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JONES APPAREL GROUP

ANNUAL REPORT 2002



NINE WEST

POLO JEANS CO.

R A L P H
RALPH LAUREN

ESPRIT

energie

Rena Rowan

NINE
& COMPANY

NORTON
MENAUGHTON®

lei.
the energy intelligence

ERIKA

GLORIA VANDERBILT





easyspirit.

TOMMY HILFIGER

JONES NEW YORK

LAUREN
RALPH LAUREN

EVAN-PICONE

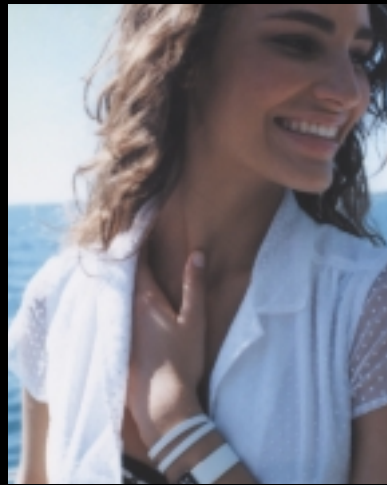
napier

JUDITH JACK

BANDOLINO

ENZO ANGIOLINI

JONES WEAR



JONES APPAREL GROUP

the new value

DEAR STOCKHOLDERS AND BONDHOLDERS:



PETER BONEPARTH
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
AND DIRECTOR

I am honored to be writing to you for the first time as the President and Chief Executive Officer of Jones Apparel Group, Inc. Last May, when I formally assumed the day-to-day operating responsibilities of the Company, I inherited a platform with excellent future potential, the result of the vision of Jones Apparel Group's Founder and Chairman, Sidney Kimmel. Our continued evolution into one of the largest multi-product, multi-channel resources for branded consumer products in the history of the apparel and footwear industry has transformed the Jones Apparel Group into an entity with great balance and diversification, uniquely well positioned to outperform our peers in both robust and challenging economies.

Today we are no longer solely reliant upon a single brand, sold through a single distribution channel. We sell through department stores and mass merchants, discounters and specialty stores. Nor are we a single core competency company. Instead, we have developed and acquired competencies in better apparel, footwear, moderate apparel, retail, denim, handbags and costume jewelry. Deploying these competencies in a coordinated manner should lead to the enhancement of long-term shareholder value by offering our consumer a head-to-toe approach in creating a wardrobe.

During 2002, our focus on executing our diversified and balanced business model allowed us to generate record net sales of \$4.3 billion, a 5.9% increase over 2001 in spite of the difficult environment. This translated into a record level of cash flow from operations of \$717 million - a 27% increase over 2001 - and a 30% increase in earnings per share under generally accepted accounting principles to \$2.36. Our financial performance is a testament to the business model we have created, thereby helping to offset the soft macroeconomic conditions and challenging geo-political landscape that continue to distract the consumer.

Although I am proud of our financial performance, particularly relative to our peers, it is not what defines Jones Apparel Group. Rather, it is our ability to create competitive advantages that places us in a leadership role in our industry. We refer to this ability as The New Value Creation Process. This process seeks to maximize the consumer's experience with our branded products while continuing to improve our own internal efficiencies.

Critical to the success of The New Value Creation Process is the ongoing collaboration with our retail partners to drive solutions. We take this one step further by integrating the consumer into our strategic business decisions through focus groups and grass-roots marketing events. This allows us to capture and learn valuable insights about the consumer, such as buying habits, shopping patterns, styling and evolving trends, to ensure our brands are properly positioned in the marketplace. It also allows us to create new brands and products to match the consumer's desires. Embracing this two-way communication with the consumer separates us from our peer group, so that we may consistently deliver superior product and fit, regardless of the lifestyle need.

