

CHRISTOPHER & BANKS CORP
Form DEF 14A
June 10, 2005

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
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Christopher & Banks Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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CHRISTOPHER & BANKS CORPORATION

2400 Xenium Lane North

Plymouth, Minnesota 55441

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JULY 27, 2005

The Annual Meeting of Shareholders of Christopher & Banks Corporation (the Company) will be held on Wednesday, July 27, 2005 at 2800 LaSalle Plaza, 800 LaSalle Avenue, Minneapolis, Minnesota. The meeting will convene at 3:00 p.m., Central Time, for the following purposes:

1. To elect three Class 2 directors to serve a three-year term;
2. To consider and vote upon a proposal to approve the Company's 2005 Stock Incentive Plan;
3. To ratify and approve the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the fiscal year ending February 25, 2006; and
4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on May 23, 2005 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting and at any adjournments or postponements thereof.

For the Board of Directors,

/s/ William J. Prange
William J. Prange
Chairman and Chief Executive Officer

June 15, 2005

All shareholders are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please sign, date and return the enclosed proxy card as promptly as possible in order to ensure your representation at the meeting. A postage-paid envelope is enclosed for this purpose. The proxy is solicited by management and may be revoked or withdrawn by you at any time before it is exercised.

CHRISTOPHER & BANKS CORPORATION

2400 Xenium Lane North

Plymouth, Minnesota 55441

PROXY STATEMENT

Annual Meeting of Shareholders July 27, 2005

INFORMATION CONCERNING SOLICITATION

AND VOTING

This Proxy Statement is furnished by the Board of Directors of Christopher & Banks Corporation (the "Company") in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders (the "Meeting") of the Company to be held on Wednesday, July 27, 2005, at 3:00 p.m. Central Time, at 2800 LaSalle Plaza, 800 LaSalle Avenue, Minneapolis, Minnesota, and at all adjournments thereof for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement and the Notice of Meeting and Proxy are being mailed to shareholders on or about June 15, 2005.

The close of business on May 23, 2005 has been fixed as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting. At that date, the Company's outstanding voting securities consisted of 35,827,576 shares of common stock, par value \$.01 per share (the "Common Stock"). On all matters which will come before the Meeting, each shareholder or his proxy will be entitled to one vote for each share of Common Stock of which such shareholder was the holder of record on the record date. The aggregate number of votes cast by all shareholders present in person or by proxy at the Meeting will be used to determine whether a motion is carried. Thus, an abstention from voting on a matter by a shareholder, while included for purposes of calculating a quorum for the Meeting, has no effect on the item on which the shareholder abstained from voting. In addition, although broker "non-votes" will be counted for purposes of attaining a quorum, they will have no effect on the vote. Broker non-votes occur when brokers, who hold their customers' shares in street name, sign and submit proxies for such shares and vote such shares on some matters, but not others. This would occur when brokers have not received any instructions from their customers, in which case the brokers, as the holders of record, are permitted to vote on "routine" matters, which include the election of directors and ratification of auditors, but not on non-routine matters such as the approval of the Company's 2005 Stock Incentive Plan.

Any Proxy given pursuant to this solicitation may be revoked by the person giving it at any time prior to its use by (i) delivering to the principal office of the Company a written notice of revocation, (ii) filing with the Company a duly executed Proxy bearing a later date or (iii) attending the Meeting and voting in person.

The costs of this solicitation will be borne by the Company. The Company will request brokerage houses and other nominees, custodians and fiduciaries to forward soliciting material to

beneficial owners of the Company's Common Stock. The Company will reimburse brokerage firms and other persons representing beneficial owners for their expenses in forwarding solicitation materials to beneficial owners.

PROPOSAL ONE

ELECTION OF CLASS 2 DIRECTORS

General

The Company's Certificate of Incorporation provides that the Board of Directors be divided into three classes of directors of as nearly equal size as possible. The Company's Bylaws further provide that the total number of directors will be determined exclusively by the Board of Directors. Directors are elected for a term of three years and the terms are staggered. Joseph E. Pennington, Larry C. Barenbaum and Donald D. Beeler are the directors in the class whose term expires at the Meeting. The Board of Directors have nominated and recommended that Messrs. Pennington, Barenbaum and Beeler be reelected as Class 2 directors, to hold office until the 2008 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified. The Board has no reason to believe that any of the nominees of the Board will be unavailable or unable to serve as a director if elected.

There is no family relationship among the nominees or between any nominee and any of the Company's other directors.

