STAGE STORES INC
Form 10-Q
June 06, 2008

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

Form 10-Q

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

For the quarterly period ended May 3, 2008

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 1-14035

Stage Stores, Inc.
(Exact name of registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	91-1826900 (I.R.S. Employer Identification No.)
10201 Main Street, Houston, Texas (Address of principal executive offices)	77025 (Zip Code)

(800) 579-2302
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

As of May 31, 2008, there were 38,337,211 shares of the registrant's common stock outstanding.

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References to a particular year are to Stage Stores' fiscal year, which is the 52- or 53-week period ending on the Saturday closest to January 31st of the following calendar year. For example, references to "2007" mean the fiscal year ended February 2, 2008 and references to "2008" is a reference to the fiscal year ending January 31, 2009. 2007 and 2008 are 52-week years.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Stage Stores, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par values)
(Unaudited)

	May 3, 2008	February 2, 2008
ASSETS		
Cash and cash equivalents	$ 21,165	$ 17,028
Merchandise inventories, net	381,458	342,622
Current deferred taxes	28	32
Prepaid expenses and other current assets	26,921	43,557
Total current assets	429,572	403,239
Property, equipment and leasehold improvements, net	339,389	329,709
Goodwill	95,374	95,374
Intangible asset	14,910	14,910
Other non-current assets, net	27,865	28,258
Total assets	$ 907,110	$ 871,490
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 117,546	$ 94,505
Current portion of debt obligations	6,250	6,158
Accrued expenses and other current liabilities	64,390	66,538
Total current liabilities	188,186	167,201
Debt obligations	100,691	94,436
Other long-term liabilities	93,978	89,007
Total liabilities	382,855	350,644
Commitments and contingencies		
Common stock, par value $0.01, 100,000 shares authorized, 55,227 and 55,113 shares issued, respectively	552	551
Additional paid-in capital	483,480	479,960
Less treasury stock - at cost, 16,907 and 16,907 shares, respectively	(278,167)	(277,691)
Accumulated other comprehensive loss	(1,766)	(1,766)
Retained earnings	320,156	319,792
Stockholders' equity	524,255	520,846

Total liabilities and stockholders' equity	$ 907,110	$ 871,490

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

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Stage Stores, Inc.
Condensed Consolidated Statements of Income
(in thousands, except earnings per share)
(Unaudited)

	Thirteen Weeks Ended May 3, 2008	Thirteen Weeks Ended May 5, 2007
Net sales	$ 353,536	$ 358,244
Cost of sales and related buying, occupancy and distribution expenses	257,938	259,919
Gross profit	95,598	98,325
Selling, general and administrative expenses	88,339	82,288
Store opening costs	2,308	755
Interest expense, net of income of $5 and $0, respectively	1,301	769
Income before income tax	3,650	14,513
Income tax expense	1,387	5,406
Net income	$ 2,263	$ 9,107
Basic earnings per share data:		
Basic earnings per share	$ 0.06	$ 0.21
Basic weighted average shares outstanding	38,243	43,507
Diluted earnings per share data:		
Diluted earnings per share	$ 0.06	$ 0.20
Diluted weighted average shares outstanding	38,919	44,790

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

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Stage Stores, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Cash flows from operating activities:		
Net income	$ 2,263	$ 9,107
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,239	11,546
Deferred income taxes	(498)	(520)
Stock-based compensation tax benefits	725	3,448
Stock-based compensation expense	1,821	1,521
Amortization of debt issue costs	60	100
Excess tax benefits from stock-based compensation	(431)	(3,400)
Deferred compensation obligation	324	-
Construction allowances from landlords	6,732	2,786
Other changes in operating assets and liabilities:		
Increase in merchandise inventories	(38,836)	(34,174)
Decrease in other assets	17,414	18,217
Increase in accounts payable and other liabilities	23,588	8,909
Total adjustments	24,138	8,433
Net cash provided by operating activities	26,401	17,540
Cash flows from investing activities:		
Additions to property, equipment and leasehold improvements	(27,307)	(17,888)
Proceeds from sale of property and equipment	-	31
Net cash used in investing activities	(27,307)	(17,857)
Cash flows from financing activities:		
Proceeds from (payments on):		
Borrowings under revolving credit facility, net	7,852	8,365
Repurchases of common stock	(476)	(9,283)
Debt obligations	(1,505)	(20)
Exercise of stock options and stock appreciation rights	651	4,567
Excess tax benefits from stock-based compensation	431	3,400
Cash dividends	(1,910)	(2,172)
Net cash provided by financing activities	5,043	4,857
Net increase in cash and cash equivalents	4,137	4,540
Cash and cash equivalents:		
Beginning of period	17,028	15,866
End of period	$ 21,165	$ 20,406
Supplemental disclosures:		
Interest paid	$ 1,236	$ 651
Income taxes paid	$ 28	$ 74

