

CHRISTOPHER & BANKS CORP
Form 8-K/A
February 26, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: December 24, 2008

(Date of earliest event reported)

CHRISTOPHER & BANKS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

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(Commission file number)

(IRS Employer Identification No.)

**2400 Xenium Lane North
Plymouth, Minnesota 55441**

(Address of principal executive offices, including zip code)

(763) 551-5000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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CHRISTOPHER & BANKS CORPORATION

CURRENT REPORT ON FORM 8-K

EXPLANATORY NOTE

The purpose of this Amendment No. 1 on Form 8-K/A (the "Form 8-K/A") to the Form 8-K (the "Original Form 8-K") of Christopher & Banks Corporation (the "Company") originally filed on December 31, 2008 is to amend and correct the Unaudited Condensed Pro Forma Statement of Operations for the six-month period ended August 30, 2008. On February 25, 2009, the Company's management and the Audit Committee of the Board of Directors determined that the allocation of income taxes to pro forma adjustments in the Company's Unaudited Condensed Pro Forma Statement of Operations for the six months ended August 30, 2008 required correction. As a result of the correction to the allocation of income taxes attributable to pro forma adjustments, pro forma net income for the six months ended August 30, 2008 was overstated by approximately \$7.1 million, with a corresponding and offsetting adjustment to income tax effects and results of pro forma adjustments. In addition, basic and diluted earnings per share attributable to both pro forma income and pro forma adjustments for the six-month period ended August 30, 2008 also required correction. This amendment has no impact on amounts originally reported in the Original Form 8-K with respect to any other line items in the Unaudited Condensed Pro Forma Statement of Operations for the six months ended August 30, 2008, nor to the previously reported Unaudited Condensed Pro Forma Balance Sheet as of August 30, 2008. In addition, certain changes were made to correct rounding differences on pro forma earnings per share.

For the convenience of the reader, this Form 8-K/A sets forth the Original Form 8-K in its entirety. Except for the restatement of the Unaudited Condensed Pro Forma Statement of Operations for the six months ended August 30, 2008, this filing has not been updated to reflect other events occurring after the Original Filing Date or to modify or update those disclosures affected by subsequent events.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 24, 2008, Christopher & Banks Corporation (the Company) closed the last of its remaining Acorn stores, thus essentially completing the disposition and abandonment of assets related to the closure of its Acorn division business.

On July 31, 2008, the Company announced its decision to exit its Acorn business when management concluded, after a comprehensive review and evaluation, that the concept had not demonstrated the potential to deliver an acceptable long-term return on the Company's investment. On July 30, 2008, the Company's Board of Directors authorized a plan to close all of the Company's 36 Acorn stores by December 31, 2008, allowing the Company to focus its resources on its two core brands, Christopher & Banks and C.J. Banks. The Company closed 29 of its 36 Acorn stores during its third fiscal quarter ended November 29, 2008 and closed its seven remaining Acorn stores on December 24, 2008.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

The Company completed the exit of its Acorn division business by closing its seven remaining Acorn stores on December 24, 2008. The following unaudited pro forma financial statements reflect the exit of the Company's Acorn division business which will be presented as a discontinued operation in the Company's consolidated financial statements in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144).

The unaudited condensed pro forma balance sheet assumes the Company exited its Acorn business on August 30, 2008. The consolidated, Acorn adjustment and pro forma information is based upon the historical balance sheet data of the Company and Acorn as of that date.

The unaudited condensed pro forma statement of operations reflects the exit of the Acorn business as of February 27, 2005. The consolidated, Acorn adjustment and pro forma information is based upon the historical operating statement data for the Company and for Acorn for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006, and for the six month periods ended August 30, 2008 and September 1, 2007.

No significant estimates or assumptions were utilized in determining the historical balance sheet and operating statement data. These unaudited pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA BALANCE SHEET

AUGUST 30, 2008

(in thousands)

