CHRISTOPHER & BANKS CORP
Form 10-Q
October 11, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 1, 2007

OR

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 Number)

2400 Xenium Lane North, Plymouth, Minnesota

(Address of principal executive offices)

55441

(Zip Code)

(763) 551-5000

(Registrant s telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer **x** **Accelerated filer** **o** **Non-accelerated filer** **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**

As of October 5, 2007, 35,418,625 shares of the registrant s common stock were outstanding.

CHRISTOPHER & BANKS CORPORATION

QUARTERLY REPORT ON FORM 10-Q

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CHRISTOPHER & BANKS CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEET

(Unaudited)

	September 1, 2007	March 3, 2007	August 26, 2006
ASSETS			
Current assets:			
Cash and cash equivalents	$ 47,421,468	$ 53,991,398	$ 82,423,025
Short-term investments	43,450,000	48,275,000	44,325,000
Accounts receivable	5,713,892	4,481,624	5,264,056
Merchandise inventories	50,164,552	52,354,944	44,427,051
Prepaid expenses	10,970,362	10,666,421	6,258,297
Other current assets	8,813,608	5,334,636	6,018,272
Total current assets	166,533,882	175,104,023	188,715,701
Property, equipment and improvements, net	132,583,350	127,776,442	124,592,473
Goodwill	3,587,052	3,587,052	3,587,052
Intangible assets	520,699	575,281	629,863
Other assets	2,544,876	280,299	280,488
Total assets	$ 305,769,859	$ 307,323,097	$ 317,805,577
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	$ 12,407,603	$ 16,287,931	$ 10,826,707
Accrued salaries, wages and related expenses	8,158,886	7,574,930	8,730,714
Other accrued liabilities	20,046,848	22,387,281	17,807,559
Total current liabilities	40,613,337	46,250,142	37,364,980
Non-current liabilities:			
Deferred lease incentives	23,332,654	23,646,261	21,659,041
Deferred rent obligations	11,429,871	10,678,341	10,292,713
Other	3,607,544	983,137	1,710,605
Total non-current liabilities	38,370,069	35,307,739	33,662,359
Commitments			
Stockholders equity:			
Preferred stock $0.01 par value, 1,000,000 shares authorized, none outstanding			
Common stock $0.01 par value, 74,000,000 shares authorized, 44,950,343, 45,038,310 and 44,866,525 shares issued and 35,772,325, 36,521,451 and 38,037,789 shares outstanding at September 1, 2007, March 3, 2007 and August 26, 2006, respectively	449,503	450,383	448,665
Additional paid-in capital	107,812,881	106,806,885	101,511,980
Retained earnings	224,233,794	213,264,385	206,593,855
Common stock held in treasury, 9,178,018, 8,516,859 and 6,828,736 shares at cost at September 1, 2007, March 3, 2007 and August 26, 2006, respectively	(105,709,725)	(94,756,437)	(61,776,262)
Total stockholders equity	226,786,453	225,765,216	246,778,238
Total liabilities and stockholders equity	$ 305,769,859	$ 307,323,097	$ 317,805,577

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

CHRISTOPHER & BANKS CORPORATION

CONSOLIDATED CONDENSED STATEMENT OF INCOME

(Unaudited)

	Three Months Ended September 1, 2007		Three Months Ended August 26, 2006	
Net sales	$	141,127,615	$	131,553,342
Costs and expenses:				
Merchandise, buying and occupancy, exclusive of depreciation and amortization		90,594,806		78,802,797
Selling, general and administrative		40,626,872		36,111,556
Depreciation and amortization		5,510,041		5,017,119
Total costs and expenses		136,731,719		119,931,472
Operating income		4,395,896		11,621,870
Interest income		1,160,228		1,325,425
Income before income taxes		5,556,124		12,947,295
Income tax provision		2,166,888		5,023,550
Net income	$	3,389,236	$	7,923,745
Basic earnings per common share:				
Net income	$	0.09	$	0.21
Basic shares outstanding		35,846,747		37,401,006
Diluted earnings per common share:				
Net income	$	0.09	$	0.21
Diluted shares outstanding		35,948,514		38,049,065
Dividends per share	$	0.06	$	0.04

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

CHRISTOPHER & BANKS CORPORATION

CONSOLIDATED CONDENSED STATEMENT OF INCOME

(Unaudited)

	Six Months Ended September 1, 2007	Six Months Ended August 26, 2006
Net sales	$ 290,498,949	$ 274,083,631
Costs and expenses:		
Merchandise, buying and occupancy, exclusive of depreciation and amortization	177,510,927	157,364,637
Selling, general and administrative	79,705,995	72,192,257
Depreciation and amortization	10,805,168	9,998,738
Total costs and expenses	268,022,090	239,555,632
Operating income	22,476,859	34,527,999
Interest income	2,219,251	2,286,956
Income before income taxes	24,696,110	36,814,955
Income tax provision	9,631,483	14,284,202
Net income	$ 15,064,627	$ 22,530,753
Basic earnings per common share:		
Net income	$ 0.42	$ 0.61
Basic shares outstanding	35,900,270	36,901,264
Diluted earnings per common share:		
Net income	$ 0.42	$ 0.60
Diluted shares outstanding	36,010,301	37,573,303
Dividends per share	$ 0.12	$ 0.08

