The effect of 1,597,272, 241,501 and 1,474,499 options were excluded from the shares used in the computation of diluted earnings per share for fiscal 2008, 2007 and 2006, respectively, as they were anti-dilutive.

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Other Comprehensive Income (Loss)

The Company reports other comprehensive income (loss) in accordance with the provisions of Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (SFAS No. 130). SFAS No. 130 established standards for the reporting and disclosure of Comprehensive Income. Comprehensive income includes unrealized gains or losses associated with investments classified as available for sale.

Segment Reporting

The Company operates in the retail apparel industry in which it primarily designs, sources and sells women s apparel catering to customers generally ranging in age from 40 to 60 who are typically part of a segment of the female baby boomer demographic. The Company has identified three operating segments (Christopher & Banks stores, C.J. Banks stores and Acorn stores) as defined by Statement of Financial Accounting Standard No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS No. 131). The Company s Christopher & Banks and C.J. Banks operating segments have been aggregated into one reportable segment based on the similar nature of products sold, methods of sourcing, merchandising and distribution processes involved, target customers, and economic characteristics of the two brands.

Recently issued accounting pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157), which is effective for fiscal years beginning after November 15, 2007. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands fair value measurement disclosures. The adoption of SFAS No. 157 on March 2, 2008 did not have a material effect on the Company s financial position, results of operations or cash flows.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 (SFAS No. 159). SFAS No. 159 allows entities to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis under a fair value option. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS No. 159.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, Business Combinations (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. This statement also establishes disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. SFAS No. 141R is effective for fiscal years beginning on or after December 15, 2008. The impact of adopting SFAS No. 141R will be dependent on future business combinations, if any, that the Company may pursue after its effective date.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements (SFAS No. 160). This statement establishes accounting and reporting standards for noncontrolling interests in consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. Based on the Company s current operations, it does not expect that the adoption of SFAS No. 160 will have a material effect on its financial position, results of operations or cash flows.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of Statement of Financial Accounting Standards No. 133 (SFAS No. 161). SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effect on an entity s financial position, results of operations and cash flows. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and regulated hedged items are accounted for under SFAS No. 133 and its related interpretations and how derivative instruments and related hedged items affect an entity s financial position, results of operations and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Based on the Company s current operations, it does not expect that the adoption of SFAS No. 161 will have a material effect on its financial position, results of operations or cash flows.

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NOTE 2 STOCK-BASED COMPENSATION

General

Effective February 26, 2006, the Company adopted the provisions of Statement of Financial Accounting Standard No. 123R, Share-Based Payment (SFAS 123R) using the modified prospective transition method. Under this transition method, stock-based compensation expense recognized for share-based awards during the year ended March 3, 2007 includes: (a) compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, February 25, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation expense for all stock-based compensation awards granted subsequent to February 25, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. In accordance with the modified prospective transition method, results for the prior period have not been restated. Prior to the adoption of SFAS 123R, the Company recognized stock-based compensation expense in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related Interpretations, as permitted by SFAS 123.

Under various plans, the Company may grant options to purchase common stock to employees and non-employee members of its Board of Directors at a price not less than 100% of the fair market value of the Company s common stock on the option grant date. In general, options granted to employees vest over two to five years and are exercisable up to ten years from the date of grant. Prior to fiscal 2007, options granted to Directors vested immediately upon grant and were exercisable up to five years from the date of grant. Beginning in fiscal 2007, options granted to Directors vest immediately and are exercisable up to ten years from the grant date.

The Company may also grant shares of restricted stock to its employees and non-employee members of its Board of Directors. The Company holds the certificates for such shares in safekeeping during the vesting period and the grantee cannot transfer the shares before the respective shares vest. Shares of nonvested restricted stock are considered to be currently issued and outstanding. Restricted stock grants to employees have original vesting schedules of two to seven years, while restricted grants to Directors fully vest after six months.

The Company s restricted stock awards are generally subject to forfeiture if employment or service terminates prior to the lapse of the restrictions. In addition, certain of the Company s restricted stock awards have performance-based vesting provisions and are subject to forfeiture in whole or in part if these performance conditions are not achieved. The Company assesses, on an ongoing basis, the probability of whether the performance criteria will be achieved and, once it is deemed probable, the Company begins recognizing compensation expense over the relevant performance period. For those awards not subject to performance criteria, the Company expenses the cost of the restricted stock awards, which is determined to be the fair market value of the shares at the date of grant, on a straight-line basis over the vesting period. The fair market value of the Company s restricted stock is determined based on the closing price of the Company s common stock on the grant date.

The total compensation expense related to all stock-based awards for the fiscal years ended March 1, 2008 and March 3, 2007 was $2.5 million and $4.1 million, respectively. Stock-based compensation expense in fiscal 2008 and 2007 was included in merchandise, buying and occupancy expenses for the Company s buying and distribution employees and in selling, general and administrative expense for all other employees. In addition, effective February 26, 2006, the Company began recognizing stock-based compensation costs net of a forfeiture rate for only those shares expected to vest on a straight-line basis over the requisite service period of the award. The Company estimated the forfeiture rate for fiscal 2008 and 2007 based on its historical experience.

As a result of adopting SFAS 123R, the impact to the Consolidated Statement of Income for the fiscal years ended March 1, 2008 and March 3, 2007 was a reduction in income before income taxes of $1.5 million and $3.2 million, respectively, and a reduction in net income of $934,000 and $2.0 million, respectively, from what would have been presented if the Company had continued to account for stock-based compensation awards under APB 25. The impact on both basic and diluted earnings per share was $0.03 for the fiscal year ended March 1, 2008 and $0.05 for the fiscal year ended March 3, 2007 from what would have been reported under APB 25.

Prior to the adoption of SFAS 123R, the Company presented all tax benefits related to deductions resulting from the exercise of stock options as cash flows from operating activities in the Consolidated Statement of Cash Flows. SFAS 123R requires that cash flows resulting from tax benefits attributable to tax deductions in excess of the compensation expense recognized for those options (excess tax benefits) be classified as financing cash flows. As a result, the Company classified approximately $20,000 and $5.8 million of excess tax benefits as financing cash flows for the fiscal years ended March 1, 2008 and March 3, 2007.