| | Consolidated | Acorn Adjustment | Pro Forma |
|--|--------------|---------------------|------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 84,037 | \$ (9) | \$ 84,028 |
| Accounts receivable | 4,311 | | 4,311 |
| Merchandise inventories | 51,531 | (1,630) | 49,901 |
| Prepaid expenses | 12,176 | | 12,176 |
| Other current assets | 6,222 | | 6,222 |
| Total current assets | 158,277 | (1,639) | 156,638 |
| Property, equipment and improvements, net | 131,771 | | 131,771 |
| Long-term investments | 18,536 | | 18,536 |
| Other assets | 6,681 | | 6,681 |
| Total assets | \$ 315,265 | \$ (1,639) | \$ 313,626 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 11,290 | | \$ 11,290 |
| Accrued salaries, wages and related expenses | 9,192 | | 9,192 |
| Other accrued liabilities | 27,357 | | 27,357 |
| Total current liabilities | 47,839 | | 47,839 |
| Non-current liabilities: | | | |
| Deferred lease incentives | 24,191 | (1,499) | 22,692 |
| Deferred rent obligations | 10,880 | (477) | 10,403 |
| Other | 4,450 | | 4,450 |
| Total non-current liabilities | 39,521 | (1,976) | 37,545 |
| Commitments | | | |
| Stockholders' equity: | | | |
| Preferred stock \$0.01 par value | | | |
| Common stock \$0.01 par value | 453 | | 453 |
| Additional paid-in capital | 111,511 | 337 | 111,848 |
| Retained earnings | 229,814 | | 229,814 |
| Common stock held in treasury | (112,859) | | (112,859) |
| Accumulated other comprehensive income (loss) | (1,014) | | (1,014) |
| Total stockholders' equity | 227,905 | 337 | 228,242 |
| Total liabilities and stockholders' equity | \$ 315,265 | \$ (1,639) | \$ 313,626 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA STATEMENT OF OPERATIONS

(in thousands, except per share data)

| | Consolidated | Six Months Ended August 30, 2008 Acorn Adjustment (Restated) | Proforma (Restated) |
|---|--------------|--|------------------------|
| Net sales | \$ 291,279 | \$ 7,433 | \$ 283,846 |
| Costs and expenses: | | | |
| Merchandise, buying and occupancy, exclusive of depreciation and amortization | 171,927 | 6,478 | 165,449 |
| Selling, general and administrative | 86,227 | 2,421 | 83,806 |
| Depreciation and amortization | 14,425 | 100 | 14,325 |
| Impairment of store assets | | 1,221 | (1,221) |
| Total costs and expenses | 272,579 | 10,220 | 262,359 |
| Operating income (loss) | 18,700 | (2,787) | 21,487 |
| Interest income | 1,413 | | 1,413 |
| Income (loss) before income taxes | 20,113 | (2,787) | 22,900 |
| Income tax provision (benefit) | 8,005 | (1,109) | 9,114 |
| Net income (loss) | \$ 12,108 | \$ (1,678) | \$ 13,786 |
| Basic earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.35 | \$ (0.05) | \$ 0.39 |
| Basic shares outstanding | 35,086 | 35,086 | 35,086 |
| Diluted earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.34 | \$ (0.05) | \$ 0.39 |
| Diluted shares outstanding | 35,112 | 35,112 | 35,112 |
| Dividends per share | \$ 0.12 | \$ | \$ 0.12 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA STATEMENT OF OPERATIONS

(in thousands, except per share data)

| | Consolidated | Six Months Ended September 1, 2007 Acorn Adjustment | Proforma |
|---|--------------|--|------------|
| Net sales | \$ 290,499 | \$ 7,119 | \$ 283,380 |
| Costs and expenses: | | | |
| Merchandise, buying and occupancy, exclusive of depreciation and amortization | 177,511 | 5,862 | 171,649 |
| Selling, general and administrative | 79,706 | 2,425 | 77,281 |
| Depreciation and amortization | 10,805 | 534 | 10,271 |
| Total costs and expenses | 268,022 | 8,821 | 259,201 |
| Operating income (loss) | 22,477 | (1,702) | 24,179 |
| Interest income | 2,219 | | 2,219 |
| Income (loss) before income taxes | 24,696 | (1,702) | 26,398 |
| Income tax provision (benefit) | 9,631 | (83) | 9,714 |
| Net income (loss) | \$ 15,065 | \$ (1,619) | \$ 16,684 |
| Basic earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.42 | \$ (0.05) | \$ 0.46 |
| Basic shares outstanding | 35,900 | 35,900 | 35,900 |
| Diluted earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.42 | \$ (0.04) | \$ 0.46 |
| Diluted shares outstanding | 36,010 | 36,010 | 36,010 |
| Dividends per share | \$ 0.12 | \$ | \$ 0.12 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA STATEMENT OF OPERATIONS

