



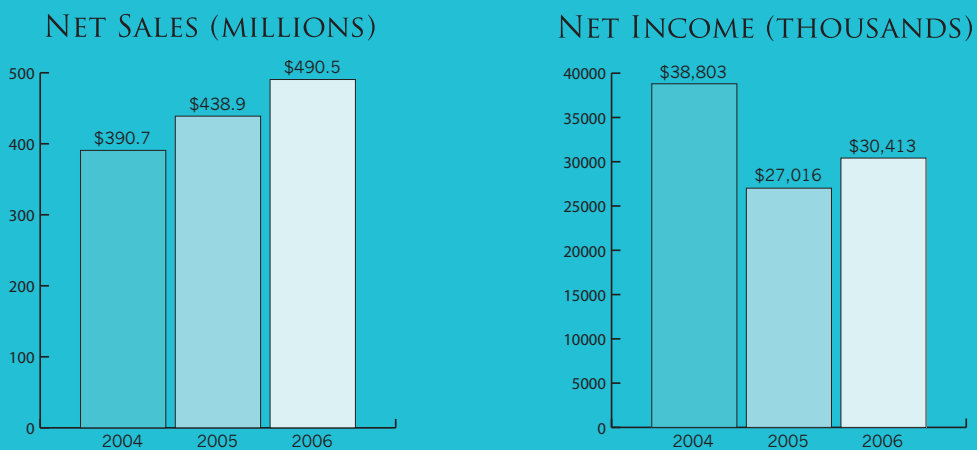
Christopher
& Banks®

2400 Xenium Lane North, Plymouth, Minnesota 55441
www.christopherandbanks.com



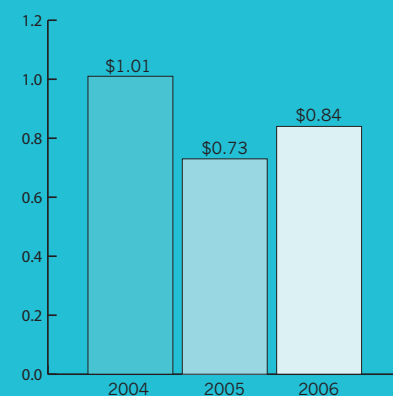
Christopher
& Banks®

FISCAL 2006 ANNUAL REPORT
FIFTY YEAR ANNIVERSARY

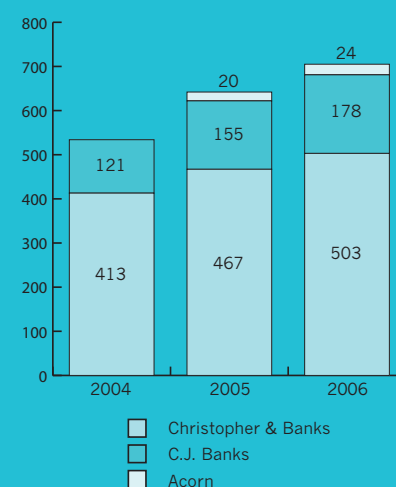


shared **vision**, hard work, and
dedication lead to
 new opportunities and
 sustained **growth**

EARNINGS PER SHARE DILUTED



NUMBER OF STORES



LETTER TO SHAREHOLDERS

Fiscal 2006 was a positive year of transition for Christopher & Banks Corporation. After disappointing results in fiscal 2005, our efforts in fiscal 2006 focused on reinvigorating our brands, establishing more formal operational processes and continuing our investment in experienced talent. We challenged the nature of our core business and built a foundation for strong improvements into fiscal 2007 and for long-term sustained growth.

The improvement we began to see in our fiscal 2006 financial performance is encouraging. Our primary focus last year was on merchandise margin improvement. This margin improvement fueled a 12.6% increase in net income from \$27.0 million to \$30.4 million. Diluted earnings per share rose to \$0.84. Net sales increased for the fiscal year by 11.8% to a record \$490.5 million. Comparable store sales increased 1%, reversing the modest downward trend of the two previous years. We remain debt free and finished the year with cash and short-term investments of \$92.4 million, an increase of more than \$31 million over fiscal 2005.

Reinvigorating Our Brands

Understanding our customer is imperative to ensuring that we have a compelling product assortment, and we have taken steps to improve our knowledge of her.

Our three brands, while each distinctive, do have common attributes. All three serve baby boomer customers with merchandise assortments reflective of her lifestyle. Each brand has a strong quality/value equation. Additionally, all have exceptional customer service as a hallmark. We expect our brands to continue to evolve, attracting new customers while retaining our existing customer base.

Creating a diverse merchandise assortment is critical to sustained growth. During the year, we shifted inventory dollars to merchandise categories where we believe there is significant opportunity to drive growth and attain gross margin improvement.

