# 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 27, 2010**

**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. o **YES** x **NO**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o **YES** x **NO**

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. x **YES** o **NO**

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). o **YES** o **NO**

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<br>(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 Act). o **YES** x **NO**

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, 2009, was approximately $252,951,000 based on the closing price of such stock as quoted on the New York Stock Exchange ($7.19) on such date.

The number of shares outstanding of the registrant s Common Stock, par value $0.01 per share, was 35,801,444 as of May 3, 2010 (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 27, 2010 (the Proxy Statement ) are incorporated by reference into Part III.

Table of Contents

**CHRISTOPHER & BANKS CORPORATION**

**2010 ANNUAL REPORT ON FORM 10-K**

**TABLE OF CONTENTS**

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 3, 2010, the Company operated 797 stores in 46 states, including 533 Christopher & Banks stores, 262 C.J. Banks stores, and two dual-concept 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 unique style, quality, value and convenience.

*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 533 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 and online. The Company s C.J. Banks brand offers similar assortments of women s apparel in sizes 14W to 26W in its 262 stores and on its web site at www.cjbanks.com. Approximately 30 of the Company s Christopher & Banks stores carry edited assortments, or capsules, of its C.J. Banks plus size merchandise. The Company s two dual-concept stores offer an assortment of both Christopher & Banks and C.J. Banks apparel servicing the petite, misses and plus size customer in one location.

**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 21, Segment Reporting, to the consolidated financial statements, which are incorporated herein by reference.**

**Strategy**

**The Company strives to provide its customers with quality apparel at a great value and a consistent fit with wardrobing versatility. The Company s overall strategy for its two brands, Christopher & Banks and C.J. Banks, is to offer a compelling, evolving assortment of apparel through its stores and e-Commerce web sites in order to satisfy its target customers expectations for style, quality, value and fit, while providing exceptional, personalized customer service.**

**The Company has competitively positioned itself to offer merchandise assortments balancing unique, novelty apparel with more classic, basic styles, at affordable prices. To differentiate itself from its competitors, the Company s buyers, working in conjunction with the Company s internal design group, strive to create a merchandise assortment of coordinated outfits, the majority of which is manufactured exclusively for the Company under its proprietary Christopher & Banks and C.J. Banks brand names.**

**Table of Contents**

**Fiscal 2011 Key Initiatives**

**In addition to approaching all of the Company s operations with continued financial discipline and rigor, the Company is placing added focus on the following key initiatives in fiscal 2011. These key initiatives are designed to drive long-term sales and profits and are described in more detail in the discussion of the Company s business which follows.**

- Increasing store productivity

- Increase productivity at existing stores
- Enhance in-store experience
- Add productive new stores

- Greater focus on marketing

- Brand differentiation
- Targeted messaging

- Focused merchandising

- Implement product extensions
- Continue product innovation

- Growing e-Commerce channel

- Increase multi-channel shopping

- Expand product lines and size extensions

- Ensuring infrastructure efficiency

- Improving scalable and cost effective information technology infrastructure

**Store Productivity**

**The Company is focused on optimizing its investments to drive sales, profitability and return on investment, with a goal to increase sales productivity at existing stores and add productive new stores.**

The Company introduced edited assortments, or capsules, of its C.J. Banks plus size merchandise in a select test group of 30 Christopher & Banks stores ( capsule stores ) in the fall of fiscal 2010. The capsule stores were predominately located in markets where the Company did not have an existing C.J. Banks store presence. In addition, the C.J. Banks assortments were added to the capsule stores without a reduction in the Christopher & Banks merchandise assortment. Based on the improved productivity and same store sales performance at these capsule stores, as compared to the balance of the chain, the Company plans to open approximately 30 additional capsule stores in the third quarter of fiscal 2011, nearly doubling the number of its capsule stores.

