

PHILLIPS VAN HEUSEN CORP /DE/
Form 10-Q/A
August 11, 2006

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

(Mark One)

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

For the quarterly period ended April 30, 2006 _____

OR

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

For the transition period from _____ to _____

Commission file number 001-07572

PHILLIPS-VAN HEUSEN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-1166910

(IRS Employer
Identification No.)

200 Madison Avenue New York, New York 10016

(Address of principal executive offices)

Registrant's telephone number (212) 381-3500

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 requirement for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
o No x

The number of outstanding shares of common stock, par value \$1.00 per share, of the registrant as of May 30, 2006 was 55,249,012.

PHILLIPS-VAN HEUSEN CORPORATION

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EXPLANATORY NOTE: This Amendment No. 1 to our Quarterly Report on Form 10-Q for the thirteen weeks ended April 30, 2006 is being filed to provide revised segment reporting footnote disclosure. In the first quarter of our fiscal year 2006, the United States Securities and Exchange Commission requested certain information from us in connection with an ordinary course review of our Annual Report on Form 10-K for our fiscal year ended January 30, 2005, including how we aggregated segment data. In connection therewith, we have re-evaluated how we aggregate our operating divisions into our reportable segments under Financial Accounting Standards Board Statement No. 131,

Disclosures about Segments of an Enterprise and Related Information. As a result, we are revising certain of the Notes to Condensed Consolidated Financial Statements for the periods presented to disaggregate our Wholesale segment into the Wholesale Dress Shirt segment and the Wholesale Sportswear and Related Products segment.

This change in our segment reporting affects only Note 3, Goodwill, Note 8, Activity Exit Costs and Other Charges and Note 11, Segment Data in Item 1 in Part 1 of the quarterly report. No other notes have been revised and no financial statement information in Item 1 in Part 1 has been updated for any subsequent events. In addition, Item 4 in Part 1 has been amended to report that our disclosure controls and procedures were re-evaluated in connection with the issuance of this report, and pursuant to the rules of the SEC, Item 6 in Part 2 has been amended to contain currently dated certifications from our Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The aforementioned changes to the Notes to Condensed Consolidated Financial Statements had no effect on our financial position as of April 30, 2006, January 29, 2006 and May 1, 2005 or our results of operations and cash flows for the thirteen weeks ended April 30, 2006 and May 1, 2005.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Quarterly Report on Form 10-Q/A including, without limitation, statements relating to our future revenues and earnings, plans, strategies, objectives, expectations and intentions, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not be anticipated, including, without limitation, the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) the levels of sales of our apparel and footwear products, both to our wholesale customers and in our retail stores, and the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositioning of brands by our licensors and other factors; (iii) our plans and results of operations will be affected by our ability to manage our growth and inventory, including our ability to continue to realize revenue growth from developing and growing Calvin Klein; (iv) our operations and results could be affected by quota restrictions and the imposition of safeguards (which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and technical expertise needed), the availability and cost of raw materials (particularly petroleum-based synthetic fabrics, which are currently in high demand), our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced), and civil conflict, war or terrorist acts, the threat of any of the foregoing or political and labor instability in the United States or any of the countries where our products are or are planned to be produced; (v) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; (vi) acquisitions and issues arising with acquisitions and proposed transactions, including without limitation, the ability to integrate an acquired entity into us with no substantial adverse affect on the acquired entity s, or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance; (vii) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands and (viii) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenues, whether as a result of the receipt of new information, future events or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

We have reviewed the condensed consolidated balance sheets of Phillips-Van Heusen Corporation as of April 30, 2006 and May 1, 2005 and the related condensed consolidated income statements and statements of cash flows for the thirteen week periods ended April 30, 2006 and May 1, 2005. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Phillips-Van Heusen Corporation as of January 29, 2006, and the related consolidated income statement, statement of changes in stockholders' equity, and statement of cash flows for the year then ended (not presented herein) and in our report dated March 20, 2006, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 29, 2006, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

