BURLINGTON COAT FACTORY WAREHOUSE CORP
Form 10-K
August 29, 2003

FORM 10-K

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

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2003,

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: **1-8739**

BURLINGTON COAT FACTORY WAREHOUSE CORPORATION
(Exact Name of Registrant as specified in its charter)

State or other jurisdiction: **Delaware**

I.R.S. Employer incorporation or
organization Identification No.: **22-1970303**

1830 Route 130, Burlington, New Jersey 08016
(Address of principal executive offices) (Zip Code)

Registrant's telephone number,
including area code: **(609) 387-7800**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class: **Common Stock, $1.00 par value per share**

Name of each exchange
on which registered: **New York Stock Exchange**

Securities Registered pursuant to Section 12(g) of the Act:

Title of Class: **None**

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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___.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [**X**]

Indicate by check mark whether the registrant is an accelerated filer. YES X NO___.

The aggregate market value of the Common Stock, $1.00 par value ("Common Stock"), of the registrant held by non-affiliates of the registrant, as determined by reference to the closing price of the Common Stock on the New York Stock Exchange as of November 29, 2002, was $333,849,273.

As of July 31, 2003, the number of shares of Common Stock, $1.00 par value, outstanding was 44,541,866.

The documents incorporated by reference into this Form 10K:

Registrant's Proxy Statement

to be filed pursuant to Regulation 14A.

The Part of the Form 10-K into which the document is incorporated:

Part III

PART I

Item 1. Business

Burlington Coat Factory Warehouse Corporation and its subsidiaries (the "Company" or "Burlington Coat") operate, through its Burlington Coat Factory division, a chain of department stores which offer a broad range of moderate to higher priced, current brand name merchandise for men, women and children at prices substantially below traditional full retail prices generally charged by other department and specialty stores. Burlington Coat offers customers a complete line of men's, women's and children's wear and accessories (such as handbags, belts, perfume, watches, etc.) as well as a linens (linens, bath shop items, gifts and luggage) department in two hundred eighty-two of its stores, a children's furniture department in two hundred seventy-two of its stores, and a shoe department in two hundred ninety-four of its stores. The Company also offers merchandise for sale through its internet subsidiary, Burlington Coat Factory Direct Corporation, on the worldwide web (www.bcfdirect.com). The Company's policy of buying significant quantities of merchandise throughout the year, maintaining inventory control and using a "no-frills" merchandising approach, allows it to offer merchandise at prices below traditional full retail prices. Merchandise is displayed on easy access racks, and sales assistance generally is available. Clothing alteration services are available on a limited basis in many stores for an additional charge.

Burlington Coat's practice of purchasing outerwear early in each fashion season and of reordering in rapid response to sales has enabled it to maintain a large, current and varied selection of outerwear throughout each year. Although the Company believes that this practice helps attract customers to its stores, to the extent the Company maintains a relatively large inventory of merchandise, particularly outerwear, the risks related to style changes, weather and other seasonal factors, and economic conditions are necessarily greater than if the Company maintained smaller inventories.

An important factor in Burlington Coat's operations has been its continued ability to purchase desirable, first-quality, current brand, labeled merchandise directly from manufacturers on terms at least as favorable as those offered to other department and specialty stores. The Company estimates that over 1,000 manufacturers of apparel, including over 200 manufacturers of outerwear, are represented at the Company's stores, and that no manufacturer accounted for more than 5% of the Company's purchases during the last full fiscal year. The Company does not maintain any long term or exclusive commitments or arrangements to purchase from any manufacturer. No assurance can be given that the Company will be able to continue to purchase such merchandise directly from

manufacturers or to continue its current selling price structure. See "

Competition."

The Company sells its merchandise to retail customers for cash and accepts checks and most major credit cards. The Company's "Cohoes" division also offers its own credit card. In addition, the Company maintains a layaway plan and offers special orders on selected merchandise. It does not offer refunds, except on defective merchandise and certain sales from specialty retail operations, but will exchange merchandise or give store credit for merchandise returned within a prescribed period of time.

The Company advertises primarily on television and, to a lesser extent, in regional and local newspapers and radio. During the past three fiscal years, advertising expenditures have averaged approximately 2.4% of total revenues.

The Company has two major product segments, apparel and home products. The apparel segment includes departments offering all clothing items for men, women and children and apparel accessories such as shoes, jewelry, perfumes and watches. The home products segment includes departments offering linens, home furnishings, gifts, baby furniture and baby furnishings. Net revenues from the sale of apparel products for fiscal years 2003, 2002 and 2001 were $2.1 billion, $2.0 billion and $1.9 billion, respectively. Net revenues from the sale of home products for fiscal years 2003, 2002 and 2001 were $0.6 billion, $0.6 billion, and $0.5 billion, respectively.

The Stores

As of July 31, 2003, the Company operated three hundred twenty-eight department stores, all but forty-three of which are located in leased facilities ranging in size (including storage space) from approximately 20,000 to approximately 178,000 square feet, with an average area of approximately 77,600 square feet. Total store gross square footage increased to approximately 25,500,000 square feet, an increase of 6.0% over a year ago. Selling space accounts for over eighty percent of the total area in most stores.

All of the Company's department stores are either free-standing or are located in shopping malls, strip shopping centers or other commercial complexes. The Company believes that its customers are attracted to its stores principally by the availability of a large assortment of first-quality current brand name merchandise at attractive prices.

The Company also operates stores under the names "Cohoes Fashions," "MJM Designer Shoes" and "Luxury Linens." Cohoes Fashions offers merchandise in the middle to higher price range. MJM Designer Shoes offers moderately priced designer and fashion shoes. Luxury Linens is a specialty store for linens, bath shop items, gifts and accessories and offers merchandise in the middle to higher range. The Company also operates one stand-alone store under the name "Totally 4 Kids" and one stand-alone store under the name "Baby Depot". Through June 2003, the Company operated seven stores under the name "Decelle." During July 2003, these stores were closed. The Company intends to convert three stores formerly operated as Decelle stores to Burlington Coat Factory Stores and two stores formerly operated as Decelle stores to Cohoes Fashions stores.

In general, Burlington Coat has selected sites for its stores where there are suitable existing structures which can be refurbished, and, if necessary, enlarged, in a manner consistent with the Company's merchandising concepts. In some cases, space has been substantially renovated or built to specifications given by Burlington Coat to the lessor. Such properties have been available to the Company on lease terms which it believes have been favorable. See "

Growth and Expansion."

The stores generally are located in close proximity to population centers, other department stores and other retail operations and are usually established near a major highway or thoroughfare, making them easily accessible by automobile. It is likely that the Company would be adversely affected by any conditions which were to result in the reduction of automobile use.

The Company owns substantially all the equipment used in its stores and believes that its selling space is well utilized and that its equipment is well maintained and suitable for its requirements.

Some stores contain departments licensed to unaffiliated parties for the sale of items such as lingerie, fragrances, shoes and jewelry. During the fiscal year ended May 31, 2003, the Company's rental income from all of its licensed departments aggregated less than 1% of the Company's total revenues.

Central Distribution

Central distribution, warehousing, ticketing and marking services are extended to approximately fifty-three percent of the dollar volume of the Company's merchandise through its office and warehouse/distribution facility in Burlington, New Jersey. This facility services the Company's present stores. The Company is leasing two additional warehouse facilities of approximately

165,000 square feet and 300,000 square feet, respectively, nearby to its existing warehouse distribution center for the purpose of warehousing and distributing its juvenile furniture and furnishings inventory and other items. See "

Growth and Expansion."

Safe Harbor Statement

Statements made in this report that are forward-looking (within the meaning of the Private Securities Litigation Reform Act of 1995) are not historical facts and involve a number of risks and uncertainties. Such statements include but are not limited to, proposed store openings and closings, proposed capital expenditures, projected financing requirements, proposed developmental projects, projected sales and earnings, and the Company's ability to maintain selling margins. Among the factors that could cause actual results to differ materially are the following: general economic conditions; consumer demand; consumer preferences; weather patterns; competitive factors, including pricing and promotional activities of major competitors; the availability of desirable store locations on suitable terms; the availability, selection and purchasing of attractive merchandise on favorable terms; import risks; the Company's ability to control costs and expenses; unforeseen computer related problems; any unforeseen material loss or casualty; the effect of inflation; and other factors that may be described in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied will not be realized.