The Company opened its first dual-concept store ( dual store ) during the second quarter of fiscal 2010 and its second dual store in the first quarter of fiscal 2011. These stores offer merchandise from both of the Company s Christopher & Banks and C.J. Banks brands, and all three size ranges, misses, petite and plus, within each store. The dual store concept combines a full product assortment in approximately 4,500 to 5,000 square feet, compared to an aggregate of approximately 6,500 square feet for two separate Christopher & Banks and C.J. Banks stores. This results in a greater opportunity to service the Company s customers while increasing productivity and enhancing operating efficiencies. The Company plans to continue to monitor the performance of its dual stores and open at least five additional new dual stores during fiscal 2011.

In an effort to drive productivity at all stores, the Company increased its focus on customer service in fiscal 2010 and plans to enhance this focus through more engaged store teams in fiscal 2011. The Company is striving to enhance the customer experience by encouraging its store managers, or shopkeepers, to provide more personalized selling and service to its customers. The Company has further enhanced its customer experience by providing an in-store e-Commerce ordering system which allows store associates to provide customers with a broader selection of merchandise, including select buys and special sizes and lengths available only online.

Table of Contents

**Marketing**

In fiscal 2010, the Company continued to focus on brand awareness while executing its marketing strategies as efficiently as possible and limiting marketing-related expenditures to approximately 1.0% of sales for the year. During the year, the Company continued to strengthen its Customer Relationship Management ( CRM ) programs. The Company has completed its migration to a new CRM database management system which is designed to ensure better customer data consistency across all channels, provide more robust customer and marketing analytics and enable management of more complex and segmented communications campaigns. In addition, the Company plans to continue to accumulate and incorporate customer data into its existing and new CRM programs to drive additional customer traffic to its stores and web sites, encourage cross shopping between its stores and online sites and increase overall brand awareness.

In addition to maximizing its CRM programs, the Company continued to increase its focus on grass roots marketing efforts in fiscal 2010. Special events, many of which are coordinated at the store level, are designed to create a sense of community in the Company s stores that reward customer loyalty while giving the Company an opportunity to attract new customers. These efforts have been particularly successful in the smaller markets that have traditionally been the foundation of the Company s success.

In fiscal 2011, the Company plans to place a greater emphasis on marketing. In March 2010, the Company launched its Friendship Rewards loyalty program. Friendship Rewards is a point-based program where members earn points based on purchases. After reaching a certain level of accumulated points, members are rewarded with a certificate which may be used for purchases at the Company s stores or online web sites. Program members will also be kept up-to-date on new product deliveries, special events and promotions to entice them to shop in the Company s stores and visit its websites. The Company also plans to enhance its CRM customer segmentation capabilities, including further refining its direct mail strategy to more precisely design and target customer mailings.

The Company continues to capture a constant flow of customer feedback and to react accordingly. In fiscal 2011, the Company expects to hold customer focus groups on a quarterly basis and conduct frequent online surveys and product fit clinics to gain ongoing insights into customer needs. In addition, the Company will continue to solicit input from its shopkeepers regarding customer feedback and to design and conduct grassroots marketing efforts.

**Merchandise**

**In fiscal 2010, the Company s merchandise included women s apparel generally consisting of knit tops, woven tops, jackets, sweaters, skirts, denim bottoms and bottoms of other fabrications. In addition, the Company carried collections of petite styles online and in approximately 300 of its Christopher & Banks stores and also began offering jewelry in a select number of stores in fiscal 2010. Based on positive customer response, the jewelry assortment was rolled out to all of the Company s stores in March 2010.**

**The Company provides new product assortments to its stores each month. During fiscal 2010, the Company continued to refine and update its merchandise offerings. A focus was placed on offering a compelling merchandise assortment by balancing more traditional novelty styles with core basics and updated silhouettes, patterns, textures and prints. Customers responded favorably to merchandise with unique novelty touches including embroidery, buttons and other embellishments. In the fourth quarter of fiscal 2010, more traditional style pairs were offered when customers were provided with easy-to-pair outfits including two or three coordinating pieces.**