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

CHRISTOPHER & BANKS CORPORATION

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

	Six Months Ended September 1, 2007	Six Months Ended August 26, 2006
Cash flows from operating activities:		
Net income	$ 15,064,627	$ 22,530,753
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,805,168	9,998,738
Deferred income taxes	(3,118,303)	(1,762,585)
Excess tax benefit related to stock-based compensation	(21,152)	(5,283,450)
Stock-based compensation expense	940,808	2,272,675
Loss on disposal of furniture, fixtures and equipment	114,707	89,386
Changes in operating assets and liabilities:		
Decrease (increase) in merchandise inventories	2,190,392	(6,555,676)
Increase in accounts receivable	(1,232,268)	(510,753)
(Increase) decrease in income taxes receivable	300,320	(6,258,297)
Increase in other current assets	(303,941)	(388,231)
Increase in other assets	(60,353)	(70,619)
Increase (decrease) in accounts payable	(3,953,255)	960,232
Increase (decrease) in accrued liabilities	(1,756,477)	5,891,399
Decrease in deferred lease incentives	(313,607)	(143,828)
Increase in deferred rent obligations	751,530	682,714
Net cash provided by operating activities	19,408,196	21,452,458
Cash flows from investing activities:		
Purchases of property, equipment and improvements	(15,599,274)	(16,271,343)
Purchases of short-term investments	(61,100,000)	(31,325,000)
Redemptions of short-term investments	65,925,000	17,000,000
Net cash used in investing activities	(10,774,274)	(30,596,343)
Cash flows from financing activities:		
Proceeds from exercise of stock options	43,073	28,033,502
Dividends paid	(4,314,790)	(2,934,873)
Excess tax benefit related to stock-based compensation	21,152	5,283,450
Acquisition of common stock held in treasury	(10,953,287)	(1,200,168)
Net cash provided by (used in) financing activities	(15,203,852)	29,181,911
Net increase (decrease) in cash and cash equivalents	(6,569,930)	20,038,026
Cash and cash equivalents at beginning of period	53,991,398	62,384,999
Cash and cash equivalents at end of period	$ 47,421,468	$ 82,423,025
Supplemental cash flow information:		
Income taxes paid	$ 12,199,530	$ 17,690,582
Purchases of equipment and improvements, accrued, not paid	$ 72,927	$ 13,130

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

CHRISTOPHER & BANKS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

The unaudited consolidated condensed financial statements included in this Form 10-Q have been prepared by Christopher & Banks Corporation and subsidiaries (the Company) pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed, or omitted, pursuant to such rules and regulations. These unaudited consolidated condensed financial statements should be read in conjunction with the financial statements and related notes included in the Company s Annual Report on Form 10-K for the fiscal year ended March 3, 2007.

The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the information contained herein reflects all adjustments necessary to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature.

NOTE 2 CEO TRANSITION

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

Matthew P. Dillon resigned as President and Chief Executive Officer, and as a member of the Company s Board of Directors, effective August 30, 2007. The Company incurred a pre-tax charge of approximately $2.1 million, or $0.04 per diluted share, related to the transition of the CEO position from Mr. Dillon to Ms. Nagler.

NOTE 3 INCOME TAXES

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

Implementation of FIN No. 48 resulted in an adjustment to the Company s liability for unrecognized tax benefits of approximately $0.2 million with a corresponding increase to retained earnings. As of the date of adoption, the total amount of unrecognized tax benefits was $3.4 million. Of that amount, approximately $2.3 million represents the amount of unrecognized tax benefits that would, if recognized, favorably affect the Company s effective income tax rate in future periods.

The Company recognizes interest and penalties related to unrecognized tax benefits as components of income tax expense. At March 4, 2007, the Company had accrued $0.7 million for the potential payment of interest and penalties.

The Company and its subsidiaries file income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. The Internal Revenue Service has completed their audit for tax years through fiscal 2006. The Company is not subject to state income tax examination by tax authorities for taxable years prior to fiscal 2004.

NOTE 4 SHORT-TERM INVESTMENTS

Short-term investments consisted of the following:

Description		September 1, 2007		March 3, 2007		August 26, 2006
Tax advantaged auction rate securities	$	43,450,000	$	48,275,000	$	37,325,000
U.S. Government debt securities						7,000,000
	$	43,450,000	$	48,275,000	$	44,325,000

NOTE 5 MERCHANDISE INVENTORIES

Merchandise inventories consisted of the following:

Description	September 1, 2007	March 3, 2007	August 26, 2006
Merchandise - in store	$ 41,205,114	$ 41,099,342	$ 34,993,547
Merchandise - in transit	10,005,014	11,888,367	10,250,650
Allowance for permanent markdowns	(1,045,576)	(632,765)	(817,146)
	$ 50,164,552	$ 52,354,944	$ 44,427,051

The Company purchased approximately 14% and 13% of its merchandise from its largest overseas supplier during the first six months of fiscal 2008 and 2007, respectively.

NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS, NET

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

Description	Estimated Useful Life	September 1, 2007	March 3, 2007	August 26, 2006
Land		$ 1,596,898	$ 1,596,898	$ 1,596,898
Corporate office, distribution center and related building improvements	25 years	11,823,129	11,663,704	11,412,094
Store leasehold improvements	Term of related lease, typically 10 years	90,623,054	87,288,395	78,958,448
Store furniture and fixtures	Three to 10 years	105,637,453	101,486,350	91,231,896
Point of sale hardware and software	Five years	8,946,617	8,625,579	8,266,314
Corporate office and distribution center furniture, fixtures and equipment	Seven years	2,868,716	2,751,805	2,615,705
Computer hardware and software	Three to five years	7,038,697	5,771,237	4,699,105
Construction in progress		10,410,235	5,429,824	11,397,597
		238,944,799	224,613,792	210,178,057
Less accumulated depreciation and amortization		106,361,449	96,837,350	85,585,584
Net property, equipment and improvements		$ 132,583,350	$ 127,776,442	$ 124,592,473

NOTE 7 GOODWILL

The Company recognizes the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed as goodwill. Goodwill will be tested for impairment on an annual basis in the fourth quarter and between annual tests whenever impairment is indicated. Fair values are calculated based on an estimate of future cash flows, compared to the corresponding carrying value of the acquired entity, including goodwill. Impairment losses will be recognized whenever the implied fair value is less than the carrying value of the related asset. There were no impairments or other changes to the recorded amounts of goodwill for the periods presented.