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The pro forma table below illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, to all stock-based employee compensation for fiscal 2006:

		Year Ended February 25, 2006
Net income - as reported	$	30,412,534
Add stock-based compensation expense included in net income, net of related tax effects		158,815
Less total stock-based compensation expense determined under fair value method, net of related tax effects		4,688,553
Net income - pro forma	$	25,882,796
Basic earnings per common share:		
As reported	$	0.85
Pro forma	$	0.72
Diluted earnings per common share:		
As reported	$	0.84
Pro forma	$	0.71

In the fourth quarter of fiscal 2006, the Company accelerated the vesting and extended the exercise period of certain out-of-the-money stock options for William Prange, its former Chief Executive Officer, in conjunction with his resignation. This resulted in additional fourth quarter pro forma after-tax stock-based compensation expense of approximately $1.4 million, or $0.04 per basic and diluted share.

Methodology Assumptions

As part of its SFAS 123R adoption, the Company examined its historical pattern of option exercises in an effort to determine if there were any discernable activity patterns attributable to certain optionees. From this analysis, the Company identified two distinct populations of optionees, employees and non-employee directors. The Company uses the Black-Scholes option-pricing model to value the Company s stock options for grants to its employees and non-employee directors. Using this option-pricing model, the fair value of each stock option award is estimated on the date of grant and is expensed on a straight-line basis over the vesting period, as the stock options are subject to pro-rata vesting. The expected volatility assumption is based on the historical volatility of the Company s stock over a term equal to the expected term of the option granted.

The expected term of stock option awards granted is derived from historical exercise experience and represents the period of time that awards are expected to be outstanding. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the expected term of the option granted.

The weighted average assumptions relating to the valuation of the Company s stock options for fiscal 2008, 2007 and 2006 were as follows:

	Fiscal Years Ended		
	March 1, 2008	March 3, 2007	February 25, 2006
Expected dividend yield	1.39%	0.88%	0.80%
Expected volatility	44.81%	46.64%	48.24%
Risk-free interest rate	2.76-5.07%	4.65-5.09%	3.80-4.67%
Expected term in years	4.21	3.61	3.34

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Stock-Based Compensation Activity

The following table presents a summary of the Company s stock option activity for the year ended March 1, 2008:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
Outstanding, beginning of period	2,072,876	$ 19.44	$ 518,435	$ 6.85	
Vested	1,765,038	19.30	518,435	6.69	
Unvested	307,838	20.24		7.78	
Granted	429,450	15.67		5.85	
Exercised	(112,530)	10.28	498,687	4.20	
Expired	(391,545)	21.03	4,080	6.70	
Canceled - Unvested (Forfeited)	(108,797)	18.76		7.08	
Outstanding, end of period	1,889,454	18.84	256,896	6.80	5.61
Vested	1,485,011	19.35	256,896	6.85	4.67
Unvested	404,443	16.97		6.63	9.03
Exercisable, end of period	1,485,011	19.35	256,896	6.85	4.67

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (the difference between the Company s closing stock price on the last trading day of fiscal 2008 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on March 1, 2008.

As of March 1, 2008, there was approximately $2.1 million of total unrecognized compensation expense related to unvested stock options granted under the Company s share-based compensation plans. That expense is expected to be recognized over a weighted average period of approximately one year.

The following table presents a summary of the Company s stock option activity for the year ended March 3, 2007:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
Outstanding, beginning of period	3,745,166	$ 18.40	$ 4,993,375	$ 6.75	
Vested	3,076,666	18.39	4,785,975	6.65	
Unvested	668,500	18.43	207,400	7.18	

Granted	160,350	25.90		9.76	
Exercised	(1,740,074)	17.82	16,191,486	6.85	
Canceled - Vested	(5,000)	18.33		7.57	
Canceled - Unvested (Forfeited)	(87,566)	19.06	25,500	7.68	
Outstanding, end of period	2,072,876	19.44	2,027,772	6.85	5.31
Vested	1,765,038	19.30	1,932,522	6.69	4.71
Unvested	307,838	20.24	95,250	7.78	8.71
Exercisable, end of period	1,765,038	19.30	1,932,522	6.69	4.71

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (the difference between the Company s closing stock price on the last trading day of fiscal 2007 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on March 3, 2007.

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The following table presents a summary of the Company s stock option activity for the fiscal year ended February 25, 2006:

	Fiscal Year Ended February 25, 2006	
	Shares	**Weighted Average Exercise Price**
Outstanding, beginning of period	3,806,177	$ 17.03
Granted	445,200	18.66
Exercised	(438,861)	6.85
Cancelled	(67,350)	18.17
Outstanding, end of period	3,745,166	$ 18.40
Exercisable, end of period	3,076,666	$ 18.40

The weighted-average grant-date fair value was $6.01 for stock options granted in fiscal 2006. The total intrinsic value of options exercised during fiscal 2006 was $4.3 million.

The following table presents a summary of the Company s restricted stock activity for the years ended March 1, 2008, March 3, 2007 and February 25, 2006.

	Fiscal 2008			**Fiscal 2007**			**Fiscal 2006**	
	Number of Shares	**Aggregate Intrinsic Value**	**Weighted Average Fair Value**	**Number of Shares**	**Aggregate Intrinsic Value**	**Weighted Average Fair Value**	**Number of Shares**	**Aggregate Intrinsic Value**
Unvested, beginning of period	53,717		$ 20.04	54,867		$ 18.35		
Granted	124,000		15.09	29,383		25.44	63,700	
Vested	(32,583)		16.09	(25,333)		22.36	(8,833)	
Canceled - Unvested (Forfeited)	(26,650)		18.66	(5,200)		21.36		
Unvested, end of period	118,484	$ 1,279,627	16.26	53,717	$ 958,311	20.04	54,867	$ 978,827

The total fair value of shares of restricted stock that vested during fiscal 2008, 2007 and 2006 was $542,000, $567,000 and $148,000, respectively. As of March 1, 2008, there was approximately $988,000 of unrecognized stock-based compensation expense related to nonvested restricted stock awards, which is expected to be recognized over a weighted average period of approximately one year.