ERNST & YOUNG LLP

New York, New York

May 23, 2006

Phillips-Van Heusen Corporation

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	April 30, <u>2006</u>	January 29, <u>2006</u>	May 1, <u>2005</u>
	<u>UNAUDITED</u>	<u>AUDITED</u>	<u>UNAUDITED</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 305,154	\$ 267,357	\$ 126,884
Accounts receivable, net of allowances for doubtful accounts of \$3,878, \$3,111 and \$3,632	140,630	96,757	128,345
Inventories	233,471	257,719	234,203
Prepaid expenses	14,639	18,122	10,605
Other, including deferred taxes of \$23,435, \$23,435 and \$13,666	<u>23,691</u>	<u>23,693</u>	<u>13,947</u>
Total Current Assets	717,585	663,648	513,984
Property, Plant and Equipment, net	154,966	158,492	153,780
Goodwill	206,736	199,999	181,264
Tradenames	612,966	612,966	612,931
Perpetual License Rights	86,000	86,000	86,000
Other Intangible Assets	405	420	465
Other Assets	<u>25,214</u>	<u>25,914</u>	<u>28,233</u>
	<u>\$1,803,872</u>	<u>\$1,747,439</u>	<u>\$1,576,657</u>
LIABILITIES AND STOCKHOLDERS EQUITY			
Current Liabilities:			
Accounts payable	\$ 47,943	\$ 61,596	\$ 47,497
Accrued expenses	135,958	145,269	109,626
Deferred revenue	<u>19,103</u>	<u>17,751</u>	<u>16,509</u>
Total Current Liabilities	203,004	224,616	173,632
Long-Term Debt	399,528	399,525	399,515
Other Liabilities, including deferred taxes of \$253,738, \$232,484 and \$202,451	374,885	350,710	338,071

Series B convertible preferred stock, par value \$100 per share;

6,116; 6,116 and 10,000 shares authorized, issued and outstanding	161,926	161,926	264,746
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Stockholders Equity:

Preferred stock, par value \$100 per share; 150,000 total shares

authorized, including Series B convertible (125,000 shares designated as Series A; 18,884; 18,884 and 15,000 shares undesignated); no Series A or undesignated shares issued	-	-	-
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Common stock, par value \$1 per share; 100,000,000 shares authorized; shares issued 43,634,731; 43,236,485 and 33,562,033	43,635	43,236	33,562
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Additional capital	357,688	346,061	204,099
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Retained earnings	297,174	255,360	195,722
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Accumulated other comprehensive loss	<u>(33,968)</u>	<u>(33,995)</u>	<u>(32,042)</u>
	664,529	610,662	401,341

Less: 42,301 shares of common stock held in treasury as of

May 1, 2005 - at cost	<u>-</u>	<u>-</u>	<u>(648)</u>
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Total Stockholders Equity	<u>664,529</u>	<u>610,662</u>	<u>400,693</u>
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	<u>\$1,803,872</u>	<u>\$1,747,439</u>	<u>\$1,576,657</u>
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See accompanying notes.

Phillips-Van Heusen Corporation

Condensed Consolidated Income Statements

Unaudited

(In thousands, except per share data)

	<u>Thirteen Weeks Ended</u>	
	April 30, <u>2006</u>	May 1, <u>2005</u>
Net sales	\$454,188	\$423,115
Royalty and other revenues	<u>52,250</u>	<u>48,994</u>
Total revenues	506,438	472,109
Cost of goods sold	<u>263,714</u>	<u>262,715</u>
Gross profit	242,724	209,394
Selling, general and administrative expenses	191,029	161,765
Gain on sale of investment	<u>31,368</u>	<u>-</u>
Income before interest and taxes	83,063	47,629
Interest expense	8,538	8,580
Interest income	<u>2,970</u>	<u>602</u>
Income before taxes	77,495	39,651
Income tax expense	<u>28,750</u>	<u>14,671</u>
Net income	48,745	24,980
Preferred stock dividends	<u>3,230</u>	<u>5,281</u>
Net income available to common stockholders	<u>\$ 45,515</u>	<u>\$ 19,699</u>
Basic net income per common share	<u>\$ 1.05</u>	<u>\$ 0.60</u>

Diluted net income per common share	\$ <u>0.87</u>	\$ <u>0.46</u>
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Dividends declared per common share	\$ <u>0.075</u>	\$ <u>0.075</u>
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See accompanying notes.