Growth and Expansion

(1) Stores Growth

Since 1972 when its first store was opened in Burlington, New Jersey, the Company has expanded to three hundred seven Burlington Coat Factory department stores, five Cohoes Fashions stores, ten MJM Designer Shoes stores and four stand-alone Luxury Linens stores. The Company also operates one stand-alone Totally 4 Kids store and one stand-alone Baby Depot store.

At July 31, 2003 the Company operated stores in 42 states and is exploring expansion opportunities both within its current market areas and in other regions. For fiscal 2004, the Company plans to open approximately twenty additional Burlington Coat Factory department stores, four MJM Designer Shoes stores and one Baby Depot store. * In addition, the Company intends to convert three stores formerly operated as Decelle stores to Burlington Coat Factory Stores and two stores formerly operated as Decelle stores to Cohoes Fashions stores.*

* Forward Looking Statement. See

Safe Harbor Statement on page 6.

For fiscal 2004, the Company has planned store expansions and remodelings for approximately twenty-six stores.* In addition, the Company plans to relocate approximately eight of its stores to new locations within the same trading market.* The Company continues to monitor store profitability and should economic factors change, some store closings could be possible.

The Company believes that its ability to find satisfactory locations for its stores is essential for the continued growth of

its business. The opening of stores generally is contingent upon a number of factors, including the availability of desirable locations with suitable structures and the negotiation of acceptable lease terms. There can be no assurance, however, that the Company will be able to find suitable locations for new stores or that even if such locations are found and acceptable lease terms are obtained, the Company will be able to open the number of new stores presently planned.

During the Fall of 1999, the Company introduced an improved store design for its new stores. The new design creates a more intimate, customer-friendly environment by implementing changes in store layout, ceiling plan, lighting, fixturing and overall color direction. The new store design was extended to a total of one hundred sixty-four stores in fiscal 2003. It is being used in all new stores and will be implemented in existing stores as they are remodeled or expanded.

(2) Operations

In July of 2003, the Company completed the roll-out of new point-of-sale register systems to all of the Company's stores. The new register systems will allow the Company to move forward with new payment methodologies and technologies and will provide necessary flexibility as these methodologies and technologies evolve over time.* This roll-out was part of a multi-year store systems upgrade which will include gift cards, new software, customer loyalty programs, and new debit and signature capture terminals.

During the Fall of fiscal 2003, the Company launched its stored value card and gift card programs. The cards are reusable plastic wallet-sized cards that substantially replace the Company's paper gift certificates and store credits. The cards should allow for improved control over the administration of store credit and gift certificate services. The Company hopes that these cards will be the foundation of its customer loyalty program.*

The Company is constructing a new facility of approximately 650,000 square feet in Edgewater Park, New Jersey. This new facility will expand the Company's warehousing and distribution capacity and allow the Company to increase its percentage of centrally received goods. The new facility is expected to be operational by September of 2003. The new facility will also contain a new data center. This data center and the existing data center at the Company's corporate headquarters will be active operational data centers connected by a high speed telecommunications network. These facilities will provide back up to each other in the case of an event causing a loss of data at one of the facilities.*

(3) Merchandising

During the second quarter of fiscal 2002, the Company opened its first stand-alone specialty shoe store in East Meadow, New York, offering designer and fashion shoes. The Company expanded this concept to an additional nine stand-alone shoe stores under the name "MJM Designer Shoes" through fiscal 2003. The Company currently plans to open four additional MJM Designer Shoes stores in fiscal 2004.*

* Forward Looking Statement. See

Safe Harbor Statement on page 6.

During fiscal 2000, the Company entered into an agreement with Christopher Lowell, the Emmy Award winning host of a home decorating and design show aired on cable television, for the creation of an exclusive line of home furnishings and accessories. The Christopher Lowell Collection is presented as a concept shop within the Company's existing linens and gift area. The shop features Christopher Lowell's line of home furnishings including bedding, window treatments, bath accessories and picture frames. As of the end of fiscal 2003, the Christopher Lowell Collection was offered in all of the Company's linens departments. During fiscal 2003, the Company expanded the offerings of the Christopher Lowell Collection to include tableware, dinnerware and drinkware.

The Company offers merchandise for sale through its internet subsidiary, Burlington Coat Factory Direct Corporation, on the worldwide web. During the Spring of 2000, the Company relaunched its on-line shopping web site (www.bcfdirect.com). The site features over 7,000 items, shopping cart functionality, item search capability and a secure on-line payment processing system. An order management system allows for vendor direct, warehouse and store-based fulfillment of orders. Web site product data is tied to the Company's inventory systems for maintenance of prices and item availability. The Company plans to expand the merchandise mix offered through its web site, to upgrade its internet marketing and promotional capabilities and to further develop and automate its fulfillment and customer service systems, however, no assurance can be given that this venture will be successful.*

The Company seeks to maintain its competitive position and improve its prospects by periodically reevaluating its methods of operation, including its pricing and inventory policies, the format of its stores and its ownership or leasing of stores.

Seasonality

The Company's business is seasonal, with its highest sales occurring in the months of September, October, November, December and January of each year. For the past five fiscal years, approximately 53% of the Company's net sales have occurred during the period from September through January. Weather, however,

* Forward Looking Statement. See

Safe Harbor Statement on page 6.

continues to be an important contributing factor to the sale of clothing in the fall, winter and spring seasons. Generally, the Company's sales are higher if the weather is cold during the fall and warm during the early spring. See "

Management's Discussion and Analysis of Financial Condition and Results of Operations."

Operations

Each store has a manager and one or more assistant managers, as well as department managers. The Company also employs regional and district managers to supervise overall store operating and merchandising policies. Major merchandising decisions are made, overall policies are set, and accounting and general financial functions for the Company's stores are conducted, at corporate headquarters. In addition, other operations such as real estate, store operations, loss prevention, merchandise presentation, customer service, and human resources, are managed on a Company-wide basis.

Merchandise purchased by the Company is either shipped directly from manufacturers to store locations or distributed through the Company's warehousing and distribution facilities. See "

Central Distribution." A computerized merchandise information system provides regular detailed reports of sales and inventory levels for each store and assists the merchandise managers and buyers in monitoring and adjusting inventory levels.

At July 31, 2003, the Company had approximately 23,000 employees, including a large number of part-time and seasonal employees which varies throughout the year. Of the Company's employees, only those employed at two of its stores are members of collective bargaining units. The Company cannot predict whether any future attempts to unionize its employees will be successful. The Company believes that its relationship with its employees has been and remains satisfactory.

Competition

General. The retail business is highly competitive. Competitors include other department stores as well as individual, regional, and national "off-price" retailers and discount store chains. At various times throughout the year, traditional full-price department store chains and specialty shops offer brand name merchandise at substantial markdowns, which can result in prices approximating those offered by the Company at its Burlington Coat Factory department stores. Some of the Company's competitors

are considerably larger than the Company and have substantially greater financial and other resources.

Resale Price Maintenance. Since it is the general policy of the Company to sell at lower than the traditional full retail price, its business may be adversely affected by manufacturers who attempt to maintain the resale price of their merchandise by refusing to sell or grant advertising allowances to purchasers who do not adhere to their suggested retail prices. Federal legislation and regulations have been proposed from time to time which, if enacted, would be helpful to manufacturers attempting to establish minimum prices or withhold allowances. In addition, the rules against resale price maintenance have been subject to challenge in the courts from time to time.

The Company has, on several occasions in the past, brought lawsuits against certain manufacturers and department store chains and complained to the Federal Trade Commission seeking more vigorous enforcement of existing Federal laws, as well as testified before Congress in connection with proposed legislation concerning the Federal antitrust laws.

Available Information

The Company's website is www.coat.com. The Company makes available on this website, free of charge, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as soon as practical after such reports are filed with the Securities and Exchange Commission. Information contained on this website is not part of this report.

