CHRISTOPHER & BANKS CORP
Form 10-K
May 14, 2009
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended February 28, 2009

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	**06 - 1195422**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2400 Xenium Lane North, Plymouth, Minnesota	**55441**
(Address of principal executive offices)	(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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES** o **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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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 29, 2008, was approximately $334,403,000 based on the closing price of such stock as quoted on the New York Stock Exchange ($9.62) on such date.

The number of shares outstanding of the registrant s Common Stock, par value $0.01 per share, was 35,867,487 as of May 1, 2009 (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 29, 2009 (the Proxy Statement) are incorporated by reference into Part III.

Table of Contents

CHRISTOPHER & BANKS CORPORATION

2009 ANNUAL REPORT ON FORM 10-K

TABLE OF CONTENTS

PART IV

Table of Contents

PART I

ITEM 1.

BUSINESS

General

Christopher & Banks Corporation is a Minneapolis, Minnesota-based retailer of women s apparel, which operates retail stores through its wholly-owned subsidiaries, collectively referred to as Christopher & Banks or the Company. As of May 1, 2009, the Company operated 814 stores in 46 states, including 547 Christopher & Banks stores and 267 C.J. Banks stores. The company also operates two e-commerce enabled web sites for its two brands at www.christopherandbanks.com and www.cjbanks.com.

History

Christopher & Banks Corporation, a Delaware Corporation, was incorporated in 1986 to acquire Braun s Fashions, Inc., which had operated as a family-owned business since 1956. The Company became a publicly traded corporation in 1992 and in July 2000, the Company s stockholders approved a change in the Company s name from Braun s Fashions Corporation to Christopher & Banks Corporation. The Company s plus-size C.J. Banks brand was developed internally and opened its first stores in August 2000. The Company s Christopher & Banks and C.J. Banks e-commerce websites began operating in February 2008 to further meet its customers needs for quality, value and convenience. On July 31, 2008, the Company announced its decision to exit its Acorn business, which it acquired in November 2004, and all 36 of the Company s Acorn stores were closed by December 31, 2008.

Christopher & Banks/C.J. Banks Brands

The Company s Christopher & Banks brand offers distinctive fashions featuring exclusively designed, coordinated assortments of women s apparel in sizes 4 to 16 in its 547 stores and on its web site at www.christopherandbanks.com. In addition, petite sizes are offered in approximately 300 of the Company s Christopher & Banks stores. The Company s C.J. Banks brand offers similar assortments of women s apparel in sizes 14W to 24W in its 267 stores an on its web site at www.cjbanks.com. Approximately 350 of the Company s stores also offer a unique selection of accessories to compliment its apparel assortments.

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

Segments

For details regarding the operating performance of the Company s reportable segments, see Note 20 to the Consolidated Financial Statements, which is incorporated herein by reference.

Strategy

The Company strives to provide its Customers quality apparel at a great value with a perfect fit. The Company s overall strategy for its two brands, Christopher & Banks and C.J. Banks, is to consistently offer a fashionable apparel assortment through its stores and e-commerce web sites in order to satisfy its target customer s expectations for style, quality, value and fit, while providing exceptional, personalized customer service.

The Company has competitively positioned itself to offer merchandise assortments reflecting current fashion, balanced between classic and trend right apparel, at affordable prices. To differentiate itself from its competitors, the Company s buyers, working in conjunction with the Company s internal design group, create a merchandise assortment of coordinated outfits which is manufactured exclusively for the Company under its proprietary Christopher & Banks and C.J. Banks brand names.

Strategic Initiatives

Following is a summary of several key strategic initiatives on which the Company is focusing its efforts in fiscal 2010. Other information related to these key elements of the Company s business follows this summary.

Table of Contents

Cost Controls

- The Company will continue to execute its cost-savings initiatives in fiscal 2010. For the year, selling, general and administrative (SG&A) expenses are expected to be reduced by at least $15 million through reductions of store-related costs, headcount, travel, and marketing expenditures. In addition to the savings in SG&A expenses, the Company plans to realize approximately $3 million of savings in outbound freight costs. The Company will also continue to focus on reducing occupancy costs through aggressive lease renegotiations and diligently exercising rent reductions related to sales volume and opening or co-tenancy violations.

Reduction of Capital Expenditures

- The Company has taken a conservative approach to store growth in fiscal 2010, planning to open a maximum of five new stores. Total fiscal 2010 capital expenditures are planned to range from $8 to $9 million, down approximately 50% from the $18.4 million of capital expenditures in fiscal 2009.

Inventory Management

- In fiscal 2010, the Company will continue to employ strict inventory management, targeting continued inventory reductions in the first half of the year. Inventory receipts were planned down approximately 20% in the spring season. During the year, the Company will continue to manage its inventory levels through SKU rationalization and improved store assorting based on sales volume, climate, and size and fashion preferences.

E-commerce

- In fiscal 2010, the Company plans to continue to grow its Christopher & Banks and C.J. Banks e-commerce businesses. Web site visual presentation will be enhanced and merchandise offerings will be expanded to include exclusive online-only merchandise categories, styles, sizes and lengths. In an effort to drive additional traffic to its web sites, the Company plans to increase its online marketing efforts and leverage its newly-launched online associate ordering system, which allows the Company s store associates the opportunity to service customers through direct access to the Company s e-commerce sites.

Marketing

- In fiscal 2010, the Company plans to strengthen its customer relationship management (CRM) programs. The Company will continue to accumulate and incorporate customer data into its CRM program in an effort to drive additional customer traffic to its stores and web sites and increase overall brand awareness. The Company s database of customer names increased 30% in fiscal 2009, while the number of customer email addresses doubled to 1.8 million over the same period. Fiscal 2010 CRM efforts will focus primarily on email communication, which management believes is the most cost effective and efficient method of communicating with customers.

Small Markets

- In fiscal 2010, the Company plans to renew its focus on the smaller markets that have traditionally been the foundation of the Company s success. Stores located in smaller, rural markets generally have higher productivity and lower occupancy costs, resulting in higher operating margins. Approximately 50% of the Company s stores are located in small, rural and captured markets. While same-store sales have declined in these markets, the declines have been somewhat less than in the remainder of the Company s stores. The Company plans to develop its grass roots marketing efforts to increase communication and connections with customers in these markets in an effort to improve its overall results of operations.

Growth C.J. Banks

- The Company will continue to focus on growth opportunities with its plus size brand, C.J. Banks, in fiscal 2010. In late summer 2009, the Company plans to open its first dual store concept which will give it the opportunity to offer all three size ranges, missy, petite and plus, within one store, resulting in greater operating efficiencies. In addition, in fall 2009, the Company plans to introduce capsules of its C.J. Banks plus size merchandise in a select test group of Christopher & Banks stores to further capitalize on increasing its plus size market share.

