



Christopher & Banks  
2005 Annual Report

Our three established brands  
provide us the opportunity  
to sustain long-term growth

**CBK**  
**LISTED**  
**NYSE**

# Company Profile

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**Christopher  
& Banks**

**C.J.  
Banks**

**acorn**

Christopher & Banks is a specialty retailer offering exclusively designed women's apparel under three separate concepts, Christopher & Banks, C.J. Banks and recently acquired Acorn. Christopher & Banks and C.J. Banks stores are located primarily in enclosed malls while Acorn stores are located in lifestyle centers and other distinctive shopping locations. The modern store designs are open and inviting with attractive decor and bright lighting. Attractive window displays focus attention on current merchandise styles drawing customers into the stores.

Through our three brand concepts we appeal to a broad base of women looking for apparel and accessories that offer style, quality and versatility. Each of our brands feature unique merchandise selections. Christopher & Banks emphasizes style, quality and value, C.J. Banks offers fashionable apparel exclusively for the plus-size woman and Acorn merchandise appeals to a more affluent customer who expresses her individuality with color and texture. Our brands create an exciting and inviting boutique atmosphere for our customers. The shopping experience is further enhanced with courteous service and special touches such as tissue wrapped purchases and receipt envelopes.

In fiscal 2005, the Company opened 60 Christopher & Banks stores, 34 C.J. Banks stores and acquired 21 Acorn stores. At the end of fiscal 2005, the Company operated 642 stores in 44 states.



Christopher  
& Banks

# Letter to the Shareholders

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Our earnings performance in fiscal 2005 was softer than expected. Sales reached a record \$439 million, an increase of 12% over fiscal 2004. However, comparable store sales declined 2%. This same-store sales decline combined with higher than anticipated levels of markdowns pressured margins and contributed to lower than expected earnings. Earnings per diluted share decreased to \$0.73, compared to \$1.01 last year. Our efforts to generate improved and more consistent performance across all merchandise categories were not as successful as hoped. Most categories performed well, fueled by an exceptional performance in woven tops. However, adjustments to our sweater assortment did not produce the desired results.

In spite of our disappointing earnings results, fiscal 2005 was marked with noteworthy achievements. The year ended with approximately \$61 million in cash and short-term investments. We remain financially secure and debt-free.

Our previously announced stock repurchase program concluded this year with stock purchases of \$35.4 million in fiscal 2005. Nearly 2.1 million shares were repurchased at an average price of \$16.94. We believe the program represented a productive use of capital and reflects our continued confidence in the Company's long-term prospects.

Store expansion continued with 94 new store openings during the year, all funded by internally generated cash. We broadened our presence in existing markets with significant store openings in Illinois, Ohio, Pennsylvania and New York.

In November 2004, the Company embarked on a new retail concept with the acquisition of 21 Acorn stores from Gilmore Brothers, Inc. Acorn stores serve a more affluent customer with an upscale fashion taste, offering us a differentiated yet complementary third retail concept to our Christopher & Banks and C.J. Banks stores. We welcome the Acorn team and look forward to collaborating on their unique and stylish fashion designs as we begin to expand this concept in fiscal 2006.

To alleviate recognized shortcomings in our product assortment, we implemented strategic changes to lay new groundwork for improving merchandise style, selection and quality. Throughout the year we expanded the talent within our merchandise organization. This process culminated with the recent hiring of Matthew Dillon, a seasoned and highly talented merchandising executive. As Executive Vice President and Chief Merchandising Officer, he will play a vital role in providing us with fresh perspectives, reinvigorating the growth of our brands and enhancing our design and merchandise processes.

As we enter fiscal 2006, we are committed to a return to same-store sales growth and improved profitability. Our three brands, Christopher & Banks, C.J. Banks and Acorn, offer great long-term potential. The merchandise teams will build on the strengths of these brands and identify and remove weaknesses in product assortments. We are well positioned to deliver versatile merchandise and exciting shopping experiences.

We will continue to focus on growth opportunities. We plan to open approximately 75 stores in fiscal 2006 and increase square footage approximately 12%. With the addition of the Acorn concept, we believe that our three brands will eventually support a total store base of at least 1,300 stores.

In closing, I would like to thank our employees for their sustained commitment and enthusiasm in providing style, value and service to our customers. Finally, I thank our customers, vendors and shareholders for their continued support.