Item 2. Properties

The Company owns the land and/or building for forty-three of its stores. Generally, however, the Company's policy has been to lease its stores. Store leases generally provide for fixed monthly rental payments, plus the payment, in most cases, of real estate taxes and other charges with escalation clauses. In many locations, the Company's store leases contain formulas providing for the payment of additional rent based on sales.

The following table shows the years in which store leases existing at July 31, 2003 expire:

Fiscal Years Ending May 31	Number of Leases Expiring	Expiring with Renewal Options
2004-2005	15	41
2006-2007	7	55
2008-2009	13	74
2010-2011	4	32

2012-2013	2	28
Thereafter	22	27
Total	63	257

The Company owns five buildings in Burlington, New Jersey. Of these buildings, two are used by the Company as retail space. In addition, the Company owns approximately 97 acres of land in the Townships of Burlington and Florence, New Jersey on which the Company has constructed its office and warehouse/distribution facility. The Company leases two warehouse facilities of approximately 165,000 square feet and 300,000 square feet, respectively, at locations nearby to the warehouse/distribution facility. The Company leases approximately 20,000 square feet of office space in New York City. The Company owns approximately forty-six acres of land in Edgewater Park, New Jersey on which the Company is constructing a new facility of approximately 650,000 square feet. This new facility will expand the Company's warehousing and distribution. The new facility is expected to be operational by September of 2003.*

Item 3. Legal Proceedings

In the past, the Company has initiated several lawsuits in its effort to stop what it believes to be unlawful practices on the part of certain manufacturers and large retailers to control the prices at which certain items of merchandise may be sold at the Company's stores.

Item 4. Submission of Matters to a Vote of Security Holders

The Company did not submit any matter to a vote of its security holders during the fourth quarter of fiscal 2003.

* Forward Looking Statement. See

Safe Harbor Statement on page 6.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock is traded on the New York Stock Exchange and its trading symbol is "BCF."

The following table provides the high and low closing prices on the New York Stock Exchange for each fiscal quarter for the period from June 3, 2001 to May 31, 2003 and for the two months ended July 31, 2003.

Period	Low Price	High Price
June 3, 2001 to September 1, 2001	14.1000	20.5000
September 2, 2001 to December 1, 2001	12.8500	16.7000

December 2, 2001 to March 2, 2002	15.2000	18.3000
March 3, 2002 to June 1, 2002	18.0000	23.4000
June 2, 2002 to August 31, 2002	17.3500	22.1700
September 1, 2002 to November 30, 2002	16.5500	21.4800
December 1, 2002 to March 1, 2003	15.5000	21.3500
March 2, 2003 to May 31, 2003	15.7000	17.9000
June 1, 2003 to July 31, 2003	17.2200	18.8100

At July 31, 2003, there were 246 record holders of the Company's Common Stock. The number of record holders does not reflect the number of beneficial owners of the Company's Common

Stock for whom shares are held by Cede & Co., certain brokerage firms and others.

Dividend Policy

The Board of Directors of the Company declared an annual cash dividend of three cents ($0.03) per share on August 14, 2003, payable on December 8, 2003, to stockholders of record on November 14, 2003. The Company expects the paid dividend to be approximately $1.3 million. A cash dividend of two cents ($0.02) per share for fiscal 2003 was declared on October 24, 2002, and was paid on November 30, 2002, to stockholders of record on November 6, 2002. The paid dividend amounted to $0.9 million. Maintenance of the cash dividend policy or any change thereto in the future will be at the discretion of the Company's Board of Directors and will depend upon the financial condition, capital requirements and earnings of the Company as well as other factors which the Board of Directors may deem relevant. At present, the policy of the Board of Directors of the Company is to retain the majority of earnings to finance the growth and development of the Company's business.

Item 6. Selected Financial Data

The following tables set forth certain selected financial data:

Twelve Months Ended	Twelve (1) Months Ended	Twelve Months Ended	Twelve Months Ended	Twelve Months Ended

	5/29/99	6/3/00	6/2/01	6/1/02	5/31/03
	(In thousands of dollars, except per share data)				
Statement of Operations Data:					
Revenues	$1,968,784	$2,226,183	$2,428,584	$2,602,830	$2,724,691
Net Income Before Cumulative Effect of Accounting Change	47,783	62,476	71,025	66,864	64,957
Net Income	47,783	61,120	71,025	66,864	64,957
Basic Net Income Per Share Before Cumulative Effect of Accounting Change	1.02	1.37	1.60	1.51	1.46
Basic Net Income Per Share	1.02	1.34	1.60	1.51	1.46
Dividends Per Share	.02	.02	.02	.02	.02
Balance Sheet Data:					
Total Assets	$ 941,635	$1,047,147	$1,060,775	$1,273,791	$1,316,726
Working Capital	332,759	260,399	296,654	236,313	203,110
Long-Term Debt	52,970	8,105	7,560	22,245	34,587
Stockholders' Equity	548,156	586,441	655,371	722,498	788,021

(1) During fiscal 2000, the Company changed its method of accounting for layaway and lease department revenues and related costs.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company maintains its records on the basis of a 52-53 week fiscal year ending on the Saturday closest to May 31. The following discussion compares the twelve months (52 weeks) ended May 31, 2003 with the twelve months (52 weeks) ended June 1, 2002 and the twelve months (52 weeks) ended June 1, 2002 with the twelve months (52 weeks) ended June 2, 2001.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue returns, bad debts, inventories, income taxes, financing operations, asset impairment, retirement benefits, risk participation agreements, vendor promotional allowances, reserves for closed store and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors 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.

The Company believes that the following represent its more critical estimates and assumptions used in the preparation of the consolidated financial statements, although the list is not exhaustive:

The Company's inventory is valued at the lower of cost or market using the retail first-in, first-out ("FIFO") inventory method. Under the retail inventory method, the valuation of inventory at cost and resulting gross margin are calculated by applying a calculated cost to retail ratio to the retail value of inventory. The retail inventory method is an averaging method that has been widely used in the retail industry due to its practicality. Additionally, it is recognized that the use of the retail inventory method will result in valuing inventory at the lower of cost or market if markdowns are currently taken as a reduction of the retail value of inventory. Inherent in the retail inventory method calculation are certain significant management judgments and estimates including, merchandise markon, markups, markdowns and shrinkage which significantly impact the ending inventory valuation at cost as well as the resulting gross margin. Management believes that the Company's retail inventory method and application of FIFO provides an inventory valuation which approximates cost using a first-in, first-out assumption and results in carrying value at the lower of cost or market. Estimates are used to charge inventory shrinkage for the first three fiscal quarters of the fiscal year. An actual physical inventory is conducted at the end of the fiscal year to calculate actual shrinkage. The Company also estimates its required markdown allowances. If actual market conditions are less favorable than those projected by management, additional markdowns may be required. While the Company makes estimates on the basis of the best information available to it at the time estimates are made, over accruals or under accruals may be uncovered as a result of the physical inventory requiring fourth quarter adjustments.

The Company has risk participation agreements with insurance carriers with respect to workers' compensation and liability insurance. Pursuant to these arrangements, the Company is responsible for paying claims up to designated dollar limits. The amounts included in the Company's costs related to these claims are estimated and can vary based on changes in assumptions or claims experience included in the associated insurance programs.

The Company records reserves for future revenue returns. The reserves are based on current revenue volume and historical claim experience. If claims experience differs from historical levels, revisions in the Company's estimates may be required.

The Company tests for recoverability of long-lived assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This includes performing an analysis of anticipated undiscounted future net cash flows of long-lived assets. If the carrying value of the related assets exceeds the undiscounted cash flow, the Company reduces the carrying value to its fair value, which is generally calculated using discounted cash flows. Various factors including future sales growth and profit margins are included in this analysis. To the extent these future projections change, the conclusion regarding impairment may differ from the estimates. Future adverse changes in market conditions or poor operating results of underlying assets could result in losses or an inability to recover the carrying value of the assets that may not be reflected in an asset's current carrying value, thereby possibly requiring an impairment charge in the future.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Results of Operations

Twelve Months Ended
May 31, 2003 and June 1, 2002

The following table sets forth certain items in the consolidated statements of operations as a percentage of net sales for the twelve months ended May 31, 2003 and June 1, 2002.