NOTE 3 INVESTMENTS

The Company s investments consisted of the following:

Description	March 1, 2008	March 3, 2007
Tax advantaged auction rate available-for-sale securities:		
Short-term	$	48,275,000
Long-term	23,350,000	
	$ 23,350,000	$ 48,275,000

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As of March 1, 2008, the Company had approximately $23.4 of long-term investments which consisted solely of $24.6 million of auction rate securities (ARS) at cost, less a valuation allowance of $1.2 million to reflect management s estimate of fair value given the current lack of liquidity of these investments while taking into account the current credit quality of the underlying securities. In addition, the Company determined, based on the projected future cash flows and assessment of the credit quality of the underlying collateral of its ARS, that the valuation adjustment was deemed to be temporary, and therefore was recorded within the equity section of the Company s consolidated balance sheet and did not affect the Company s earnings for fiscal 2008. The Company reviews impairments associated with its ARS in accordance with Emerging Issues Task Force 03-1 and Financial Accounting Standards Board Staff Position Statement of Financial Accounting Standard Nos. 115-1 and 124-1, The Meaning of Other-Than-Temporary-Impairment and Its Application to Certain Investments, to determine the classification of the impairment as temporary or other-than-temporary. No tax benefit has been provided on this allowance as a loss, if any, would be capital in nature. The Company also reclassified the ARS to long-term investments at March 1, 2008 to reflect the current lack of liquidity of these investments.

ARS are long-term debt instruments with interest rates that reset through periodic short-term auctions which occur every 7, 28 or 35 days. Holders of ARS can either sell into the auction or bid based on a desired interest rate or hold and accept the reset rate. If there are insufficient buyers, then the auction fails and holders are unable to liquidate their investment through the auction. A failed auction is not a default of the debt instrument. The result of a failed auction is that the ARS continues to pay interest in accordance with its terms; however, liquidity for holders is limited until there is a successful auction, until such time as another market for ARS develops or the ARS are called by the issuer. Auctions continue to be held as scheduled until the ARS matures or until the issue is called. All of the Company s ARS are collateralized by student loans and currently have AAA (S&P) or Aaa (Moody s) credit ratings. The repayment of the student loans for approximately 85% of the ARS, which serve as collateral for the ARS held by the Company, is substantially backed by the United States government. Until February 2008, the ARS market was liquid. However, in February 2008 a substantial number of auctions failed , meaning that there was not enough demand to sell the entire issue at auction.

Based on current market conditions, management believes that it is likely that auctions related to its ARS may continue to be unsuccessful at least for the near term. Unsuccessful auctions have limited the Company s ability to access these funds. Management anticipates the liquidity of the ARS will continue to be restricted until there is a successful auction or until such time as another market for the ARS develops or until the ARS are called by the issuer.

As of March 1, 2008, the Company had $78.5 million of cash and cash equivalents. Management believes it has sufficient balances of cash and cash equivalents to meet its working capital requirements and liquidity needs in fiscal 2009.

NOTE 4 ACCOUNTS RECEIVABLE

The Company s accounts receivable consisted of the following:

Description		**March 1, 2008**		**March 3, 2007**
Credit card receivables	$	3,449,014	$	2,801,455
Construction allowances receivable from landlords		1,387,260		941,938
Other receivables		386,702		738,231

	$ 5,222,976	$ 4,481,624

The Company s credit card receivables are collected one to five days after the related sale transaction occurs. Construction allowance receivables result from incentives offered to the Company by landlords to lease space within their properties. These allowances are typically collected 90 to 120 days after a store opens.

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NOTE 5 MERCHANDISE INVENTORIES

Merchandise inventories consisted of the following:

Description	March 1, 2008	March 3, 2007
Merchandise inventory - in store	$ 37,303,879	$ 40,466,577
Merchandise inventory - in transit	6,536,459	11,888,367
	$ 43,840,338	$ 52,354,944

NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS, NET

Property, equipment and improvements, net consisted of the following:

Description	Estimated Useful Life	March 1, 2008	March 3, 2007
Land		$ 1,596,898	$ 1,596,898
Corporate office, distribution center and related building improvements	25 years	12,014,667	11,663,704
Store leasehold improvements	Term of related lease, typically 10 years	97,525,439	87,288,395
Store furniture and fixtures	Seven years	113,585,852	101,486,350
Point of sale hardware and software	Five years	10,750,608	8,625,579
Corporate office and distribution center furniture, fixtures and equipment	Seven years	3,055,898	2,751,805
Computer hardware and software	Three to five years	10,844,392	5,771,237
Construction in progress		9,474,738	5,429,824
		258,848,492	224,613,792
Less accumulated depreciation and amortization		(125,249,912)	(96,837,350)
		$ 133,598,580	$ 127,776,442

As of March 1, 2008, construction in progress consisted primarily of capital expenditures related to new stores planned to open in the first quarter of fiscal 2009.

As a result of an annual impairment analysis performed subsequent to year-end, which included the evaluation of individual under-performing stores and assessing the recoverability of the carrying value of the improvements and equipment related to the stores, the Company determined that improvements and equipment at certain under-performing stores was impaired. As a result, the Company recorded asset impairments related to property, equipment and improvements of $6,523,694, $1,080,743 and $237,764 in fiscal 2008, 2007 and 2006, respectively.

NOTE 7 INTANGIBLE ASSETS

Intangible assets consisted of the following:

	March 1, 2008	March 3, 2007
Customer lists	$ 830,000	$ 830,000
Accumulated amortization	(755,865)	(254,719)
	$ 74,135	$ 575,281

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In conjunction with its annual review of long-lived assets, the Company determined that $401,000 of its intangible assets was deemed impaired and accordingly recorded a pre-tax impairment charge for that amount. The entire amount of the impairment related to customer lists acquired in conjunction with the Company acquisition of its Acorn division on November 1, 2004.