NOTE 8 INTANGIBLE ASSETS

Intangible assets consisted of the following:

	September 1, 2007	March 3, 2007	August 26, 2006
Customer lists	$ 830,000	$ 830,000	$ 830,000
Accumulated amortization	(309,301)	(254,719)	(200,137)
	$ 520,699	$ 575,281	$ 629,863

Aggregate amortization expense for the six months ended September 1, 2007 was $54,582. Estimated aggregate amortization expense for fiscal 2008 and the next five fiscal years is as follows:

Fiscal 2008	$ 100,278
Fiscal 2009	82,500
Fiscal 2010	82,500
Fiscal 2011	82,500
Fiscal 2012	82,500
Fiscal 2013	82,500

NOTE 9 ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

Description		September 1, 2007		March 3, 2007		August 26, 2006
Gift card, certificate and store credit liabilities	$	8,104,900	$	13,174,041	$	7,303,644
Accrued income, sales and other taxes payable		2,934,270		2,499,410		2,881,542
Accrued occupancy related expenses		1,219,971		640,985		887,466
Other accrued liabilities		7,787,707		6,072,845		6,734,907
	$	20,046,848	$	22,387,281	$	17,807,559

NOTE 10 STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 123R, Share-Based Payment (SFAS 123R), which was adopted February 26, 2006 using the modified prospective transition method. Under this transition method, stock-based compensation expense recognized for share-based awards includes: (a) compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of February 25, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation expense for all stock-based compensation awards granted subsequent to February 25, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R.

Total pre-tax compensation expense related to stock-based awards for the three months ended September 1, 2007 and August 26, 2006 was approximately $482,000 and $1.4 million, respectively. For the six months ended September 1, 2007 and August 26, 2006, pre-tax stock-based compensation expense totaled approximately $941,000 and $2.3 million, respectively. The decrease in stock-based compensation expense in the first six months of fiscal 2008 compared to the same period in fiscal 2007 was a result of lower expense associated with performance-based restricted stock, a reversal of expense related to forfeited stock options and restricted stock awards originally granted to the Company s former CEO and the impact of awards granted in January 2004 which became fully vested by the end of fiscal 2007 and had no expense under SFAS 123R in fiscal 2008. Stock-based compensation expense was included in merchandise, buying and occupancy expenses for the Company s buying and distribution employees and in selling, general and administrative expenses for all other employees.

Methodology Assumptions

The Company uses the Black-Scholes option-pricing model to value the Company s stock options for grants to its employees and non-employee directors. Using this option-pricing model, the fair value of each stock option award is estimated on the date of grant. The fair value of the Company s stock option awards, which are generally subject to pro-rata vesting, is expensed on a straight-line basis over the vesting period of the stock options. The expected volatility assumption is based on the historical volatility of the Company s stock over a term equal to the expected term of the option granted. The expected term of stock option awards granted is derived from historical exercise experience. The expected term assumption incorporates the contractual term of an option grant, as well as the vesting period of an award. The risk-free interest rate is based on the implied yield on a U.S. Treasury constant maturity with a remaining term equal to the expected term of the option granted.

The weighted average assumptions relating to the valuation of the Company s stock option grants for the three and six month periods ended September 1, 2007 and August 26, 2006 were as follows:

	Three Months Ended		**Six Months Ended**	
	September 1, 2007	**August 26, 2006**	**September 1, 2007**	**August 26, 2006**
Expected divdend yield	1.43%	0.86%	1.35%	0.80%
Expected volatility	44.38%	41.51%	44.77%	42.26%
Risk-free interest rate	4.43%	5.21%	4.51%	5.13%
Expected term in years	4.07	3.53	4.17	3.66

Stock-Based Compensation Activity

The following table presents a summary of the Company s stock option activity for the six months ended September 1, 2007:

	Number of Shares	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**	**Weighted Average Fair Value**	**Weighted Average Remaining Contractual Life**
Outstanding, beginning of period	2,072,876	$ 19.44	$ 721,549	$ 6.85	
Vested	1,765,038	19.30	721,549	6.69	
Unvested	307,838	20.24		7.78	

Granted	398,950	15.88		5.92	
Exercised	(5,283)	8.18	53,690	3.45	
Canceled - Vested	(237,869)	21.79		6.05	
Canceled - Unvested (Forfeited)	(52,966)	18.74		7.02	
Outstanding, end of period	2,175,708	18.57	699,681	6.78	5.86
Vested	1,583,722	19.00	699,681	6.85	4.57
Unvested	591,986	17.44		6.58	9.32
Exercisable, end of period	1,583,722	19.00	699,681	6.85	4.57

The Company may also grant shares of restricted stock to its employees and non-employee members of its Board of Directors. Restricted stock awards are independent of option grants and are subject to forfeiture if employment or service terminates prior to the lapse of the restrictions. In addition, certain of the Company s restricted stock awards are performance based and are subject to forfeiture if the defined performance conditions are not achieved. The Company values the restricted shares based on the closing price of the Company s common stock on the date of grant. The resulting expense is recorded on a straight line basis over the vesting period of the restricted award.