Best Regards,



William J. Prange  
Chairman and Chief Executive Officer

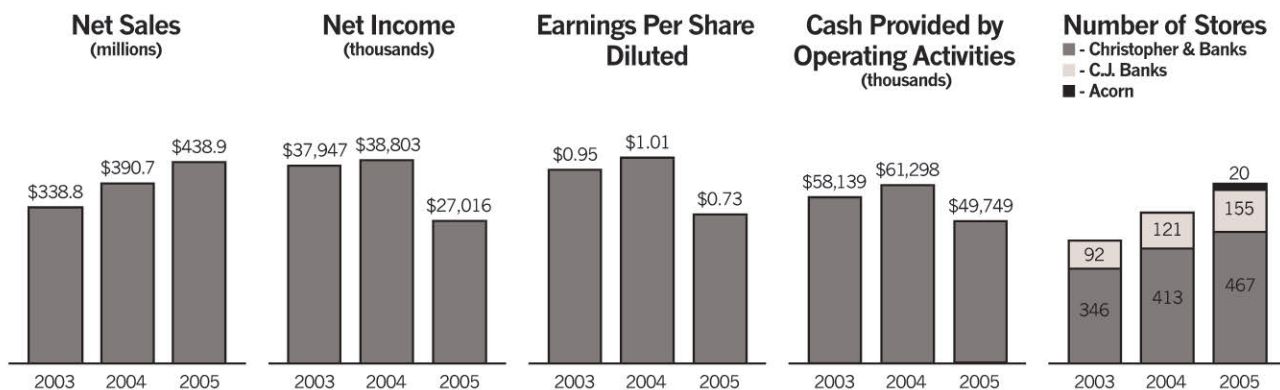
# Selected Financial Data

(Reported in thousands, except per share amounts and selected operating data.)

OPERATING RESULTS	Fiscal 2005	Fiscal 2004 (Restated)	Fiscal 2003 (Restated)
Net Sales	\$ 438,862	\$ 390,723	\$ 338,756
Operating Income	\$ 42,912	\$ 62,284	\$ 60,711
Net Income	\$ 27,016	\$ 38,803	\$ 37,947
Earnings per Share – Diluted	\$ 0.73	\$ 1.01	\$ 0.95

OPERATING STATISTICS	Fiscal 2005	Fiscal 2004 (Restated)	Fiscal 2003 (Restated)
Gross Margin	38.3%	42.3%	43.8%
Operating Margin	9.8%	15.9%	18.0%
Comparable Store Sales Increase (Decrease)	(2%)	(2%)	1%
Sales per Square Foot	\$ 220	\$ 238	\$ 253
Cash Provided by Operating Activities	\$ 49,749	\$ 61,298	\$ 58,139
Retail Inventory Turnover	3.9	4.3	4.7
Return on Average Stockholders' Equity	15.9%	24.5%	30.0%

NUMBER OF STORES	Fiscal 2005	Fiscal 2004	Fiscal 2003
Beginning of Period	534	438	351
Opened and Acquired	115	97	94
Closed	7	1	7
End of Period	642	534	438
Capital Expenditures	\$ 30,464	\$ 28,426	\$ 25,025







# Christopher & Banks



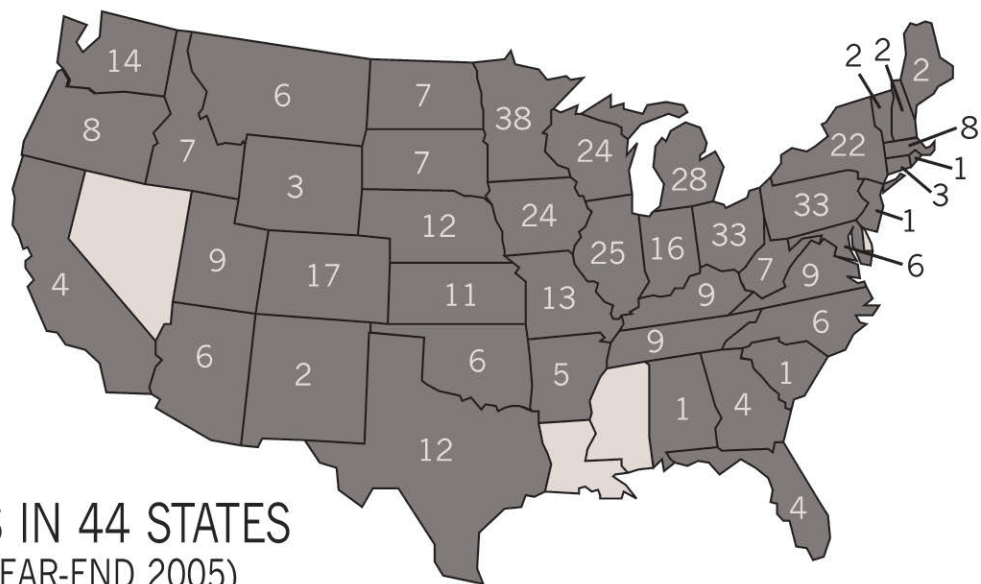
Christopher & Banks stores feature unique casual sportswear and sweaters exclusively designed for the active lifestyle of working women aged 40 to 60.