Estimated aggregate amortization expense for the next five fiscal years is as follows:

Fiscal 2009	$	12,893
Fiscal 2010		12,893
Fiscal 2011		12,893
Fiscal 2012		12,893
Fiscal 2013		12,893

NOTE 8 GOODWILL

In connection with its purchase of the Company s Acorn division in November 2004, the Company assigned $3.6 million of its $7.4 million purchase price to goodwill. In the fourth quarter of fiscal 2008, the Company determined that all of the goodwill associated with the acquisition of its Acorn brand was impaired and accordingly recorded a pre-tax goodwill impairment charge of $3.6 million. The goodwill impairment charge was recorded as there was a significant downturn in Acorn s business in the fourth quarter of fiscal 2008, consistent with the generally weak fourth quarter results for many retailers. In addition, a significant decrease in Acorn same-store sales in the fourth quarter of fiscal 2008 contributed to a considerably higher loss at the store level than in previous quarters. Also, due to the current economic environment, there has been a general decline in the overall economic outlook for apparel retailers.

The determination of the fair value of a reporting unit includes significant management judgment. In determining the fair value of a reporting unit, the Company uses a discounted cash flow model incorporating assumptions about future operating performance. These assumptions included same-store sales growth and new store openings, as well as costs and expenses consistent with the Company s internal operating projections. A discount rate of 15% was applied to the cash flow projections based on a market participant rate of return reflecting the relative risks associated with generating the future operating results.

NOTE 9 ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

Description		**March 1, 2008**		**March 3, 2007**
Gift card, certificate and store credit liability	$	13,545,500	$	13,174,041

Accrued un-invoiced merchandise inventory receipts		4,949,370		796,244
Accrued workers compensation self insurance liability		2,252,571		1,668,771
Accrued income, sales and other taxes payable		2,161,038		2,499,410
CEO transition accrual		2,074,106		
Accrued occupancy related expenses		992,584		640,985
Other accrued liabilities		2,065,454		3,607,830
	$	28,040,623	$	22,387,281

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NOTE 10 CREDIT FACILITY

The Company maintains an Amended and Restated Revolving Credit facility with Wells Fargo Bank, National Association (the Wells Fargo Revolver) which expires on June 30, 2008. The Wells Fargo Revolver provides the Company with revolving credit loans and letters of credit of up to $50.0 million, subject to a borrowing base formula based on inventory levels. The Company is currently holding discussions with Wells Fargo regarding amending and extending its existing credit facility.

Loans under the Wells Fargo Revolver bear interest at Wells Fargo s base rate, 6.00% as of March 1, 2008, plus 0.25%. Interest is payable monthly in arrears. The Wells Fargo Revolver carries a facility fee of 0.25% based on the unused portion as defined in the agreement. Facility fees totaled $6,559 in fiscal 2008.

The credit facility is collateralized by the Company s equipment, general intangibles, inventory, inventory letters of credit and letter of credit rights. The Company had no revolving credit loan borrowings under the Wells Fargo Revolver during fiscal 2008 or fiscal 2007. Historically, the Wells Fargo Revolver has been utilized by the Company only to open letters of credit to facilitate the import of merchandise. The borrowing base at March 1, 2008 was $39.3 million. As of March 1, 2008, the Company had outstanding letters of credit in the amount of $24.2 million. Accordingly, the availability of revolving credit loans under the Wells Fargo Revolver was $15.1 million at March 1, 2008.

The Wells Fargo Revolver contains certain restrictive covenants, including restrictions on incurring additional indebtedness and limitations on certain types of investments, as well as requiring the maintenance of certain financial ratios. As of March 1, 2008, the most recent measurement date, the Company was in compliance with all covenants of the Wells Fargo Revolver.

NOTE 11 STOCKHOLDERS EQUITY

On May 24, 2007, the Company s Board of Directors authorized and subsequently announced a one-year stock repurchase program enabling the Company to purchase up to $20 million of its common stock, subject to market conditions. As of March 1, 2008, the Company had repurchased 948,800 shares of its common stock under this program for a total cost, including commissions, of approximately $12.1 million.

The Company s Board of Directors had previously authorized a stock repurchase program in July 2006 enabling the Company to purchase up to $20 million of its common stock, subject to market conditions. In December 2006, the Company s Board of Directors authorized a $20 million increase in the repurchase program, bringing the total dollar amount of stock that could be purchased to $40 million. During fiscal 2007, the Company repurchased 1,732,123 shares at a total cost, including commissions, of approximately $34.2 million. In March 2007, the Company completed the repurchase program by purchasing an additional 325,059 shares of its common stock for a total cost, including commissions, of $5.8 million, bringing the total number of shares repurchased under this program to 2,057,182 at a total cost, including commissions, of approximately $40.0 million.

The common stock repurchased under these programs is being held in treasury and has reduced the number of shares of the Company s common stock outstanding by approximately 8%. All of the Company s share repurchases were executed in the open market and no shares were repurchased from related parties. In addition, all of the Company s share repurchases were executed in accordance with the safe harbor provision of Rule 10b-18 of the Securities Exchange Act of 1934, as amended. Depending on market conditions and the Company s cash position, the Company may participate in additional stock repurchase programs in the future.

In July 2006, the Company s Board of Directors authorized an increase in the Company s quarterly cash dividend. Beginning in October 2006, the Company paid a quarterly dividend of $0.06 per share of common stock. The dividend rate was previously $0.04 per share of common stock. The Company has declared and paid a dividend each quarter since its first declaration in fiscal 2004.