Voting Information

Proxies solicited by the Board of Directors will, unless otherwise directed, be voted to elect Messrs. Pennington, Barenbaum and Beeler. The affirmative vote of the majority of shares of Common Stock present and entitled to vote at the Meeting is necessary to elect each nominee. A shareholder submitting a Proxy may vote for all or any of the nominees for election to the Board of Directors or may withhold his or her vote from all or any of such nominees. **IF A SUBMITTED PROXY IS PROPERLY SIGNED BUT UNMARKED IN RESPECT OF THE ELECTION OF DIRECTORS, IT IS INTENDED THAT THE PROXY AGENTS NAMED IN THE PROXY WILL VOTE THE SHARES REPRESENTED THEREBY FOR THE ELECTION OF ALL OF THE NOMINEES.** All of the nominees have agreed to serve the Company as a director if elected. However, should any nominee become unwilling or unable to serve if elected, the Proxy Agents named in the Proxy will exercise their voting power in favor of such other person as the Board of Directors of the Company may recommend. The Company's Certificate of Incorporation prohibits cumulative voting and requires that each director be elected by a majority of the voting power of the shares represented and voted at the Meeting.

The Board of Directors recommends a vote FOR the election of each of the nominees for Class 2 Director.

The table below gives certain information concerning the nominees and other directors:

Name	Age	Nominee or Continuing Director in Term	Director Since
Joseph E. Pennington	59	Director; nominee with term expiring in 2008	1999
Larry C. Barenbaum	58	Director; nominee with term expiring in 2008	1992
Donald D. Beeler	69	Director; nominee with term expiring in 2008	1992
William J. Prange	51	Director with term expiring in 2006	1998
James J. Fuld, Jr.	57	Director with term expiring in 2006	1986
Anne L. Jones	59	Director with term expiring in 2007	2000
Robert Ezrilov	60	Director with term expiring in 2007	2001

Nominees and Directors

Class 2 Nominees

Joseph E. Pennington has served as director, President and Chief Operating Officer of the Company since September 1999. From March 1998 through August 1999, Mr. Pennington was Executive Vice President and Chief Operating Officer. Mr. Pennington was a Vice President of the Company from February 1997 through February 1998. From April 1996 through January 1997, Mr. Pennington was self-employed, providing consulting services to retail companies including the Company. Mr. Pennington was President and Chief Executive Officer of American Specialty Corp., d/b/a the id, from June 1994 through March 1996. From January 1990 through May 1994, he was a Vice President of the id. From 1976 through 1989, Mr. Pennington held various positions with Foxmoor Stores, including Vice President from 1984 through 1989.

Larry C. Barenbaum has served as a director of the Company since March 1992. Since November 1991, Mr. Barenbaum has engaged in investment activities and has provided consulting services to various companies in the specialty retail and services industries. From 1986 to November 1991, Mr. Barenbaum was Chairman and Chief Executive Officer of Lawrence Jewelry Company, a fashion, wholesale jewelry distribution company he founded in 1970. Mr. Barenbaum serves on the Board of Directors of Drake Bank Holding Company.

Donald D. Beeler has served as a director of the Company since March 1992. From 1986 to October 1999, Mr. Beeler was Chairman and Chief Executive Officer of Snyder's Drug Stores, Inc. (Snyder's), a Minneapolis-based retailer which operated a chain of 56 stores. In addition, Snyder's operated a wholesale program, by contract, which supplied over 800 independent retailers in the United States. In October 1999, Snyder's was sold to Katz Enterprises, Inc. and

Mr. Beeler retired.

Class 1 Directors

Anne L. Jones has served as a director of the Company since January 2000. From 1979 to the present, Ms. Jones has served as Chief Executive Officer of Jones Consulting Group, Inc., an organizational development consulting firm. In 2000, Ms Jones partnered to form BancPlan LLC and developed an internet-based strategic assessment tool assisting community banks in the strategic planning process. Prior thereto, Ms Jones served in various sales and product development capacities with IBM from 1968 to 1979. Ms. Jones serves on the Board of Directors of Ebenezer Society, Minneapolis, Minnesota and the Jones Family Foundation, Red Wing, Minnesota.

Robert Ezrilov has served as a director of the Company since August 2001. From May 2002 to the present, Mr. Ezrilov has served in various capacities, most recently as Chief Executive Officer, of Cogel Management Co., an investment management company. From April 2001 to May 2002, Mr. Ezrilov served as an independent consultant. From July 1997 to April 2001, Mr. Ezrilov served as President of Metacom, Inc., a company that sold prerecorded music on interactive displays. Mr. Ezrilov was self-employed as a business consultant from April 1995 to July 1997. Prior to April 1995, he was a partner with Arthur Andersen LLP, which he joined in 1966. Mr. Ezrilov also serves on the Board of Directors of C. H. Robinson Worldwide, Inc., a transportation service provider and Zomax, Inc., an international outsource provider of process management services.

Class 3 Directors

William J. Prange has served the Company as Chairman and Chief Executive Officer since September 1999. From March 1998 through August 1999, he was President and Chief Executive Officer. He has served as a director of the Company since September 1998. From July 1997 through February 1998, Mr. Prange was President and Chief Merchandising Officer and from April 1995 through June 1997, he was Senior Vice President and General Merchandising Manager of the Company. From April 1994 through March 1995, Mr. Prange served as Vice President and General Merchandising Manager of the Company. From 1989 to 1994, he was President and General Merchandise Manager of the id, a division of H.C. Prange Company. From 1987 to 1989, he was Vice President and General Merchandise Manager of the id. From 1985 to 1987, Mr. Prange was Vice President and General Merchandise Manager of Prange Department Stores. Mr. Prange's brother, John Prange, serves the Company as Vice President Human Resources.