Looking at the current retail landscape, shifts in consumer spending habits have continued their trend toward more "channel neutral" venues, clouding the differentiation between department stores and national chains. As we have remained focused on building a more diversified and balanced organization, our investments have naturally gravitated to where the

equation

consumer is shopping. The acquisitions in 2002 of Gloria Vanderbilt and I.e.i. are perfect examples of our strategy at work. These two brands are highly recognizable and leaders in the respective markets they serve. Additionally, they each afford us growth opportunities to launch key businesses that harness the power of our various core competencies. This is best evidenced by the simultaneous launches of women's sportswear, footwear, handbags and costume jewelry to complement an already successful Gloria Vanderbilt bottoms business. In addition, the I.e.i. acquisition, with its strong market presence and solid financial metrics, has further provided us the ability to realize operating synergies with our existing denim manufacturing capabilities. These synergies should translate into an improved financial model for our existing denim business. We see tremendous opportunities with these two additions to the Jones Apparel Group branded portfolio.

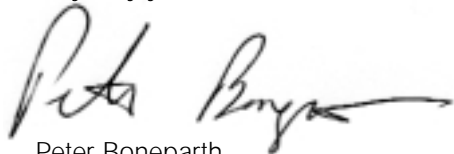
While launching new products and seizing upon new market opportunities are quite exciting, it only tells half of the Jones Apparel story. The other half relates to operational execution and our recognized ability to design, source and deliver product to the consumer in a cost-efficient manner. We utilize an infrastructure based on "best in class" systems, combined with talented and seasoned managers. We continue to invest millions of dollars annually to ensure we maintain our low-cost producer status. For example, in 2002, we shipped approximately 260 million units while maintaining an overhead cost structure substantially lower than our peer group average. We anticipate shipping approximately 300 million units in 2003 – further leveraging our systems and logistics capabilities.

Without question, our highly recognizable brands and unparalleled infrastructure provide us with tremendous competitive advantages. Our key financial metrics, which revolve around operating profit performance, working capital management and free cash flow place us in the upper echelon of our industry, creating additional opportunities for us to build upon our diversified and balanced business model.

One of our most cherished competitive advantages remains our corporate culture, as practiced by the approximately 16,000 associates of Jones Apparel Group. That culture is focused on maximizing our long-term financial performance for the benefit of all stockholders. Self-motivation, teamwork and the desire to create a "better mousetrap" are all hallmarks of our organization. Maintaining this culture is not an easy task, particularly given the overall economic environment, which is why we value it so strongly. Clearly, we view it as a differentiating factor and distinct competitive advantage.

In closing, since my appointment to President and Chief Executive Officer of this great company, I have had the pleasure to visit most of our operating facilities and to meet many of the people who, together, comprise Jones Apparel Group. I have witnessed first-hand the extraordinary efforts of our many associates and wish to thank each and every one of them, along with our customers and suppliers, for contributing to the Company's success as a recognized industry leader. These are challenging times with many uncertainties, so I thank our many stockholders and financial constituencies for their continued support as we remain committed to our diversified and balanced business model.

Very truly yours,



Peter Boneparth

"I am very proud of our executive management team; they, along with a very able Board of Directors, have demonstrated thoughtful leadership. Our Company's performance evidences not only their commitment, but that of all of our senior managers and associates, to building long-term shareholder value."



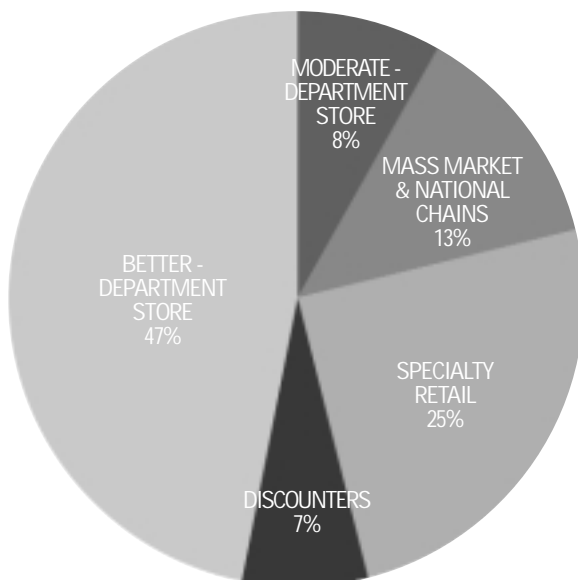
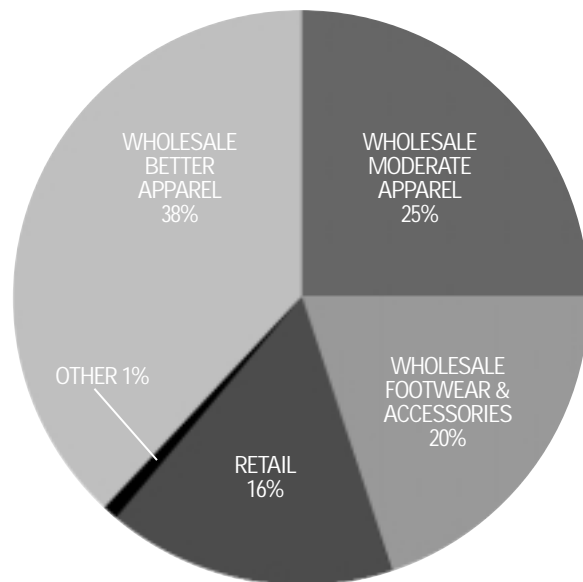
SIDNEY KIMMEL
FOUNDER, JONES APPAREL GROUP, INC.
CHAIRMAN AND DIRECTOR