**The Company also strives to provide a merchandise assortment that is casual and versatile with the perfect fit. In fiscal 2010, the Company updated its core knit tops to include new sleeve lengths and fit specifications that reflect feedback received from customers at focus groups held earlier in the year. In addition, to increase merchandise productivity the Company employed product tiering and made select store buys in fiscal 2010, which provided the Company s best stores with additional product offerings.**

In fiscal 2011, the Company plans to continue to identify, test and, if successful, introduce new product categories in an effort to increase spending by existing customers and to attract new customers to its brands. Based on product tests conducted in fiscal 2010, the Company successfully rolled out a new assortment of jewelry to all of its stores in the beginning of fiscal 2011 and plans to increase the size of its jewelry assortment throughout the year. In addition to the jewelry rollout, the Company plans to execute several tests of other new product categories in fiscal 2011, including outerwear, sleepwear and extended sizes of other merchandise.

**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 offers the entire assortment of merchandise carried at its Christopher & Banks, C.J. Banks and dual stores on its web sites. In addition, the online assortment includes select store buys and extended sizes and lengths.**

**In fiscal 2010, the Company continued to grow its Christopher & Banks and C.J. Banks e-Commerce businesses. Web site visual presentation was enhanced and merchandise offerings were expanded to include exclusive online-only merchandise categories, styles, sizes and lengths. The Company drove additional traffic to its web sites through online marketing efforts and leveraging its online associate ordering system ( AOS ), which was launched in early fiscal 2010. Not only did AOS drive significant customer traffic to the Company s web sites, it also further enhanced the customer in-store experience by allowing store associates to fully service their customers needs by giving them access to the Company s full merchandise assortment.**

The Company plans to continue to grow its Christopher & Banks and C.J. Banks e-Commerce businesses in fiscal 2011. Focus will be placed on converting additional customers into multi-channel shoppers and leveraging the branding benefits the e-Commerce channel can provide. The Company also plans to grow its e-Commerce business through increasing its online customer base and continuing to use the channel to test further product line and size extensions.

**Inventory and order fulfillment for the Company s e-Commerce operations is handled by a third-party provider. 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**

The Company is in the final stages of building a scalable, cost-effective and fully-integrated information technology infrastructure. While it anticipates that there will be normal, ongoing system enhancements and investments, such as completion of the Company s rollout of upgraded point-of-sale hardware and software to all stores and implementation of a new product lifecycle management system in fiscal 2011, it does not anticipate additional significant information technology investments in the near term.

**Merchandise Distribution, Planning and Allocation**

**The Company continued to employ disciplined inventory processes and effectively manage its merchandise inventories in fiscal 2010.** On a per-store basis, excluding e-Commerce, merchandise inventories were down over 20% in the first, second and third quarters when compared to the prior year periods. In addition, the Company ended fiscal 2010 with inventories down approximately 3% on a per-store basis when compared to the end of fiscal 2009. The Company s inventory levels began to rebound in the fourth quarter of fiscal 2010 in line with management s expectations for improvements in same store sales results. Aside from reducing inventories in fiscal 2010, the Company continued to enhance inventory productivity through SKU rationalization and improved store assortment planning based on sales volume, climate, size and fashion preferences, which resulted in greater gross profit generated on lower sales and inventory levels in the third and fourth quarters.

**The Company completed the implementation of a new merchandise planning and allocation system in fiscal 2009 and expanded use of the system in fiscal 2010. 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 readily manage its merchandise assortment based on differences in store sales volume and regional 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, with the added benefit of one full year of data history, the Company utilized the system to enhance inventory productivity by performing SKU rationalization analysis and store unit capacity planning, resulting in improved product flow.