The following table presents a summary of the Company s restricted stock activity for the six months ended September 1, 2007:

	Number of Shares	Aggregate Intrinsic Value	Weighted Average Fair Value
Unvested, beginning of period	53,717	$ 648,901	$ 20.04
Granted	119,800	1,447,184	15.38
Vested	(8,417)	101,677	19.46
Canceled - Unvested (Forfeited)	(15,150)	183,012	18.66
Unvested, end of period	149,950	1,811,396	16.49

NOTE 11 LONG-TERM DEBT

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

Loans under the Wells Fargo Revolver bear interest at Wells Fargo s floating rate, 8.25% as of September 1, 2007, plus 0.25%. Interest is payable monthly in arrears. The Wells Fargo Revolver carries a facility fee of 0.25% based on the unused portion as defined in the agreement. Facility fees totaled $3,882 for the six months ended September 1, 2007. The credit facility is collateralized by the Company s equipment, general intangibles, inventory, inventory letters of credit and letter of credit rights. The Company had no revolving credit loan borrowings under the Wells Fargo Revolver during the first six months of fiscal 2008. Historically, the Wells Fargo Revolver has been utilized by the Company only to open letters of credit to facilitate the import of merchandise. The borrowing base at September 1, 2007 was $44.7 million. As of September 1, 2007, the Company had outstanding letters of credit in the amount of $24.0 million. Accordingly, the availability of revolving credit loans under the Wells Fargo Revolver was $20.7 million at September 1, 2007.

The Wells Fargo Revolver contains certain restrictive covenants including restrictions on incurring additional indebtedness and limitations on certain types of investments, as well as requiring the maintenance of certain financial covenants. As of September 1, 2007, the most recent measurement date, the Company was in compliance with all covenants of the Wells Fargo Revolver.

NOTE 12 STOCKHOLDERS EQUITY

In fiscal 2007, the Company s Board of Directors authorized a stock repurchase program enabling the Company to purchase up to $40.0 million of its common stock, subject to market conditions. During fiscal 2007, the Company repurchased 1,732,123 shares at a total cost, including commissions, of approximately $34.2 million. In March 2007, the Company completed the repurchase program by purchasing an additional 325,059 shares of its common stock for a total cost, including commissions, of $5.8 million, bringing the total number of shares repurchased under this program to 2,057,182 at a total cost, including commissions, of approximately $40.0 million.

In May 2007, the Company s Board of Directors authorized another stock repurchase program enabling the company to purchase up to $20 million of its common stock, subject to market conditions. As of October 5, 2007, the Company had repurchased 486,100 shares of its common stock for a total cost, including commissions, of approximately $7.0 million. Of the 486,100 shares that were repurchased, 336,100 shares were repurchased through September 1, 2007 at a total cost, including commissions, of approximately $5.1 million.

The common stock repurchased under these programs is being held in treasury and has reduced the number of shares of the Company s common stock outstanding by approximately 6%. All of the Company s share repurchases were executed in the open market and no shares were repurchased from related parties. In addition, all of the Company s share repurchases were executed in accordance with the safe harbor provision of Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

In fiscal 2007, the Company s Board of Directors authorized an increase in the Company s quarterly cash dividend to $0.06 per share of common stock, effective beginning with the October 2006 dividend payment. The dividend rate was previously $0.04 per share of common stock. The Company has declared and paid a dividend each quarter since its first declaration in fiscal 2004.

NOTE 13 NET INCOME PER SHARE

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

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

	Three Months Ended					
	September 1, 2007			August 26, 2006		
	Shares	Net Income Per Share		Shares	Net Income Per Share	
Basic	35,846,747	$	0.09	37,401,006	$	0.21
Effect of dilution from stock-based compensation plans	101,767			648,059		
Diluted	35,948,514	$	0.09	38,049,065	$	0.21

	Six Months Ended					
	September 1, 2007			August 26, 2006		
	Shares	Net Income Per Share		Shares	Net Income Per Share	
Basic	35,900,270	$	0.42	36,901,264	$	0.61
Effect of dilution from stock-based compensation plans	110,031			672,039		0.01
Diluted	36,010,301	$	0.42	37,573,303	$	0.60

Stock options of 1,711,179 and 1,639,179 were excluded from the shares used in the computation of diluted EPS for the three and six months ended September 1, 2007 as they were anti-dilutive. Stock options of 4,175 and 26,185 were excluded from the shares used in the computation of diluted EPS for the three and six months ended August 26, 2006, respectively, as they were anti-dilutive.

NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Boards (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measures (SFAS No. 157), which is effective for fiscal years beginning after November 15, 2007. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands fair value measurement disclosures. The Company is currently evaluating the impact of adopting SFAS No. 157, but does not anticipate it will have a material effect on its financial position, results of operations or cash flows.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 (SFAS No. 159). SFAS No. 159 permits entities to measure many financial instrument and certain other assets and liabilities at fair value on an instrument-by-instrument basis under a fair value option. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year. The Company is currently evaluating the impact of adopting SFAS No. 159, but does not anticipate it will have a material effect on its financial position, results of operations or cash flows.

ITEM 2.
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited)

The following management s discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the consolidated financial statements and notes included in Item 1 of this Form 10-Q.

Executive Summary - Key Performance Indicators

The Company s management evaluates the following items, which are considered key performance indicators, in assessing the Company s performance:

Same-store sales

The Company s 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, though the Company typically does not expand or relocate stores within a mall. Stores where square footage has been changed by more than 25% 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 the stores were open.

Management considers same-store sales to be an important indicator of the Company s performance. Same-store sales results are important in achieving leveraging of costs, including store payroll, store occupancy, depreciation and other general and administrative expenses. Positive same-store sales above a certain level contribute to greater leveraging of costs while negative same-store sales contribute to deleveraging of costs. Same-store sales also have a direct impact on the Company s total net sales, cash and cash equivalents and working capital.