Unpaid liabilities for capital expenditures	$	5,928	$	533

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

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Stage Stores, Inc.
Condensed Consolidated Statement of Stockholders' Equity
For the Thirteen Weeks Ended May 3, 2008
(in thousands)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, February 2, 2008	55,113	$ 551	$ 479,960	(16,907)	$ (277,691)	$ 319,792	$ (1,766)	$ 520,846
Cumulative effect of SFAS No. 158 measurement date provision, net of tax of $0.01 million	-	-	-	-	-	11	-	11
Net income	-	-	-	-	-	2,263	-	2,263
Comprehensive income								2,263
Dividends on common stock	-	-	-	-	-	(1,910)	-	(1,910)
Deferred compensation	-	-	324	-	(324)	-	-	-
Stock options exercised	93	1	650	-	-	-	-	651
Issuance of stock awards, net	21	-	-	-	(152)	-	-	(152)
Stock-based compensation expense	-	-	1,821	-	-	-	-	1,821
Stock-based compensation tax benefits	-	-	725	-	-	-	-	725
Balance, May 3, 2008	55,227	$ 552	$ 483,480	(16,907)	$ (278,167)	$ 320,156	$ (1,766)	$ 524,255

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

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Stage Stores, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The accompanying Condensed Consolidated Financial Statements (Unaudited) of Stage Stores, Inc. and subsidiary (“Stage Stores” or the "Company") have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. Those adjustments that are, in the opinion of management, necessary for a fair presentation of the results of the interim periods have been made. The results of operations for such interim periods are not necessarily indicative of the results of operations for a full year. The Condensed Consolidated Financial Statements (Unaudited) should be read in conjunction with the Audited Consolidated Financial Statements and notes thereto filed with Stage Stores’ Annual Report on Form 10-K for the year ended February 2, 2008. References to a particular year are to Stage Stores’ fiscal year, which is the 52- or 53-week period ending on the Saturday closest to January 31st of the following calendar year. For example, references to “2007” mean the fiscal year ended February 2, 2008 and a reference to "2008" is a reference to the fiscal year ending January 31, 2009. Reference to “current year” pertains to the thirteen weeks ended May 3, 2008, and reference to “prior year” pertains to the thirteen weeks ended May 5, 2007.

Stage Stores is a Houston, Texas-based regional, specialty department store retailer offering moderately priced, nationally recognized brand name and private label apparel, accessories, cosmetics, and footwear for the entire family. As of May 3, 2008, the Company operated 717 stores located in 35 states under the Stage, Bealls and Palais Royal names throughout the South Central and Southwestern states, and under the Peebles name throughout the Midwestern, Southeastern, Mid-Atlantic and New England states.

Recent Accounting Standards. In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115 (“SFAS 159”), which the Company adopted on February 3, 2008. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value reflected in earnings. The Company has not elected the fair value option for any existing or new instruments that were not previously accounted for at fair value.

In September 2006, the FASB issued SFAS No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans (“SFAS 158”). SFAS 158 requires an employer to recognize an asset for a plan’s over funded status or a liability for a plan’s under funded status, measure a plan’s assets and its obligations that determine its funded status as of the date of the employer’s fiscal year-end, and recognize changes in the funded status in the year in which the changes occur. The Company adopted the recognition provision of this statement during fiscal 2006. Effective for fiscal years ending after December 15, 2008, SFAS 158 requires a company to measure the funded status of a plan as of the date of its year-end statement of financial position. As of the end of 2008, the Company will be required to measure the funded status of its plans as of January 31, 2009. The Company adopted the measurement date provision of SFAS 158 effective as of February 3, 2008. The cumulative effect of the change in measurement date, net of tax, was recorded as an adjustment to retained earnings in the Condensed Consolidated Statement of Stockholders’ Equity (Unaudited) as of the beginning of 2008.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Position (“FSP”) No. FAS 157-1, which removes certain leasing transactions from the scope of SFAS 157, and No. FAS 157-2, which delays the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Company adopted the required provisions of SFAS 157 as of February 3, 2008. SFAS 157 did not have a significant impact on the Company's consolidated financial statements. The adoption of the remaining provisions of SFAS 157 related to nonfinancial assets and nonfinancial liabilities is not expected to have a significant impact on the Company's consolidated financial statements.