diversity equals

brands • distribution channels • products
lifestyles • consumer segments

2002 Net Revenue Breakdown

Leveraging our highly-recognizable branded portfolio across balanced segment classifications



2002 Channel Diversification

Diversified channels of distribution capitalize on "where the consumer is shopping" while reducing our overall risk

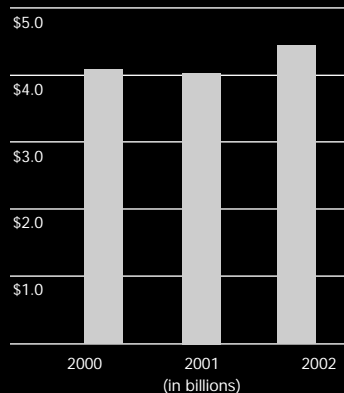
stability

financial highlights

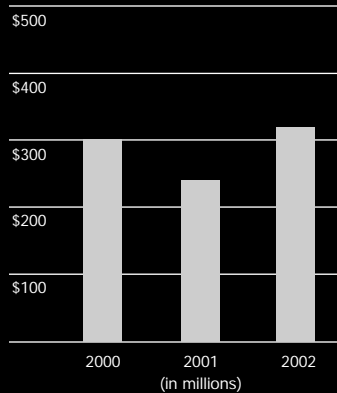
JONES APPAREL GROUP, INC. & SUBSIDIARIES

all amounts in millions
except per share and employee data

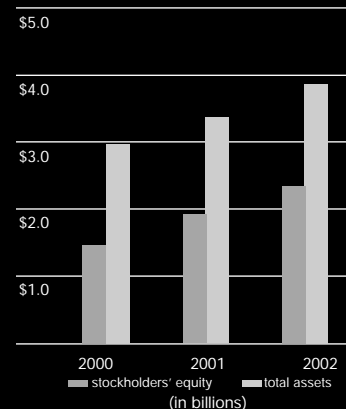
	2002	2001	2000
total revenues	\$4,341	\$4,099	\$4,170
gross profit	\$1,684	\$1,528	\$1,733
gross margin	38.8%	37.3%	41.6%
operating income	\$591	\$480	\$605
operating margin	13.6%	11.7%	14.5%
net income	\$319	\$236	\$302
diluted earnings per share	\$2.36	\$1.82	\$2.48
working capital	\$891	\$763	\$295
total assets	\$3,853	\$3,374	\$2,979
stockholders' equity	\$2,304	\$1,905	\$1,477
book value per share	\$17.94	\$15.16	\$12.30
employees	15,950	12,175	13,860



TOTAL REVENUES



NET INCOME



TOTAL ASSETS &
STOCKHOLDERS' EQUITY

better

A portfolio of highly desired brands... superior product fit and quality... a loyal consumer following... innovative marketing campaigns... these elements comprise our better apparel segment. This division delivers balance via the ability to reach classic, trendsetter, millennium, and boomer consumer segments.





