

Kohl's Corporation  
Condensed Consolidated Statements of Income  
(In Millions, except per share data)  
(Unaudited)

	3 Months Ended				6 Months Ended			
	July 29, 2006	% to Net Sales	July 30, 2005	% to Net Sales	July 29, 2006	% to Net Sales	July 30, 2005	% to Net Sales
Net sales	\$ 3,291.4		\$ 2,888.1		\$ 6,476.2		\$ 5,630.9	
Cost of merchandise sold	<u>2,053.4</u>	62.4%	<u>1,819.5</u>	63.0%	<u>4,090.0</u>	63.2%	<u>3,579.1</u>	63.6%
Gross margin	1,238.0	37.6%	1,068.6	37.0%	2,386.2	36.8%	2,051.8	36.4%
Operating expenses								
Selling, general and administrative	758.5	23.0%	672.5	23.3%	1,520.2	23.5%	1,345.4	23.9%
Depreciation and amortization	96.1	2.9%	82.6	2.9%	189.4	2.9%	162.6	2.9%
Preopening expenses	<u>8.0</u>	0.3%	<u>4.1</u>	0.1%	<u>19.0</u>	0.2%	<u>16.7</u>	0.2%
Operating income	375.4	11.4%	309.4	10.7%	657.6	10.2%	527.1	9.4%
Interest expense, net	<u>6.0</u>	0.2%	<u>16.3</u>	0.6%	<u>20.2</u>	0.4%	<u>33.5</u>	0.6%
Income before income taxes	369.4	11.2%	293.1	10.1%	637.4	9.8%	493.6	8.8%
Provision for income taxes	<u>137.0</u>	4.1%	<u>105.9</u>	3.6%	<u>237.8</u>	3.6%	<u>181.7</u>	3.3%
Net income	<u>\$ 232.4</u>	7.1%	<u>\$ 187.2</u>	6.5%	<u>\$ 399.6</u>	6.2%	<u>\$ 311.9</u>	5.5%
Basic net income per share	\$ 0.70		\$ 0.54		\$ 1.18		\$ 0.91	
Avg. number of shares	333.4		344.1		339.3		343.8	
Diluted net income per share	\$ 0.69		\$ 0.54		\$ 1.17		\$ 0.90	
Avg. number of shares	335.7		346.8		341.6		346.6	

Kohl's Corporation  
Condensed Consolidated Statements of Cash Flows  
(In Thousands)  
(Unaudited)  
Subject to Reclassification

	26 Weeks Ended	
	July 29, 2006	July 30, 2005
<b>Operating activities</b>		
Net income	\$ 399,602	\$ 311,920
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	189,645	162,995
Amortization of debt discount	108	108
Deferred income taxes	9,279	41,911
Share-based compensation	21,086	21,040
Excess tax benefits from share-based compensation	(13,548)	(9,606)
Changes in operating assets and liabilities:		
Accounts receivable, net	1,652,065	93,226
Merchandise inventories	(170,581)	(250,354)
Other current and long-term assets	(75,906)	(35,025)
Accounts payable	182,203	261,917
Accrued and other long-term liabilities	123,807	(72,684)
Income taxes payable	(49,131)	(85,474)
Net cash provided by operating activities	2,268,629	439,974
<b>Investing activities</b>		
Acquisition of property and equipment and favorable lease rights	(706,489)	(416,777)
Net purchases of short-term investments	(359,199)	(51,247)
Other	(2,522)	(3,770)
Net cash used in investing activities	(1,068,210)	(471,794)
<b>Financing activities</b>		
Repayments of other long-term debt, net	(104,596)	(2,435)
Excess tax benefits from share-based compensation	13,548	9,606
Treasury stock purchases	(1,100,809)	0
Proceeds from issuances of common shares	27,406	18,251
Net cash (used in) provided by financing activities	(1,164,451)	25,422
Net increase (decrease) in cash and cash equivalents	35,968	(6,398)
Cash and cash equivalents at beginning of period	126,839	116,717
Cash and cash equivalents at end of period	\$ 162,807	\$ 110,319

**Kohl's Corporation**  
**Condensed Consolidated Balance Sheets**  
(In Thousands)  
(Unaudited)  
Subject to Reclassification

	<b>July 29, 2006</b>	<b>July 30, 2005</b>
	<hr/>	<hr/>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 162,807	\$ 110,319
Short-term investments	519,276	140,014
Accounts receivable trade, net	0	1,296,406
Merchandise inventories	2,408,149	2,197,331
Deferred income taxes	10,591	7,013
Other current assets	156,947	82,319
Total current assets	<hr/> 3,257,770	<hr/> 3,833,402
Property and equipment, net	5,104,521	4,360,637
Favorable lease rights, net	226,108	218,577
Goodwill	9,338	9,338
Other assets	51,504	42,082
Total assets	<hr/> <b>\$ 8,649,241</b>	<hr/> <b>\$ 8,464,036</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,012,174	\$ 966,572
Accrued liabilities	731,583	487,100
Income taxes payable	104,229	82,102
Current portion of long-term debt and capital leases	8,243	105,539
Total current liabilities	<hr/> 1,856,229	<hr/> 1,641,313
Long-term debt and capital leases	1,041,314	1,036,172
Deferred income taxes	213,994	224,255
Other long-term liabilities	219,199	167,494
Shareholders' equity	5,318,505	5,394,802
Total liabilities and shareholders' equity	<hr/> <b>\$ 8,649,241</b>	<hr/> <b>\$ 8,464,036</b>