Merchandise

In fiscal 2009, the Company s merchandise primarily included women s apparel generally consisting of knit tops, shirtings, novelty jackets, sweaters, skirts, denim bottoms and bottoms of other fabrications. The Company carried dresses in a select number of stores and also began selling a variety of accessories to compliment its apparel assortments in approximately 350 stores in fiscal 2009.

Historically, sweaters have accounted for a large percentage of the Company s sales. Over the past few years, the Company has shifted merchandise receipts away from its sweater category and expanded its offerings in other merchandise categories. Sweaters comprised approximately 20% of the Company s sales in fiscal 2009 and 2008, and 23% of its sales in fiscal 2007.

With the assistance of a new merchandise planning and allocation system, the Company analyzed and reduced the number of SKUs carried at each store in an effort to increase inventory productivity. In addition, the new system gave the Company the capability to manage its merchandise assortment by climate zone. In fiscal 2009, the Company began tailoring its assortment for cold, mild and hot climates.

In fiscal 2009, the Company transitioned away from delivering new product assortments six times each year to a more even pattern of flowing fresh styles and colors to its stores on a monthly basis. During the year, the Company continued to refine and update its merchandise offerings. The Company focused on balancing its more traditional novelty styles with core basics and updated silhouettes, patterns and prints. In addition, the Company offered various solution-based products that addressed its customers desires for comfort and fit. The Company s recent fit initiative also established technical specifications for the Company s merchandise to ensure consistent high-quality fabrication and uniform standards for size and fit.

The Company plans to continue to explore potential merchandise and brand extensions that could be complementary to its current products and brands. In fiscal 2008, the Company tested a collection of petite sizes in approximately 95 Christopher & Banks stores. Based on favorable customer response, the Company expanded the program in fiscal 2009 to feature petite sizes in approximately 300 Christopher & Banks stores. Beginning in fiscal 2009, accessories were carried in approximately 150 of the Company s stores. In fiscal 2010, jewelry will be available in approximately 350 stores and scarves will be offered in all stores in fiscal 2010.

In fiscal 2010, the Company also plans to further capitalize on its plus-size C.J. Banks brand. Capsules of C.J. Banks merchandise will be carried in approximately 30 test Christopher & Banks stores located in markets that do not have C.J. Banks store locations. The Company will analyze the results of this test and, based on demand, may add C.J. Banks merchandise to additional Christopher & Banks locations to meet the needs of its plus size customer in markets where she is underserved.

Sourcing

In fiscal 2009, the Company began executing a significant shift in its sourcing strategy by aligning itself with new key suppliers with expertise along all of the Company s merchandise categories. As a result of partnering with these new vendors, the Company was able to diversify country of production, improve payment terms, increase flexibility and reduce risk. These vendor partners also possess significant expertise in consistent production standards and quality control. Prior to fiscal 2009, the Company directly imported the majority of its goods as the declared importer of record, with substantially all production occurring in China, Hong Kong and Singapore. As a result of implementing its new sourcing structure, the Company reduced its level of direct importing as the declared

importer of record. Approximately 48% of its merchandise purchases were imported directly in fiscal 2009, compared to 78% of its purchases in fiscal 2008. The Company anticipates the amount of merchandise it imports directly will continue to decline in fiscal 2010. In spite of the reduction of direct imports, substantially all of the Company s merchandise was manufactured overseas in fiscal 2009 and management expects this to continue in fiscal 2010.

During fiscal 2009, the Company s ten largest vendors provided approximately 52% of the Company s purchases. One vendor accounted for approximately 15% of the Company s purchases, while another supplied the Company with 11% of its merchandise. Although the Company has strong partnerships with these vendors, there can be no assurance that these relationships can be maintained in the future or that these vendors will continue to supply merchandise to the Company. If there should be any significant disruption in the supply of merchandise from these vendors, management believes that it will be able to shift production to other suppliers so as to continue to secure the required volume of products. Nevertheless, it is possible that any significant disruption in supply could have a material adverse impact on the Company s financial position or results of operations.

Table of Contents

In fiscal 2009 and 2008, the Company purchased approximately 25% and 47% of its merchandise, respectively, through one buying agent (the Agent). As the Company has continued the process of establishing relationships with additional primary suppliers, the Company and the Agent terminated their sourcing arrangement effective as of December 2008. The Company is not subject to long-term purchase commitments or arrangements with any of its suppliers or agents.

Marketing

In order to increase awareness of its brands, the Company continued the expansion of its marketing efforts in fiscal 2009. The Company spent approximately 1.5% of its net sales on marketing-related expenditures in fiscal 2009, compared to approximately 1.0% of net sales in fiscal 2008. In fiscal 2010, the Company plans to execute its marketing strategies as efficiently as possible and limit marketing-related expenditures to approximately 1.0% of anticipated revenues for the year. Compelling window and in-store marketing materials are used to communicate the Company s fashion and promotional messages. The Company utilizes its CRM database, which is hosted by an outside service provider, to analyze customer purchase history to make strategic decisions regarding various marketing initiatives. The Company also issues email messages to customers regarding new product arrivals and features, in-store promotions or other offers and events.

The Company plans to maximize its CRM programs in fiscal 2010. The Company will continue to accumulate and incorporate customer data into its CRM program in an effort to drive additional customer traffic to its stores and web sites, encourage cross shopping between its stores and online web sites and increase overall brand awareness. The Company s database of customer names increased 30% in fiscal 2009, while the number of customer email addresses doubled to 1.8 million over the same period. Fiscal 2010 CRM efforts will focus primarily on email communication, which is the most cost-effective and efficient method of communicating with customers. In addition, the Company plans to continue to tailor its email messages to segmented groups of customers in an effort to drive stronger response rates from its messages.

In addition to maximizing its CRM programs, the Company plans to increase its focus on grass roots marketing efforts in fiscal 2010. These special events, many of which are coordinated at the store level, are designed to create a sense of community in our stores that reward customer loyalty while giving the Company an opportunity to attract new customers.

In fiscal 2010, the Company also plans to renew its focus on the smaller markets that have traditionally been the foundation of the Company s success. Approximately 50% of the Company s stores are located in small, rural or captured markets. While same-store sales have declined in these markets, the declines have been slightly less than in the remainder of the Company s stores. The Company plans to utilize its grass roots marketing efforts to increase communication and connections with customers in these markets. Stores located in the smaller, rural markets generally have higher productivity and lower occupancy costs, resulting in higher operating margins.

E-commerce

In February 2008, the Company launched separate e-commerce web sites for its Christopher & Banks and C.J. Banks brands. These web sites give customers the ability to view and purchase the Company s merchandise online at www.christopherandbanks.com and www.cjbanks.com. The Company currently sells essentially the same selection of merchandise on its web sites that it features in its Christopher & Banks and C.J. Banks stores. In fiscal 2009, the Company began offering a greater size selection through its e-commerce web sites.

Inventory and order fulfillment for the Company s e-commerce operations is handled by a third-party provider. The Company s web sites offer convenience and product research capabilities to its customers, which management believes will generate incremental sales. Further, management believes that the web sites provide the Company with a means to drive additional traffic to its Christopher & Banks and C.J. Banks stores and increase brand awareness.