JNY

JONES NEW YORK
SPORT · COLLECTION

better



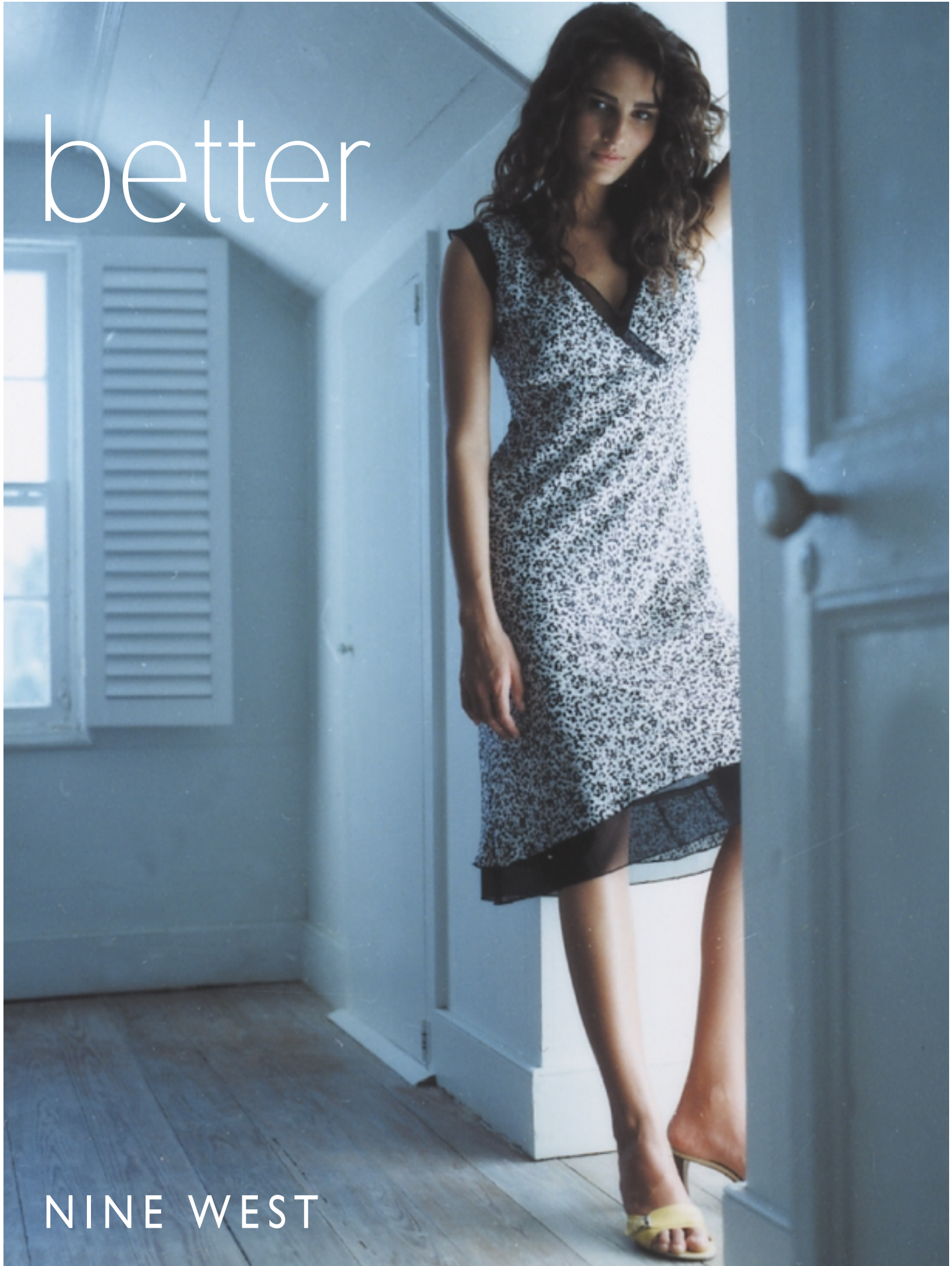
LAUREN
RALPH LAUREN



easyspirit.

better

NINE WEST





POLO JEANS CO.

moderate

New brand acquisitions... organic brand introductions...
an enhanced product-value relationship...this combination
creates our fastest-growing segment, moderate...
moderate delivers industry-leading financial metrics



NORTON
M E N A U G H T O N®

GLORIA VANDERBILT

NINE
& COMPANY



lei.
life energy intelligence

footwear &

NINE WEST

accessories

The most recognized and desired brands...quick-to-market/wear now product strategy...diversified distribution channels... leading product development and sourcing infrastructure...these assets facilitate the ongoing industry leadership of our footwear and accessories segment.