The Christopher & Banks customer is inspired by visually appealing displays of coordinated tops and bottoms. Our merchandise assortment is characterized by novelty designs with many items featuring seasonal themes. Fresh and seasonal

merchandise greets the customer with six different color stories introduced each year. For wear-to-work or leisure activities, our customer is assured of distinctive fashion accentuated by quality and value.

Christopher & Banks plans to open approximately 45 stores in fiscal 2006, extending our market penetration to 45 states.

Christopher  
& Banks



467 STORES IN 44 STATES  
(AT FISCAL YEAR-END 2005)



# C.J. Banks



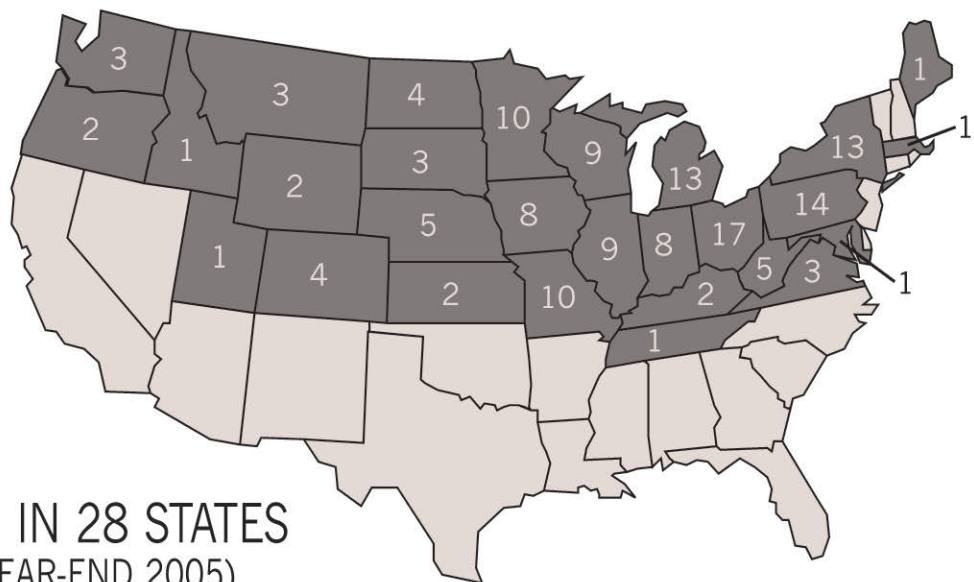
C.J. Banks stores offer versatile casual sportswear and sweaters for the plus-size woman.

The C.J. Banks customer is attracted to our wide selection of exclusively designed apparel. The unique yet fashionable designs meet her demands for style, quality and value. The tasteful assortments satisfy her active lifestyle wardrobing needs. Our color coordinated ensembles work together to create

a versatile wardrobe that moves easily from casual work-wear to leisure activities.

C.J. Banks continued its strategic expansion in fiscal 2005, ending the year with 155 locations. Twenty-five C.J. Banks stores are planned to open in fiscal 2006, increasing our market presence to 29 states.