In fiscal 2010, the Company plans to continue to grow its Christopher & Banks and C.J. Banks e-commerce businesses. Web site visual presentation will be enhanced and merchandise offerings will be expanded to include exclusive online-only merchandise categories, styles, sizes and lengths. In an effort to drive additional traffic to its web sites, the Company plans to increase its online marketing efforts and leverage its newly-launched online associate ordering system, which allows the Company s store associates the opportunity to service customers through direct access to the Company s e-commerce sites.

Table of Contents

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

Information Technology

Management continued to make upgrades to critical components of its information systems in fiscal 2009. In the first quarter the Company completed the installation of new point-of-sale registers in 550 of its stores. The new registers provide the Company with updated point-of-sale (POS) technology. Management anticipates these new registers will help improve operating efficiencies and provide enhanced communication abilities with its stores. All of the Company s POS registers are polled nightly to collect SKU-level sales data and inventory information, including information by style, color and size. Management evaluates this information to analyze same-store sales results, profitability and to formulate and implement Company-wide merchandise pricing decisions.

In fiscal 2009, the Company completed the installation of a new merchandise planning and allocation system. The system allows enhanced product allocation models which gives the Company increased flexibility regarding product distribution by store sales volume, climate and customer size and fashion preferences. In addition, the financial planning modules of this system have begun to provide the Company with more in-depth product analysis capabilities. The Company also completed the implementation of a new suite of financial software applications in fiscal 2009.

In fiscal 2010, while the Company plans to conservatively approach additional investment in its information systems, it is committed to maintaining its existing systems and making certain critical enhancements. The Company plans to implement an upgrade to its store software application that will facilitate enhanced customer service through electronic signature capture and facilitation of PIN-based debit transactions.

Distribution, Planning and Allocation

The Company utilizes a single distribution center in Plymouth, Minnesota to receive and distribute merchandise to its stores. Once received at the Company s distribution center, merchandise is counted and processed for distribution to its stores. In fiscal 2009, the Company analyzed its supply chain and implemented process improvements resulting in increased efficiency in merchandise receiving, packing and distribution. In addition, the Company transitioned to a new national carrier to deliver daily shipments from the Company s distribution center to its stores which resulted in decreased merchandise time-in-transit and reduced shipping costs.

In fiscal 2009, the Company completed the implementation of its new merchandise planning and allocation system. Through the use of the new allocation modules, the Company has gained increased flexibility in product placement. Functionality from this system has allowed the Company to more easily manage its merchandise assortment based on differences in store sales volume and climate, as well as customer size and fashion preferences. The system has provided the Company with improved forecasting of sales, merchandise margins and inventory levels and allows the Company to continue to execute strict inventory controls. Throughout fiscal 2010, the Company will utilize the system to enhance inventory productivity by performing SKU rationalization analysis and store unit capacity planning, resulting in improved product flow. The Company began to realize benefits from the new planning and allocation system in the second half of fiscal 2009 and anticipates increased benefits in fiscal 2010.

Real Estate/Leasing

During fiscal 2009, the Company opened 15 new Christopher & Banks stores and 14 new C.J. Banks stores. The Company closed ten Christopher & Banks stores and four C.J. Banks stores during the year. In addition, the Company closed all of its Acorn stores in conjunction with its plan announced in July 2008 to fully exit its Acorn division business by December 31, 2008.

Given the current economic environment, and the Company s desire to control capital investments to facilitate cash preservation, management is planning a more conservative approach to store expansion for fiscal 2010. In fiscal 2010, the Company is planning to open a maximum of five new stores, including its first dual store concept as described further below. The Company also intends to close approximately 15 stores. Total fiscal 2010 capital expenditures are planned to range from $8 to $9 million, down approximately 50% from the $18.4 million of capital expenditures in fiscal 2009. The Company will also continue to focus on reducing occupancy costs through aggressive lease renegotiations and diligently exercising rent reductions related to sales volume and co-tenancy violations.

The Company typically uses a prototype store design for each of its store concepts. These store designs are regularly modified and updated, with an updated Christopher & Banks store prototype most recently developed in fiscal 2008. The store design is intended to provide an open and inviting environment, which enables the Company to deliver a focused merchandise presentation to its customers. In fiscal 2010, the Company plans to open its first dual store concept which will give it the opportunity to offer all three size ranges, missy, petite and plus, within one store, resulting in greater operating efficiencies.

The Company historically completed a major or minor remodeling of each store on a ten-year cycle as leases expired. However, since a substantial majority of the Company s stores currently utilize a similar prototype design, the Company plans to remodel stores on an as-needed basis in fiscal 2010. Nonetheless, minor improvements, such as carpet replacement and painting, will continue to be made throughout the Company s stores as appropriate.

The Company has historically operated the majority of its stores in enclosed shopping malls. Management intends to focus future store expansion in off-mall locations due to the convenience these locations provide the Company s customers. Management also believes it has the greatest opportunity for future store growth with its C.J. Banks brand, which operates 267 stores, compared to its 547 Christopher & Banks locations. While the Company may from time to time consider the acquisition or organic development of other retail concepts, it is not exploring such options at this time.

Store Operations

The Company manages its stores in a manner that encourages participation by the store manager in the execution of the Company s business and operational strategies. The Company s store operations are organized into districts and regions. Each district is managed by a district manager, who typically supervises an average of 14 stores. The Company has three regional vice presidents who supervise its district managers.

In January 2009, the Company reorganized its field supervision structure. Districts and regions were realigned geographically across both the Christopher & Banks and C.J. Banks brands. The reorganization resulted in increased efficiencies and cost savings, allowing field supervisors to spend less time traveling and more time in their stores working with and managing their team of associates.

The Company strives to provide a quality in-store experience. Its friendly and knowledgeable associates work to cater to its customers needs. Store associate training includes on-the-floor selling programs and information about product knowledge and wardrobing solutions.

Competition

The women s retail apparel business is highly competitive. To differentiate itself from its competitors, the Company s buyers, working in conjunction with the Company s internal design group, create a merchandise assortment which is manufactured exclusively for the Company under its proprietary Christopher & Banks and C.J. Banks brand names. The Company believes that the principal bases upon which it competes are unique, exclusively designed merchandise selection, quality garment construction, value, visual merchandise presentation, personalized customer service and store location. The Company competes with a broad range of national and regional retail chains that sell similar merchandise, including department stores and specialty stores. Many of these competitors are larger and have greater financial resources than the Company. The Company believes that its unique merchandise assortments, strong visual

presentation, product quality, affordable merchandise price and customer service enable the Company to compete effectively.

Employees

As of May 1, 2009, the Company had approximately 2,100 full-time and 6,200 part-time employees. The number of part-time employees typically increases during November and December. Approximately 228 of the Company s associates are employed at its corporate office and distribution center facility, with the remaining associates employed in its stores. None of the Company s employees is represented by a labor union or is subject to a collective bargaining agreement. The Company has never experienced a work stoppage and considers its relationship with its employees to be good.