Phillips-Van Heusen Corporation

Condensed Consolidated Statements of Cash Flows

Unaudited

(In thousands)

	<u>Thirteen Weeks Ended</u>	
	April 30, <u>2006</u>	May 1, <u>2005</u>
OPERATING ACTIVITIES:		
Net income	\$ 48,745	\$ 24,980
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	8,169	7,638
Amortization	1,123	954
Deferred taxes	24,009	15,252
Stock-based compensation	1,608	-
Impairment of long-lived assets	549	-
Gain on sale of investment, net	(31,368)	-
Changes in operating assets and liabilities:		
Accounts receivable	(43,873)	(34,898)
Inventories	24,248	8,682
Accounts payable, accrued expenses and deferred revenue	(21,612)	(34,861)
Prepaid expenses	3,483	8,370
Other, net	<u>2,501</u>	<u>8,394</u>
Net Cash Provided By Operating Activities	<u>17,582</u>	<u>4,511</u>
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(5,916)	(6,700)
Contingent purchase price payments to Mr. Calvin Klein	(6,737)	(6,746)
Proceeds from sale of investment, net	<u>32,136</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>19,483</u>	<u>(13,446)</u>
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	5,741	19,539
Excess tax benefits from exercise of stock options	1,922	-
Acquisition of treasury shares	-	(69)
Cash dividends on common stock	(3,701)	(2,484)

Cash dividends on preferred stock	<u>(3,230)</u>	<u>(5,281)</u>
Net Cash Provided By Financing Activities	<u>732</u>	<u>11,705</u>
Increase in cash	37,797	2,770
Cash at beginning of period	<u>267,357</u>	<u>124,114</u>
Cash at end of period	<u>\$305,154</u>	<u>\$126,884</u>

See accompanying notes.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar and share amounts in thousands, except per share data)

1. GENERAL

The Company's fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1, and are designated by the calendar year in which the fiscal year commences.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not contain all disclosures required by accounting principles generally accepted in the United States for complete financial statements. Reference should be made to the audited consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2006.

The preparation of interim financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

The results of operations for the thirteen weeks ended April 30, 2006 and May 1, 2005 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. The data contained in these financial statements are unaudited and are subject to year-end adjustments. However, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods.

Certain reclassifications have been made to the condensed consolidated financial statements and the notes thereto for the prior year periods to present that information on a basis consistent with the current year.

2. INVENTORIES

Inventories related to the Company's wholesale operations, comprised principally of finished goods, are stated at the lower of cost or market. Inventories related to the Company's retail operations, comprised entirely of finished goods, are stated at the lower of average cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost is calculated by applying a cost-to-retail ratio to the retail value of inventories. Permanent and point of sale markdowns, when recorded, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. Cost for certain apparel inventories is determined using the last-in, first-out method (LIFO). Cost for all other inventories is determined using the first-in, first-out method (FIFO). At April 30, 2006, January 29, 2006 and May 1, 2005, no LIFO reserves were recorded because LIFO cost approximated FIFO cost.

3. GOODWILL

The changes in the carrying amount of goodwill for the period ended April 30, 2006, by segment, were as follows:

	Wholesale Dress <u>Shirt</u>	Wholesale Sportswear and Related <u>Products</u>	Calvin Klein <u>Licensing</u>	<u>Total</u>
Balance as of January 29, 2006	\$9,946	\$82,133	\$107,920	\$199,999
Contingent purchase price payments to Mr. Calvin Klein	<u>-</u>	<u>-</u>	<u>6,737</u>	<u>6,737</u>
Balance as of April 30, 2006	<u>\$9,946</u>	<u>\$82,133</u>	<u>\$114,657</u>	<u>\$206,736</u>

As of January 29, 2006 and April 30, 2006, no goodwill was associated with the Retail Apparel and Related Products or the Retail Footwear and Related Products segments.