	Percentage of Net Sales	
	Twelve Months Ended	
	May 31, 2003	June 1, 2002
Net Sales	100.0 %	100.0 %
Costs and Expenses:		
Cost of Sales	62.5	62.6
Selling and Administrative Expenses	31.7	31.8
Depreciation	2.5	2.3
Amortization	0.3	0.1
Interest Expense	0.1	-
	97.1	96.8
Other Income	1.0	1.0
Income Before Provision for Income Taxes	3.9	4.2
Provision for Income Taxes	1.5	1.6
Net Income	2.4 %	2.6 %

Performance for the Twelve Months (52 weeks) Ended May 31, 2003 Compared With the Twelve Months (52 weeks) Ended June 1, 2002

Consolidated net sales increased $120.2 million (4.7%) for fiscal 2003 compared with the similar period of a year ago. Comparative stores sales decreased 1.8% for the period.

Eighteen new and three relocated Burlington Coat Factory department stores opened during fiscal 2003 contributed $117.0 million to this year's net sales. Stores opened a year ago contributed $82.4 million to this year's net sales from the beginning of fiscal 2003 to the anniversary of their opening date. Twelve stores, which were in operation a year ago, but which were closed prior to this year, contributed $36.3 million to last year's sales. The three stores closed due to relocation and three additional stores closed during the current fiscal year contributed $26.1 million to last year's sales during their non-comparative periods of a year ago.

The Cohoes stores contributed $38.4 million to consolidated sales for the twelve months ended May 31, 2003 compared with $39.0 million for the twelve months ended June 1, 2002. Cohoes comparative store sales decreased 2.0% for the twelve month period.

Sales in fiscal 2003 for the Decelle stores were $25.2 million compared with $29.0 million for the twelve months ended June 1, 2002. Decelle comparative store sales decreased 12.8% for the twelve months ended May 31, 2003 compared with the similar twelve month period of a year ago.

The MJM Designer Shoes stores contributed $27.4 million to this year's sales compared with $7.9 million a year ago. As of May 31, 2003, four new MJM Designer Shoes stores were operating. These stores contributed $6.0 million to this year's sales. Three stores closed during the year contributed $0.9 million to last year's sales during their non-comparative periods.

Other income (consisting of rental income from leased departments, investment income and miscellaneous items) increased to $27.3 million for fiscal 2003 compared with $25.6 million for the similar period of a year ago. Decreases this year in investment income of approximately $0.9 million and rental income of approximately $0.1 million were offset by increases in miscellaneous items of approximately $2.7 million during fiscal 2003 as compared with fiscal 2002.

Cost of sales increased $74.3 million (4.6%) for the twelve months ended May 31, 2003 compared with the twelve months ended June 1, 2002. The dollar increase in cost of sales was due to the increase in net sales during the current fiscal year compared with the prior year. Cost of sales as a percentage of net sales decreased slightly from 62.6% in fiscal 2002 to 62.5% in fiscal 2003. During fiscal 2003, initial margins improved slightly as compared with fiscal 2002. The improvement in initial margins was offset by increased markdowns and inventory shrinkage as a percentage of sales for fiscal 2003 as compared with fiscal 2002.

Selling and administrative expenses increased $35.8 million (4.4%) from the 2002 period to the 2003 period. The increase in selling and administrative expenses was due primarily to the increased number of stores in operation during fiscal 2003 as compared with fiscal 2002. As a percentage of net sales, selling and administrative expenses were 31.7% for the twelve months ended May 31, 2003 compared with 31.8% for the twelve months ended June 1, 2002. During fiscal 2001, the Company established a $2.4 million reserve for the costs associated with the relocation of several stores. During fiscal 2003 and 2002, the Company paid $0.4 million and $1.0 million of these costs, respectively. In addition, during fiscal 2002, $1.0 million of the reserve was relieved due to an early termination of the lease by the landlord. During fiscal 2003, the Company established a $0.4 million reserve for future lease obligations relating to a store closed during fiscal 2003.

Depreciation expense amounted to $69.1 million in the twelve months ended May 31, 2003 compared with $59.6 million in the twelve months ended June 1, 2002. This increase of $9.5 million in the fiscal 2003 period compared with the comparative 2002 period is attributable primarily to capital additions relating to new store purchases, improvements, expansions and remodelings over the past two fiscal years.

Amortization expense was $7.4 million for the twelve months ended May 31, 2003 compared with $3.8 million for the similar period of a year ago. This increase is due mainly to amortization expense related to leaseholds for sixteen store locations purchased during fiscal 2003 for approximately $18.8 million.

Interest expense increased $1.8 million for the twelve months ended May 31, 2003 compared with the similar period of a year ago. The increase in interest expense is due primarily to interest expense related to the Company's capital leases. Interest expense related to capital lease obligations amounted to $2.1 million during fiscal 2003 as compared with $0.2 million during fiscal 2002. In addition, interest relating to the Company's borrowings under its lines of credit amounted to $0.2 million during fiscal 2003 compared with $0.3 million during fiscal 2002.

The provision for income taxes decreased to $39.3 million for the twelve months ended May 31, 2003 from $40.7 million for the similar fiscal period a year ago. This decrease in the tax provision was due to lower earnings. The effective tax rate for fiscal 2003 was 37.7% compared with 37.8% in the prior fiscal year. An increase in the Company's effective state tax rate, net of federal tax benefit, of approximately 1.4% was offset by a one-time federal tax adjustment realized by the Company during the current fiscal year.

Net income decreased $1.9 million to $65.0 million for the fiscal 2003 period from $66.9 million for the comparative 2002 period. Basic net income per share was $1.46 per share for fiscal 2003 compared with $1.51 per share for the comparative 2002 period. Diluted net income per share was $1.46 per share for fiscal 2003 as compared with $1.50 per share for fiscal 2002.

Recently, certain basic or commodity-type merchandise items have experienced deflation in their cost and their corresponding retail price. The Company does not believe this has had a significant impact on its sales volume to date. However, if this trend were to continue and to affect a greater portion of the Company's merchandise without a corresponding decrease in fixed expenses or increase in unit sales, the Company's gross sales and net income could be adversely affected.

Results of Operations

Twelve Months Ended
June 1, 2002 and June 2, 2001

The following table sets forth certain items in the consolidated statements of operations as a percentage of net sales for the twelve months ended June 1, 2002 and June 2, 2001.

	Percentage of Net Sales Twelve Months Ended June 1, 2002	 June 2, 2001
Net Sales	100.0 %	100.0 %
Costs and Expenses:		
Cost of Sales	62.6	63.2
Selling and Administrative Expenses	31.8	31.0
Depreciation	2.3	2.1

Amortization	0.1	0.1
Interest Expense	-	0.1
	96.8	96.5
Other Income	1.0	1.2
Income Before Provision for Income Taxes	4.2	4.7
Provision for Income Taxes	1.6	1.7
Net Income	2.6 %	3.0 %

Performance for the Twelve Months (52 weeks) Ended June 1, 2002 Compared With the Twelve Months (52 weeks) Ended June 2, 2001

Consolidated net sales increased $176.9 million (7.4%) for fiscal 2002 compared with the similar period of the prior year. Comparative stores sales decreased 0.3% for the period. Twenty new and seven relocated Burlington Coat Factory department stores, opened during fiscal 2002, contributed $171.8 million to sales. Stores opened during fiscal 2002 contributed $77.0 million to sales from the beginning of fiscal 2002 to the anniversary of their opening date. Nine stores, which were in operation during fiscal 2001, but which were closed prior to the beginning of fiscal 2002, contributed $30.4 million to sales for fiscal 2001.

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The Cohoes stores contributed $39.0 million to consolidated sales for the twelve months ended June 1, 2002 compared with $37.5 million for the twelve months ended June 2, 2001. Cohoes comparative store sales increased 4.3% for the twelve month period.

Sales in fiscal 2002 for the Decelle stores were $29.0 million compared with $32.4 million for the twelve months ended June 2, 2001. Decelle comparative store sales decreased 3.1% for the twelve months ended June 1, 2002 compared with the similar twelve month period of a year ago. One store, closed prior to the beginning of fiscal 2002, contributed $2.5 million to fiscal 2001 sales.