James J. Fuld, Jr. has served as a director of the Company since 1986. From November 1986 to December 1990, he served as Secretary of the Company. Since December 1979, Mr. Fuld has been the Chairman, President and sole shareholder of James J. Fuld, Jr. Corp., a private financial and management consulting firm which focuses on retail and consumer product companies. Mr. Fuld served for approximately one year as the non-employee Chairman of the Board of J. Silver Clothing, Inc., a retailer, which filed under the United States Bankruptcy Code on February 25, 2005.

CORPORATE GOVERNANCE AND BOARD MATTERS

Governance Principles; Code of Ethics

The Board of Directors is elected by the shareholders to oversee our business and affairs. Members of the Board monitor and evaluate our business performance through regular communication with our Chief Executive Officer and other members of management, and by attending Board and Board committee meetings. In addition, the Board advises management regarding a broad range of subjects including the Company's strategies and operating plans.

The Board believes in the value of effective corporate governance and adherence to high ethical standards. As such, the Board has adopted Corporate Governance Guidelines and the Christopher & Banks Code of Business Conduct and Ethics, both of which may be viewed on our web site at www.christopherandbanks.com under Our Business select the Investor Relations link and then the Corporate Governance link.

Director Independence

Our Corporate Governance Guidelines provide that a majority of the directors of the Corporation shall meet the criteria for independence in accordance with the requirements of the New York Stock Exchange (NYSE) corporate governance rules. To be considered independent under the NYSE rules, the Board must affirmatively determine that a director or director nominee does not have a material relationship with the Company (directly, or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board reviewed director independence. As a result of this review, the Board determined that five of the seven current directors (including two of the three directors being nominated for re-election at the annual meeting) are independent of the Company and its management under the standards set forth in the Corporate Governance Guidelines. The independent directors are Mr. Barenbaum, Mr. Beeler, Mr. Ezrilov, Mr. Fuld and Ms. Jones. Mr. Prange and Mr. Pennington are considered inside directors because of their continued employment as senior executives of the Company.

Executive Sessions

During fiscal 2005, the non-management directors met in executive sessions without management on four occasions. Larry C. Barenbaum presided over these executive sessions as the lead director.

Stock Ownership Guidelines

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The Board has established stock ownership guidelines for non-employee directors. Within three years of joining the Company's Board of Directors, each director is expected to achieve and maintain stock ownership equal to 10,000 shares. Current directors are required to meet this

threshold by December 31, 2006. The Board is in the process of establishing stock ownership guidelines for the Company's executive officers.

Term/Age Limits

The Board does not believe it is advisable to establish arbitrary term limits on directors' service. The Board has a mandatory retirement age under which the director must complete their term before age 73. As part of its responsibilities, the Nominating and Corporate Governance Committee shall evaluate each incumbent director's qualifications, performance and ability to continue to contribute productively before recommending the nomination of that director for an additional term.

Limitation on Board Service

No member of the Board shall simultaneously serve on the boards of directors of more than three public companies other than the Company. A director shall notify the Chairman of the Board prior to becoming a director of another public company in order to avoid potential conflicts of interest and to address whether the aggregate number of directorships held by such director would interfere with his or her ability to carry out his or her responsibilities as a director of the Company. In the event that the Board determines that the additional directorship constitutes a conflict of interest or interferes with such director's ability to carry out his or her responsibilities as a director of the Company, such director, upon the request of the Board, shall either offer his or her resignation or not accept the other directorship.

Meeting Attendance

Each of our directors is expected to make a reasonable effort to attend all meetings of the Board, applicable committee meetings and our annual meeting of shareholders. Six of our directors attended the 2004 annual meeting. During the fiscal year ended February 26, 2005, the Board of Directors held seven meetings. Each director attended at least 75% of the aggregate total number of meetings of the Board of Directors plus the total number of meetings of all committees of the Board on which he or she served.

Committees of the Board of Directors

The Board of Directors has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of these committees has a written charter which may be viewed on our Web site at www.christopherandbanks.com under Our Business select the Investor Relations link and then the Corporate Governance link. The charters include information regarding the committees' composition, purpose and responsibilities.

The Board has determined that all members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee qualify as independent directors as defined under the NYSE corporate governance rules.

The following table summarizes the membership of the Board and each of its Committees as well as the number of times each met during the year ended February 26, 2005.

Director	Board	Audit	Compensation	Corporate Governance and Nominating
Mr. Prange	Chair			
Mr. Pennington	Member			
Mr. Fuld	Member		Member	Chair
Mr. Beeler	Member	Member		Member
Mr. Barenbaum	Member	Member	Member	Member
Ms. Jones				