

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### NOTE 3 – INCOME TAXES

Total income taxes were allocated as follows:

	Year Ended January 29, 2005	Year Ended January 31, 2004	Month Ended February 1, 2003	Year Ended December 31, 2002
Income (loss) from continuing operations	\$ 107,920	\$111,169	\$(3,279)	\$96,812
Cumulative effect of a change in accounting principle	—	—	(3,309)	—
Accumulated other comprehensive (income) loss, marking derivative financial instruments to fair value	424	192	61	(633)
Stockholders' equity, tax benefit on exercise of stock options	(2,144)	(5,620)	(65)	(10,696)
	<b>\$ 106,200</b>	\$105,741	\$(6,592)	\$85,483

The provision for income taxes consists of the following:

	Year Ended January 29, 2005	Year Ended January 31, 2004	Month Ended February 1, 2003	Year Ended December 31, 2002
Federal - current	\$ 75,785	\$ 76,017	\$(3,778)	\$69,003
Federal - deferred	15,861	19,465	956	14,141
State - current	16,557	15,471	(611)	11,373
State - deferred	(283)	216	154	2,295
	<b>\$ 107,920</b>	\$111,169	\$(3,279)	\$96,812

A reconciliation of the statutory federal income tax rate and the effective rate follows:

	Year Ended January 29, 2005	Year Ended January 31, 2004	Month Ended February 1, 2003	Year Ended December 31, 2002
Statutory tax rate	35.0%	35.0%	35.0%	35.0%
Effect of:				
State and local income taxes, net of federal income tax benefit	3.6	3.5	3.5	3.5
Other, net	(1.1)	—	—	—
Effective tax rate	<b>37.5%</b>	38.5%	38.5%	38.5%

The rate reduction in "Other, net" in the above table consists primarily of a one-time tax benefit for the resolution of a tax uncertainty in 2004.