During the second fiscal quarter of fiscal 2002, the Company opened a stand-alone shoe store in East Meadow, New York. An additional eight stand-alone shoe stores were opened during the fourth quarter of fiscal 2002. These new stand-alone shoe stores contributed $7.9 million to fiscal 2002 sales.

Other income (consisting of rental income from leased departments, investment income and miscellaneous items) decreased to $25.6 million for fiscal 2002 compared with $28.3 million for fiscal 2001. This decrease is primarily the result of a decrease in investment income, resulting from a decrease in investment rates during the comparative periods, of approximately $4.5 million. These decreases were offset in part by an increase in rental income of $1.3 million and by the gain realized on the disposition of Company assets during fiscal 2002.

Cost of sales increased $95.0 million (6.3%) for the twelve months ended June 1, 2002 compared with the twelve months ended June 2, 2001. The dollar increase in cost of sales was due to the increase in net sales during the fiscal 2002 compared with fiscal 2001. Cost of sales as a percentage of net sales decreased from 63.2% in fiscal 2001 to 62.6% in fiscal 2002. This improvement was primarily the result of lower inventory shrinkage during fiscal 2002 compared with fiscal 2001 and lower markdowns taken as a percentage of sales during fiscal 2002 compared with fiscal 2001.

Selling and administrative expenses increased $75.0 million (10.1%) from the 2001 period to the 2002 period. As a percentage of net sales, selling and administrative expenses were 31.8% for the twelve months ended June 1, 2002 compared with 31.0% for the twelve months ended June 2, 2001. This increase was due mainly to an increase in the number of stores in operation and increases in payroll and payroll related expenses. During fiscal 2001, the Company established a $2.4 million reserve for the costs associated with the relocation of several stores. During fiscal 2002, the Company paid $1.0 million of these costs. In addition, $1.0 million of the reserve was relieved due to an early termination of the lease by the landlord.

Depreciation expense amounted to $59.6 million in the twelve months ended June 1, 2002 compared with $49.3 million in the twelve months ended June 2, 2001. This increase of $10.3 million in the fiscal 2002 period compared with the comparative 2001 period is attributable primarily to capital additions relating to new store purchases, improvements, expansions and remodelings over the prior two fiscal years.

Amortization expense was $3.8 million for the twelve months ended June 1, 2002 compared with $3.5 million for the similar period of fiscal 2001. The increase is primarily related to amortization of leaseholds purchased during fiscal 2002.

Interest expense decreased $0.6 million for the twelve months ended June 1, 2002 compared with the twelve months ended June 2, 2001. The decrease in interest expense is the result of a decrease in long term debt due to the recurring repayments of the Company's industrial development bonds and the prepayment of the entire remaining balance of the Company's subordinated notes in June 2000. In addition, interest relating to the Company's borrowings under its lines of credit amounted to $0.3 million during fiscal 2002 compared with $0.8 million during fiscal 2001. Interest expense related to capital lease obligations amounted to $0.2 million during fiscal 2002. There were no capital lease obligations during fiscal 2001.

The provision for income taxes decreased to $40.7 million for the twelve months ended June 1, 2002 from $42.1 million for the twelve months ended June 2, 2001. This decrease in the tax provision was due to lower earnings. The effective tax rate for fiscal 2002 was 37.8% compared with 37.2% in fiscal 2001. This rate increase is due primarily to decreases in tax-exempt interest earned by the Company during fiscal 2002 compared with fiscal year 2001 and to an increase in the effective state income tax rate for fiscal 2002 compared with fiscal 2001.

Net income decreased $4.2 million to $66.9 million for the fiscal 2002 period from $71.0 million for the comparative 2001 period. Net income per share was $1.51 per share for fiscal 2002 compared with $1.60 per share for the comparative 2001 period.

Liquidity and Capital Resources

During fiscal 2003, the Company opened eighteen Burlington Coat Factory Warehouse department stores and four MJM Designer Shoes stores. The Company closed six stores and relocated three others to new locations within their trading

areas. Expenditures incurred to acquire, set up and fixture new stores opened during fiscal 2003 were approximately $39.4 million. Expenditures for store relocations, store expansions and store refurbishings were approximately $45.9 million during fiscal 2003. During fiscal 2003, the Company acquired the leases of sixteen stores for $18.8 million. In addition, expenditures during fiscal 2003 for store locations to be opened during fiscal 2004 amounted to $20.4 million. Expenditures incurred in the construction of the Company's new distribution center in Edgewater Park, New Jersey amounted to $32.1 million. Other capital expenditures, consisting primarily of computer system enhancements and distribution center improvements amounted to $11.0 million for fiscal 2003. For fiscal 2004, the Company estimates that it will spend approximately $122.2 million for capital expenditures (i.e., building acquisitions, fixtures, equipment and leasehold improvements) in connection with the opening of approximately twenty-five to thirty-five new stores (including store relocations), remodeling and expansion of existing stores, expansion of the Company's home office and warehouse facilities, and computer enhancement projects.*

Recently several retail chain stores have filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code and subsequently have made many of their retail locations available for auction. The Company monitors such activity for desirable locations for its stores. In fiscal 2002, the Company acquired sixteen former Montgomery Ward locations. In fiscal 2003, the Company acquired an additional twelve former Kmart locations and two former Ames locations. Should additional locations become available from these or other retailers, the Company may seek to acquire a number of such locations in one or more transactions. If the Company undertakes such transactions, the Company may seek additional financing to fund acquisition and carry charges (i.e., the cost of rental, maintenance, tax and other obligations associated with such properties from the time of commitment to acquire to the time that such locations can be readied for opening as Company stores) related to these stores.* There can be no assurances, however, that any additional locations will become available from other retailers or that, if available, the Company will undertake to bid or be successful in bidding for such locations. Furthermore, to the extent that the Company decides to purchase additional store locations, it may be necessary to finance such acquisitions with additional long term borrowings*

From time to time, the Company repurchases shares of its stock. These purchases are reflected as treasury stock in the equity section of the balance sheet. During fiscal 2003, the Company did not repurchase any shares of its stock. During fiscal 2003, the Company reissued 51,045 shares of treasury stock as part of its required contribution to the Company's 401(k) and profit sharing plans. As of May 31, 2003 the Company had authority to purchase an additional $3.6 million of its stock.

Working capital decreased to $203.1 million at May 31, 2003 from $236.3 million at June 1, 2002. At June 2, 2001, working capital was $296.7 million.

Net cash provided by operating activities of $74.0 million for fiscal 2003 decreased by $159.4 million from $233.4 million in net cash provided by operating activities for fiscal 2002. This decrease in net cash from operations was due primarily to a decrease the Company's accounts payable position as of May 31, 2003 compared with June 1, 2002.

*Forward Looking Statement. See

Safe Harbor Statement on page 6.

On August 14, 2003, the Board of Directors of the Company declared a cash dividend in the amount of three cents (.03) per share payable on December 8, 2003 to stockholders of record on November 14, 2003. The Company expects the paid dividend to be approximately $1.3 million. On October 24, 2002, the Board of Directors of the Company declared a cash dividend in the amount of two cents ($0.02) per share. This cash dividend was paid on November 30, 2002, to stockholders of record on November 6, 2002. The paid dividend amounted to $0.9 million.

The Company's long-term borrowings at May 31, 2003 consisted of an industrial development refunding bond of $7.0 million issued by the New Jersey Economic Development Authority (the "Refunding Bonds"), a $1.7 million loan from the Burlington County Board of Chosen Freeholders and capital lease obligations of $26.8 million.

The Refunding Bonds consist of serial and term bonds. The serial bonds aggregate $0.6 million and mature on September 1, 2003. The term bonds consist of two portions, $1.4 million maturing on September 1, 2005 and $5.0 million maturing on September 1, 2010. The serial bonds bear interest at 5.4% per annum, and the term bonds bear interest at the rates of 5.6% for the portion maturing on September 1, 2005 and 6.125% per annum for the portion maturing on September 1, 2010. The average interest rate and average scheduled maturity of the Refunding Bonds are 6.0% and 4.3 years, respectively. During fiscal 2003, the Company expended approximately $0.6 million for the repayment of the Refunding Bonds. Payment of the principal and interest are guaranteed under an irrevocable letter of credit in the amount of $7.8 million.