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2. Stock-Based Compensation

The following table summarizes stock-based compensation expense by type of grant for the thirteen weeks ended May 3, 2008 and May 5, 2007 (in thousands):

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Stock options and stock appreciation rights ("SARs")	$ 761	$ 989
Non-vested stock	318	306
Performance shares	742	226
Total compensation expense	1,821	1,521
Related tax benefit	(692)	(567)
Net compensation expense	$ 1,129	$ 954

As of May 3, 2008, the Company had unrecognized compensation cost of $14.2 million related to stock-based compensation awards granted. That cost is expected to be recognized over a weighted average period of 2.0 years.

The following table provides the significant weighted average assumptions used in determining the estimated fair value at the date of grant under the Black-Scholes option-pricing model of each type of award granted in the thirteen weeks ended May 3, 2008 and May 5, 2007:

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Expected volatility	37.6% - 39.8%	30.8%
Weighted average volatility	39.8%	30.8%
Risk-free rate	2.3%	4.5%
Expected life of options and SARs (in years)	4.4	4.5
Expected dividend yield	1.3% - 1.6%	0.9%

The expected volatility was based on historical volatility for a period equal to the award's expected life. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of options and SARs granted was estimated using the historical exercise behavior of employees. The expected dividend yield is based on the current dividend payout activity and the market price of the Company's stock.

Stock Incentive Plan

As approved by the Company's shareholders, the Company established the Amended and Restated 2001 Equity Incentive Plan (the "2001 Equity Incentive Plan") to reward, retain, and attract key personnel. The 2001 Equity Incentive Plan provides for grants of nonqualified or incentive stock options, SARs, performance shares or units, stock units and stock grants. To fund the 2001 Equity Incentive Plan, 12,375,000 shares of the Company's common stock have been reserved for issuance upon exercise of awards. On June 5, 2008, the Company's shareholders approved the 2008 Equity Incentive Plan, which increased the number of shares available for stock awards by 1,000,000 shares.

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Stock Options and SARs

The right to exercise stock options and SARs, to be settled by issuance of common stock, generally vests over four years from the date of grant, with 25% vesting at the end of each of the first four years following the date of grant. Options issued prior to January 29, 2005 will generally expire if not exercised ten years from the date of the grant, while options and SARs granted after that date generally expire if not exercised seven years from the date of grant. The weighted average fair value for options and SARs granted during the thirteen weeks ended May 3, 2008 and May 5, 2007 was $5.07 and $7.04, respectively, as of the date of grant.

A summary of option and SARs activity under the Equity Incentive Plan as of May 3, 2008, and changes during the thirteen weeks ended May 3, 2008, is detailed below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at February 2, 2008	4,347,135	$ 14.16		
Granted	749,000	15.83		
Exercised	(93,311)	6.97		
Forfeited	(81,282)	17.38		
Outstanding at May 3, 2008	4,921,542	$ 14.46	4.9	$ 14,201
Vested or expected to vest at May 3, 2008	4,651,517	$ 14.27	4.8	$ 14,193
Exercisable at May 3, 2008	3,000,571	$ 11.91	4.2	$ 14,161

The following table summarizes information about non-vested stock option awards and SARs as of May 3, 2008 and changes for the thirteen weeks ended May 3, 2008:

Stock Options/SARs	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at February 2, 2008	1,755,408	$ 6.57
Granted	749,000	5.07
Vested	(502,155)	6.38
Forfeited	(81,282)	6.44
Non-vested at May 3, 2008	1,920,971	$ 5.94

The aggregate intrinsic value of options and SARs, defined as the amount by which the market price of the underlying stock on the date of exercise exceeds the exercise price of the option, exercised during the thirteen weeks ended May 3, 2008 and May 5, 2007 was $0.8 million and $9.4 million, respectively.