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

Merchandise, buying and occupancy costs, exclusive of depreciation and amortization, measure whether the Company is appropriately optimizing the price of its merchandise. Merchandise, buying and occupancy costs include the cost of merchandise, markdowns, shrink, freight into and out from the Company s distribution center, buyer and distribution center salaries, buyer travel, rent and other occupancy related costs, various merchandise design and development costs, miscellaneous merchandise expenses and other costs related to the Company s distribution network. Any inability to obtain acceptable levels of initial markups or any significant increase in the Company s markdowns could have an adverse effect on the Company s results of operations. In addition, an inability to locate suitable store sites or to negotiate favorable lease terms could also negatively impact the Company s results of operations.

Operating income

The Company s management views operating income as a key indicator of the Company s success. The key drivers of operating income are same-store sales, merchandise, buying and occupancy costs and the Company s ability to control operating costs.

Store productivity

Store productivity, including sales per square foot, average unit retail price, number of transactions per store and number of units per transaction, is evaluated by management in assessing the operational performance of the Company.

Inventory turnover

The Company s management evaluates inventory turnover as a measure of how productively inventory is bought and sold. Inventory turnover is important as it can signal slow moving inventory, which can be critical in determining the need to take markdowns on merchandise.

Cash flow and liquidity

Management evaluates cash flow from operations, investing activities and financing activities in determining the sufficiency of the Company s cash position. Cash flow from operations has historically been sufficient to cover the Company s requirements for liquidity.

Executive Overview

Christopher & Banks Corporation is a Minneapolis-based retailer of women s specialty apparel, which operates stores through its wholly-owned subsidiaries: Christopher & Banks, Inc., Christopher & Banks Company and Christopher & Banks Services Company, collectively referred to as the Company. As of September 1, 2007, the Company operated 807 stores in 45 states, including 531 Christopher & Banks stores, 239 C.J. Banks stores and 37 Acorn stores. The Company s Christopher & Banks stores offer distinctive fashions featuring exclusively designed, coordinated assortments of sportswear and sweaters in sizes four to 16. The Company s C.J. Banks stores offer similar assortments of women s specialty apparel in sizes 14W and up. The Company s Acorn stores offer upscale women s fashions along with complementary jewelry and accessories under private and branded labels.

In the first six months of fiscal 2008, the Company opened nine new Christopher & Banks stores, 21 new C.J. Banks stores and two new Acorn stores. The Company closed two Christopher & Banks stores and one Acorn store during the first half of fiscal 2008. In the third quarter of fiscal 2008, the Company anticipates it will open approximately 39 additional stores, for a total of approximately 71 new store openings in fiscal 2008.

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

Matthew P. Dillon resigned as President and Chief Executive Officer, and as a member of the Company s Board of Directors, effective August 30, 2007. The Company incurred a pre-tax charge of approximately $2.1 million, or $0.04 per diluted share, related to the transition of the CEO position from Mr. Dillon to Ms. Nagler.

On June 18, 2007, the Company announced that Susan Connell would join the Company as Executive Vice President and Chief Merchandise Officer effective July 9, 2007. Ms. Connell is responsible for overseeing product development, sourcing and other merchandising activities for the Company s three retail concepts. Prior to joining the Company, Ms. Connell was Senior Vice President General Merchandising Manager with Lane Bryant.

On May 25, 2007, the Company s Board of Directors authorized a one-year stock repurchase program enabling the Company to repurchase up to $20 million of its common stock, subject to market conditions. As of October 5, 2007, the Company had repurchased 486,100 shares of its common stock for a total cost, including commissions, of approximately $7.0 million.

Critical Accounting Policies and Estimates

The Company s critical accounting policies are more fully described in Note 1 of the notes to consolidated financial statements contained within the Company s Annual Report on Form 10-K for the fiscal year ended March 3, 2007. Management s discussion and analysis of the Company s financial condition and results of operations are based upon the Company s consolidated condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

On an ongoing basis, the Company evaluates its estimates, including those related to customer product returns, inventories, income taxes, medical and workers compensation claims and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There has been no material changes in the Company s critical accounting policies during the six months ended September 1, 2007.

Results of Operations

The following table sets forth, for the periods indicated, certain items from the Company s consolidated condensed statement of income expressed as a percentage of net sales:

	Three Months Ended		Six Months Ended	
	September 1, 2007	August 26, 2006	September 1, 2007	August 26, 2006
Net sales	100.0%	100.0%	100.0%	100.0%
Merchandise, buying and occupancy costs, exclusive of depreciation and amortization	64.2	59.9	61.1	57.4
Selling, general and administrative expenses	28.8	27.5	27.5	26.3
Depreciation and amortization	3.9	3.8	3.7	3.7
Operating income	3.1	8.8	7.7	12.6

Interest income	0.8	1.0	0.8	0.8
Income before income taxes	3.9	9.8	8.5	13.4
Income tax provision	1.5	3.8	3.3	5.2
Net income	2.4%	6.0%	5.2%	8.2%

Three Months Ended September 1, 2007 Compared to Three Months Ended August 26, 2006

Net Sales. Net sales for the three months ended September 1, 2007 were $141.1 million, an increase of $9.5 million or 7%, from $131.6 million for the three months ended August 26, 2006. The increase in net sales resulted from an increase in the number of stores operated by the Company combined with a 3% increase in same-store sales. The Company operated 807 stores at September 1, 2007, compared to 753 stores at August 26, 2006. The Company s same-store sales were calculated by comparing the 13-week period ended September 1, 2007 to the 13-week period ended September 2, 2006. The resulting 3% increase in same-store sales was attributable to an approximate 5% increase in the average number of transactions per store, partially offset by a decrease in the average value per transaction. Sales during the second quarter were driven in part by an increased level of markdowns to clear excess inventory in June and July. In the second quarter, same-store sales for the Company s stores opened in fiscal 2005, 2006 and 2007 increased 5%, while the mature base of stores, opened in fiscal 2004 and earlier, posted a 2% increase in same-store sales.