footwear &

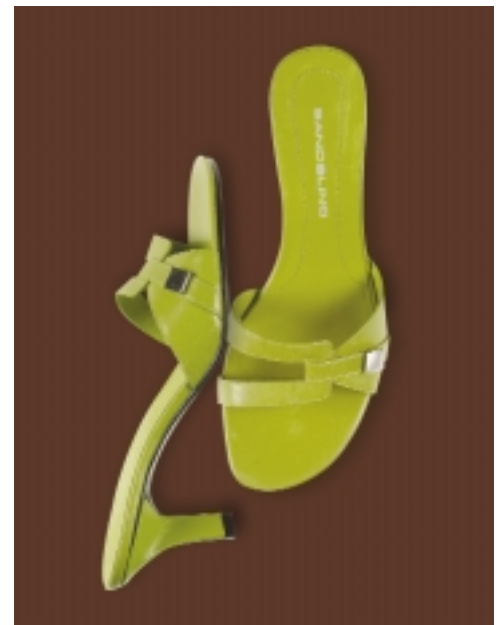
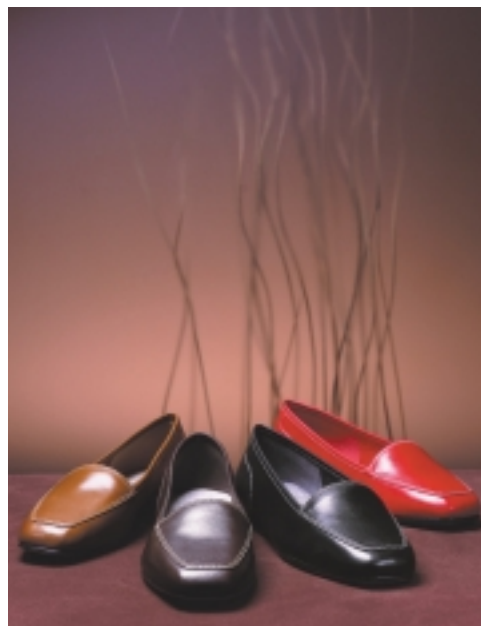


easyspirit.

accessories



ESPRIT

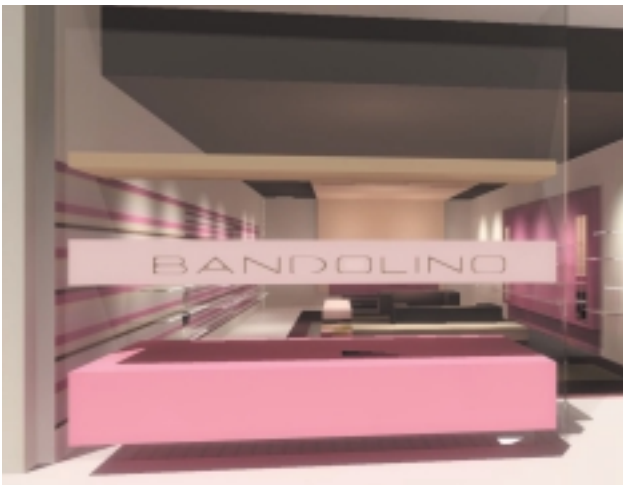


BANDOLINO

ENZO ANGIOLINI

retail portfolio

Total brand experience...test and react programs...
one-to-one consumer interaction...product innovations...
all made possible by our diverse mall, strip center,
outlet center, and street location retail portfolio.



BANDOLINO



easyspirit.

mall locations
nine west
easy spirit
enzo angiolini
bandolino

opening in 2003



JONES NEW YORK



NINE WEST

outlet locations
nine west
easy spirit
jones new york concepts



Peter Boneparth PRESIDENT AND CHIEF EXECUTIVE OFFICER AND DIRECTOR

Peter Boneparth was named President and Chief Executive Officer of Jones Apparel Group, Inc. during 2002. He was the Chief Executive Officer of McNaughton Apparel Group Inc. at the time of its acquisition by Jones in 2001. Prior to joining McNaughton in May 1997, he was the Executive Vice President and Senior Managing Director in the Investment Banking Department at Rodman & Renshaw and was also a member of the Management Committee and on the Board of Directors at that firm. Prior to joining Rodman & Renshaw, Mr. Boneparth was Head of Investment Banking and a member of the Board of Directors of Mabon Securities Corp.