On December 5, 2001, the Company borrowed $2.0 million from the Burlington County Board of Chosen Freeholders. The proceeds were used for part of the acquisition and development costs of a new warehouse facility in Edgewater Park, New Jersey. The loan is interest-free and matures on January 1, 2012. The loan is to be repaid in monthly installments of $16,667 which began on February 1, 2002.

On August 15, 2003, the Company and its wholly-owned subsidiary, Burlington Coat Factory Warehouse of New Jersey, Inc., entered into a Note Purchase Agreement with a group of institutional investors for the sale of an aggregate of $100 million of Senior Notes. The Notes will be issued in two tranches. The Series A Notes will aggregate $36 million at an interest rate of 4.06% due September 30, 2010 with an average life of five years. The Series B Notes will aggregate $64 million at an interest rate of 4.67% due September 30, 2013 with an average life of seven years. The closing of the transaction is scheduled for September 30, 2003. The Company intends to use the proceeds from the sale of the Notes for general corporate purposes and the build-out of additional stores, including associated real estate acquisitions.

The Company has capital lease obligations relating to two of its stores. The lease terms for these locations extend over twenty-five years and twenty-two years. The capital lease obligations equal the present value of the minimum lease payments under the leases and amounted to $27.1 million. During fiscal 2003, $0.2 million of lease payments were applied against the capital lease obligations and $2.1 million were applied to interest expense.

As of May 31, 2003 and June 1, 2002, the Company had in place a committed four year revolving line of credit agreement in the amount of $100.0 million. The term of the committed revolving line of credit automatically renews for an additional year on its anniversary unless the lender gives notice of its intention to not renew in which case the revolving line of credit will continue until the remaining three year term expires. The Company also has in place an additional $10.0 million in uncommitted lines of credit. The uncommitted lines of credit are cancelable by the lenders at any time. Short term borrowings against the Company's lines of credit bear interest at or below the lending bank's prime rate (4.25% at May 31, 2003). The Company had letter of credit commitments outstanding against the committed line of credit of $26.4 million at the end of fiscal 2003 and $21.0 million at the end of fiscal 2002. At May 31, 2003, the Company had no borrowing under these lines of credit. Maximum borrowing amounted to $43.5 million during the first quarter of fiscal 2003 and $74.8 million during the second quarter of fiscal 2003. For the comparative periods of a year ago, the maximum borrowings were $54.8 million and $50.2 million, respectively. The average borrowing under these credit lines during the first quarter of fiscal 2003 was $19.3 million, at an average interest rate of 2.3%. During the second quarter of fiscal 2003, the average borrowing under the lines of credit was $47.3 million at an average interest rate of 2.3%. Average borrowing during the first quarter of fiscal 2002 was $38.1 million at an average interest rate of 4.2%. During the second quarter of fiscal 2002, average borrowing was $22.5 million at an average interest rate of 3.5%. During the third and fourth quarters of fiscal 2003 and 2002, there were no borrowings under these lines of credit. Borrowings under the Company's lines of credit were necessary during the current year's first six months primarily because of the purchase of inventory during the period and capital expenditure requirements.

In addition, the Company had letter of credit agreements with a bank in the amount of $3.5 million and $5.1 million guaranteeing performance under various leases, insurance contracts and utility agreements at the end of fiscal 2003 and fiscal 2002, respectively.

The Company believes that its current capital expenditures and operating requirements can be satisfied from internally generated funds, from the scheduled completion of the sale $100 million of senior notes, from short term borrowings under its revolving credit and term loan agreement as well as uncommitted lines of credit.* Furthermore, to the extent that the Company decides to purchase additional store locations, or to undertake unusual transactions such as an acquisition, it may be necessary to finance such transactions with additional long term borrowings.*

Inflation

Historically, the Company has been able to increase its selling prices as the costs of merchandising and related operating expenses have increased, and therefore, inflation has not had a significant effect on operations.*

Item 7A. Quantitative and Qualitative Disclosures About Market Risks

The Company does not have any derivative financial instruments. The Company's primary market risk exposure with regard to financial instruments is to changes in interest rates. Pursuant to the terms of certain revolving credit arrangements, changes in the lenders' prime rate, LIBOR or other stated interest rates could affect the rates at which the Company could borrow funds thereunder. At May 31, 2003, the Company had no outstanding borrowings against the credit facilities. The table below summarizes the fair value and contract terms of the Company's fixed rate debt and capital lease obligations at May 31, 2003:

*Forward Looking Statement. See

Safe Harbor Statement on page 6.

Scheduled Maturity Date of Long-Term Debt and Capital Lease Obligations (Including Current Portion) at May 31, 2003 (in thousands):

	Fixed Rate Debt and Lease Obligations	Average Interest Rate
2004	$ 921	4.7%
2005	1,047	5.0%
2006	1,190	5.3%
2007	1,288	5.7%
2008	1,397	7.9%
Thereafter	29,662	8.0%
Total	$35,505	

Fair Value at May 31, 2003 $37,090

Item 8. Financial Statements and Supplementary Data

See

Index to Financial Statements and following pages.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

The Company's principal executive officer, Monroe G. Milstein, and the Company's principal financial officer, Robert LaPenta, have reviewed and evaluated the Company's disclosure controls and procedures as of a date within ninety days prior to the filing of this annual report on Form 10-K. Based on their review, these officers have concluded that such disclosure controls and procedures are adequate for the effective recording, processing and summarizing of information for the preparation of this annual report on Form 10-K. Since the date of their evaluation, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect such controls.

PART III

Item 10. Directors and Executive Officers of the Registrant

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management

Item 13. Certain Relationships and Related Transactions

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the information called for by Items 10, 11, 12, and 13 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation l4A of the General Rules and Regulations under the Securities Exchange Act of 1934, which the Company will file not later than 120 days after May 31, 2003.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as part of this Report.

Schedules I, III, IV and V are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits

3.1	Articles of Incorporation, as amended	Filed Herewith
3.2	By-laws	Filed Herewith
10.1	Cohoes Fashions, Inc. Employees' 401(k) Savings Plan (as amended and restated effective January 1, 2001)	1/
10.2	1993 Stock Incentive Plan*	Filed Herewith
10.3	1998 Stock Incentive Plan*	Filed Herewith
10.4	2002 Stock Incentive Plan*	2/
10.5	Amended and Restated Revolving Credit Agreement dated as of February 1, 2003 between the Company and National City Bank	3/
10.6	Burlington Coat Factory Warehouse Corporation 401(k) Profit-Sharing Plan (as amended and restated effective January 1, 2001)	1/
10.7	Loan Agreement dated as of August 1, 1995 by and between New Jersey Economic Development Authority and Burlington Coat Factory Warehouse of New Jersey, Inc.	1/
10.8	Indenture of Trust dated as of August 1, 1995 by and between New Jersey Economic Development Authority and Shawmut Bank Connecticut, National Association	1/

(1) Incorporated by reference to Exhibits filed with the Company's Annual Report on Form 10-K for the year ended June 2, 2001. File No. 1-8739.

(2) Incorporated by reference to Exhibits filed with the Company's Annual Report on Form 10-K for the year ended June 1, 2002. File No. 1-8739.

(3) Incorporated by reference to Exhibits filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 1, 2003. File No. 1-8739.

* Executive Compensation Plan.