Table of Contents

**The Company utilizes a single distribution center in Plymouth, Minnesota to receive and distribute merchandise to its stores and third-party e-Commerce provider. Once received at the Company s distribution center, merchandise is counted and processed for distribution. In fiscal 2010, the Company continued its analysis of its supply chain by redesigning and enhancing its product handling equipment and processes, which resulted in significant improvements in productivity and efficiency of merchandise receiving, packing and distribution. In fiscal 2009, 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.**

**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. As a result of implementing its new sourcing structure, the Company reduced its level of direct importing as the declared importer of record resulting in increased flexibility regarding placement and timing of merchandise orders and deliveries. Approximately 12% of its merchandise purchases were imported directly in fiscal 2010, compared to 48% and 78% of its purchases in fiscal 2009 and 2008, respectively. Despite the reduction of direct imports, substantially all of the Company s merchandise was manufactured overseas in fiscal 2010, primarily in China, Indonesia and Cambodia, and management expects this to continue in fiscal 2011.**

**During fiscal 2010, the Company s ten largest vendors provided approximately 74% of the Company s purchases. One vendor accounted for approximately 27% of the Company s purchases, while another two vendors supplied the Company with 15% and 12% of its merchandise, respectively. 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.**

**Store Operations**

**The Company manages its store organization in a manner that encourages participation by its field associates 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 four regional vice presidents who supervise its district managers. In fiscal 2010, the Company expanded the use of key performance metrics and goals within the field organization to achieve greater accountability and enhance performance.**

**In fiscal 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 operating 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. As mentioned above,** the Company is focusing on enhancing the customer in-store experience by encouraging its store managers, or shopkeepers, and store associates, or personal shoppers, to provide more personalized selling and service to its customers. Store associate training includes on-the-floor selling programs and information about product knowledge and wardrobing solutions.

Table of Contents

**Real Estate/Leasing**

**Given the challenging economic environment in fiscal 2010, the Company took a conservative approach to store expansion during the year. T**he Company opened one new Christopher & Banks store, three new C.J. Banks stores and one dual store during the year. The Company closed nine Christopher & Banks stores and five C.J. Banks stores in fiscal 2010. In fiscal 2011, the Company is planning to open approximately ten new stores, including five new dual stores, and expects to close approximately 25 stores. In addition to these planned store openings, the Company will also take advantage of additional attractive new store opportunities as they are identified.

**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 thresholds.**

As stated above, the Company opened its first dual store during the second quarter of fiscal 2010 and its second dual store in the first quarter of fiscal 2011. These stores offer merchandise from both of the Company s Christopher & Banks and C.J. Banks brands, and all three size ranges, misses, petite and plus, within each store. The dual store concept combines a full product assortment in approximately 4,500 to 5,000 square feet, compared to an aggregate of approximately 6,500 square feet for two separate Christopher & Banks and C.J. Banks stores. This results in a greater opportunity to service the Company s customers while increasing productivity and enhancing operating efficiencies. In addition, the new dual stores have resulted in several store design and operational enhancements, some of which have been implemented in the rest of the Company s stores. The Company plans to open at least five additional new dual stores in fiscal 2011.

**The Company has historically completed a major or minor remodeling of each of its stores 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 remodeled stores only on an as-needed basis in fiscal 2010 and plans to do the same in fiscal 2011. 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 also intends to focus future store expansion in off-mall locations where appropriate due to the reduction in overall occupancy costs associated with these stores and the convenience these locations provide the Company s customers. In addition, the Company is in the initial stages of creating a division of outlet stores, with at least two locations planned to open in fall of fiscal 2011. The Company may from time to time consider the acquisition of other retail concepts.**

**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 basis upon which it competes are providing a 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 3, 2010, the Company had approximately 1,900 full-time and 6,700 part-time employees. The number of part-time employees typically increases during November and December. Approximately 237 of the Company s associates are employed at its corporate office and distribution center facility, with the remaining associates employed in its store field organization. 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. Traditionally, the Company has had higher sales, and has been more profitable, in the first and third quarters of its fiscal year, and has had lower sales, and has been less profitable or incurred losses, in its second and fourth fiscal quarters.**

**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 amended, (the Exchange Act ) 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

We make forward-looking statements in some of our filings with the SEC and in other oral or written communications, such as our quarterly investor conference calls and earnings announcements. Our business is subject to a variety of risks and the following risk factors should be considered carefully in evaluating our business and the forward-looking statements we may make. Set forth below are the most significant risk factors which could cause actual results to differ materially from those forward-looking statements. Please also see the Statement Regarding Forward-Looking Disclosures in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations , which is incorporated into this Item 1A by reference.