In connection with the Company's acquisition of Calvin Klein, Inc. and certain affiliated companies in February 2003, the Company is obligated to pay contingent purchase price payments to Mr. Calvin Klein for 15 years based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands. Such contingent purchase price payments are recorded as additions to goodwill.

4. RETIREMENT AND BENEFIT PLANS

The Company has noncontributory defined benefit pension plans covering substantially all United States employees meeting certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service.

The Company and its domestic subsidiaries also provide certain postretirement health care and life insurance benefits. Retirees contribute to the cost of this plan, which is unfunded. During 2002, the postretirement plan was amended to eliminate benefits for active participants who, as of January 1, 2003, had not attained age 55 and 10 years of service.

Net benefit cost was recognized as follows:

	<u>Pension Plans</u>		<u>Postretirement Plan</u>	
	<u>Thirteen Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>4/30/06</u>	<u>5/1/05</u>	<u>4/30/06</u>	<u>5/1/05</u>
Service cost, including plan expenses	\$ 1,551	\$ 1,486	\$ -	\$ -
Interest cost	3,361	3,230	403	569
Amortization of net loss	1,838	2,075	92	317
Expected return on plan assets	(3,866)	(3,296)	-	-
Amortization of prior service cost	104	392	(111)	(111)

Settlement loss	2,247	-	-	-
Special termination benefits	<u>723</u>	<u>-</u>	<u>242</u>	<u>-</u>
Total	<u>\$ 5,958</u>	<u>\$ 3,887</u>	<u>\$626</u>	<u>\$ 775</u>

The settlement loss for the thirteen weeks ended April 30, 2006 resulted principally from the departure of Mark Weber, the Company's former Chief Executive Officer.

The special termination benefits related to the pension plans for the thirteen weeks ended April 30, 2006 resulted from the closure of the Company's manufacturing facility located in Ozark, Alabama.

5. SERIES B CONVERTIBLE PREFERRED STOCK

In connection with the Company's acquisition of Calvin Klein, the Company issued \$250,000 of Series B convertible preferred stock. The Series B convertible preferred stock had a conversion price of \$14.00 per share and a dividend rate of 8% per annum, payable quarterly in cash.

During the second quarter of 2005, the holders of the Series B convertible preferred stock converted an aggregate of \$102,820 of the Series B convertible preferred stock, or 39% of the liquidation value of the preferred stock prior to conversion, into 7,344 shares of the Company's common stock.

As of April 30, 2006, the liquidation preference of the remaining outstanding Series B convertible preferred stock was \$161,926. In the second quarter of 2006, the holders of the Series B convertible preferred stock converted all of the remaining outstanding shares of the Series B convertible preferred stock into 11,566 shares of the Company's common stock. Please see Note 13, Subsequent Event, for a further discussion of the conversion.

6. COMPREHENSIVE INCOME

Comprehensive income was as follows:

	<u>Thirteen Weeks Ended</u>	
	<u>4/30/06</u>	<u>5/1/05</u>
Net income	\$48,745	\$24,980
Foreign currency translation adjustments, net of taxes	<u>27</u>	<u>(18)</u>
Comprehensive income	<u>\$48,772</u>	<u>\$24,962</u>

The income tax effect related to foreign currency translation adjustments was an expense of \$17 and a benefit of \$11 for the thirteen weeks ended April 30, 2006 and May 1, 2005, respectively.

7. STOCK-BASED COMPENSATION

Under its current stock option plans, the Company may grant non-qualified stock options (NQs) and incentive stock options (ISOs) that are service-based. Options are granted with an exercise price equal to the market price of the Company's common stock on the date of grant. NQs and ISOs granted have a ten-year duration. Depending upon which plan options have been granted under, options are cumulatively exercisable in either three installments commencing three years after the date of grant or in four installments commencing one year after the date of grant. The options provide for accelerated vesting upon the holder's retirement (as defined in the plans). Shares issued as a result of stock option exercises are primarily funded with the issuance of new shares of the Company's common stock.