Table of Contents

Seasonality

The Company s quarterly results may fluctuate significantly depending on a number of factors, including general economic conditions, consumer confidence, customer response to the Company s seasonal merchandise mix, timing of new store openings, adverse weather conditions, shifts in the timing of certain holidays and shifts in the timing of promotional events.

Trademarks and Service Marks

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

Available Information

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

ITEM 1A.

RISK FACTORS

Our business is subject to a variety of risk and the following risk factors should be considered carefully in evaluating our business and the forward-looking information in this document. Set forth below are the most significant factors which could cause actual results to differ materially from the forward-looking statements or information in this document. Please also see the Statement Regarding Forward-Looking Disclosures in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations. The risks described below are not the only risks our business faces. We may also be adversely affected by additional risks not presently known to us or that we currently deem less significant or unlikely than those listed.

The global economic crisis could have a material adverse effect on the Company s liquidity.

The recent distress in the financial markets has resulted in extreme volatility in security prices and diminished liquidity and credit availability, and there can be no assurance that our liquidity will not be affected by changes in the financial markets and the global economy. Although we believe that the cash provided by our operations and through our short and long-term investments will provide us with sufficient liquidity through the current credit crisis, the current economic crisis could be more prolonged and pervasive than anticipated. We have significant amounts of cash and cash equivalents that are invested in various tax exempt or treasury money market funds. With the current financial environment and the instability of financial institutions, we cannot be assured that we will not experience losses on our investments.

All of our stores are located within the United States, making us highly susceptible to deteriorations in U.S. macroeconomic conditions and consumer confidence.

All of our stores are located within the United States, making our results highly dependent on U.S. consumer confidence and the health of the U.S. economy. In addition, a significant portion of our total sales is derived from stores located in eight states: Indiana, Iowa, Michigan, Minnesota, Illinois, Ohio, Pennsylvania and Wisconsin, resulting in further dependence on local economic conditions in these states. Deterioration in macroeconomic conditions and consumer confidence could negatively impact our business in many ways, including:

Table of Contents

- slowing sales growth or reduction in overall sales;
- reducing gross margins; and
- increasing our expenses.

The current downturn in the U.S. economy is likely to continue to negatively affect discretionary consumer purchases of apparel, including our merchandise, and thus impact our results of operations and continued growth. It is difficult to predict how long the current economic, capital and credit market conditions will continue and what long-term impact, if any, they will have on our business. In the short-term, however, these conditions have negatively affected our results of operations.

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

Our success largely depends on our ability to consistently gauge fashion trends and provide merchandise that satisfies customer demands for each of our two brands in a timely manner. Any missteps may affect merchandise desirability and inventory levels, since we enter into agreements to manufacture and purchase our merchandise well in advance of the selling season for such merchandise. Our failure to anticipate, identify or react appropriately in a timely manner to changes in fashion trends could lead to lower sales, missed opportunities, excess inventories and more frequent and larger markdowns, which could have a material adverse impact on our business. Merchandise misjudgments could also negatively impact our image with our customers and result in diminished brand loyalty.

Our ability to manage inventory levels may impact our results.

The long lead time usually required for our merchandise makes customer demand difficult to predict and responding to changes quickly a challenge. Our financial condition could be materially adversely affected if we are unable to manage inventory levels and respond to short-term shifts in customer demand patterns. Inventory levels in excess of customer demand may result in excessive markdowns and, therefore, lower than planned margins. On the other hand, if we underestimate demand for our merchandise we may experience inventory shortages resulting in missed sales and lost revenues. Either of these events could harm our operating results and brand image.

The absence of or further reduction in mall traffic could significantly reduce our sales and leave us with unsold inventory.

A significant portion of our current stores are located in shopping malls. Sales at these stores are contingent, in large part, on the volume of traffic in those malls. Sales volume has been adversely affected by the reduction in traffic at malls generally and at specific malls due to the economic downturn, the closing of anchor department stores and competition from non-mall retailers and other malls where we have fewer stores. A decline in the desirability of the shopping environment of a particular mall, or in the popularity of mall shopping generally among our customers, could limit the number of customers visiting our stores. This could decrease our level of sales and leave us with excess inventory. In such circumstances, we may respond by increasing markdowns or initiating marketing promotions to reduce excess inventory, which could further decrease our merchandise margins and operating income.

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

The women s specialty retail industry is highly competitive. We compete primarily with women s apparel retailers, department stores, catalog retailers and Internet businesses that also engage in the retail sale of women s apparel. We believe that the principal bases upon which we compete are the quality, design and price of our merchandise and the quality of our customer service. Many of our competitors are companies with greater financial, marketing and other resources. They may be able to adapt to changes in customer requirements more quickly, devote greater resources to the marketing and sale of their products, generate greater national brand recognition and/or adopt more aggressive pricing policies than we can. In addition, an increased level of promotions or discounted sales by our competitors may adversely affect response rates to our merchandise or to our own level of promotions or sales. As a result, we may lose market share, which could reduce our revenues, merchandise margins and operating income. In addition to competing for sales, we compete for favorable store locations, lease terms and qualified associates.

Table of Contents

Fluctuations in our level of same-store sales could adversely affect our earnings growth and stock price.

A variety of factors has historically affected, and will continue to affect, our comparable stores sales results and profit margins. These factors include fashion trends and customer preferences, changes in our merchandise mix, competition, economic conditions, weather, effective inventory management and new store openings. See Management s Discussion and Analysis of Financial Condition and Results of Operations under Item 7. There is no assurance that we will achieve positive levels of same-store sales and earnings growth, and any decline in our future growth or performance could have a material adverse effect on the market price of our common stock, as well as result in further impairment in our long-lived (*i.e.*, store) assets.

Our stock price has experienced, and could continue to experience in the future, substantial volatility as a result of many factors, including recent global economic conditions, broad market fluctuations and public perception of the prospects for the women s apparel industry. Failure to meet market expectations, particularly with respect to comparable store sales, net revenues, operating margins and earnings per share, would likely result in a decline in the market price of our stock.

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

Our success depends to a significant extent both on the continued services of our current executive and senior management team, as well as our ability to attract, hire, motivate and retain qualified employees, including store personnel, in the future. The turnover rate in the retail industry s store operations is high, and qualified individuals of the requisite caliber and number needed to fill open positions may be in short supply in some geographic areas. Significant increases in employee turnover rates could have a material adverse effect on our business, financial condition and results of operations. We believe we have benefited substantially from the leadership and strategic guidance of our key executives and members of our creative team, who are primarily responsible for developing our merchandise and reinforcing our brand identity. The loss, for any reason, of the services of any of these key individuals could delay or adversely affect the implementation of our strategies and tactics or the merchandise we offer.