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NOTE 12 INCOME TAXES

The provision for income taxes for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006 consisted of:

	2008	2007	2006
Current:			
Federal	$ 13,868,436	$ 20,682,476	$ 18,725,408
State	2,425,904	3,855,067	3,542,727
Current tax expense	16,294,340	24,537,543	22,268,135
Deferred tax expense (benefit)	(6,814,957)	(3,180,752)	(2,954,487)
Income tax provision	$ 9,479,383	$ 21,356,791	$ 19,313,648

The Company s effective income tax rate for fiscal 2008, 2007 and 2006 differs from the federal income tax rate as follows:

	2008	2007	2006
Federal income tax at statutory rate	35.0%	35.0%	35.0%
State income tax, net of federal benefit	3.0	4.3	4.3
Tax exempt interest	(2.7)	(1.0)	
Other	0.5	0.5	(0.5)
	35.8%	38.8%	38.8%

The net deferred tax asset (liability) included in the Consolidated Balance Sheet as of March 1, 2008 and March 3, 2007 is as follows:

	March 1, 2008	March 3, 2007
Accrued liabilities and other	$ 3,057,013	$ 2,285,080
Inventory	1,393,886	972,839
Current deferred tax asset	4,450,899	3,257,919
Depreciation	(13,826,314)	(15,539,751)
Amortization of goodwill	1,346,018	(166,790)
Deferred rent obligations	14,589,644	13,238,347
Stock-based compensation expense	1,298,259	806,190
Other non-current liabilities	2,377,288	678,867
Non-current deferred tax asset (liability), net	5,784,895	(983,137)
Net deferred tax asset (liability)	$ 10,235,794	$ 2,274,782

Deferred income tax assets represent potential future income tax benefits. Realization of these assets is ultimately dependent upon future taxable income. No valuation allowance has been provided for deferred tax assets because management believes realization of the full amount of net deferred tax assets is more likely than not.

The Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN No. 48), on March 4, 2007. FIN No. 48 prescribes a minimum recognition threshold and measurement process for recording uncertain tax positions in the financial statements. Additionally, FIN No. 48 provides guidance on derecognition, classification, accounting and disclosure related to uncertain tax positions.

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Implementation of FIN No. 48 resulted in an adjustment to the Company s liability for unrecognized tax benefits of approximately $0.2 million with a corresponding increase to retained earnings. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Balance at March 3, 2007	$	3,430,192
Additions based on tax positions related to the current year		841,142
Additions for tax positions of previous years		394,976
Reductions for tax positions of previous years due to lapse of applicable statute of limitations		(866,190)
Settlements		(77,925)
Balance at March 1, 2008	$	3,722,195

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of March 3, 2007 and March 1, 2008 were $2.3 million and $2.1 million, respectively. The balance above at March 1, 2008 includes $0.5 million of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred income tax accounting, other than for interest and penalties, the disallowance of the shorter deductibility period would not affect the effective income tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. At March 3, 2007 and March 1, 2008, the Company had accrued $0.7 million and $0.6 million, respectively, for the potential payment of interest and penalties.

The Company and its subsidiaries are subject to U.S. federal income tax and the income tax of various state and local jurisdictions. The Internal Revenue Service has completed their audit for tax years through fiscal 2006. The Company is not subject to state income tax examination by tax authorities for taxable years prior to fiscal 2004. At March 1, 2008, the Company does not expect its liability for unrecognized tax benefits to significantly increase or decrease in the next twelve months.

NOTE 13 EMPLOYEE BENEFIT PLANS AND EMPLOYMENT AGREEMENTS

The Company has established a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code for the benefit of all employees who meet certain eligibility requirements, primarily age, length of service and hours of service. The plan allows eligible employees to invest from 1% to 60% of their compensation, subject to dollar limits as established by the federal government. The plan allows for discretionary Company matching contributions. Company contributions for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006 totaled $498,594, $493,162 and $494,531, respectively. The Company does not offer any other post-retirement, post-employment or pension benefits to directors or employees.

The Company has entered into employment agreements with certain executives of the Company. These agreements provide for a specified base salary and that each executive is entitled to certain severance benefits in the event that his or her employment is terminated by the Company without cause or by such executive following a change of control (both as defined in the employment agreements). The employment agreements also provide for the immediate vesting of unvested stock options or restricted stock in the event of a change of control.

On August 30, 2007, the Company announced that its Board of Directors had elected Lorna Nagler as President and Chief Executive Officer effective August 31, 2007. Ms. Nagler was also elected as a member of the Company s Board of Directors as of August 31, 2007. Ms. Nagler most recently served as President of Lane Bryant and has 29 years of experience in the women s apparel retail industry.

Matthew P. Dillon resigned as President and Chief Executive Officer, and as a member of the Company s Board of Directors, effective August 30, 2007. In the second quarter of fiscal 2008, the Company incurred a pre-tax charge of approximately $2.1 million, or $0.04 per diluted share, related to the transition of the CEO position from Mr. Dillon to Ms. Nagler. This charge consisted primarily of payment obligations to Mr. Dillon under his employment agreement and direct costs associated with hiring Ms. Nagler.

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In the fourth quarter of fiscal 2006, the Company incurred a pre-tax charge of approximately $1.2 million related to remaining contractual obligations due to William Prange, the Company s former Chief Executive Officer, in conjunction with his resignation in December 2005. In addition, modifications to accelerate the vesting and extend the exercise period of certain of Mr. Prange s out-of-the-money stock options resulted in additional fourth quarter pro forma after-tax stock-based compensation expense of approximately $1.4 million.

NOTE 14 LEASE COMMITMENTS

The Company leases each of its store locations and vehicles under operating leases. The store lease terms, including rental period, renewal options, escalation clauses and rent as a percentage of sales, vary among the leases. Most store leases require the Company to pay real estate taxes and common area maintenance charges.