*Economic conditions may cause a decline in business and consumer spending which could adversely affect our financial performance.*

Our business is impacted by general economic conditions and their effect on consumer confidence and consumer spending. These economic factors include recessionary cycles, interest rates, currency exchange rates, economic growth, wage rates, unemployment levels, energy prices, availability of consumer credit and consumer confidence, among others. The current economic conditions may continue to negatively affect consumer purchases of our merchandise and adversely impact our results of operations, liquidity and continued growth. In addition, economic conditions could negatively impact the Company s retail landlords and their ability to maintain their shopping centers in a first-class condition and otherwise perform their obligations, which in turn could negatively impact our sales.

Table of Contents

*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:  Illinois, Indiana, Iowa, Michigan, Minnesota, 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:

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

It is difficult to predict how long the current economic 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 and timely gauge and respond to fashion trends and provide merchandise that satisfies changing fashion tastes and customer demands that translates into appropriate, saleable product offerings for each of our two brands.  Customer tastes and fashion trends change rapidly.  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 our 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 and excess inventories.  This in turn could lead to 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 and ability to predict or respond to customer demand 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 a 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 derived in considerable part from the volume of traffic in those malls. Sales volume has been adversely affected by the reduction in traffic at malls due to economic conditions, the closing of anchor department stores and competition from non-mall retailers, Internet retailers and other malls where we do not have stores, and the closing of other stores in the malls in which our stores are located. 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 many of 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, the quality of our customer service, our visual merchandise presentation and store locations. Many of our competitors are companies with greater financial, marketing and other resources. They may be able to adapt to changes in customer preferences more quickly, devote greater resources to the marketing and sale of their

Table of Contents

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 or experience a reduction in store traffic, which could reduce our revenues, merchandise margins and operating income.

*Fluctuations in our level of same-store sales could adversely affect our earnings growth.*

Our results of operations for our individual stores have fluctuated in the past and can be expected to fluctuate in the future.  Since the beginning of fiscal year 2006 through fiscal year 2010, our quarterly comparable store sales have ranged from an increase of 9% to a decrease of 24%.  A variety of factors has historically affected, and will continue to affect, our comparable stores sales results and profit margins, including:

- fashion trends and customer preferences;
- changes in our merchandise mix;
- mall traffic;
- new store openings;
- calendar shifts of holiday or seasonal periods;
- the effectiveness of our inventory management;
- the timing of promotional events;
- weather conditions;
- changes in general economic conditions and consumer spending patterns; and
- actions of competitors or mall anchor tenants.

There is no assurance that we will achieve positive levels of same-store sales and earnings growth in the future, 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 net sales and operating income fluctuate on a seasonal basis and decreases in sales or margins during our peak seasons could have a disproportionate effect on our overall financial condition and results of operations.*

Our business experiences seasonal fluctuations in net sales and operating income, with a significant portion of our operating income typically realized during the first and third fiscal quarters (spring and fall selling seasons). Any decrease in sales or margins particularly during these periods could have a disproportionate effect on our financial condition and results of operations.

*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. 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.

*Extreme and/or unseasonable weather conditions could have a disproportionately large effect on our business, financial condition and results of operations and we could be forced to mark down inventory.*

Extreme weather conditions in the areas in which our stores are located could have a material adverse effect on our business, financial condition and results of operations. For example, heavy snowfall or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions in the affected area of the United States. Any such prolonged unseasonable weather conditions could adversely affect our business, financial condition and results of operations.