Our ability to achieve the results of our SG&A expense and capital expenditure reduction program may impact our operating results.

In order to maintain or improve our operating margins, we need to successfully manage our operating costs. We have previously announced a program to reduce our SG&A expenses by more than $15 million and our capital expenditures by $8 million in fiscal 2010, as part of a major drive to improve overall operating effectiveness. The benefits associated with our initiatives are based on forecasts, which may vary substantially from our actual results. We cannot assure the successful implementation of our planned cost reductions and capital expenditure reduction plans. Our inability to successfully manage labor costs, occupancy costs or other operating costs, or our inability to take advantage of opportunities to reduce operating costs, could adversely affect our operating margins and our results of operations.

We are highly dependent on a few suppliers who primarily manufacture overseas and our reliance on foreign sources of production poses various risks.

We do not own or operate any manufacturing facilities and depend on independent third parties to manufacture our merchandise. We cannot be certain that we will not experience operational difficulties with our manufacturers, such as reductions in the availability of production capacity, errors in complying with merchandise specifications, insufficient quality control and failures to meet production deadlines or increases in manufacturing costs.

In fiscal 2009, approximately 48% of our merchandise was directly imported from foreign factories and our ten largest suppliers accounted for approximately 52% of the merchandise we purchased. Substantially all of the Company s directly imported merchandise is manufactured in Southeast Asia. Purchases from the Company s largest overseas supplier accounted for approximately 15% of total purchases in fiscal 2009. The majority of these goods are produced in China, Hong Kong and Singapore. An adverse change in the status of our relationship with our largest supplier or any event causing a sudden disruption of manufacturing or imports from Asia or elsewhere, including the imposition of additional import restrictions, could materially harm our operations. We have no long-term merchandise supply contracts, and we compete with other companies for production facilities and import quota capacity.

Table of Contents

As we purchase a significant portion of our merchandise that is manufactured overseas, we are subject to the various risks of doing business in foreign markets and importing merchandise from abroad, such as:

- imposition of new legislation relating to import quotas or other restrictions that may limit the quantity of our merchandise that may be imported into the United States from countries in regions where we do business;
- significant delays in the delivery of cargo due to port security considerations;
- imposition of anti-dumping or countervailing duties in response to an investigation as to whether a particular product being sold in the United States at less than fair value may cause (or threaten to cause) material injury to the relevant domestic industry;
- financial or political instability in any of the countries in which our merchandise is manufactured;
- impact of natural disasters and public health concerns on our foreign sourcing offices and vendor manufacturing operations;
- fluctuation in the value of the U.S. dollar against foreign currencies or restrictions on the transfer of funds;
- potential recalls for any merchandise that does not meet our quality standards; and
- disruption of imports by labor disputes and local business practices.

We cannot predict whether any of the foreign countries in which our merchandise is manufactured, or in which our merchandise may be manufactured in the future, will be subject to import restrictions by the U.S. government. Any sudden disruption of manufacturing or imposition of trade restrictions, such as increased tariffs or more restrictive quotas on apparel or other items we sell, could affect the import of such merchandise and could increase the cost or reduce the supply of merchandise available to us and adversely affect our business, financial condition, results of operations or liquidity.

In addition, the raw materials used to manufacture our merchandise are subject to availability constraints and price volatility caused by high demand for fabrics, weather conditions, supply conditions, government regulations, economic climate and other unpredictable factors. Increases in the demand for, or the price of, raw materials used to manufacture our merchandise could have a material adverse effect on our cost of sales or our ability to meet our customers needs. We may not be able to pass all or a material portion of such higher raw material costs on to our customers, which could negatively impact our profitability.

Our inability to maintain the value of our brands and our trademarks may adversely affect our business and financial performance.

Our success depends in part on the value of our Christopher & Banks and C.J. Banks brands. The Christopher & Banks and C.J. Banks names are integral to our business, as well as to the implementation of our strategies for expanding our business. Maintaining, promoting and positioning our brands will depend largely on the success of our design, merchandising and marketing efforts and our ability to provide a consistent, high quality customer experience. Our brands could be adversely affected if we fail to achieve these objectives for one or both of these brands and our public image and reputation could be tarnished by negative publicity. Any of these events could negatively impact sales.

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

We face challenges to grow our business and to manage our growth.

Our growth is dependent, in large part, upon our ability to successfully add new stores. In addition, on a routine basis, we close underperforming stores, which may result in write-offs. The success of our growth strategy, which involves opening fewer stores in fiscal 2010 than in the past several years, depends upon a number of factors, including the identification of suitable markets and sites for new stores, negotiation of leases on acceptable terms, construction or renovation of sites in a timely manner at acceptable costs and maintenance of the productivity of our existing store base. Our failure to open new stores on a timely basis, obtain acceptance in markets in which we currently have limited or no presence, attract qualified management and personnel or appropriately adjust operational systems and procedures would have an adverse affect on our growth prospects.

Table of Contents

Our ability to successfully upgrade and maintain our information systems to support the needs of the organization is subject to various risks.

We rely heavily on information systems to manage our operations, including a full range of retail, financial, sourcing and merchandising systems, and regularly make investments to upgrade, enhance or replace these systems. We have invested significantly the past several years in a number of system implementations and upgrades at a considerable cost and it is possible these improvements will not be as effective as planned or yield the anticipated benefits. The reliability and capacity of our information systems is critical. Despite our preventative efforts, our systems are vulnerable from time-to-time to damage or interruption from, among other things, security breaches, computer viruses, power outages and other technical malfunctions. Any disruptions affecting our information systems, or any delays or difficulties in transitioning to new systems or in integrating them with current systems, could have a material adverse impact on our business. Any failure to maintain adequate system security controls to protect our computer assets and sensitive data, including customer data, from unauthorized access, disclosure or use could also damage our reputation with our customers.

In addition, our ability to continue to operate our business without significant interruption in the event of a disaster or other disruption depends in part on the ability of our information systems to operate in accordance with our disaster recovery and business continuity plans.

We depend significantly on a single operations and distribution facility.

All of our administrative and distribution operations are housed in a single facility. A significant interruption in the operation of this facility due to natural disasters, accidents or other events could reduce our ability to receive and provide merchandise to our stores, as well as reduce our ability to administer and oversee our business, which could reduce our sales and results of operations. The success of our stores depends on their timely receipt of merchandise from our distribution center. An independent third party transportation company delivers our merchandise to our stores. Disruptions in the delivery of merchandise or work stoppages by employees of this third party could delay the timely receipt of merchandise, which could result in lost sales, a loss of loyalty to our brands and the late receipt of inventory when it is no longer seasonally appropriate. Timely receipt of merchandise by our stores may also be affected by factors such as inclement weather, natural disasters, accidents, system failures and acts of terrorism.

There are risks associated with our e-commerce sales.

