

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 30, 2006

0-15898  
(Commission File Number)

**CASUAL MALE RETAIL GROUP, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

04-2623104  
(IRS Employer Identification Number)

555 Turnpike Street, Canton, Massachusetts 02021  
(Address of registrant's principal executive office)

(781) 828-9300  
(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

**ITEM 7.01 – Regulation FD Disclosure**

On January 31, 2006, the Company issued a press release announcing that on January 30, 2006 the Company entered into a sale-leaseback transaction with Spirit Finance Corporation. A copy of the press release is attached to this report as Exhibit 99.1, and is incorporated herein by reference.

The Company expects to discuss this transaction at the Brean Murray, Carret Small Cap Institutional Conference '06 which will be held today, Tuesday, January 31, 2006. In addition to the slide presentation already filed by the Company on Form 8-K dated January 11, 2006, the Company will present two additional slides discussing the above sale/leaseback transaction. A copy of the additional slides for this presentation are attached to this report as Exhibit 99.2, and are incorporated herein by reference.

The slides contained in the exhibit include statements intended as “forward-looking statements.” These slides are being furnished, not filed, pursuant to Regulation FD. Accordingly, the slides will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of these slides are not intended to, and do not, constitute a determination or admission by the Company that the information in the slides is material or complete, or that investors should consider this information before making an investment decision with respect to the Company.

**ITEM 9.01 – FINANCIAL STATEMENTS AND EXHIBITS**

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated January 31, 2006
99.2	Slides discussing the Sale-Leaseback transaction for the Company’s investor presentation on January 31, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASUAL MALE RETAIL GROUP, INC.

By: \_\_\_\_\_ /s/ DENNIS R. HERNREICH  
Name: **Dennis R. Hernreich**  
Title: **Executive Vice President  
and Chief Financial Officer**

Date: January 31, 2006



For Information Contact:

Company Contact:

Jeff Unger, Investor Relations

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#### **CMRG Enters Into Sale/Leaseback of its Headquarters for \$57 Million**

CANTON, MA, January 31, 2006 — Casual Male Retail Group, Inc. (NASDAQ/NMS: "CMRG"), retail brand operator of Casual Male XL, Casual Male Big and Tall and Rochester Big & Tall, today reported it has entered into a sale-leaseback transaction with Spirit Finance Corporation. The transaction involves the sale for \$57 million and the immediate leaseback of the Company's headquarters and distribution center located in Canton, MA. The transaction is expected to close and be funded shortly, subject to the satisfaction of customary closing conditions.

The Company anticipates using the net proceeds from the sale of approximately \$56 million to reduce outstanding bank debt, including the term loan, to repay the existing mortgage on the property, to buyback a portion of the Company's outstanding convertible notes and the remaining proceeds of approximately \$14 million will be used for working capital. The Company repaid the existing mortgage in January 2006 and incurred an approximate \$1.2 million pre-payment penalty resulting in a one-time charge to its 2005 earnings, which will be recognized in the fourth quarter.

Casual Male has agreed to lease the building for an initial period of 20 years, with option periods to extend the lease for another 30 years. After considering the annual rent obligation, the approximate \$28 million gain on sale to be amortized over the initial term of the lease, together with interest savings from debt reduction and the decreased depreciation in assets as a result of the sale, the transaction is expected to be slightly accretive to earnings in 2006.

Dennis Hernreich, Executive Vice-President and Chief Operating Officer and Chief Financial Officer, commented, "The sale-leaseback transaction significantly strengthens our balance sheet and financial position. The Company now has the flexibility to utilize future free cash flow and working capital to reduce the outstanding convertible notes and to seek external growth opportunities. In addition, Spirit worked very closely with us in creating a very flexible operating lease responsive to the Company's business and future requirements."

Today the Company will be presenting at the Brean Murray, Carret & Co. Small Cap Institutional Investor Conference at 1:00 p.m. eastern time. The presentation is expected to last approximately 25 minutes and will be broadcast live over the Internet. The live webcast links will be available on the Casual Male website at <http://www.casualmale.com/investor> and will also be archived for replay. The accompanying slide presentations can be found in the Company's 8-K filing on January 11, 2006. Furthermore, the Company will be filing an 8-K today prior to its presentation, with two additional slides, which will discuss the transaction in more detail.

Casual Male Retail Group, Inc., the largest retailer of big and tall men's apparel with retail operations throughout the United States, Canada and London, England, operates 483 Casual Male XL, Casual Male Big & Tall stores, the Casual Male e-commerce site, Casual Male catalog business, 13 Casual Male at Sears-Canada stores, 24 Rochester Big & Tall stores and a direct to consumer business. The Company is headquartered in Canton, Massachusetts, and its common stock is listed on the NASDAQ National Market under the symbol "CMRG."