In the first quarter of 2006, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 123R, Share-Based Payment. FASB Statement No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the financial statements based on their fair values. Prior to 2006, the Company accounted for its stock options under the intrinsic value method of Accounting Principles Board (APB) Opinion No. 25. Under APB Opinion No. 25, the Company did not recognize compensation expense because the exercise price of the Company's stock options equaled the market price of the Company's common stock on the date of grant.

The Company adopted FASB Statement No. 123R on a modified prospective basis. Under the modified prospective transition method, FASB Statement No. 123R applies to new awards and awards that were outstanding upon adoption that are subsequently modified, repurchased or cancelled. Stock-based compensation expense recognized during the thirteen weeks ended April 30, 2006 includes (i) the expense for all stock options granted prior to, but not yet vested as of January 29, 2006, based on the fair value estimated in accordance with the provisions of FASB Statement No. 123 and (ii) the expense for all stock options granted during the thirteen weeks ended April 30, 2006, based on the fair value estimated in accordance with the provisions of FASB Statement No. 123R. Prior periods have not been restated.

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Net income for the thirteen weeks ended April 30, 2006 included \$1,608 of pre-tax compensation expense related to stock options (\$1,066 net of tax), which resulted in a \$0.02 decrease in basic and diluted net income per common share. Net income for the thirteen weeks ended May 1, 2005 did not include compensation expense related to stock options. The following table illustrates the effect on net income and net income per common share as if the Company had applied the fair value recognition provisions of FASB Statement No. 123 in 2005:

	Thirteen Weeks Ended <u>5/1/05</u>
Net income - as reported	\$24,980
Deduct: Stock-based compensation expense determined under fair value method, net of related tax effects	<u>2,553</u>
Net income - as adjusted	<u>\$22,427</u>
Net income per common share:	
Basic - as reported	<u>\$ 0.60</u>
Diluted - as reported	<u>\$ 0.46</u>
Basic - as adjusted	<u>\$ 0.52</u>
Diluted - as adjusted	<u>\$ 0.42</u>

The Company estimates the fair value of stock options granted at the date of grant using the Black-Scholes model. The estimated fair value of the options, net of estimated forfeitures, is amortized to expense on a straight-line basis over the options' vesting period. At April 30, 2006, there was \$12,903 of unrecognized pre-tax compensation expense related to unvested stock options, which is expected to be recognized over a weighted average period of 3.1 years.

The following summarizes the assumptions used to estimate the fair value of stock options granted during the thirteen weeks ended April 30, 2006 and May 1, 2005, respectively:

	<u>Thirteen Weeks Ended</u>	
	<u>4/30/06</u>	<u>5/1/05</u>
Weighted average risk-free interest rate	4.69%	4.11%
Weighted average expected option life	6.1 Years	6.0 Years
Weighted average expected volatility	33.2%	26.5%
Expected annual dividends per share	\$0.15	\$0.15
Weighted average estimated fair value per share of options granted	\$15.59	\$9.17

The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected option life. The expected option life represents the weighted average period of time that options granted are expected to be outstanding, based on vesting schedules and the contractual term of the options. Expected volatility is based on historical volatility of the Company's common stock over a period of time corresponding to the expected option life. Expected dividends are based on the Company's current dividend policy.

The Company receives a tax deduction for certain stock options when they are exercised. Prior to the adoption of FASB Statement No. 123R, the Company reported tax benefits resulting from the exercise of stock options as operating cash flows in its Condensed Consolidated Statements of Cash Flows. In accordance with FASB Statement No. 123R, the Company now reports excess tax benefits, if any, as financing cash flows. The actual income tax benefit realized from stock option exercises for the thirteen weeks ended April 30, 2006 was \$4,677, of which \$1,922 was reported as excess tax benefits from stock option exercises in financing cash flows, with no comparable amount in 2005.

Stock option activity for the thirteen weeks ended April 30, 2006 was as follows:

	<u>Options</u>	<u>Weighted Average Price Per Option</u>
Outstanding at January 29, 2006	4,384	\$21.31
Granted	368	38.97
Exercised	398	14.42
Cancelled		