Table of Contents

*Our ability to manage Selling, General and Administrative ( SG&A ) expenses and capital expenditures may impact our operating results.*

In order to maintain or improve our operating margins, we need to successfully manage our operating costs. 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 or to manage capital expenditures, 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 2010, approximately 12% of our merchandise was directly imported from foreign factories and our ten largest suppliers accounted for approximately 74% of the merchandise we purchased. Substantially all of our directly imported merchandise is manufactured in Southeast Asia. The majority of these goods are produced in China, Indonesia, and Cambodia. An adverse change in the status of our relationship with our largest suppliers 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.

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:

- 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;
- fluctuation in the value of the U.S. dollar against foreign currencies;
- potential recalls for any merchandise that does not meet our quality standards;
- disruption of imports by labor disputes and local business practices;
- political or military conflict involving the United States, which could cause a delay in the transportation of the Company s products and an increase in transportation costs;

- heightened terrorism security concerns, which could subject imported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales and damage to the reputation of our brand;

- natural disasters, disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; and

- the migration and development of manufacturers, which can affect where our products are or will be produced.

Any of the foregoing factors, or a combination of them, could have a material adverse effect on our business.

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.

Table of Contents

*The raw materials used to manufacture our products and our distribution and labor costs are subject to availability constraints and price volatility, which could result in increased costs.*

The raw materials used to manufacture our merchandise are subject to availability constraints and price volatility caused by high demand for cotton, petroleum-based synthetic and other fabrics, weather conditions, supply conditions, government regulations, economic climate and other unpredictable factors.

In addition, our transportation and labor costs are subject to price volatility caused by the price of oil, supply of labor, governmental 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 manufacturers may be unable to manufacture and deliver products in a timely manner or meet our quality standards, which could result in lost sales, cancellation charges or excessive markdowns.*

We purchase apparel and accessories from importers and directly from third-party manufacturers. Similar to most other specialty retailers, we have short selling seasons for much of our inventory. Factors outside of our control, such as manufacturing or shipping delays or quality problems, could disrupt merchandise deliveries and result in lost sales, product recalls, cancellation charges or excessive markdowns.

*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 of trademarks 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. In addition, others may assert rights in, or ownership of, trademarks and other intellectual property rights or in marks that are similar to ours and we may not be able to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be holders who have prior rights to similar marks. Failure to protect our trademarks could result in a material adverse effect on our business.

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

Our long-term growth will largely depend on our ability to open and operate new stores, and the availability of suitable store locations on acceptable terms. However, due to the deterioration in the macroeconomic environment in fiscal year 2009 and the continued economic uncertainty, we reduced our capital expenditures for fiscal year 2010. This has enabled the Company to position itself for growth and, as the economy recovers, we intend to open more new stores, while relocating and remodeling a portion of our existing store base each year.

The success of this strategy is dependent upon, among other things, the identification of suitable markets and sites for store locations, the negotiation of acceptable lease terms, the hiring, training and retention of competent sales personnel, and the effective management of inventory to meet on a timely basis the needs of new and existing stores. 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. If we fail to successfully implement these strategies, our financial condition and results of operations would be adversely affected.

Table of Contents

*Disruptions in our information systems could adversely affect our sales and profitability.*

The efficient operation of our business is dependent on our information systems. In particular, we rely on our information systems to effectively manage product development, merchandising, sourcing, customer service, supply chain, finance and marketing systems. We also generate sales through the operations of our Christopher & Banks and C.J. Banks branded websites by a third party service provider. The failure of our internal information systems and our third party website service provider to perform as designed could disrupt our business and harm sales and profitability.

*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. A single independent third party transportation company delivers the vast majority of 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. If our use of our facility or distribution center were interrupted, it would disrupt business operations and could adversely affect our operations and our earnings.