C.J.  
Banks



155 STORES IN 28 STATES  
(AT FISCAL YEAR-END 2005)



# Acorn

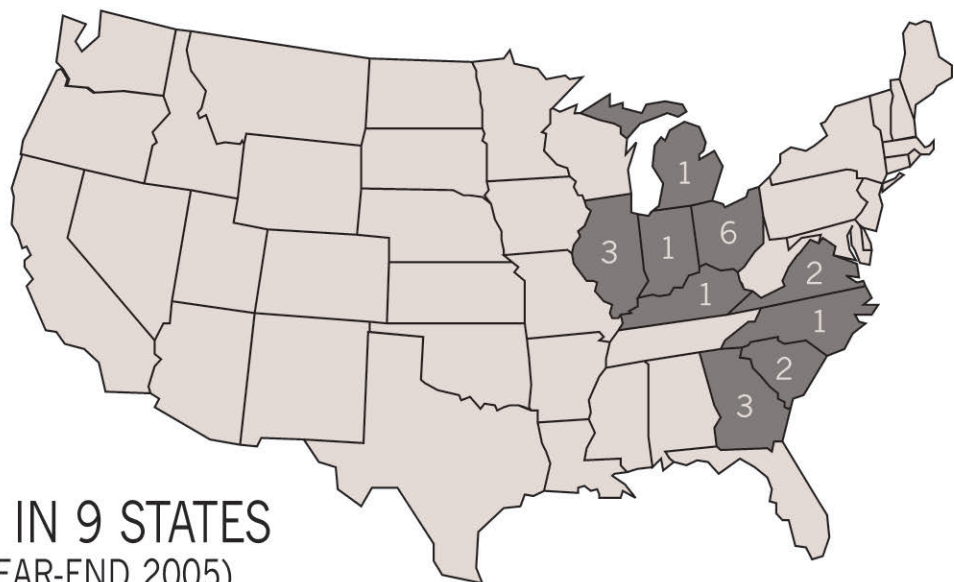
Acorn offers high quality women's fashion apparel along with complementary jewelry and accessories under private and branded labels.

The Acorn customer is a spirited affluent woman between the ages of 35 and 60 seeking distinctive and upscale style. Our clothing is inspired by the many facets of her lifestyle. Acorn offers a delightful mix of trend right fashion assortments characterized by unique, sometimes eclectic, styling elements and fresh color palettes. Special sweaters and unique jackets are examples of the distinctive and unique charm expressed in our beautifully tailored fashions.

We plan to open up to five Acorn stores in fiscal 2006 as we begin to develop this new and exciting concept into a recognized upscale brand.



**acorn**



**20 STORES IN 9 STATES**  
(AT FISCAL YEAR-END 2005)



# Corporate Information



## BOARD OF DIRECTORS

William J. Prange  
Joseph E. Pennington  
James J. Fuld, Jr.  
Donald D. Beeler  
Larry C. Barenbaum  
Anne L. Jones  
Robert Ezrilov

## CORPORATE HEADQUARTERS

Christopher & Banks Corporation  
2400 Xenium Lane North  
Plymouth, MN 55441  
(763) 551-5000

## TRANSFER AGENT & REGISTRAR

Wells Fargo Shareowner Services  
161 N. Concord Exchange  
South St. Paul, MN 55075  
(800) 468-9716

## INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP  
Minneapolis, MN

## CORPORATE COUNSEL

Robins, Kaplan, Miller & Ciresi LLP  
Minneapolis, MN

## STOCK EXCHANGE LISTING

The common stock of Christopher & Banks Corporation is listed for trading on the New York Stock Exchange under the symbol CBK.

## EXECUTIVE & SENIOR OFFICERS

William J. Prange  
*Chairman and Chief Executive Officer*

Joseph E. Pennington  
*President and Chief Operating Officer*

Ralph C. Neal  
*Executive Vice President Store Operations*

Matthew Dillon  
*Executive Vice President and Chief Merchandising Officer*

Andrew K. Moller  
*Senior Vice President and Chief Financial Officer*

Kathryn R. Gangstee  
*Senior Vice President  
President Christopher & Banks Division*

## CORPORATE GOVERNANCE

The charters of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, along with the Company's Corporate Governance Guidelines and Code of Conduct, are available on our website at [www.christopherandbanks.com](http://www.christopherandbanks.com) – under "Our Business" select the "Investor Relations" link and then the "Corporate Governance" link. Copies of the committee charters, the Corporate Governance Guidelines and the Code of Conduct are available in print upon written request to Investor Relations, Christopher & Banks Corporation, 2400 Xenium Lane N., Plymouth, MN 55441.

## INVESTOR CONTACT

Shareholders, prospective investors and securities analysts should direct their inquiries to Christopher & Banks Corporation Attention: Investor Relations.

**Christopher & Banks**

2400 Xenium Lane North, Plymouth, Minnesota 55441  
[www.christopherandbanks.com](http://www.christopherandbanks.com)