(in thousands, except per share data)

| | Consolidated | Year Ended March 1, 2008 Acorn Adjustment | Proforma |
|---|--------------|--|------------|
| Net sales | \$ 575,781 | \$ 14,869 | \$ 560,912 |
| Costs and expenses: | | | |
| Merchandise, buying and occupancy, exclusive of depreciation and amortization | 354,468 | 12,541 | 341,927 |
| Selling, general and administrative | 166,362 | 5,182 | 161,180 |
| Depreciation and amortization | 22,603 | 840 | 21,763 |
| Impairment of store assets | 6,925 | 6,513 | 412 |
| Impairment of goodwill | 3,587 | 3,587 | |
| Total costs and expenses | 553,945 | 28,663 | 525,282 |
| Operating income (loss) | 21,836 | (13,794) | 35,630 |
| Interest income | 4,662 | | 4,662 |
| Income (loss) before income taxes | 26,498 | (13,794) | 40,292 |
| Income tax provision (benefit) | 9,480 | (5,348) | 14,828 |
| Net income (loss) | \$ 17,018 | \$ (8,446) | \$ 25,464 |
| Basic earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.48 | \$ (0.24) | \$ 0.71 |
| Basic shares outstanding | 35,772 | 35,772 | 35,772 |
| Diluted earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.47 | \$ (0.24) | \$ 0.71 |
| Diluted shares outstanding | 35,852 | 35,852 | 35,852 |
| Dividends per share | \$ 0.24 | \$ | \$ 0.24 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA STATEMENT OF OPERATIONS

(in thousands, except per share data)

| | Consolidated | Year Ended March 3, 2007 Acorn Adjustment | Proforma |
|---|--------------|--|------------|
| Net sales | \$ 547,317 | \$ 14,161 | \$ 533,156 |
| Costs and expenses: | | | |
| Merchandise, buying and occupancy, exclusive of depreciation and amortization | 330,473 | 11,503 | 318,970 |
| Selling, general and administrative | 145,229 | 4,533 | 140,696 |
| Depreciation and amortization | 20,606 | 990 | 19,616 |
| Impairment of store assets | 1,081 | 751 | 330 |
| Total costs and expenses | 497,389 | 17,777 | 479,612 |
| Operating income (loss) | 49,928 | (3,616) | 53,544 |
| Interest income | 5,115 | | 5,115 |
| Income (loss) before income taxes | 55,043 | (3,616) | 58,659 |
| Income tax provision (benefit) | 21,357 | (1,345) | 22,702 |
| Net income (loss) | \$ 33,686 | \$ (2,271) | \$ 35,957 |
| Basic earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.90 | \$ (0.06) | \$ 0.96 |
| Basic shares outstanding | 37,307 | 37,307 | 37,307 |
| Diluted earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.89 | \$ (0.06) | \$ 0.95 |
| Diluted shares outstanding | 37,761 | 37,761 | 37,761 |
| Dividends per share | \$ 0.20 | \$ | \$ 0.20 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION

UNAUDITED CONDENSED PRO FORMA STATEMENT OF OPERATIONS

(in thousands, except per share data)

| | Consolidated | Year Ended February 25, 2006 Acorn Adjustment | Proforma |
|---|--------------|--|------------|
| Net sales | \$ 490,508 | \$ 11,441 | \$ 479,067 |
| Costs and expenses: | | | |
| Merchandise, buying and occupancy, exclusive of depreciation and amortization | 292,072 | 9,646 | 282,426 |
| Selling, general and administrative | 131,717 | 5,542 | 126,175 |
| Depreciation and amortization | 18,847 | 586 | 18,261 |
| Impairment of store assets | 238 | 227 | 11 |
| Total costs and expenses | 442,874 | 16,001 | 426,873 |
| Operating income (loss) | 47,634 | (4,560) | 52,194 |
| Interest income | 2,092 | | 2,092 |
| Income (loss) before income taxes | 49,726 | (4,560) | 54,286 |
| Income tax provision (benefit) | 19,313 | (1,607) | 20,920 |
| Net income (loss) | \$ 30,413 | \$ (2,953) | \$ 33,366 |
| Basic earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.85 | \$ (0.08) | \$ 0.93 |
| Basic shares outstanding | 35,907 | 35,907 | 35,907 |
| Diluted earnings (loss) per common share: | | | |
| Net income (loss) | \$ 0.84 | \$ (0.08) | \$ 0.92 |
| Diluted shares outstanding | 36,220 | 36,220 | 36,220 |
| Dividends per share | \$ 0.16 | \$ | \$ 0.16 |

The accompanying notes are an integral part of these pro forma statements.

CHRISTOPHER & BANKS CORPORATION**NOTES TO UNAUDITED CONDENSED PRO FORMA FINANCIAL STATEMENTS****AMENDMENT TO PREVIOUSLY FILED PRO FORMA FINANCIAL INFORMATION**

The Company has determined that the allocation of income taxes to pro forma adjustments in the Unaudited Condensed Pro Forma Statement of Operations for the six-month period ended August 30, 2008 requires correction. As a result of the change in the allocation of income taxes previously presented, unaudited pro forma results for the six-month period ended August 30, 2008 require correction. This Amendment has no impact on the Company's previously presented Unaudited Pro Forma Statement of Operations for the six-month period ended September 1, 2007, or the Unaudited Pro Forma Statement of Operations for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006, and no impact on the Unaudited Condensed Pro Forma Balance sheet at August 30, 2008.

