

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

	3 Months Ended				9 Months Ended			
	October 28, 2006	% to Net Sales	October 29, 2005	% to Net Sales	October 28, 2006	% to Net Sales	October 29, 2005	% to Net Sales
Net sales	\$ 3,637.3		\$ 3,119.4		\$ 10,113.4		\$ 8,750.3	
Cost of merchandise sold	<u>2,288.2</u>		<u>1,986.8</u>		<u>6,378.0</u>		<u>5,565.9</u>	
Gross margin	1,349.1	37.1%	1,132.6	36.3%	3,735.4	36.9%	3,184.4	36.4%
Operating expenses								
Selling, general and administrative	856.9	23.6%	753.8	24.2%	2,377.1	23.5%	2,099.2	24.0%
Depreciation and amortization	94.3	2.6%	85.1	2.7%	283.7	2.8%	247.7	2.8%
Preopening expenses	<u>28.5</u>	0.7%	<u>26.3</u>	0.8%	<u>47.6</u>	0.4%	<u>43.0</u>	0.5%
Operating income	369.4	10.2%	267.4	8.6%	1,027.0	10.2%	794.5	9.1%
Interest expense, net	<u>10.2</u>	0.3%	<u>18.0</u>	0.6%	<u>30.4</u>	0.3%	<u>51.5</u>	0.6%
Income before income taxes	359.2	9.9%	249.4	8.0%	996.6	9.9%	743.0	8.5%
Provision for income taxes	<u>134.7</u>	3.7%	<u>94.3</u>	3.0%	<u>372.5</u>	3.7%	<u>276.0</u>	3.2%
Net income	<u>\$ 224.5</u>	6.2%	<u>\$ 155.1</u>	5.0%	<u>\$ 624.1</u>	6.2%	<u>\$ 467.0</u>	5.3%
Basic net income per share	\$ 0.69		\$ 0.45		\$1.86		\$ 1.36	
Avg. number of shares	326.9		344.4		335.1		344.0	
Diluted net income per share	\$ 0.68		\$ 0.45		\$1.85		\$ 1.35	
Avg. number of shares	329.8		346.8		338.3		346.6	

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

	<u>9 Months Ended</u>	
	<u>October 28, 2006</u>	<u>October 29, 2005</u>
Operating activities		
Net income	\$ 624,098	\$ 467,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	284,185	248,268
Amortization of debt discount	162	163
Deferred income taxes	29,448	31,735
Share-based compensation	31,507	32,535
Excess tax benefits from share-based compensation	(20,480)	(9,859)
Changes in operating assets and liabilities:		
Accounts receivable, net	1,652,065	(102,518)
Merchandise inventories	(1,013,653)	(907,340)
Other current and long-term assets	(65,002)	(32,406)
Accounts payable	812,464	625,729
Accrued and other long-term liabilities	145,760	24,833
Income taxes payable	(89,931)	(114,739)
Net cash provided by operating activities	2,390,623	263,448
Investing activities		
Acquisition of property and equipment and favorable lease rights	(964,511)	(690,205)
Net (purchases) sales of short-term investments	(158,915)	88,765
Other	(3,856)	(3,362)
Net cash used in investing activities	(1,127,282)	(604,802)
Financing activities		
Proceeds from short-term debt	-	225,000
Borrowings under credit facilities	-	106,500
Excess tax benefits from share-based compensation	20,480	9,859
Payments of other long-term debt	(107,248)	(3,779)
Treasury stock purchases	(1,167,916)	-
Proceeds from stock option exercises	63,190	19,770
Net cash (used in) provided by financing activities	(1,191,494)	357,350
Net increase in cash and cash equivalents	71,847	15,996
Cash and cash equivalents at beginning of period	126,839	116,717
Cash and cash equivalents at end of period	\$ 198,686	\$ 132,713

Kohl's Corporation
Condensed Consolidated Balance Sheets

(In Thousands)
(Unaudited)
Subject to Reclassification

	October 28, 2006	October 29, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 198,686	\$ 132,713
Short-term investments	318,992	-
Accounts receivable trade, net	-	1,492,150
Merchandise inventories	3,251,221	2,854,317
Deferred income taxes	20,909	16,259
Other current assets	149,547	77,810
Total current assets	3,939,355	4,573,249
Property and equipment, net	5,266,048	4,557,827
Favorable lease rights, net	222,724	215,460
Goodwill	9,338	9,338
Other assets	57,224	48,353
Total assets	\$ 9,494,689	\$ 9,404,227
 Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,642,435	\$ 1,330,384
Accrued liabilities	744,499	577,296
Income taxes payable	56,497	52,584
Short-term debt	-	331,500
Current portion of long-term debt and capital leases	8,809	105,875
Total current liabilities	2,452,240	2,397,639
Long-term debt and capital leases	1,040,450	1,040,232
Deferred income taxes	244,481	223,325
Other long-term liabilities	228,236	179,765
Shareholders' equity	5,529,282	5,563,266
Total liabilities and shareholders' equity	\$ 9,494,689	\$ 9,404,227