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

- reliance on third party computer hardware/software and on a single fulfillment center;
- rapid technological change;
- diversion of sales from our stores;
- liability for online content;
- violations of state or federal privacy laws;
- credit card fraud;

- risks related to the failure of the computer systems that operate our web sites and their related support systems, including computer viruses;
- telecommunications failures and electronic break-ins and similar disruptions; and
- timely delivery of our merchandise to our customers by third parties.

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

Effects of war, terrorism or other catastrophes could adversely impact our business or operations.

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

Table of Contents

Changes in federal, state or local laws and regulations, or our failure to comply with such laws and regulations, could increase our expenses and expose us to legal risks.

Our business is subject to a wide array of laws and regulations which may change from time-to-time. Significant legislative changes that impact our relationship with our workforce (none of which is represented by unions as of the end of fiscal 2009) could increase our expenses and adversely affect our operations. In addition, if we fail to comply with applicable laws and regulations, such as wage and hour or privacy laws, we could be subject to legal risk, including government enforcement action and class action civil litigation, which could adversely affect our results of operations. Additionally, we are periodically involved in various litigation matters that arise in the ordinary course of business.

Our policies, procedures and internal controls are designed to comply with all applicable laws and regulations, including those imposed by the Securities and Exchange Commission and the New York Stock Exchange, as well as applicable employment laws. Additional legal and regulatory requirements, such as those arising under the Sarbanes-Oxley Act of 2002, increase the complexity of the regulatory environment in which we operate and the related cost of compliance. Failure to comply with such laws and regulations may result in damage to our reputation, financial condition and market price of our stock.

Our business could suffer if one of the manufacturers of the goods that we sell fails to use acceptable labor practices.

We require manufacturers of the goods that we sell to operate in compliance with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our staff and our agents periodically visit to review the operations of our independent manufacturers, we do not control these manufacturers or their labor practices. The violation of labor or other laws by an independent manufacturer used by us, or the divergence of an independent manufacturer s labor practices from those generally accepted as ethical in the United States, could interrupt, or otherwise disrupt the shipment of products to us or damage our reputation, which may result in a decrease in customer traffic to our stores and adversely affect our sales and net earnings.

Funds associated with the auction rate securities held by us that we have traditionally held as short-term investments may not be liquid or readily available.

Our investment in securities currently consists partially of auction rate securities which are not currently liquid or readily available to convert to cash and, therefore, we have reclassified these as long-term marketable security investments. We do not believe that the current liquidity issues related to our auction rate securities will impact our ability to fund our ongoing business operations. However, if the global credit crisis persists or intensifies, it is possible that we will be required to further adjust the fair value of our auction rate securities.

The Company s marketing efforts rely upon the effective use of customer information. Restrictions on the availability or use of customer information could adversely affect the Company s marketing programs, which could result in lost sales and a decrease in profits.

The Company uses its customer database to market to its customers. Any limitations imposed on the use of such consumer data, whether imposed by federal or state governments or business partners, could have an adverse effect on the Company s future marketing activity. To the extent the Company s or its business partners security procedures and protection of customer information prove to be insufficient or inadequate, the Company may become subject to litigation, which could expose it to liability and cause damage to its reputation or brand.

Operating losses in tax jurisdictions with deferred tax assets could hinder our ability to continue to carry the deferred tax assets, which would result in a valuation allowance negatively impacting our consolidated results and net worth.

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. While the Company has a history of profits, its profitability has declined over the last three years and the Company recorded a net loss in fiscal 2009. Therefore, achievement of profitability in fiscal 2010 will be a significant factor in determining the Company s continuing ability to carry these deferred tax assets.

Table of Contents

Our accounting for deferred taxes represents our best estimate of future events. If future results from our operations are less than projected, a valuation allowance may be required to reduce deferred tax assets, which could have a material impact on our results of operations in the period in which it is recorded. Significant negative events, including losses in future years, would make it reasonably possible that valuation allowances against deferred tax assets would be required in future periods.

ITEM 1B.
UNRESOLVED STAFF COMMENTS

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

ITEM 2.
PROPERTIES

Store Locations

The Company s Christopher & Banks and C.J. Banks stores are located primarily in regional shopping malls in smaller to mid-sized cities and suburban areas. Approximately 85% of the Company s stores are located in enclosed malls that typically have numerous specialty stores and two or more general merchandise chains or department stores as anchor tenants. The remainder of the Company s Christopher & Banks and C.J. Banks stores are primarily located in power and strip shopping centers.

The Company attempts to locate its stores strategically within each mall or shopping center to attract customers through visual displays and the use of lifestyle graphics. While the Company has historically operated the majority of its stores in enclosed shopping malls, management intends to focus future store expansion on off-mall locations due to the convenience these locations provide the Company s customers.

At May 1, 2009, Christopher & Banks stores averaged approximately 3,300 square feet and C.J. Banks stores averaged approximately 3,600 square feet. The Company estimates approximately 85% of the total aggregate store square footage is allocated to selling space.

Table of Contents

At May 1, 2009, the Company operated 814 stores in 46 states as follows:

State	Christopher & Banks	C.J. Banks	Total Stores
Alabama	5	3	8
Alaska			
Arizona	8	3	11
Arkansas	6	2	8
California	11	1	12
Colorado	21	9	30
Connecticut	4		4
Delaware	2		2
Florida	17	6	23
Georgia	6	2	8
Hawaii			
Idaho	7	3	10
Illinois	27	15	42
Indiana	19	14	33
Iowa	23	12	35
Kansas	11	7	18
Kentucky	10	4	14
Louisiana	2		2
Maine	3	2	5
Maryland	7	2	9
Massachusetts	11	2	13
Michigan	30	17	47
Minnesota	35	15	50
Mississippi			
Missouri	13	12	25
Montana	6	4	10
Nebraska	12	7	19
Nevada			
New Hampshire	3		3
New Jersey	2		2
New Mexico	4	3	7
New York	23	16	39
North Carolina	8	4	12
North Dakota	7	4	11
Ohio	35	23	58
Oklahoma	7	1	8
Oregon	7	3	10
Pennsylvania	41	19	60
Rhode Island	1		1
South Carolina	3		3
South Dakota	6	3	9
Tennessee	13	7	20
Texas	17	2	19
Utah	9	4	13
Vermont	2	1	3
Virginia	13	7	20
Washington	16	8	24
West Virginia	7	7	14
Wisconsin	24	11	35
Wyoming	3	2	5
	547	267	814

Table of Contents

Store Leases

All of the Company s store locations are leased. Lease terms typically include a rental period of ten years and may contain a renewal option. Leases generally require payments of fixed minimum rent and contingent percentage rent, calculated based on a percent of sales in excess of a specified level. The following table, which covers all of the stores operated by the Company at May 1, 2009, indicates the number of leases expiring during the fiscal year indicated and the number of such leases with renewal options. The number of stores with leases expiring in fiscal 2010 includes those stores which currently are operating on month-to-month terms.