Merchandise, Buying and Occupancy Costs, exclusive of depreciation and amortization. Merchandise, buying and occupancy costs, exclusive of depreciation and amortization, were $90.6 million, or 64.2% of net sales, during the second quarter of fiscal 2008, compared to $78.8 million, or 59.9% of net sales, during the same period in fiscal 2007. Merchandise, buying and occupancy costs as a percent of net sales had approximately 430 basis points of negative leverage. This negative leverage was substantially due to lower merchandise margins resulting from higher markdowns taken to clear excess inventory in June and July. In addition, increased occupancy costs contributed approximately 20 basis points of negative leverage.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended September 1, 2007 were $40.6 million, or 28.8% of net sales, compared to $36.1 million, or 27.5% of net sales, for the three months ended August 26, 2006, resulting in approximately 130 basis points of negative leverage. Major components of the negative leverage included approximately $2.1 million of CEO transition expenses and a combination of increased professional fees, expenses related to new systems installations, increased marketing-related expenses and an increase in staff at the Company s corporate headquarters. This was partially offset by positive leverage gained from decreases in stock-based compensation and bonus expense during the quarter.

Depreciation and Amortization. Depreciation and amortization was $5.5 million, or 3.9% of net sales, in the second quarter of fiscal 2008, compared to $5.0 million, or 3.8% of net sales, in the second quarter of fiscal 2007. The increase in the amount of depreciation and amortization expense was a result of capital expenditures made by the Company over the past year. The Company opened 32 new stores in the first six months of fiscal 2008 and 78 new stores in all of fiscal 2007.

Operating Income. As a result of the foregoing factors, operating income for the three months ended September 1, 2007 was $4.4 million, or 3.1% of net sales, compared to operating income of $11.6 million, or 8.8% of net sales, for the three months ended August 26, 2006.

Interest Income. For the quarter ended September 1, 2007, interest income decreased to $1.2 million from $1.3 million for the quarter ended August 26, 2006. The decrease resulted from a lower average balance of cash equivalents and short term investments during the second quarter of fiscal 2008 compared to the second quarter of fiscal 2007.

Income Taxes. Income tax expense in the second quarter of fiscal 2008 was $2.2 million, with an effective tax rate of 39.0%, compared to $5.0 million, with an effective tax rate of 38.8%, in the second quarter of fiscal 2007.

Net Income. As a result of the foregoing factors, net income for the three months ended September 1, 2007 was $3.4 million, or 2.4% of net sales, and $0.09 per diluted share, compared to net income of $7.9 million, or 6.0% of net sales, and $0.21 per diluted share, for the three months ended August 26, 2006.

Six Months Ended September 1, 2007 Compared to Six Months Ended August 26, 2006

Net Sales. Net sales for the six months ended September 1, 2007 were $290.5 million, an increase of $16.4 million or 6%, from $274.1 million for the six months ended August 26, 2006. The increase in net sales was due to an increase in the number of stores operated by the Company, offset by a 1% decrease in same-store sales. The Company operated 807 stores at September 1, 2007, compared to 753 stores at August 26, 2006. Management believes that sales were negatively impacted in the first quarter by adverse weather conditions in a significant portion of the Company s comparative-store base in April. Sales during the second quarter were driven in part by increased promotional activity to clear excess inventory in June and July. Management believes sales in both quarters were negatively affected by the generally challenging women s specialty apparel retail environment.

Merchandise, Buying and Occupancy Costs, exclusive of depreciation and amortization. Merchandise, buying expenses and occupancy costs, exclusive of depreciation and amortization, were $177.5 million, or 61.1% of net sales, during the first six months of fiscal 2008, compared to $157.4 million, or 57.4% of net sales, during the same period in fiscal 2007. Merchandise, buying and occupancy costs as a percent of net sales had approximately 370 basis points of negative leverage. This negative leverage was substantially due to lower merchandise margins resulting from higher markdowns taken to clear excess inventory. In addition, increased occupancy costs contributed approximately 50 basis points of negative leverage.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended September 1, 2007 were $79.7 million, or 27.5% of net sales, compared to $72.2 million, or 26.3% of net sales, for the six months ended August 26, 2006, resulting in approximately 120 basis points of negative leverage. Major components of the negative leverage included approximately $2.1 million of CEO transition expenses and a combination of increased professional fees, expenses related to new systems installations, increased marketing-related expenses, store level payroll expenses and an increase in staff at the Company s corporate headquarters which could not be leveraged with a 1% decline in same-store sales. This was partially offset by positive leverage gained from decreases in stock-based compensation and bonus expense during the first half of fiscal 2008.

Depreciation and Amortization. Depreciation and amortization was $10.8 million, or 3.7% of net sales, in the first half of fiscal 2008, compared to $10.0 million, or 3.7% of net sales, in the first half of fiscal 2007. The increase in the amount of depreciation and amortization expense was a result of capital expenditures made during the past year. The Company opened 32 new stores in the first six months of fiscal 2008 and 78 new stores in all of fiscal 2007.

Operating Income. As a result of the foregoing factors, operating income for the six months ended September 1, 2007 was $22.5 million, or 7.7% of net sales, compared to operating income of $34.5 million, or 12.6% of net sales, for the six months ended August 26, 2006.

Interest Income. For the six months ended September 1, 2007, interest income decreased to approximately $2.2 million from $2.3 million for the six months ended August 26, 2006. The decrease resulted from a lower average balance of cash equivalents and short term investments during the first half of fiscal 2008 compared to the first half of fiscal 2007.

Income Taxes. Income tax expense in the first half of fiscal 2008 was $9.6 million, with an effective tax rate of 39.0%, compared to $14.3 million, with an effective tax rate of 38.8%, in the first half of fiscal 2007.

