

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

	Three Months (13 Weeks) Ended				Nine Months (39 Weeks) Ended			
	November 3, 2007	% to Net Sales	October 28, 2006	% to Net Sales	November 3, 2007	% to Net Sales	October 28, 2006	% to Net Sales
Net sales	\$ 3,825.2		\$ 3,650.5		\$ 10,986.4		\$ 10,148.3	
Cost of merchandise sold	<u>2,407.2</u>	62.9%	<u>2,299.6</u>	63.0%	<u>6,854.1</u>	62.4%	<u>6,402.7</u>	63.1%
Gross margin	1,418.0	37.1%	1,350.9	37.0%	4,132.3	37.6%	3,745.6	36.9%
Operating expenses:								
Selling, general, and administrative	933.7	24.4%	858.7	23.5%	2,630.0	23.9%	2,387.3	23.5%
Depreciation and amortization	115.2	3.0%	94.3	2.6%	326.0	3.0%	283.7	2.8%
Preopening expenses	<u>38.2</u>	1.1%	<u>28.5</u>	0.8%	<u>55.6</u>	0.5%	<u>47.6</u>	0.5%
Operating income	330.9	8.6%	369.4	10.1%	1,120.7	10.2%	1,027.0	10.1%
Interest expense, net	<u>18.7</u>	0.4%	<u>10.2</u>	0.3%	<u>39.4</u>	0.4%	<u>30.4</u>	0.3%
Income before income taxes	312.2	8.2%	359.2	9.8%	1,081.3	9.8%	996.6	9.8%
Provision for income taxes	<u>118.2</u>	3.1%	<u>134.7</u>	3.7%	<u>409.1</u>	3.7%	<u>372.5</u>	3.7%
Net income	<u>\$ 194.0</u>	5.1%	<u>\$ 224.5</u>	6.1%	<u>\$ 672.2</u>	6.1%	<u>\$ 624.1</u>	6.1%
Basic net income per share	\$ 0.61		\$ 0.69		\$ 2.10		\$ 1.86	
Average number of shares	316.9		326.9		319.7		335.1	
Diluted net income per share	\$ 0.61		\$ 0.68		\$ 2.09		\$ 1.85	
Average number of shares	318.6		329.8		322.4		338.3	

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

	<u>39 Weeks Ended</u>	
	<u>November 3, 2007</u>	<u>October 28, 2006</u>
Operating activities		
Net income	\$ 672,182	\$ 624,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	326,549	284,185
Amortization of debt discount	192	162
Share-based compensation	40,439	31,507
Excess tax benefits from share-based compensation	(6,623)	(20,480)
Deferred income taxes	(7,295)	29,448
Changes in operating assets and liabilities:		
Accounts receivable, net	-	1,652,065
Merchandise inventories	(1,330,448)	(1,006,078)
Other current and long-term assets	(17,289)	(64,362)
Accounts payable	774,515	818,817
Accrued and other long-term liabilities	85,764	131,192
Income taxes	(163,710)	(89,931)
Net cash provided by operating activities	<u>374,276</u>	<u>2,390,623</u>
Investing activities		
Acquisition of property and equipment and favorable lease rights	(1,332,154)	(964,511)
Purchases of short-term investments	(4,712,228)	(9,744,469)
Sales of short-term investments	5,117,779	9,585,554
Proceeds from sale of property, plant and equipment	30,197	-
Other	(4,809)	(3,856)
Net cash used in investing activities	<u>(901,215)</u>	<u>(1,127,282)</u>
Financing activities		
Proceeds from issuance of debt	996,031	-
Net borrowings under credit facilities	170,000	-
Payments of long-term debt	(16,644)	(107,248)
Deferred financing fees	(7,378)	-
Treasury stock purchases	(612,475)	(1,167,916)
Excess tax benefits from share-based compensation	6,623	20,480
Proceeds from stock option exercises	96,598	63,190
Net cash provided by (used in) financing activities	<u>632,755</u>	<u>(1,191,494)</u>
Net increase in cash and cash equivalents	105,816	71,847
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>\$ 294,986</u>	<u>\$ 198,686</u>

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

	November 3, 2007	October 28, 2006
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 294,986	\$ 198,686
Short-term investments	25,679	318,992
Merchandise inventories	3,908,529	3,234,793
Deferred income taxes	62,291	20,909
Other current assets	<u>139,125</u>	<u>149,363</u>
Total current assets	4,430,610	3,922,743
Property and equipment, net	6,383,580	5,266,048
Favorable lease rights, net	213,298	222,724
Goodwill	9,338	9,338
Other assets	<u>72,539</u>	<u>57,224</u>
Total assets	<u>\$ 11,109,365</u>	<u>\$ 9,478,077</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,708,891	\$ 1,648,788
Accrued liabilities	774,550	721,534
Income taxes payable	62,930	56,497
Short-term debt	170,000	-
Current portion of long-term debt and capital leases	<u>11,345</u>	<u>8,809</u>
Total current liabilities	2,727,716	2,435,628
Long-term debt and capital leases	2,045,535	1,040,450
Deferred income taxes	258,336	244,481
Other long-term liabilities	268,873	228,236
Shareholders' equity	<u>5,808,905</u>	<u>5,529,282</u>
Total liabilities and shareholders' equity	<u>\$ 11,109,365</u>	<u>\$ 9,478,077</u>