Fiscal Year	Number of Leases Expiring	Number with Renewal Options
2010	88	1
2011	70	
2012	96	8
2013	103	
2014	111	1
2015-2019	346	9
Total	814	19

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

Corporate Office and Distribution Center Facility

In fiscal 2002, the Company purchased its 210,000 square foot corporate office and distribution center facility, located in Plymouth, Minnesota. Prior to fiscal 2002, the Company leased this facility. The Company utilizes the entire facility for its corporate office and distribution center requirements. In February 2009, the Company announced a workforce reduction that reduced the number of associates at its corporate office and distribution center facility by approximately 11%. Subsequent to this reduction in workforce, the Company s management believes its corporate office and distribution center facility to be sufficient to meet the Company s requirements for the foreseeable future.

ITEM 3.

LEGAL PROCEEDINGS

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

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of fiscal 2009.

Table of Contents

ITEM 4A.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company as of May 1, 2009.

Name	Age	Positions and Offices
Lorna E. Nagler	52	President and Chief Executive Officer
Susan C. Connell	56	Executive Vice President and Chief Merchandise Officer
Monica L. Dahl	42	Senior Vice President, Planning & Allocation & E-commerce
Luke R. Komarek	55	Senior Vice President, General Counsel and Corporate Secretary
Gary Thompson	55	Senior Vice President, Store Operations
Michael J. Lyftogt	40	Vice President, Finance and Interim Chief Financial Officer

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

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

Monica L. Dahl has served as Senior Vice President, Planning & Allocation & E-commerce since August 2008. From December 2005 to July 2008 she was Executive Vice President and Chief Operating Officer. Ms. Dahl served as Vice President of Business Development from November 2004 to December 2005. Upon joining the Company in May 2004, Ms. Dahl was Director of Business Development. From January 1993 to April 2004, Ms. Dahl held various positions with Wilson s Leather including Director of Sourcing; Divisional Merchandise Manager Women s Apparel; Director of Merchandise Planning; and several positions in the Finance department. Ms. Dahl was with Arthur Andersen LLP from December 1987 to December 1992.

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

Gary Thompson has served as Senior Vice President, Store Operations since joining the Company in June 2008. From 2006 to May 2008, Mr. Thompson served as Vice President, Stores/Operations at Charming Shoppes, Inc. In 2004 he held the position of Executive Vice President, National Sales Manager for Organized Living and in 2005 he was Vice President, Store Operations for Lane Bryant. He was CEO of Bag n Baggage from 2000 to 2003. Prior to that, he served as Vice President, Store Operations for Lids, Inc. and as Vice President, Outlet Division and Vice President, Southeast Store Operations for Cato Fashions.

Table of Contents

Michael J. Lyftogt, 40, has served as Interim Chief Financial Officer since December 2008, as well as Vice President, Finance since March 2006. From March 1998 through February 2006, Mr. Lyftogt served as Controller. Prior to joining the Company, Mr. Lyftogt was Controller for M.F. Bank & Company, Inc. Mr. Lyftogt also has previous experience in public accounting.

PART II

ITEM 5.

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

The Company s common stock is traded on the New York Stock Exchange under the symbol CBK . The quarterly high and low stock sales price information for the Company s common stock for fiscal 2009 and 2008 is included in the table below.

	Market Price			
Quarter Ended		**High**		**Low**
February 28, 2009	$	5.97	$	2.75
November 29, 2008	$	11.47	$	2.65
August 30, 2008	$	10.90	$	6.74
May 31, 2008	$	11.85	$	7.71
March 1, 2008	$	16.51	$	8.54
December 1, 2007	$	16.32	$	11.43
September 1, 2007	$	19.19	$	12.08
June 2, 2007	$	19.89	$	16.36

As of May 1, 2009, the Company had 102 holders of record of the Company s common stock and approximately 4,900 beneficial owners. The last reported sales price of the Company s common stock on May 1, 2009 was $5.75.

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

In fiscal 2008, the Company s Board of Directors authorized and subsequently announced a one-year stock repurchase program enabling the Company to purchase up to $20.0 million of its common stock, subject to market conditions. As of May 24, 2008, the expiration date of the repurchase program, the Company had repurchased 948,800 shares of its common stock under the program for a total cost, including commissions, of approximately $12.1 million. No repurchases were made under the program in fiscal 2009.

Comparative Stock Performance

The graph below compares the cumulative total shareholder return on the common stock of the Company (C&B) from February 28, 2004 to February 28, 2009 to the cumulative total stockholder return of (i) the S&P 500 Index and (ii) the S&P Apparel Retail Index. The Comparisons assume $100 was invested on February 28, 2004 in the Company s common stock, the S&P 500 Index and the S&P Apparel Retail Index and also assumes that any dividends are reinvested.

Table of Contents

ITEM 6.
SELECTED FINANCIAL DATA

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

	Fiscal Year Ended (In thousands, except per share amounts and selected operating data)				
	Feb. 28, 2009	**Mar. 1, 2008**	**Mar. 3, 2007(1)**	**Feb. 25, 2006**	**Feb. 26, 2005**
Income Statement Data:					
Net sales	$ 530,742	$ 560,912	$ 533,156	$ 479,067	$ 435,072
Merchandise, buying and occupancy costs, exclusive of depreciation and amortization	341,734	341,928	318,971	282,426	267,683
Selling, general and administrative expenses	172,295	161,180	140,696	126,175	107,051
Depreciation and amortization	26,264	21,764	19,616	18,261	15,183
Impairment of store assets	4,557	411	330	11	838
Operating income (loss)	(14,108)	35,629	53,543	52,194	44,317
Other income	1,809	4,662	5,116	2,092	1,038
Income (loss) from continuing operations before income taxes	(12,299)	40,291	58,659	54,286	45,355
Income tax provision (benefit)	(4,215)	14,827	22,701	20,920	17,476
Income (loss) from continuing operations	(8,084)	25,464	35,958	33,366	27,879
Loss from discontinued operations, net of income tax	(4,666)	(8,446)	(2,272)	(2,953)	(863)
Net income (loss)	(12,750)	17,018	33,686	30,413	27,016
Basic earnings per common share:					

Continuing operations	$	(0.23)	$	0.71	$	0.96	$	0.93	$	0.77
Discontinued operations		(0.13)		(0.24)		(0.06)		(0.08)		(0.02)
Earnings (loss) per basic share	$	(0.36)	$	0.48	$	0.90	$	0.85	$	0.74
Basic shares outstanding		35,097		35,772		37,307		35,907		36,322
Diluted earnings per common share:										
Continuing operations	$	(0.23)	$	0.71	$	0.95	$	0.92	$	0.76
Discontinued operations		(0.13)		(0.24)		(0.06)		(0.08)		(0.02)
Earnings (loss) per diluted share	$	(0.36)	$	0.47	$	0.89	$	0.84	$	0.73
Diluted shares outstanding		35,097		35,852		37,761		36,220		36,825
Dividends per share	$	0.24	$	0.24	$	0.20	$	0.16	$	0.16