Non-vested Stock

The Company has granted shares of non-vested stock to members of management and independent directors. The non-vested stock converts one for one to common stock at the end of the vesting period at no cost to the recipient to whom it is awarded. The non-vested stock generally vests at the end of a three-year period from the date of grant.

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The following table summarizes the activity for the non-vested stock granted by the Company for the thirteen weeks ended May 3, 2008:

Non-vested Stock	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at February 2, 2008	153,113	$ 21.05
Granted	5,000	12.86
Vested	(21,777)	22.96
Outstanding at May 3, 2008	136,336	$ 20.45

Performance Shares

The Company has granted performance shares to members of senior management, at no cost to the recipient, as a means of rewarding them for the Company's long-term performance based on shareholder return performance measures. A three-year performance cycle (the "Performance Cycle") is established at the beginning of each performance shares grant and the amount of the award is determined by the Company's performance on total shareholder return relative to an identified group of other companies over the Performance Cycle. The actual number of shares that could be issued ranges from zero to a maximum of two times the number of granted shares outstanding as reflected in the table below. Compensation expense is based on the fair value at grant date and the anticipated number of shares of the Company's common stock determined on a Monte Carlo probability model and is recorded ratably over the vesting period. Grant recipients do not have any rights of a shareholder in the Company with respect to common shares issuable under the grant until the shares have been issued.

The following table summarizes information about the performance shares that remain outstanding as of May 3, 2008:

Period Granted	Target Shares Granted	Target Shares Vested	Target Shares Forfeited	Target Shares Outstanding	Weighted Average Grant Date Fair Value per Share
2006	98,088	(9,000)	(18,000)	71,088	$ 24.32
2007	78,500	-	(14,500)	64,000	29.43
2008	115,000	-	-	115,000	24.53
Total	291,588	(9,000)	(32,500)	250,088	

3. Debt Obligations

Debt obligations consist of the following (in thousands):

	May 3, 2008	February 2, 2008
Revolving Credit Facility	$ 71,356	$ 63,504

Equipment financing	30,970	32,419
Finance lease obligations	4,615	4,671
Total debt obligations	106,941	100,594
Less: Current portion of debt obligations	6,250	6,158
Long-term debt obligations	$ 100,691	$ 94,436

The Company has a $250.0 million senior secured revolving credit facility (the "Revolving Credit Facility") that matures on April 20, 2012. The Revolving Credit Facility includes an uncommitted accordion feature to increase the size of the facility to $350.0 million. Borrowings under the Revolving Credit Facility are limited to the availability under a borrowing base that is determined principally on eligible inventory as defined by the Revolving Credit Facility agreement. The daily interest rates under the Revolving Credit Facility are determined by a prime rate or Eurodollar rate plus an applicable margin as set forth in the Revolving Credit Facility agreement. Inventory and cash and cash equivalents are pledged as collateral under the Revolving Credit Facility. The Revolving Credit Facility is used by the Company to provide financing for working capital, capital expenditures, interest payments and other general corporate purposes, as well as to support its outstanding letters of credit requirements. During the first quarter of 2008, the weighted average interest rate on outstanding borrowings and the average daily borrowings under the Revolving Credit Facility were 4.2% and $48.4 million, respectively.

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The Company also issues letters of credit to support certain merchandise purchases and to collateralize retained risks and deductibles under various insurance programs. The Company had outstanding letters of credit totaling approximately $18.3 million at May 3, 2008 under its Revolving Credit Facility. These letters of credit expire within twelve months of issuance. Excess borrowing availability under the Revolving Credit Facility at May 3, 2008, net of letters of credit outstanding and outstanding borrowings, was $150.0 million.

The Revolving Credit Facility contains covenants which, among other things, restrict, based on required levels of excess availability, (i) the amount of additional debt or capital lease obligations, (ii) the payment of dividends and repurchase of common stock under certain circumstances and (iii) related party transactions. At May 3, 2008, the Company was in compliance with all of the debt covenants of the Revolving Credit Facility.

