

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

	Three Months (13 Weeks) Ended				Six Months (26 Weeks) Ended			
	August 4, 2007	% to Net Sales	July 29, 2006	% to Net Sales	August 4, 2007	% to Net Sales	July 29, 2006	% to Net Sales
Net sales	\$ 3,589.2		\$ 3,301.5		\$ 7,161.3		\$ 6,497.8	
Cost of merchandise sold	<u>2,192.8</u>	61.1%	<u>2,062.2</u>	62.5%	<u>4,447.1</u>	62.1%	<u>4,103.1</u>	63.1%
Gross margin	1,396.4	38.9%	1,239.3	37.5%	2,714.2	37.9%	2,394.7	36.9%
Operating expenses:								
Selling, general, and administrative	837.8	23.3%	759.8	23.0%	1,696.3	23.7%	1,528.6	23.5%
Depreciation and amortization	106.2	3.0%	96.1	2.9%	210.8	3.0%	189.4	3.0%
Preopening expenses	<u>8.7</u>	0.2%	<u>8.0</u>	0.2%	<u>17.3</u>	0.2%	<u>19.1</u>	0.3%
Operating income	443.7	12.4%	375.4	11.4%	789.8	11.0%	657.6	10.1%
Interest expense, net	<u>10.5</u>	0.3%	<u>6.0</u>	0.2%	<u>20.7</u>	0.3%	<u>20.2</u>	0.3%
Income before income taxes	433.2	12.1%	369.4	11.2%	769.1	10.7%	637.4	9.8%
Provision for income taxes	<u>164.0</u>	4.6%	<u>137.0</u>	4.2%	<u>290.9</u>	4.0%	<u>237.8</u>	3.7%
Net income	<u>\$ 269.2</u>	7.5%	<u>\$ 232.4</u>	7.0%	<u>\$ 478.2</u>	6.7%	<u>\$ 399.6</u>	6.1%
Basic net income per share	\$ 0.84		\$ 0.70		\$ 1.49		\$ 1.18	
Average number of shares	320.5		333.4		321.1		339.3	
Diluted net income per share	\$ 0.83		\$ 0.69		\$ 1.48		\$ 1.17	
Average number of shares	323.2		335.7		324.2		341.6	

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

	<u>26 Weeks Ended</u>	
	<u>August 4,</u> <u>2007</u>	<u>July 29,</u> <u>2006</u>
Operating activities		
Net income	\$ 478,177	\$ 399,602
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	211,100	189,645
Amortization of debt discount	108	108
Share-based compensation	25,005	21,086
Excess tax benefits from share-based compensation	(6,857)	(13,548)
Deferred income taxes	(3,589)	9,279
Changes in operating assets and liabilities:		
Accounts receivable, net	-	1,652,065
Merchandise inventories	(229,781)	(170,581)
Other current and long-term assets	(35,393)	(74,830)
Accounts payable	140,852	182,203
Accrued and other long-term liabilities	160,930	122,775
Income taxes	(93,184)	(49,131)
Net cash provided by operating activities	<u>647,368</u>	<u>2,268,673</u>
Investing activities		
Acquisition of property and equipment and favorable lease rights	(1,035,007)	(706,489)
Purchases of short-term investments	(2,933,527)	(6,595,769)
Sales of short-term investments	3,329,201	6,236,570
Proceeds from sale of property, plant and equipment	28,700	-
Other	(1,905)	(2,566)
Net cash used in investing activities	<u>(612,538)</u>	<u>(1,068,254)</u>
Financing activities		
Net borrowings under credit facilities	295,000	-
Payments of other long-term debt	(13,961)	(104,596)
Treasury stock purchases	(374,362)	(1,100,809)
Excess tax benefits from share-based compensation	6,857	13,548
Proceeds from stock option exercises	92,387	27,406
Net cash provided by (used in) financing activities	5,921	(1,164,451)
Net increase in cash and cash equivalents	40,751	35,968
Cash and cash equivalents at beginning of period	<u>189,170</u>	<u>126,839</u>
Cash and cash equivalents at end of period	<u>\$ 229,921</u>	<u>\$ 162,807</u>

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

	August 4, 2007	July 29, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 229,921	\$ 162,807
Short-term investments	35,556	519,276
Merchandise inventories	2,817,880	2,408,149
Deferred income taxes	46,733	10,591
Other current assets	159,123	156,372
Total current assets	3,289,213	3,257,195
Property and equipment, net	6,190,119	5,104,521
Favorable lease rights, net	213,554	226,108
Goodwill	9,338	9,338
Other assets	60,978	51,504
Total assets	\$ 9,763,202	\$ 8,648,666
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,075,228	\$ 1,012,174
Accrued liabilities	870,703	731,008
Income taxes payable	133,223	104,229
Short-term debt	295,000	-
Current portion of long-term debt and capital leases	10,866	8,243
Total current liabilities	2,385,020	1,855,654
Long-term debt and capital leases	1,040,847	1,041,314
Deferred income taxes	246,484	213,994
Other long-term liabilities	258,388	219,199
Shareholders' equity	5,832,463	5,318,505
Total liabilities and shareholders' equity	\$ 9,763,202	\$ 8,648,666