10.9	Letter of Credit Reimbursement Agreement dated as of July 15, 2002 between Burlington Coat Factory Warehouse of New Jersey, Inc. and National City Bank	2/
10.10	Burlington Coat Factory Warehouse Corporation Deferred Compensation Plan effective May 1, 2000*	4/
10.11	Note Purchase Agreement dated as of August 15, 2003 among Burlington Coat Factory Warehouse Corporation, Burlington Coat Factory Warehouse of New Jersey, Inc. and the purchasers named therein.	5/
10.12	First Amendment to Amended and Restated Revolving Credit Agreement dated as of August 15, 2003 between the Company and National City Bank	Filed Herewith
21	Subsidiaries of Registrant	Filed Herewith
23	Consent of Deloitte & Touche LLP, independent certified public accountants, to the use of their report on the financial statements of the Company for the year ended May 31, 2003 in the Registration Statements of the Company	Filed Herewith

	on Form S-8, Registration No. 2-96332, No. 33-21569, No. 33-51965, No. 333-41077, No. 333-65995, No. 333-78941, No. 333-74244 and No. 333-105153	
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	12	Check box if the aggregate amount in row (11) excludes certain shares (SEE INSTRUCTIONS) X
13	Percent of class represented by amount in row (11) 0.00%	
14	Type of reporting person (SEE INSTRUCTIONS) HC, CO	

6

CUSIP No. 98944B108

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Mario J. Gabelli

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00 – Funds of a Private Entity

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
USA

Number Of	: 7	Sole voting power
Shares	:	None (Item 5)
Beneficially	: 8	Shared voting power
Owned	:	None
By Each	: 9	Sole dispositive power
Reporting	:	None (Item 5)
Person	:10	Shared dispositive power
With	:	None

11 Aggregate amount beneficially owned by each reporting person

None (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.00%

14 Type of reporting person (SEE INSTRUCTIONS)

IN

7

Item 1. Security and Issuer

This Amendment No. 3 to Schedule 13D on the Common Stock of Zep, Inc. (the “Issuer”) is being filed on behalf of the undersigned to amend the Schedule 13D, as amended (the “Schedule 13D”) which was originally filed on November 13, 2007. Unless otherwise indicated, all capitalized terms used herein but not defined herein shall have the same meanings as set forth in the Schedule 13D.

Item 2. Identity and Background

This statement is being filed by Mario J. Gabelli (“Mario Gabelli”) and various entities which he directly or indirectly controls or for which he acts as chief investment officer. These entities engage in various aspects of the securities business, primarily as investment adviser to various institutional and individual clients, including registered investment companies and pension plans, and as general partner of various private investment partnerships. Certain of these entities may also make investments for their own accounts.

The foregoing persons in the aggregate often own beneficially more than 5% of a class of a particular issuer. Although several of the foregoing persons are treated as institutional investors for purposes of reporting their beneficial ownership on the short-form Schedule 13G, the holdings of those who do not qualify as institutional investors may exceed the 1% threshold presented for filing on Schedule 13G or implementation of their investment philosophy may from time to time require action which could be viewed as not completely passive. In order to avoid any question as to whether their beneficial ownership is being reported on the proper form and in order to provide greater investment flexibility and administrative uniformity, these persons have decided to file their beneficial ownership reports on the more detailed Schedule 13D form rather than on the short-form Schedule 13G and thereby to provide more expansive disclosure than may be necessary.

(a), (b) and (c) - This statement is being filed by one or more of the following persons: GGCP, Inc. (“GGCP”), GAMCO Investors, Inc. (“GBL”), Gabelli Funds, LLC (“Gabelli Funds”), GAMCO Asset Management Inc. (“GAMCO”), Teton Advisors, Inc. (“Teton Advisors”), Gabelli Securities, Inc. (“GSI”), Gabelli & Company, Inc. (“Gabelli & Company”), MJG Associates, Inc. (“MJG Associates”), Gabelli Foundation, Inc. (“Foundation”), and Mario Gabelli. Those of the foregoing persons signing this Schedule 13D are hereafter referred to as the “Reporting Persons”.

GGCP makes investments for its own account and is the controlling shareholder of GBL. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including those named below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GSI, a majority-owned subsidiary of GBL, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies. As a part of its business, GSI may purchase or sell securities for its own account. It is the immediate parent of Gabelli & Company. GSI is the general partner or investment manager of a number of funds or partnerships, including Gabelli Associates Fund, Gabelli Associates Fund II, Gabelli Associates Limited, ALCE Partners, L.P., and Gabelli Multimedia Partners, L.P. GSI and Marc Gabelli own 45% and 55%, respectively, of Gabelli Securities International Limited (“GSIL”). GSIL provides investment advisory services to offshore funds and accounts. GSIL is an investment advisor of Gabelli International Gold Fund Limited, Gabelli European Partners, Ltd., and Gabelli Global Partners, Ltd.

Gabelli & Company, a wholly-owned subsidiary of GSI, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended (“1934 Act”), which as a part of its business regularly purchases and sells securities for its own account.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which presently provides discretionary managed account services for The Gabelli Equity Trust Inc., The Gabelli Asset Fund, The GAMCO Growth Fund, The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Value Fund Inc., The Gabelli Small Cap Growth Fund, The Gabelli Equity Income Fund, The Gabelli ABC Fund, The GAMCO Global Telecommunications Fund, GAMCO Gold Fund, Inc., The Gabelli Global Multimedia Trust Inc., The GAMCO Global Convertible Securities Fund, Gabelli Capital Asset Fund, GAMCO International Growth Fund, Inc., The GAMCO Global Growth Fund, The Gabelli Utility Trust, The

GAMCO Global Opportunity Fund, The Gabelli Utilities Fund, The Gabelli Blue Chip Value Fund, The GAMCO Mathers Fund, The Gabelli Woodland Small Cap Value Fund, The Comstock Capital Value Fund, The Gabelli Dividend and Income Trust, The Gabelli Global Utility & Income Trust, The Gabelli Global Gold, Natural Resources, & Income Trust, The Gabelli Global Deal Fund, Gabelli Enterprise M&A Fund, The Gabelli SRI Fund, Inc. and The Gabelli Healthcare & Wellness Rx Trust (collectively, the “Funds”), which are registered investment companies.

GBL is the largest shareholder of Teton Advisors, an investment adviser registered under the Advisers Act, which provides discretionary advisory services to The GAMCO Westwood Mighty Mitessm Fund, The GAMCO Westwood Income Fund , The GAMCO Westwood Small Cap Fund and B.B. Micro-Cap Growth Fund.

MJG Associates provides advisory services to private investment partnerships and offshore funds. Mario Gabelli is the sole shareholder, director and employee of MJG Associates. MJG Associates is the Investment Manager of Gabelli International Limited, Gabelli International II Limited and Gabelli Fund, LDC. Mario J. Gabelli is the general partner of Gabelli Performance Partnership, LP.

The Foundation is a private foundation. Mario Gabelli is the Chairman, a Trustee and the
Investment Manager of the Foundation. Elisa Gabelli Wilson is the President of the Foundation.

Mario Gabelli is the majority stockholder, Chief Executive Officer and a director of GGCP and Chairman and Chief Executive Officer of GBL.

The Reporting Persons do not admit that they constitute a group.

GBL, GAMCO, and Gabelli & Company are New York corporations and GSI and Teton Advisors are Delaware corporations, each having its principal business office at One Corporate Center, Rye, New York 10580. GGCP is a New York corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. Gabelli Funds is a New York limited liability company having its principal business office at One Corporate Center, Rye, New York 10580. MJG Associates is a Connecticut corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. The Foundation is a Nevada corporation having its principal offices at 165 West Liberty Street, Reno, Nevada 89501.

For information required by instruction C to Schedule 13D with respect to the executive officers and directors of the foregoing entities and other related persons (collectively, “Covered Persons”), reference is made to Schedule I annexed hereto and incorporated herein by reference.

(f) - Reference is made to Schedule I hereto.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 to Schedule 13D is amended, in pertinent part, as follows:

The Reporting Persons used an aggregate of approximately $147,235 to purchase the additional Securities reported as beneficially owned in Item 5 since the most recent filing on Schedule 13D. GAMCO and Gabelli Funds used approximately $68,617 and $56,150, respectively, of funds that were provided through the accounts of certain of its investment advisory clients (and, in the case of some of such accounts at GAMCO, may be through borrowings from client margin accounts) in order to purchase the additional Securities for such clients. Teton Advisors used approximately $22,468 of funds of investment advisory client to purchase the additional Securities reported by it.