*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 a single fulfillment center;
- rapid technological change and the implementation of new systems or platforms;
- diversion of sales from our stores;
- liability for online content;
- violations of state or federal privacy laws, including those relating to online privacy;
- 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 also no assurance that our e-Commerce operations will meet our sales and profitability plans and the failure to do so would negatively impact our revenues and earnings.

*If third parties who manage some aspects of our business do not adequately perform their functions, we might experience disruptions in our business, resulting in decreased profits or losses.*

We use a third-party for our e-Commerce operations, including order management, order fulfillment, customer care, and channel management services. A failure by the third party to adequately manage our e-Commerce operations may negatively impact our profitability. We rely on third parties to inspect the factories where our products are made for vendor code of conduct and labor standards compliance. Any failure by this third party to adequately perform its functions may disrupt our operations and negatively impact our reputation and profitability. We may rely on a third party for the implementation and/or management of certain aspects of our information technology infrastructure. Failure by any of these third parties to implement and/or manage our information technology infrastructure effectively could disrupt its operations and negatively impact our profitability.

Table of Contents

*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 could have a material adverse impact on our business, financial condition and results of operations.

*Failure to comply with legal and regulatory requirements could damage our reputation, financial condition and market price of our stock.*

Our policies, procedures and internal controls are designed to comply with all applicable laws and regulations, including those imposed by the U.S. Securities and Exchange Commission and the New York Stock Exchange, as well as applicable employment laws. Any changes in regulations, the imposition of additional regulations or the enactment of any new legislation, in response to current economic conditions or otherwise, may 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. Our internal and vendor operating guidelines promote ethical business practices and our staff and the staff of our third party inspection service company periodically visit the operations of our independent manufacturers to determine compliance with our vendor code of conduct. However, we do not control these manufacturers or their labor or business 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, damage our reputation or result in cancelled contracts or orders. Any of these events could have a material adverse effect on our revenues and consequently our results of operations.

*Funds associated with the Auction Rate Securities held by us 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. 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.

*Our marketing efforts rely upon the effective use of customer information.  Restrictions on the availability or use of customer information or unauthorized disclosure of sensitive or confidential information could adversely affect our marketing programs or expose us to litigation, which could disrupt our operations and harm our business.*

As part of our normal course of business, we collect, process and retain sensitive and confidential customer information.  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 our future marketing activity.  Despite the security measures we have in place, our facilities and systems, and those of our third party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or similar events.  Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by us or our vendors, could severely damage our reputation, expose us to risks of litigation and liability, disrupt our operations and harm our business.

Table of Contents

*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 we have a history of profits, our profitability has declined over the last three years and we recorded a net loss in fiscal 2009 and our financial results were near breakeven in fiscal 2010. Therefore, achievement of profitability in fiscal 2011 will be a significant factor in determining our continuing ability to carry these deferred tax assets.

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.

*Government healthcare requirements could adversely affect our profits.*

The recently adopted healthcare legislation may require, among other things, employers to provide healthcare to all employees, to pay either a portion of healthcare premiums or a flat payroll tax in lieu of premiums, or to pay a fee for each employee not offered health care. While we are still evaluating the impact of the recently adopted healthcare legislation, this legislation as well as any future changes in healthcare legislation could increase our expenses and have an adverse effect on our results of operations.

*The bankruptcy or significant deterioration of large commercial and retail landlords could have a material adverse effect on our sales and operating results.*

The current economic downturn has had a significant negative impact on the commercial real estate sector, including large commercial and retail landlords, such as one of our major national landlords, General Growth Properties, Inc. ( GGP ) and many of its affiliates (collectively GGP Debtors ), which filed petitions for reorganization relief under Chapter 11 of the U.S. Bankruptcy Code. If the current macro-economic conditions continue or deteriorate further, additional commercial landlords may be similarly impacted which in turn could materially adversely impact our sales and operating results.