Spirit Finance Corporation provides customized, flexible sale/leaseback financing solutions for single-tenant, operationally essential real estate vital to the operations of retail, service and distribution companies. Spirit's core markets include free-standing, automotive, drugstores, educational facilities, movie theatres, restaurants, supermarkets, and other retail, distribution and service businesses. Additional information about Spirit Finance Corporation is available on Spirit's website at [www.spiritfinance.com](http://www.spiritfinance.com).

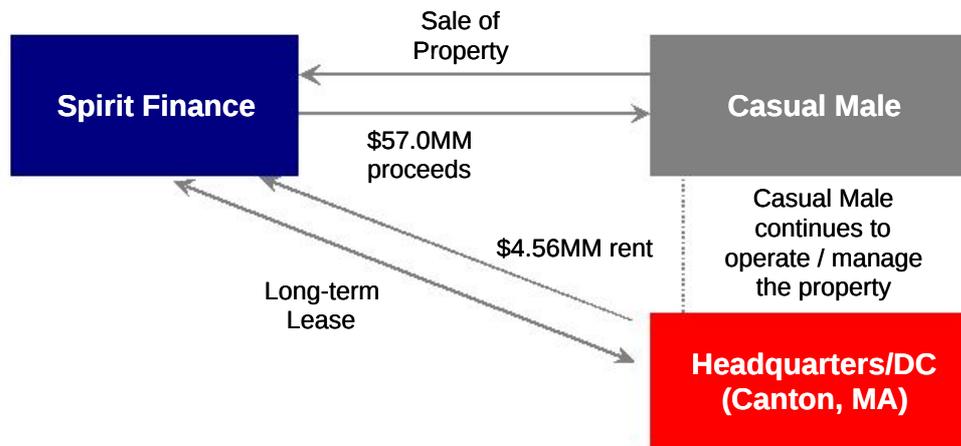
*This Press Release contains "forward-looking information" within the meaning of the federal securities laws, including estimates of expenses and savings and their impact on earnings. The discussion of forward-looking information requires management of the Company to make certain estimates and assumptions regarding the Company's strategic direction, its revenues and expenses and the impact of such factors on the Company's financial results. The Company's actual results and the implementation of its plans and operations may differ materially from forward-looking statements made by the Company. The Company encourages readers of forward-looking information concerning the Company to refer to its prior filings with the Securities and Exchange Commission that set forth certain risks and uncertainties that may have an impact on future results and direction of the Company.*

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# Sale-Leaseback Financing

## Transaction Summary

### Overview



- ◆ Spirit Finance has acquired Casual Male's ~755,992 square foot corporate headquarters and distribution center in Canton, MA for \$57MM.
- ◆ Net proceeds from the sale transaction approximate \$56 million, after transaction costs of approximately \$1 million.
- ◆ Casual Male's gain from sale of its property to Spirit Finance produced a capital gain of approximately \$28 million.
- ◆ Casual Male has mitigated any capital gains tax liability associated with the transaction by offsetting them with a portion of its tax loss carry-forwards, leaving over \$70 million in tax loss carry forwards for future use.
- ◆ Casual Male has entered into a 20-year lease with Spirit Finance, with 6, 5-year renewal options. Casual Male's initial rent in years 1-5 of the lease will be \$4.56 million.
- ◆ Casual Male will continue to operate and manage the property in the same manner as prior to the sale.

# Sale-Leaseback Financing

## Transaction Summary

### Use of Proceeds / Financial Statement Impact

#### Use of Proceeds

- ◆ Will use the net proceeds of ~\$56 million primarily for debt reduction and to buffer its cash position
    - Payoff of existing mortgage, including early retirement penalty of \$1 million \$10.0
    - Reduction in bank debt (revolver and Rochester Big & Tall acquisition financing) 27.0
    - Partial buyback of convertible note securities 5.0
    - Cash increase 14.0
- \$56.0

#### Earnings Impact

- ◆ Transaction will be accretive in 2006 by approximately \$0.02, after tax, per share as a result of:
    - Reduced interest expense \$3.6
    - Annual rent payments (4.6)
    - Elimination of depreciation expense associated with the property (non-cash) 0.8
    - Annual amortization of GAAP gain on building reducing annual lease expense (non cash) 1.5
- \$1.3

#### Balance Sheet Impact

- ◆ Sale transaction will reduce debt from approximately \$140 million prior to the transaction to approximately \$100 million, excluding cash balances of approximately \$20 million
- ◆ Borrowing capacity under CMRG's \$90 million revolver facility fully available

#### Cash Flow Impact

- ◆ CMRG's operating cash flow will be reduced by approximately \$1.0 million
- ◆ CMRG's free cash flow to be used for further debt reductions or growth activities