Item 4. Purpose of Transaction

Item 4 to Schedule 13D is amended, in pertinent part, as follows:

The Reporting Persons and the Issuer entered into an Agreement, dated January 21, 2009 (the "Agreement"), pursuant to which the Issuer agreed to exempt the Reporting Persons from the definition of "Acquiring Person" as used in the Issuer's Stockholder Protection Rights Plan, dated October 30, 2007, subject to the conditions that the Reporting Persons may not collectively become or seek to become a beneficial owner of 20% or more of the outstanding common stock of the Issuer, and each Reporting Person must (1) meet the eligibility requirements of Rule 13d-1(b)(1) under the 1934 Act with respect to passive beneficial ownership of shares of the Issuer's common stock, or (2) meet the eligibility requirements of Rule 13d-1(c)(1) under the 1934 Act with respect to passive beneficial ownership of shares of the Issuer's common stock, and that each Reporting Person otherwise has no intent, individually or as part of a group or in concert with others, to seek control of the Issuer. A copy of the Agreement is attached as Exhibit A.

Item 5. Interest In Securities Of The Issuer

Item 5 to Schedule 13D is amended, in pertinent part, as follows:
(a) The aggregate number of Securities to which this Schedule 13D relates is 2,938, 260 shares, representing 13.93% of the approximately 21,088,237 shares outstanding as reported by the Issuer in its Form 10-Q for the quarterly period ended November 30, 2008. The Reporting Persons beneficially own those Securities as follows:

Name	Shares of Common Stock	% of Class of Common
Gabelli Funds	640,000	3.03%
GAMCO	2,227,210	10.56%
Teton Advisors	71,050	0.34%

Mario Gabelli is deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons. GSI is deemed to have beneficial ownership of the Securities owned beneficially by Gabelli & Company. GBL and GGCP are deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation.
(b) Each of the Reporting Persons and Covered Persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the Securities reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have the authority to vote 49,200 of its reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Issuer held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Issuer and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GBL, and GGCP is indirect with respect to Securities beneficially owned directly by other Reporting Persons.
(c) Information with respect to all transactions in the Securities which were effected during the past sixty days or since the most recent filing on Schedule 13D, whichever is less, by each of the Reporting Persons and Covered Persons is set forth on Schedule II annexed hereto and incorporated herein by reference.
(e) Not applicable.

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Signature
After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.
Dated: January 26, 2009

GGCP, INC.
MARIO J. GABELLI

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
Attorney-in-Fact

GABELLI FUNDS, LLC
TETON ADVISORS, INC.

By:/s/ Bruce N. Alpert
Bruce N. Alpert
Chief Operating Officer – Gabelli Funds, LLC
Chairman – Teton Advisors, Inc.

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.

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Schedule I

Information with Respect to Executive
Officers and Directors of the Undersigned

Schedule I to Schedule 13D is amended, in pertinent part, as follows:

The following sets forth as to each of the executive officers and directors of the undersigned: his name; his business address; his present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., Gabelli & Company, Inc., Teton Advisors, Inc., or GAMCO Investors, Inc., the business address of each of which is One Corporate Center, Rye, New York 10580, and each such individual identified below is a citizen of the United States. To the knowledge of the undersigned, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws except as reported in Item 2(d) of this Schedule 13D.

GGCP, Inc.
Directors:

Vincent J. Amabile	Business Consultant
Mario J. Gabelli	Chief Executive Officer of GGCP, Inc., and Chairman & Chief Executive Officer of GAMCO Investors, Inc.; Director/Trustee of all registered investment companies advised by Gabelli Funds, LLC.
Marc J. Gabelli	Chairman of The LGL Group, Inc.
Matthew R. Gabelli	Vice President – Trading Gabelli & Company, Inc. One Corporate Center Rye, New York 10580
Charles C. Baum	Secretary & Treasurer United Holdings Co., Inc. 2545 Wilkens Avenue Baltimore, MD 21223
Douglas R. Jamieson	See below
Joseph R. Rindler, Jr.	Account Executive for GAMCO Asset Management Inc.
Fredric V. Salerno	Chairman; Former Vice Chairman and Chief Financial Officer Verizon Communications
Vincent Capurso	Vice President Taxes, Barnes & Noble, Inc.
Vincent S. Tese	Former Director GAMCO Investors, Inc.
Michael Gabelli	Director

Officers:

Mario J. Gabelli	Chief Executive Officer and Chief Investment Officer
Michael G. Chieco	Chief Financial Officer, Secretary

GAMCO Investors, Inc.
Directors:

Edwin L. Artzt	Former Chairman and Chief Executive Officer Procter & Gamble Company 900 Adams Crossing Cincinnati, OH 45202
Raymond C. Avansino	Chairman & Chief Executive Officer

	E.L. Wiegand Foundation Reno, NV 89501
Richard L. Bready	Chairman and Chief Executive Officer Nortek, Inc. 50 Kennedy Plaza Providence, RI 02903
Mario J. Gabelli	See above
John D. Gabelli	Senior Vice President
Eugene R. McGrath	Former Chairman and Chief Executive Officer Consolidated Edison, Inc.
Robert S. Prather	President & Chief Operating Officer Gray Television, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319

Officers:

Mario J. Gabelli	Chairman and Chief Executive Officer
Douglas R. Jamieson	President and Chief Operating Officer
Henry G. Van der Eb	Senior Vice President
Bruce N. Alpert	Senior Vice President
Jeffrey M. Farber	Executive Vice President and Chief Financial Officer
Christopher Michailoff	Acting Secretary

GAMCO Asset Management Inc.
Directors:

Douglas R. Jamieson
Regina M. Pitaro
William S. Selby

Officers:

Mario J. Gabelli	Chief Investment Officer – Value Portfolios
Douglas R. Jamieson	President
Jeffrey M. Farber	Chief Financial Officer

Chistopher J. Michailoff	General Counsel and Secretary

Gabelli Funds, LLC
Officers:

Mario J. Gabelli	Chief Investment Officer – Value Portfolios
Bruce N. Alpert	Executive Vice President and Chief Operating Officer
Agnes Mullady	Vice President and President Closed-End Fund Division

Teton Advisors, Inc.
Directors:

Bruce N. Alpert	See above
Douglas R. Jamieson	See above
Nicholas F. Galluccio	Chief Executive Officer and President
Alfred W. Fiore	See below
Edward T. Tokar	Beacon Trust Senior Managing Director 333 Main Street Madison, NJ 07940

Officers:

Bruce N. Alpert	Chairman
Nicholas F. Galluccio	See above
Jeffrey M. Farber	Chief Financial Officer

Gabelli Securities, Inc.

Directors:

Robert W. Blake	President of W. R. Blake & Sons, Inc. 196-20 Northern Boulevard Flushing, NY 11358
Douglas G. DeVivo	General Partner of ALCE Partners, L.P. One First Street, Suite 16 Los Altos, CA 94022
Douglas R. Jamieson	President

Officers:

Douglas R. Jamieson	See above
Christopher J. Michailoff	Secretary
Kieran Caterina	Chief Financial Officer

Gabelli & Company, Inc.
Directors:

James G. Webster, III	Chairman & Interim President
Irene Smolicz	Senior Trader Gabelli & Company, Inc.

Officers:

James G. Webster, III	See Above
Bruce N. Alpert	Vice President - Mutual Funds
Diane M. LaPointe	Controller/Financial and Operations Principal

SCHEDULE II
INFORMATION WITH RESPECT TO
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)

DATE	SHARES PURCHASED SOLD(-)	AVERAGE PRICE(2)
COMMON STOCK-ZEP, INC.		
GAMCO ASSET MANAGEMENT INC.		
1/23/09	2,500	11.3300
1/23/09	5,000	11.2299
1/22/09	400	11.0800
1/20/09	300-	*DO
1/20/09	500-	*DO
1/16/09	1,000-	11.8970
1/14/09	700-	11.9900
TETON ADVISORS, INC.		
1/23/09	2,000	11.2340
GABELLI FUNDS, LLC.		
GABELLI SMALL CAP GROWTH FUND		
1/23/09	5,000	11.2299

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

(*) RESULTS IN CHANGE OF DISPOSITIVE POWER AND BENEFICIAL OWNERSHIP.

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