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

Table of Contents

	Feb. 28, 2009	Mar. 1, 2008	Mar. 3, 2007(1)	Feb. 25, 2006	Feb. 26, 2005
Balance Sheet Data (at end of each period in thousands):					
Cash, cash equivalents and short-term investments	$ 78,814	$ 78,492	$ 102,266	$ 92,385	$ 60,812
Merchandise inventory	38,828	43,840	52,355	37,871	40,525
Long-term investments	16,400	23,350			
Total assets	290,142	311,792	307,323	263,463	229,204
Long-term debt					
Stockholders equity	200,223	218,827	225,765	192,793	163,209
Working capital	94,059	95,968	128,854	104,856	81,558
Selected Operating Data:					
Same-store sales increase (decrease) (2)	(12)%	1%	1%	1%	(2)%
Stores at end of period	815	837	778	705	642
Net sales per gross square foot (3)	$ 188	$ 215	$ 219	$ 216	$ 220

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

(2) Same-store sales data is calculated based on the change in net sales for stores that have been open for more than 13 full months and includes stores, if any, that have been relocated within the same mall. The Company typically does not expand or relocate stores within a mall. Stores where square footage has been changed by more than 25 percent are excluded from the same-store sales calculation. Stores closed during the year are included in the same-store sales calculation only for the full months of the year during which the stores were open.

(3) The computation of net sales per gross square foot includes stores which were open for all 12 months of the fiscal year. Relocated and expanded stores, if any, are included in the calculation.

ITEM 7.
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related Notes of the Company included in Item 8 of this Form 10-K.

Executive Overview

Christopher & Banks Corporation, a Delaware Corporation, is a Minneapolis-based retailer of women s apparel, which operates retail stores through its wholly owned subsidiaries. The Company s fiscal year ends on the Saturday nearest February 28. The fiscal years ended February 28, 2009 (fiscal 2009) and March 1, 2008 (fiscal 2008) each consisted of 52 weeks. The fiscal year ended March 3, 2007 (fiscal 2007) consisted of 53 weeks.

As of May 1, 2009, the Company operated 814 stores in 46 states, including 547 Christopher & Banks stores and 267 C.J. Banks stores. The Company s Christopher & Banks stores offer distinctive fashions featuring exclusively designed, coordinated assortments of women s apparel in sizes four to 16. The Company s C.J. Banks stores offer similar assortments of women s apparel in sizes 14W to 24W. The company also operates e-commerce web sites for its two brands at www.christopherandbanks.com and www.cjbanks.com.

Table of Contents

On July 31, 2008, the Company announced its decision to exit its Acorn division business. The Company s Board of Directors and management concluded, after a comprehensive review and evaluation, that the concept had not demonstrated the potential to deliver an acceptable long-term return on the Company s investment. On July 30, 2008, the Company s Board of Directors authorized a plan to close all of the Company s 36 Acorn stores by December 31, 2008. This decision will allow the Company to focus its resources on its two core brands, Christopher & Banks and C.J. Banks. The results of all Acorn operations have been removed from continuing operations for each of the fiscal years presented and are presented as discontinued operations.

Fiscal 2009 Summary

The Company s results of operations were significantly impacted by the extremely challenging macro-economic environment in fiscal 2009, particularly in the fourth fiscal quarter. Continued and growing instability in the housing, credit, stock and financial markets, combined with increasing general economic uncertainty, have impacted consumer spending patterns, particularly for discretionary retail purchases. This resulted in a significant reduction in customer traffic and number of transactions per average store in fiscal 2009 compared to fiscal 2008. The negative consumer spending and customer traffic trends encountered in fiscal 2009 have continued into the first quarter of fiscal 2010. The Company anticipates these weak trends, and corresponding negative impact on sales and earnings, will likely persist throughout fiscal 2010.

The fourth quarter of fiscal 2009 was particularly difficult as the Company reported a 20% decline in same-store sales and a loss from continuing operations of $28.9 million, or $0.82 per share. During the fourth quarter, the Company recorded non-cash, pre-tax, long-lived asset impairment charges of approximately $4.6 million related to underperforming Christopher & Banks and C.J. Banks stores. The Company completed the exit from its Acorn division business in the fourth quarter with the closure of its remaining Acorn stores. Including the results of its discontinued operations, the Company recorded a net loss of $28.8 million, or $0.82 per share, in the fourth quarter of fiscal 2009.

The Company s same-store sales declined 12% for the fiscal year ended February 28, 2009. After taking into account long-lived asset impairment charges, the Company reported a loss from continuing operations of $8.1 million, or $0.23 per share. For the year, the loss from the Company s discontinued Acorn operations was $4.7 million, or $0.13 per share, net of an income tax benefit of $3.6 million. Acorn s results included store-level operating losses, approximately $4.3 million of lease termination costs, $1.2 million of long-lived store asset impairment charges, $0.3 million of severance costs and $0.3 million of inventory write-offs incurred in connection with exiting the Acorn division business. Including discontinued operations, the Company recorded a net loss in fiscal 2009 of $12.8 million, or $0.36 per share.

In an effort to minimize the negative top line impact of reduced customer traffic, the Company increased promotional activity, particularly in the third and fourth quarters of fiscal 2009, which resulted in declining merchandise margins and average transaction values. The Company also focused on decreasing inventory levels and ended fiscal 2009 with inventory levels down approximately 12% on a per-store basis, excluding e-commerce inventory, compared to inventory levels at the end of fiscal 2008.

Given the uncertain economic environment, the Company began to aggressively review and analyze all costs during the third quarter of fiscal 2009. As a result, an extensive cost-saving program was instituted in the fourth quarter of fiscal 2009. Part of the plan, announced in January 2009, included reorganization and consolidation of the Company s field organization, with districts now organized geographically across both the Christopher & Banks and C.J. Banks brands. The Company also reduced its corporate office and distribution center workforce by approximately 11% in February 2009. The cost savings program is expected to yield at least $15 million in ongoing selling, general and administrative (SG&A) cost savings in fiscal 2010.

In fiscal 2009, the Company opened 15 new Christopher & Banks stores and 14 new C.J. Banks locations. The Company closed ten Christopher & Banks stores and four C.J. Banks stores during the year. Going forward, the Company plans to proceed cautiously with new store growth. The Company currently plans to open a maximum of five new stores in fiscal 2010, including its first dual store concept which will combine Christopher & Banks and C.J. Banks merchandise in one store location. The Company also plans to close approximately 15 stores in fiscal 2010.

Table of Contents

During fiscal 2009, the Company continued to make progress related to a number of key business initiatives as described below.

The Company launched two separate e-commerce web sites in February 2008 for its Christopher & Banks and C.J. Banks brands. These web sites give customers the ability to view and purchase the Company s merchandise online at www.christopherandbanks.com and www.cjbanks.com. The Company currently sells essentially the same selection of merchandise on its web sites that it features in its Christopher & Banks and C.J. Banks stores. The Company