In fiscal 2006 we focused our efforts on refreshing our brands with updated, feminine styling more appropriate for her lifestyle, providing alternatives that allow her to expand her wardrobe options. We achieved success in fiscal 2006 with impressive, solid comp sales performance in our woven and knits categories. The woven category has been expanded with an increased emphasis on jackets, textures and patterns. Fashion knits have been added to complement our updated basic knits category. We continue to fine tune our sweater assortment. The sweater concentration in the merchandise assortment has been reduced, while the category has been revitalized with seasonally appropriate designs and yarns. A renewed focus on the bottoms category included the introduction of stretch into certain designs, and an expansion of prints, patterns and skirts. Our goal remains to consistently provide a well focused apparel assortment in order to satisfy the customer's expectation for style, versatility and value.

Another step toward the reinvention of our brands was the initiation of a comprehensive customer segmentation research study which will conclude in Fiscal 2007. We anticipate the outcome of this research will increase our customer knowledge, thereby giving us additional insight into the further evolution of our brands.

Finally, our brand reinvigoration was visually enhanced in our stores with compelling window displays inclusive of new lifestyle banners in our Christopher & Banks and C. J. Banks stores. Acorn stores have traditionally merchandised their windows with lifestyle vignettes. The window strategy draws the customer over the lease line into the store, while our coordinated in-store merchandising makes it easy for her to shop.

Establishment of Formalized Operational Processes

In fiscal 2006, we instilled a new discipline in the management of our business and established a more cohesive approach to our fashion assortments. New emphasis on upfront identification and interpretation of

LETTER TO SHAREHOLDERS CONTINUED...

color and fashion trends was instituted, resulting in design modifications and corresponding assortment enhancements. Additionally, our merchants initiated relationships with new sourcing partners beyond South Asia to support new trends important to our future assortments.

We established better communication with our store personnel in an effort to improve their product knowledge and merchandise presentation. We expect this effort will enhance the customer experience.

A renewed commitment to maintaining appropriate inventory levels and consequent reduction of markdowns was key to our margin improvements during the last year. This will continue to be a business discipline as we move forward.

Real estate selection is integral to our growth and expansion. Our store count increased by a net of 63 stores in fiscal 2006, and we ended the year with 705 locations. The majority of the new stores opened in states where the Company currently operates, thereby expanding our presence in those markets. All expansion efforts were funded with internally generated cash.

Looking Forward

Our former Chairman and Chief Executive Officer, William Prange, resigned in December 2005. Mr. Prange's tenure with the Company dated back to 1994. He served as Chief Executive Officer for more than seven years. We thank Bill for his outstanding contributions and the successes we achieved under his leadership.

During fiscal 2007, we will continue to focus on brand development, to build on the momentum begun in 2006. We will strive to learn more about our customer and strengthen our relationship with her. We are committed to further evolve our merchandise assortment to ensure our long-term growth. Finally, we will continue to add and to develop talent in key areas of our business.

We plan to continue expansion of all three brands, increasing our store base with approximately 85 new locations in fiscal 2007. We believe the strength of our three brands will support a store base of at least 1,300.

I would like to thank the talented and committed employees throughout our organization for their contributions and their willingness to embrace change. Their tireless efforts to serve our customer with fashion, quality and value will drive the future growth and success of Christopher & Banks Corporation.

I am enthusiastic about fiscal 2007 and the opportunities that lie ahead for our customers, shareholders and associates.

Best Regards,



Joseph Pennington
Chief Executive Officer



COMPANY PROFILE

Christopher
& Banks®

C.J.
Banks®

acorn

Christopher & Banks is a specialty retailer offering exclusively designed, women's casual apparel across three distinct brands: Christopher & Banks, C.J. Banks, and Acorn.

Through our three brands, we appeal to a broad base of women who seek a combination of style, quality and versatility in apparel and accessories. Our stores offer an exciting and inviting boutique atmosphere, enhanced by courteous customer service.

Christopher & Banks offers quality, updated styles and classic apparel. C. J. Banks offers fashionable apparel exclusively for the plus-size woman, and Acorn merchandise appeals to a more affluent customer who expresses her style through color and unique details.

The modern store designs are open and inviting with appealing décor. Attractive window displays featuring lifestyle images of current merchandise draw customers into the stores. Apparel is arranged by color palette and in vignettes to inspire the customer and improve her overall shopping experience.

In keeping with the boutique atmosphere, all purchases are wrapped in tissue and receipts are placed in branded envelopes. Gift cards are available for purchase at all locations. Customers may elect to sign up for e-mails announcing new merchandise in stores. Our web sites also showcase the latest merchandise available in our stores. Acorn stores regularly communicate with their best customers via a combination of direct mail and e-mail. In fiscal 2007, Christopher & Banks and C.J. Banks will test similar communications with their customers.