A summary of the effects of the correction on the Company's previously reported Unaudited Pro Forma Condensed Statement of Operations for the six months ended August 30, 2008 is as follows:

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

| | Six Months Ended August 30, 2008 Acorn Adjustment | | Six Months Ended August 30, 2008 Pro Forma | |
|-----------------------------------|---|-------------|--|-------------|
| | As Reported | As Restated | As Reported | As Restated |
| Income tax provision (benefit) | \$ 5,967 | \$ (1,109) | \$ 2,038 | \$ 9,114 |
| Net income (loss) | \$ (8,754) | \$ (1,678) | \$ 20,862 | \$ 13,786 |
| Earnings (loss) per basic share | \$ (0.25) | \$ (0.05) | \$ 0.60 | \$ 0.39 |
| Basic shares outstanding | 35,086 | 35,086 | 35,086 | 35,086 |
| Earnings (loss) per diluted share | \$ (0.25) | \$ (0.05) | \$ 0.59 | \$ 0.39 |
| Diluted shares outstanding | 35,112 | 35,112 | 35,112 | 35,112 |

NOTE 1: ACCOUNTING FOR EXIT

On December 24, 2008, Christopher & Banks Corporation (the Company) closed the last of its remaining Acorn stores, thus essentially completing the disposition of assets related to the closure of its Acorn division business.

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On July 31, 2008, the Company announced its decision to exit its Acorn business when management concluded, after a comprehensive review and evaluation, that the concept had not demonstrated the potential to deliver an acceptable long-term return on the Company's investment. On July 30, 2008, the Company's Board of Directors authorized a plan to close all of the Company's 36 Acorn stores by December 31, 2008, allowing the Company to focus its resources on its two core brands, Christopher & Banks and C.J. Banks. The Company closed 29 of its 36 Acorn stores during its third fiscal quarter ended November 29, 2008 and closed its seven remaining Acorn stores on December 24, 2008.

The exit of the Company's Acorn division business will be accounted for as a discontinued operation in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144). The unaudited pro forma financial information reflects Acorn as a discontinued operation and, accordingly, Acorn's net assets and results of operations are excluded from the continuing operations of the Company.

NOTE 2: PRO FORMA PRESENTATION

The unaudited condensed pro forma balance sheet assumes the Company exited its Acorn business on August 30, 2008. The consolidated, Acorn adjustment and pro forma information is based upon the historical balance sheet data of the Company and Acorn as of that date.

The unaudited condensed pro forma statement of operations reflects the exit of the Acorn business as of February 27, 2005. The consolidated, Acorn adjustment and pro forma information is based upon the historical operating statement data for the Company and for Acorn for the fiscal years ended March 1, 2008, March 3, 2007 and February 25, 2006, and for the six month periods ended August 30, 2008 and September 1, 2007.

No significant estimates or assumptions were utilized in determining the historical balance sheet and operating statement data. These unaudited pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company.

NOTE 3: ASSET IMPAIRMENT

In addition to losses from store operations, the Acorn operating loss for the six months ended August 30, 2008 included approximately \$1.2 million of impairment charges related to store-level assets and \$69,000 of impairment charges related to intangible assets. No impairment charges were included in the Acorn operating loss for the six months ended September 1, 2007.

The Acorn operating loss for the fiscal year ended March 1, 2008 included approximately \$6.1 million of impairment charges related to store-level assets, \$3.6 million of charges related to goodwill impairment and \$401,000 of impairment charges related to intangible assets. In addition to losses from store operations, the Acorn operating loss for the fiscal years ended March 3, 2007 and February 25, 2006 included \$751,000 and \$227,000 of impairment charges related to store-level assets, respectively.

NOTE 4: INCOME TAXES

Income taxes have been allocated to continuing and discontinued operations based on the methodology required by Financial Accounting Interpretation Number 18 (FIN 18). As required by this authoritative guidance, income taxes for annual periods are computed with and without the impact of results from discontinued operations and the difference in taxes between these computations is allocated to discontinued operations.

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For interim periods, income taxes are allocated to continuing operations based on the effective tax rate on income from continuing operations for the year. The difference between income taxes allocated to continuing operations in interim periods and total income taxes prior to operations qualifying for discontinued operations presentation are allocated to discontinued operations.

SIGNATURE

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 hereunto duly authorized.

CHRISTOPHER & BANKS CORPORATION

Date: February 26, 2009

By:

/s/ Michael J. Lyftogt
Michael J. Lyftogt

Vice President Finance, and

Interim Chief Financial Officer