Total rental expense for all leases was as follows:

	Fiscal Year Ended March 1, 2008	March 3, 2007	February 25, 2006
Minimum rent	$ 54,291,385	$ 49,166,786	$ 44,996,597
Contingent rent based on a percentage of sales	2,199,163	1,423,785	1,049,503
Maintenance, taxes and other	33,434,196	30,980,737	26,672,328
Amortization of deferred lease incentives	(3,878,267)	(3,587,221)	(2,943,697)
	$ 86,046,477	$ 77,984,087	$ 69,774,731

Future minimum rental commitments for all leases are as follows:

Fiscal Year	Operating Leases Retail Store Facilities	Vehicles/ Other	Total
2009	$ 57,316,094	$ 438,214	$ 57,754,308
2010	55,448,685	190,045	55,638,730
2011	53,072,437	40,565	53,113,002
2012	49,056,569		49,056,569
2013	42,202,094		42,202,094
Thereafter	93,573,953		93,573,953
Total minimum lease payments	$ 350,669,832	$ 668,824	$ 351,338,656

NOTE 15 LEGAL PROCEEDINGS

The Company is subject 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 these actions can not be accurately predicted, in the Company s opinion any such liability is not expected to have a material adverse impact on the Company s financial position or results of operations.

NOTE 16 SOURCES OF SUPPLY

The Company s ten largest vendors represented approximately 50%, 48% and 64% of the Company s total merchandise purchases in fiscal 2008, 2007 and 2006, respectively. Purchases from the Company s largest overseas supplier accounted for 18%, 17% and 31% of total merchandise purchases in fiscal 2008, 2007 and 2006, respectively. Additionally, direct imports accounted for approximately 78%, 75% and 90% of the Company s total merchandise purchases in fiscal 2008, 2007 and 2006, respectively.

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NOTE 17 SEGMENT REPORTING

The Company operates in the retail apparel industry in which it primarily designs, sources and sells women s apparel catering to customers generally ranging in age from 40 to 60 who are typically part of a segment of the female baby boomer demographic. The Company has identified three operating segments (Christopher & Banks stores, C.J. Banks stores and Acorn stores) as defined by Statement of Financial Accounting Standard No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS No. 131). The Company s Christopher & Banks and C.J. Banks operating segments have been aggregated into one reportable segment based on the similar nature of products sold, methods of sourcing, merchandising and distribution processes involved, target customers, and economic characteristics of the two brands.

Prior to fiscal 2008, the Company had also aggregated its Acorn division with Christopher & Banks and C.J. Banks. Based on the current operating performance of the Acorn division, it no longer meets the aggregation criteria of SFAS No. 131 and therefore is presented as a separate reportable segment.

In the table below the Christopher & Banks/C.J. Banks reportable segment includes activity generated by the Company s Christopher & Banks and C.J. Banks operations. The Acorn reportable segment includes activity generated from the Company s Acorn operations. The Corporate Administrative column, which primarily represents operating activity at the Company s corporate office and distribution center facility, is presented to allow for reconciliation of segment-level net sales, operating income (loss) and total assets to the Company s consolidated net sales, operating income and total assets. Segment operating income (loss) includes only net sales, merchandise gross margin and direct store expenses with no allocation of corporate overhead. Net sales and operating income (loss) are the two components of segment operations reviewed by the Company s chief operating decision maker.

For the fiscal year ended March 1, 2008, the Christopher & Banks/C.J. Banks operating income included $411,000 of impairment charges related to store-level assets and the Acorn operating loss included approximately $6.1 million of impairment charges related to store-level assets. The Corporate/Administrative operating loss for fiscal 2008 included $401,000 of impairment charges related to intangible assets and $3.6 million of charges related to goodwill impairment.

In fiscal 2007, the Christopher & Banks/C.J. Banks operating income and the Acorn operating loss included $330,000 and $751,000 of impairment charges related to store-level assets, respectively. In fiscal 2006, the Acorn operating loss included approximately $238,000 of impairment charges related to store-level assets.

(in thousands)	**Christopher & Banks/ C.J. Banks**	**Acorn**	**Corporate/ Administrative**	**Consolidated**
Fiscal Year Ended March 1, 2008:				
Net sales	$ 560,913	$ 14,868	$	$ 575,781
Operating income (loss)	$ 92,473	$ (9,092)	$ (61,545)	$ 21,836
Total assets	$ 162,909	$ 3,848	$ 145,035	$ 311,792
Fiscal Year Ended March 3, 2007:				
Net sales	$ 533,157	$ 14,160	$	$ 547,317
Operating income (loss)	$ 97,043	$ (1,754)	$ (45,361)	$ 49,928
Total assets	$ 162,708	$ 10,683	$ 133,932	$ 307,323

Fiscal Year Ended February 25, 2006:								
Net sales	$	479,067	$	11,441	$		$	490,508
Operating income (loss)	$	87,421	$	(812)	$	(38,975)	$	47,634
Total assets	$	140,183	$	4,960	$	118,320	$	263,463

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NOTE 18 QUARTERLY FINANCIAL DATA (UNAUDITED):

(In thousands, except per share data)

	Fiscal 2008 Quarters(1) First	Second	Third	Fourth(2)
Net sales	$ 149,371	$ 141,128	$ 159,976	$ 125,306
Operating income (loss)	$ 18,081	$ 4,396	$ 14,952	$ (15,593)
Net income (loss)	$ 11,675	$ 3,389	$ 10,238	$ (8,284)
Basic per share data: (5)				
Net income	$ 0.32	$ 0.09	$ 0.29	$ (0.23)
Diluted per share data: (5)				
Net income	$ 0.32	$ 0.09	$ 0.29	$ (0.23)
Dividends per share	$ 0.06	$ 0.06	$ 0.06	$ 0.06

	Fiscal 2007 Quarters(3) First	Second	Third	Fourth(4)
Net sales	$ 142,530	$ 131,554	$ 139,265	$ 133,968
Operating income	$ 22,906	$ 11,622	$ 13,723	$ 1,677
Net income	$ 14,607	$ 7,924	$ 9,227	$ 1,929
Basic per share data: (5)				
Net income	$ 0.40	$ 0.21	$ 0.24	$ 0.05
Diluted per share data: (5)				
Net income	$ 0.39	$ 0.21	$ 0.24	$ 0.05
Dividends per share	$ 0.04	$ 0.04	$ 0.06	$ 0.06

(1) Fiscal 2008 consisted of 52 weeks.

(2) The fourth quarter of fiscal 2008 consisted of 13 weeks.