4. Income Taxes

The provision for income taxes is computed based on the pretax income included in the Condensed Consolidated Statements of Income (Unaudited). The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts for financial reporting purposes and the tax basis of assets and liabilities. The classification of the tax provision between current and deferred taxes on the interim period financials is based on the expected relationship of these classifications on the tax provision for the full fiscal year.

The Company files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The Company is subject to U.S. federal income tax examinations by tax authorities for the fiscal year ended February 3, 2007 and forward. Although the outcome of tax audits is uncertain, the Company has concluded that there were no significant uncertain tax positions, as defined by FIN 48, requiring recognition in its financial statements. However, the Company may, from time to time, be assessed interest and/or penalties. In the event the Company receives an assessment for interest and/or penalties, it will be classified in the financial statements as income tax expense.

5. Earnings per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the measurement period. Diluted earnings per share is computed using the weighted average number of common shares and all potentially dilutive common share equivalents outstanding during the measurement period. Stock options, SARs and non-vested stock grants were the only potentially dilutive share equivalents the Company had outstanding at May 3, 2008.

The following table summarizes the components used to determine diluted weighted average shares for each period (in thousands):

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Basic weighted average shares outstanding	38,243	43,507
Effect of dilutive securities:		
Stock options, SARs and non-vested stock grants	676	1,283
Diluted weighted average shares outstanding	38,919	44,790

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The following table illustrates the number of stock options and SARs (in thousands) to purchase shares of common stock that were outstanding but not included in the computation of diluted earnings per share because the exercise price of the options and SARs was greater than the average market price of the common shares for each period:

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Number of anti-dilutive options and SARs outstanding	3,146	607

6. Stockholders' Equity

In the current year, the Company paid a quarterly cash dividend of $0.05 per share on the Company's common stock, which totaled $1.9 million. On May 30, 2008, the Company announced that its Board had declared a quarterly cash dividend of $0.05 per share of common stock, payable on June 25, 2008 to shareholders of record on June 10, 2008.

During the first quarter of 2008, the Company amended one of the deferred compensation plans covering executives and certain officers to provide for an investment option that would allow participants to elect to invest funds in Company stock (the "Company Stock Investment Option"), along with the pre-existing investment options. In connection with this amendment the Company established a grantor trust to facilitate the collection of funds and purchase of Company shares on the open market at prevailing market prices. All shares purchased through the grantor trust are held in the trust until the participants are eligible to receive the benefits under the terms of the plan, at which time the deferred compensation obligation related to the Company Stock Investment Option may only be settled by the delivery of the fixed number of shares held by the grantor trust on the participant's behalf. In the first quarter of 2008, participants elected to invest approximately $0.3 million of the total deferred compensation withheld in the Company Stock Investment Option. The purchase of shares made by the grantor trust on behalf of the participants is included in treasury stock and the corresponding deferred compensation obligation is included in additional paid-in capital.

7. Retirement Plans

The Company sponsors two defined benefit plans (the "Retirement Plans"), one of which was frozen effective June 30, 1998 (the "Stage Plan"). The other plan (the "Peebles Plan"), which had a projected benefit obligation of $1.8 million as of February 3, 2008, was terminated October 15, 2007. Participants under the Peebles Plan may be offered immediate lump sum distributions or the election of receiving an annuity at the time the plan is settled, which is expected to be in fiscal 2008. The components of pension cost for the Retirement Plans are as follows (in thousands):

	Thirteen Weeks Ended	
	May 3, 2008	May 5, 2007
Service cost	$ -	$ 9
Interest cost	626	646
Expected return on plan assets	(674)	(583)
Net loss amortization	-	5
Net periodic pension (income) cost	$ (48)	$ 77

The Company's funding policy is to make contributions to maintain the minimum funding requirements for its pension obligations in accordance with the Employee Retirement Income Security Act. The Company may elect to contribute additional amounts to maintain a level of funding to minimize the Pension Benefit Guaranty Corporation premium costs or to cover the short-term liquidity needs of the plans in order to maintain current invested positions. During the thirteen weeks ended May 3, 2008, the Company did not make any contribution to its Retirement Plans.

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8. Fair Value Measurements

The Company adopted the provisions of SFAS 157 on February 3, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets as of May 3, 2008 that are currently subject to SFAS 157.

Balance as of	Quoted Prices in Active Markets for Identical Assets	Siginificant Other Observable Inputs