SELECTED FINANCIAL DATA

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

OPERATING RESULTS	Fiscal 2006	Fiscal 2005	Fiscal 2004
Net Sales	\$ 490,508	\$ 438,862	\$ 390,723
Operating Income	\$ 47,634	\$ 42,912	\$ 62,284
Net Income	\$ 30,413	\$ 27,016	\$ 38,803
Earnings per Share – Diluted	\$ 0.84	\$ 0.73	\$ 1.01

OPERATING STATISTICS			
Operating Margin	9.7%	9.8%	15.9%
Comparable Store Sales Increase (Decrease)	1%	(2%)	(2%)
Sales per Square Foot	\$ 216	\$ 220	\$ 238
Retail Inventory Turnover	3.8	3.9	4.3
Return on Average Stockholders' Equity	17.1%	15.9%	24.5%

NUMBER OF STORES			
Beginning of Period	642	534	438
Opened and Acquired	69	115	97
Closed	6	7	1
End of Period	705	642	534
Capital Expenditures	\$ 26,624	\$ 30,464	\$ 28,426





Christopher & Banks®

Christopher & Banks continued to evolve its merchandise assortment in fiscal 2006, keeping with the brand promise to deliver quality, exclusively designed casual clothing for women ages 35 – 60.

The Christopher & Banks customer appreciates classic style, but expects to inject a sense of updated fashion in the clothing she purchases. She seeks apparel that can go from work to casual time, and appreciates novelty designs and trend-right styling.

Fresh and seasonal merchandise greets the customer with a minimum of six different color stories introduced each year. Her busy lifestyle demands quality clothing at a moderate price, but with all the services of a boutique. She is inspired by our visually appealing windows featuring the most recent merchandise and by our interior displays of coordinated tops and bottoms. Stores are merchandised to make her shopping experience easy and inspiring. The warm wood tones of our stores further enhance the shopping environment.

At the end of fiscal 2006, the Company operated 503 Christopher & Banks stores in 45 states.





C.J. Banks

C. J. Banks also continued to evolve its merchandise assortment in fiscal 2006. The customer is driving the expansion of our fastest growing brand with her demand for versatile, casual and fashion-forward sportswear for the plus size woman. This customer is also a woman between the ages of 35 – 60.

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. This customer wants the latest styles in her size coupled with a high level of customer service. At C. J. Banks she gets both.

As with her sister store Christopher & Banks, fresh merchandise is introduced at C. J. Banks each season with a minimum of six different color stories introduced each year. Our compelling window displays provide inspiration and a reason to enter the store. Our merchandising layout of coordinating tops and bottoms make her shopping experience fun and easy. We have added warm wood tones in our stores to further enhance the boutique-like environment.

At the end of fiscal 2006, the Company operated 178 C. J. Banks stores in 29 states.





Every Day Women Do Amazing Things®

Acorn stores offer high quality, women's casual fashion apparel along with complementary jewelry and trend-right accessories under private and branded labels.

The Acorn customer is joyful, spirited, and confident, and between the ages of 35 – 60. She is active, affluent and seeks distinctive clothing characterized by unique style elements and bright colors. She is very aware of fashion trends and actively seeks them when shopping.

Our apparel is inspired by the many facets of her active lifestyle. Acorn offers clothing that is unique, sometimes eclectic and always special. Distinctive sweaters and stylish jackets are examples of the appeal and charm expressed in our beautifully tailored fashions. A compelling in-store experience coupled with the highest level of customer service in any of our brands, Acorn is the boutique where she can always find something new and different.

The store décor is inviting, intimate and fun. Stone and warm woods in our newest stores conjure a feeling of Tuscany. Window displays extend Acorn's quirky charm, incorporating elements of nature and home. Sales associates maintain personal relationships with our best customers, greeting them by name and actively assisting their shopping experience.

At the end of fiscal 2006, the Company operated 24 Acorn stores in 10 states.





CORPORATE INFORMATION

BOARD OF DIRECTORS

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

CORPORATE HEADQUARTERS

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

STOCK EXCHANGE LISTING

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

TRANSFER AGENT AND REGISTRAR

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
Minneapolis, MN

CORPORATE COUNSEL

Fredrikson & Byron, P.A.
Minneapolis, MN

INVESTOR CONTACT

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

EXECUTIVE & SENIOR OFFICERS

Joseph E. Pennington
Chief Executive Officer

Matthew P. Dillon
President and Chief Merchandising Officer

Andrew K. Moller
Executive Vice President and Chief Financial Officer

Monica L. Dahl
Executive Vice President and
Chief Operations Officer

Kim A. Decker
Senior Vice President Store Operations

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 – 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.

CERTIFICATIONS

The certifications by our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 have been filed as exhibits to our Form 10-K for the fiscal year ended February 25, 2006. In addition, our Chief Executive Officer filed the annual certification to the New York Stock Exchange as required by NYSE Section 303A (12).