(3) Fiscal 2007 consisted of 53 weeks.

(4) The fourth quarter of fiscal 2007 consisted of 14 weeks.

(5) The summation of quarterly per share data may not equate to the calculation for the full fiscal year as quarterly calculations are performed on a discrete basis.

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ITEM 9A.
CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company s management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of March 1, 2008. Based upon the foregoing the Company s management concluded that the Company s disclosure controls and procedures were effective, as of March 1, 2008, to ensure that information required to be disclosed in the Company s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to the Company s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Because of inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management s Annual Report on Internal Control over Financial Reporting

The Company s management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a - 15(f) and 15d - 15(f) of the Exchange Act. The Company s internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of its management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

The Company s management conducted an evaluation of the effectiveness of the Company s internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on the evaluation, management has concluded the Company s internal control over financial reporting was effective as of March 1, 2008.

The effectiveness of the Company s internal control over financial reporting as of March 1, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears on page 2.

Changes in Internal Control over Financial Reporting

There have been no changes during the Company s fiscal quarter ended March 1, 2008 in the Company s internal control over financial reporting that have materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

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PART IV

ITEM 15.

EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this Report:

(1) Financial Statements:

(2) Financial Statement Schedules:

All schedules are omitted as they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits:

3.1	Restated Certificate of Incorporation of the Company, as amended (incorporated herein by reference to Exhibit 3.1 to the Company s Annual Report on Form 10-K for the fiscal year ended February 25, 2006 filed May 11, 2006)
3.2	Second Amended and Restated By-Laws of the Company (incorporated herein by reference as Exhibit 3.1 to Current Report on Form 8-K filed on February 27, 2008)
10.1	Christopher & Bank, Inc. Retirement Savings Plan (incorporated herein by reference to Registration Statement on Form S-1, Registration No. 33-45719)**
10.2	1997 Stock Incentive Plan (incorporated herein by reference as Exhibit 99.1 to Form S-8 (Registration No. 333-95109) filed January 20, 2000)**
10.3	Amendment No. 1 to 1997 Stock Incentive Plan (incorporated herein by reference as Exhibit 99.1 to Form S-8 (Registration No. 333-95553) filed January 27, 2000)**

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10.4	1998 Director Stock Option Plan (incorporated herein by reference as Exhibit 10.25 to Annual Report on Form 10-K for the fiscal year ended February 27, 1999 filed May 28, 1999)**
10.5	Second Amendment to the Company s 1997 Stock Incentive Plan dated as of July 28, 1999 (incorporated herein by reference as Exhibit 10.28 to Quarterly Report on Form 10-Q for the fiscal quarter ended August 28, 1999 filed October 12, 1999)**
10.6	Third Amendment to the 1997 Stock Incentive Plan dated as of July 26, 2000 (incorporated herein by reference as Exhibit 10.40 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.7	Fourth Amendment to the 1997 Stock Incentive Plan dated as of August 1, 2001 (incorporated herein by reference as Exhibit 10.41 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.8	First Amendment to the 1998 Director Stock Option Plan dated as of July 26, 2000 (incorporated herein by reference as Exhibit 10.42 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.9	Amended and Restated Executive Employment Agreement dated March 1, 2002 between Christopher & Banks Corporation and William J. Prange (incorporated herein by reference as Exhibit 10.43 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.10	Amended and Restated Executive Employment Agreement dated March 1, 2002 between Christopher & Banks Corporation and Joseph E. Pennington (incorporated herein by reference as Exhibit 10.44 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.11	Amended and Restated Executive Employment Agreement dated March 1, 2002 between Christopher & Banks Corporation and Ralph C. Neal (incorporated herein by reference as Exhibit 10.45 to Annual Report on Form 10-K for the fiscal year ended March 2, 2002 filed May 29, 2002)**
10.12	2002 Non-Employee Director Stock Option Plan (incorporated herein by reference as Exhibit 99.1 to Form S-8 filed March 13, 2006)**
10.13	Executive Employment Agreement dated March 1, 2004 between Christopher & Banks Corporation and Andrew K. Moller (incorporated herein by reference as Exhibit 10.49 to Annual Report on Form 10-K for the fiscal year ended February 28, 2004 filed May 13, 2004)**
10.14	2005 Stock Incentive Plan (incorporated herein by reference as Exhibit 99.1 to Form S-8, Registration No. 333-132378, filed March 13, 2006)**
10.15	Amendment to Amended and Restated Executive Employment Agreement between Christopher & Banks Corporation and Joseph E. Pennington dated September 22, 2005 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 26, 2005)**
10.16	Employment Continuation Agreement between Christopher & Banks Corporation and Joseph E. Pennington dated September 22, 2005 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 26, 2005)**
10.17	Amendment No. 2 to Amended and Restated Executive Employment Agreement between Christopher & Banks Corporation and Joseph E. Pennington dated April 5, 2006 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed April 7, 2006) **
10.18	Amendment to Employment Continuation Agreement between Christopher & Banks Corporation and Joseph E. Pennington dated April 5, 2006 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed April 7, 2006)**
10.19	Amendment to Amended and Restated Executive Employment Agreement between Christopher & Banks Corporation and Ralph C. Neal dated September 22, 2005 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 26, 2005)**
10.20	Employment Continuation Agreement between Christopher & Banks Corporation and Ralph C. Neal dated September 22, 2005 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 26, 2005)**
10.21	Executive Employment Agreement Between Christopher & Banks Corporation and Matthew Dillon, effective as of June 12, 2006 (incorporated herein by reference as Exhibit 10.25 to Quarterly Report on Form 10-Q for the fiscal period ended May 27, 2006 filed July 6, 2006)**
10.22	Restricted Stock Agreement Between Christopher & Banks Corporation and Matthew P. Dillon, effective as of June 12, 2006 (incorporated herein by reference as Exhibit 10.26 to Quarterly Report on Form 10-Q for the fiscal period ended May 27, 2006 filed July 6, 2006)**
10.23	Amendment to the Company s 2005 Stock Incentive Plan, dated as of July 26, 2006 (incorporated herein by reference as Exhibit 10.3 to Current Report on Form 8-K filed August 1, 2006)**