*The inability of our suppliers to obtain credit may cause us to experience delays in obtaining merchandise.*

We rely on independent suppliers for producing our merchandise. Many of these suppliers rely on working capital financing to finance their operations. Although the credit market has improved since last year, lenders have still maintained tightened credit standards and terms. To the extent any of our suppliers are unable to obtain adequate credit or their borrowing costs increase, we may experience delays in obtaining merchandise, the suppliers may increase their prices or they may negotiate new payment terms in a manner that is unfavorable to us.

*A failure in the effectiveness of internal control over financial reporting could adversely impact our business.*

Our system of internal control over financial reporting is designed to provide reasonable assurance that the objectives of an effective financial reporting control system are met. However, any system of internal controls is subject to inherent limitations and the design of controls will not provide absolute assurance that all objectives will be met. This includes the possibility that controls may be inappropriately circumvented or overridden, that judgments in decision-making can be faulty and that misstatements due to errors or fraud may not be prevented or detected. Any failure in the effectiveness of internal control over financial reporting could have a material effect on financial reporting or cause us to fail to meet reporting obligations, and could negatively impact investor perceptions.

Table of Contents

*We may be subject to adverse outcomes in current or future litigation matters.*

We are involved from time-to-time in litigation and other claims against our business. These matters arise primarily in the ordinary course of business but could raise complex, factual and legal issues requiring significant management time and, if determined adversely to the Company, could subject the Company to material liabilities. We believe that our current litigation matters will not have a material adverse effect on the results of our operations or financial condition.

Our assessment of current litigation could change in light of the discovery of facts with respect to legal actions pending against us not presently known to us or determinations by judges, juries or other finders of fact which do not accord with our evaluation of the possible liability or outcome of such litigation. In addition, in recent years there has been increasing activity by companies which have acquired intellectual property rights but do not practice those rights (sometimes referenced to as patent trolls) to engage in very broad licensing programs aimed at a large number of companies in a wide variety of businesses or industries to retail companies generally or an even broader group of businesses. These efforts typically involve proposing licenses in exchange for a substantial sum of money and may also include the threat or actual initiation of litigation for that purpose. Any such litigation can be quite costly to defend, even if unsubstantiated or invalid. No such litigation is currently pending against the Company but the Company has received communications relating to such proposed licenses. It is not possible to predict the impact, if any, of such future claims on our business and operations.

**ITEM 1B.**

**UNRESOLVED STAFF COMMENTS**

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

**ITEM 2.**

**PROPERTIES**

**Store Locations**

**The Company s stores are located primarily in 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 located in power, strip and lifestyle shopping centers. While the Company has historically operated the majority of its stores in enclosed shopping malls, management intends to also focus future store expansion on off-mall locations where appropriate, due to the convenience these locations provide the Company s customers and the reduced occupancy costs associated with these sites.** In addition, the Company is in the initial stages of creating a division of outlet stores, with at least two outlet locations planned to open in fall of fiscal 2011.

At May 3, 2010, the Company s Christopher & Banks, C.J. Banks and dual stores averaged approximately 3,300, 3,600 and 5,200 square feet, respectively. Approximately 85% of the total aggregate store square footage is allocated to selling space.

At May 3, 2010, the Company operated 797 stores in 46 states as follows:

Table of Contents

| State | Christopher & Banks | C.J. Banks | Dual | Total Stores |
|---|---|---|---|---|
| Alabama | 5 | 3 | | 8 |
| Alaska | | | | |
| Arizona | 8 | 2 | | 10 |
| Arkansas | 6 | 2 | | 8 |
| California | 8 | 1 | | 9 |
| Colorado | 19 | 9 | | 28 |
| 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 | 22 | 12 | | 34 |
| Kansas | 11 | 7 | | 18 |
| Kentucky | 10 | 4 | | 14 |
| Louisiana | 2 | | | 2 |
| Maine | 3 | 2 | | 5 |
| Maryland | 7 | 1 | | 8 |
| Massachusetts | 11 | 2 | | 13 |
| Michigan | 30 | 16 | | 46 |
| Minnesota | 34 | 14 | | |