Net Income. As a result of the foregoing factors, net income for the six months ended September 1, 2007 was $15.1 million, or 5.2% of net sales, and $0.42 per diluted share, compared to net income of $22.5 million, or 8.2% of net sales, and $0.60 per diluted share, for the six months ended August 26, 2006.

Stock-Based Compensation Expense

Total pre-tax compensation expense related to stock-based awards for the three months ended September 1, 2007 and August 26, 2006 was approximately $482,000 and $1.4 million, respectively. For the six months ended September 1, 2007 and August 26, 2006, pre-tax stock-based compensation expense totaled approximately $941,000 and $2.3 million, respectively. The decrease in stock-based compensation expense in the first six months of fiscal 2008 compared to the same period in fiscal 2007 was a result of lower expense associated with performance-based restricted stock, a reversal of expense related to forfeited stock options and restricted stock awards originally granted to the Company s former CEO and the impact of awards granted in January 2004 which became fully vested by the end of fiscal 2007 and had no expense under SFAS 123R in fiscal 2008. Stock-based compensation expense was included in merchandise, buying and occupancy expenses for the Company s buying and distribution employees and in selling, general and administrative expenses for all other employees.

Liquidity and Capital Resources

The Company s principal on-going cash requirements are to finance the construction of new stores and the remodeling of certain existing stores, to make other capital expenditures, to purchase merchandise inventories and to fund other working capital requirements. Merchandise purchases vary on a seasonal basis, peaking in the fall. As a result, the Company s cash requirements historically reach their peak in October or November. Conversely, cash balances reach their peak in January after the holiday season is completed.

Net cash provided by operating activities totaled $19.4 million for the first six months of fiscal 2008, a decrease of $2.1 million from $21.5 million for the first six months of fiscal 2007. Significant fluctuations in the Company s working capital accounts included a $4.0 million decrease in accounts payable and a $2.2 million decrease in merchandise inventories. The declines in inventory and accounts payable were both a result of the Company s efforts to reduce inventories in the first half of fiscal 2008, which resulted in an 8% decline in total inventory per store during the six months ended September 1, 2007.

Net cash used in investing activities included $15.6 million of capital expenditures, partially offset by net redemptions of short-term investments of approximately $4.8 million. The Company opened 32 new stores and completed three major store remodels during the six months ended September 1, 2007. Net cash of $15.2 million was used in financing activities during the first half of fiscal 2008 as the Company paid two quarterly cash dividends together totaling approximately $4.3 million and repurchased approximately $11.0 million of its common stock.

The Company plans to fund approximately $16 million of capital expenditures during the second half of fiscal 2008 to open approximately 39 additional new stores, to complete an upgrade to its point of sale register equipment and to make various capital investments at its corporate headquarters. A portion of the capital expenditures will also be incurred for stores scheduled to open in the first quarter of fiscal 2009. The Company expects its cash and short-term investments, combined with cash flows from operations, to be sufficient to meet its capital expenditure, working capital and other requirements for liquidity during the remainder of fiscal 2008.

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

Loans under the Wells Fargo Revolver bear interest at Wells Fargo s floating rate, 8.25% as of September 1, 2007, plus 0.25%. Interest is payable monthly in arrears. The Wells Fargo Revolver carries a facility fee of 0.25% based on the unused portion as defined in the agreement. Facility fees totaled $3,882 for the six months ended September 1, 2007. The credit facility is collateralized by the Company s equipment, general intangibles, inventory, inventory letters of credit and letter of credit rights. The Company had no revolving credit loan borrowings under the Wells Fargo Revolver during the first six months of fiscal 2008. Historically, the Wells Fargo Revolver has been utilized by the Company only to open letters of credit to facilitate the import of merchandise. The borrowing base at September 1, 2007 was $44.7 million. As of September 1, 2007, the Company had outstanding letters of credit in the amount of $24.0 million. Accordingly, the availability of revolving credit loans under the Wells Fargo Revolver was $20.7 million at September 1, 2007.

The Wells Fargo Revolver contains certain restrictive covenants including restrictions on incurring additional indebtedness and limitations on certain types of investments, as well as requiring the maintenance of certain financial covenants. As of September 1, 2007, the most recent measurement date, the Company was in compliance with all covenants of the Wells Fargo Revolver.

Merchandise Sourcing

The Company directly imported approximately 82% of its total merchandise purchases in the first half of fiscal 2008. Substantially all of its remaining merchandise purchases were made from domestic importers. This reliance on sourcing from foreign countries may cause the Company to be exposed to certain risks.

Import restrictions, including tariffs and quotas, and changes in such restrictions, could affect the import of apparel and might result in increased costs, delays in merchandise receipts or reduced supplies of apparel available to the Company, and could possibly have an adverse effect on the Company s business, financial condition and results of operations. The Company s merchandise flow could also be adversely affected by political instability in any of the countries where its merchandise is manufactured or by changes in the United States governmental policies toward such foreign countries. In addition, merchandise receipts could be delayed due to interruptions in air, ocean and ground shipments.

A substantial portion of the Company s directly imported merchandise is manufactured in Southeast Asia. The majority of these goods are produced in China, Hong Kong, Indonesia and Singapore. The Company is not currently importing merchandise produced in the Middle East.

The Company purchased approximately 14% and 13% of its merchandise from its largest overseas supplier during the first six months of fiscal 2008 and 2007, respectively. Although the Company believes that its relationship with this particular vendor is good, there can be no assurance that this relationship can be maintained in the future or that the vendor will continue to supply merchandise to the Company. If there should be any significant disruption in the supply of merchandise from this vendor, management believes that it can shift production to other suppliers so as to continue to secure the required volume of product. Nevertheless, there is some potential that any such disruption in supply could have a material adverse impact on the Company s financial position and results of operations.