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10.24	2006 Equity Incentive Plan for Non-Employee Directors (incorporated herein by reference as Appendix A to Definitive Proxy Statement filed June 14, 2006)**
10.25	Amendment to the Company s 2006 Stock Incentive Plan for Non-Employee Directors, dated as of July 26, 2006 (incorporated herein by reference as Exhibit 10.4 to Current Report on Form 8-K filed August 1, 2006)**
10.26	Form of Nonqualified Stock Option Agreement under the Company s 2006 Equity Incentive Plan for Non-Employee Directors (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed August 1, 2006)**
10.27	Form of Restricted Stock Agreement under the Company s 2006 Equity Incentive Plan for Non-Employee Directors (incorporated herein by reference as Exhibit 10.2 to Current Report on Form 8-K filed August 1, 2006)**
10.28	Executive Employment Agreement between Christopher & Banks Corporation and Monica Dahl, dated as of August 6, 2006 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed August 9, 2006)**
10.29	Restricted Stock Agreement between Christopher & Banks Corporation and Monica Dahl, dated as of August 7, 2006 (incorporated herein by reference as Exhibit 10.2 to Current Report on Form 8-K filed on August 9, 2006)**
10.30	Amendment No. 2 to the Company s 2005 Stock Incentive Plan dated as of September 21, 2006 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed on September 26, 2006)**
10.31	Amendment No. 3 to Amended and Restated Executive Employment Agreement between the Company and Joseph E. Pennington dated as of December 14, 2006 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed on December 19, 2006)**
10.32	Amendment No. 1 to Christopher & Banks Corporation Senior Executive Incentive Plan (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed on February 28, 2007)**
10.33	2006 Senior Executive Incentive Plan (incorporated herein by reference as Appendix B to Definitive Proxy Statement filed June 14, 2006)**
10.34	Form of Incentive Stock Option Agreement under the Company s 1997 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.34 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.35	Form of Nonqualified Stock Option Agreement under the Company s 1997 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.35 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.36	Form of Restricted Stock Agreement under the Company s 1997 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.36 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.37	Form of Incentive Stock Option Agreement under the Company s 2005 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.37 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.38	Form of Nonqualified Stock Option Agreement under the Company s 2005 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.38 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.39	Form of Restricted Stock Agreement under the Company s 2005 Stock Incentive Plan (incorporated herein by reference as Exhibit 10.39 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)**
10.40	Amended and Restated Credit and Security Agreement By and Between Christopher & Banks, Inc., Christopher & Banks Company and Christopher & Banks Services Company and Wells Fargo Bank, National Association, Acting Through Its Wells Fargo Business Credit Operating Division dated November 4, 2005 (incorporated herein by reference as Exhibit 10.40 to Annual Report on Form 10-K for the fiscal year ended March 3, 2007 filed May 2, 2007)
10.41	Amendment to Restricted Stock Agreement Between Christopher & Banks Corporation and Matthew P. Dillon, effective as of March 28, 2007 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed April 2, 2007)**
10.42	Executive Employment Agreement Between Christopher & Banks Corporation and Andrew K. Moller, effective as of May 24, 2007 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed May 31, 2007)**

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10.43	Executive Employment Agreement Between Christopher & Banks Corporation and Lorna Nagler, effective as of August 30, 2007 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 7, 2007)**
10.44	Restricted Stock Agreement Between Christopher & Banks Corporation and Lorna Nagler, effective as of August 31, 2007 (incorporated herein by reference as Exhibit 10.2 to Current Report on Form 8-K filed September 7, 2007)**
10.45	Separation Agreement and Release Between Christopher & Banks Corporation and Matthew Dillon, effective as of August 30, 2007 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed September 27, 2007)**
10.46	Amendment No. 3 to the Company s 2005 Stock Incentive Plan, effective April 18, 2007 (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed October 10, 2007)**
10.47	Form of Non-Qualified Stock Option Agreement under the Company s 2005 Stock Incentive Plan (approved 2008) (incorporated herein by reference as Exhibit 10.1 to Current Report on Form 8-K filed February 27, 2008)**
10.48	Form of Qualified Stock Option Agreement under the Company s 2005 Stock Incentive Plan (approved 2008) (incorporated herein by reference as Exhibit 10.2 to Current Report on Form 8-K filed February 27, 2008)**
10.49	Form of Restricted Stock Agreement (with Time-Based Vesting) under the Company s 2005 Stock Incentive Plan (approved 2008) (incorporated herein by reference as Exhibit 10.3 to Current Report on Form 8-K filed February 27, 2008)**
10.50	Form of Restricted Stock Agreement (with Performance-Based Vesting) under the Company s 2005 Stock Incentive Plan (approved 2008) (incorporated herein by reference as Exhibit 10.4 to Current Report on Form 8-K filed February 27, 2008)**
10.51	Amendment to Restricted Stock Agreement Between Christopher & Banks Corporation and Monica Dahl, effective as of March 28, 2007 (incorporated herein by reference as Exhibit 10.2 to Current Report on Form 8-K filed April 2, 2007)**
10.52#	Amendment No. 1 to the Executive Employment Agreement Between Christopher & Banks Corporation and Lorna Nagler, effective as of April 30, 2008**
14.1	Code of Conduct (incorporated herein by reference as Exhibit 14.1 to Current Report on Form 8-K filed February 27, 2008)
21.1#	Subsidiaries of Company
23.1*	Consent of Independent Registered Public Accounting Firm
24.1#	Powers of Attorney
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

** Management agreement or compensatory plan or arrangement

Previously filed with the original Annual Report on Form 10-K for the fiscal year ended March 1, 2008

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on July 23, 2008.

CHRISTOPHER & BANKS CORPORATION

By: /S/ LORNA E. NAGLER
Lorna Nagler
President and Chief Executive Officer