Rhonda Brown PRESIDENT AND CHIEF EXECUTIVE OFFICER OF FOOTWEAR, ACCESSORIES AND RETAIL GROUP

Rhonda Brown came to Jones Apparel Group, Inc. in 2001 from Steven Madden, Ltd., where she had served as President and, since 1996, as Chief Operating Officer and a member of the Board of Directors. Prior to joining Madden, Ms. Brown held senior positions in the footwear and accessories divisions of several major retailers.



Wesley R. Card CHIEF OPERATING AND FINANCIAL OFFICER

Wesley R. Card has been the Chief Financial Officer since 1990 when he joined Jones Apparel Group, Inc. He was also named Chief Operating Officer during 2002. Prior to joining Jones, Mr. Card held the positions of Executive Vice President and Chief Financial Officer of Carolyn Roehm, Inc. from 1988 to 1990 and Corporate Vice President, Controller and Assistant Secretary of Warnaco, Inc. from 1986 to 1988, having served in various divisional positions from 1979-1986. Prior to 1979, Mr. Card held various positions in the banking industry and in public accounting with the firm of Price Waterhouse.

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DIRECTORS & OFFICERS

Peter Boneparth
President and Chief Executive Officer and Director

Sidney Kimmel
Chairman and Director

Wesley R. Card
Chief Operating and Financial Officer

Rhonda Brown
President and Chief Executive Officer of Footwear, Accessories and Retail Group

Ira M. Dansky
Executive Vice President, General Counsel and Secretary

Anita Britt
Executive Vice President of Finance

Patrick M. Farrell
Senior Vice President and Corporate Controller

Howard Gittis*†‡
Director, Vice Chairman, and Chief Administrative Officer of MacAndrews & Forbes Holdings Inc.

Geraldine Stutz‡
Director, Principal Partner, GSG Group

Anthony F. Scarpa*†
Director, Retired Senior Vice President/Division Executive,
J.P. Morgan Chase Bank

Matthew H. Kamens
Director, Attorney

Michael L. Tarnopol*†
Director, Senior Managing Director, Vice Chairman, and Chairman of the Investment Banking Division,
Bear, Stearns and Co. Inc.

J. Robert Kerrey†‡
Director, President of New School University

*member of Audit Committee

†member of Compensation Committee

‡member of Nominating/Corporate Governance Committee

STOCKHOLDER INFORMATION

Investor Inquiries

Investors and other parties with questions, including requests for the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (available without charge), should direct questions in writing to: Wesley R. Card, Chief Operating and Financial Officer, Jones Apparel Group, Inc., 250 Rittenhouse Circle, Bristol, Pennsylvania 19007.

Transfer Agent and Registrar

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1-800-524-4458
e-mail: Shareowner-svcs@bankofny.com

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BDO Seidman, LLP
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New York, New York, 10017
212-885-8000

Corporate Offices

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Bristol, Pennsylvania 19007
215-785-4000

1411 Broadway, New York, New York 10018
212-642-3860

JONES APPAREL GROUP
ANNUAL REPORT 2002

Jones Apparel Group, Inc. (www.jny.com), a Fortune 500 Company, is a leading designer and marketer of branded apparel, footwear and accessories. The Company's nationally recognized brands include: Jones New York; Lauren by Ralph Lauren, Ralph by Ralph Lauren, and Polo Jeans Company, which are licensed from Polo Ralph Lauren Corporation; Evan-Picone, Rena Rowan, Norton McNaughton, Gloria Vanderbilt, Erika, I.e.i., Energie, Currants, Jamie Scott, Todd Oldham, Nine West, Easy Spirit, Enzo Angiolini, Bandolino, Napier and Judith Jack. The Company also markets costume jewelry under the Tommy Hilfiger brand licensed from Tommy Hilfiger Corporation and the Givenchy brand licensed from Givenchy Corporation, and footwear and accessories under the ESPRIT brand licensed from Esprit Europe, B.V. Celebrating more than 30 years of service, the Company has built a reputation for excellence in product quality and value, and in operational execution.