Quarterly Results and Seasonality

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

Inflation

Although the operations of the Company are influenced by general economic conditions, the Company does not believe that inflation had a material effect on the results of operations during the quarters and six month periods ended September 1, 2007 and August 26, 2006.

ITEM 3.
QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The market risk inherent in the Company s financial instruments and in its financial position represents the potential loss arising from adverse changes in interest rates. The Company s results of operations could be negatively impacted by decreases in interest rates on its short-term investments.

The Company is potentially exposed to market risk from changes in interest rates relating to its Wells Fargo Revolver. Loans under the Wells Fargo Revolver bear interest at Wells Fargo s floating rate, 8.25% as of September 1, 2007, plus 0.25%. However, the Company had no revolving credit loan borrowings under the Wells Fargo Revolver during the first six months of fiscal 2008 and, given its existing liquidity position, does not expect to utilize the Wells Fargo Revolver in the near future except for its continuing use of the import letter of credit facility.

All of the Company s purchase obligations placed with foreign suppliers are denominated in U.S. dollars. Therefore, the Company has minimal exposure to foreign currency exchange risks. The Company does not hedge against foreign currency risks and believes that its foreign currency exchange risk is not significant.

The Company does not have any derivative financial instruments and does not hold any such instruments for trading purposes.

ITEM 4.
CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, the Company s management has evaluated the effectiveness and design of the Company s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based upon the foregoing, the Company s Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective in timely alerting them to the material information relating to the Company required to be included in the Company s periodic reports to the Securities and Exchange Commission under the Exchange Act.

(b) Internal Controls Over Financial Reporting.

There have not been any changes in the Company s internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 1, 2007 that have materially affected, or are reasonably likely to materially affect, the Company s internal controls over financial reporting.

PART II.

ITEM 1.
LEGAL PROCEEDINGS

There are no material legal proceedings pending against the Company.

ITEM 1A.
RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the factors discussed in Part I, Item 1A. Risk Factors in the Company s Annual Report on Form 10-K for the year ended March 3, 2007 should be carefully considered as they could materially affect the Company s business, financial condition or future results. The risks described in the Company s Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially adversely affect the Company s future business, financial condition and/or results of operations.

ITEM 2.
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In fiscal 2007, the Company s Board of Directors authorized a stock repurchase program enabling the Company to purchase up to $40.0 million of its common stock, subject to market conditions. During fiscal 2007, the Company repurchased 1,732,123 shares at a total cost, including commissions, of approximately $34.2 million. In March 2007, the Company completed the repurchase program by purchasing an additional 325,059 shares of its common stock for a total cost, including commissions, of approximately $5.8 million, bringing the total number of shares repurchased under this program to 2,057,182 at a total cost, including commissions, of approximately $40.0 million.

On May 25, 2007, the Company s Board of Directors authorized a one-year stock repurchase program enabling the Company to repurchase up to $20.0 million of its common stock, subject to market conditions. The following table sets forth information concerning purchases made by the Company of its common stock for the periods indicated:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program
Fiscal July:				
July 1, 2007- August 4, 2007	186,100	$ 16.12	186,100	$ 17,000,000
Fiscal August:				
August 5, 2007- September 1, 2007	150,000	$ 14.24	336,100	$ 14,865,000

All of the Company s share repurchases were executed in accordance with the safe harbor provisions of Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

ITEM 3.
DEFAULTS UPON SENIOR SECURITIES

There has been no default with respect to any indebtedness of the Company.

ITEM 4.
SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of shareholders on August 1, 2007, in Minneapolis, Minnesota. The Company solicited proxies and filed definitive proxy statements with the United States Securities and Exchange Commission pursuant to Regulation 14A. Holders of 34,427,204 shares of the Company s common stock were present in person, or by proxy, representing 94.96% of the Company s 36,255,905 shares outstanding on the record date. The matters voted up and the votes cast at the meeting were as follows:

Item 1. Election of two Class I directors (for a term of three years expiring July 2010):

Director	Vote For	Witheld
Anne L. Jones	30,922,002	3,505,202
Robert Ezrilov	30,984,122	3,443,082

Other individuals whose term of office as Director continued after the Company s annual meeting included Larry C. Barenbaum, Donald D. Beeler, James J. Fuld, Jr., Mark A. Cohn and Matthew P. Dillon.

Item 2. Approval of an amendment to the Company s 2006 Senior Executive Incentive Plan:

Vote			
For	Against	Abstain	Broker Non-Vote
30,265,336	545,151	13,376	3,603,341

Item 3. Approval of an increase in shares under the 2005 Stock Incentive Plan from 800,000 to 1,800,000 shares:

Vote			
For	Against	Abstain	Broker Non-Vote
25,675,219	5,138,351	10,293	3,603,341

Item 4. Ratification and approval of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending March 1, 2007:

Vote			
For	Against	Abstain	Broker Non-Vote
34,329,810	89,026	8,368	

ITEM 5.
OTHER INFORMATION

None.

ITEM 6.
EXHIBITS

(a) The following exhibits are filed with this report:

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHRISTOPHER & BANKS CORPORATION

Dated: October 11, 2007	By	/S/ LORNA NAGLER Lorna Nagler President and Chief Executive Officer Signing on behalf of the Registrant as principal executive officer.
Dated: October 11, 2007	By	/S/ ANDREW K. MOLLER Andrew K. Moller Executive Vice President and Chief Financial Officer Signing on behalf of the Registrant as principal financial officer.

CHRISTOPHER & BANKS CORPORATION

QUARTERLY REPORT ON FORM 10-Q

INDEX TO EXHIBITS

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