

Kohl's Corporation
Condensed Consolidated Statements of Income

(In Millions, except per share data)
(Unaudited)

| | 3 Months Ended | | | | 9 Months Ended | | | |
|-------------------------------------|---------------------|----------------------|-----------------------------------|----------------------|---------------------|----------------------|-----------------------------------|----------------------|
| | October 29, 2005 | % to Net Sales | October 30, 2004 (restated) | % to Net Sales | October 29, 2005 | % to Net Sales | October 30, 2004 (restated) | % to Net Sales |
| Net sales | \$3,119.4 | | \$ 2,743.9 | | \$8,750.3 | | \$ 7,621.9 | |
| Cost of merchandise sold | <u>1,986.8</u> | | <u>1,758.3</u> | | <u>5,565.9</u> | | <u>4,878.9</u> | |
| Gross margin | 1,132.6 | 36.3% | 985.6 | 35.9% | 3,184.4 | 36.4% | 2,743.0 | 36.0% |
| Operating expenses | | | | | | | | |
| Selling, general and administrative | 753.8 | 24.2% | 659.5 | 24.0% | 2,099.2 | 24.0% | 1,823.0 | 23.9% |
| Depreciation and amortization | 85.1 | 2.7% | 72.1 | 2.7% | 247.7 | 2.8% | 210.2 | 2.8% |
| Preopening expenses | <u>26.3</u> | 0.8% | <u>22.5</u> | 0.8% | <u>43.0</u> | 0.5% | <u>46.4</u> | 0.6% |
| Operating income | 267.4 | 8.6% | 231.5 | 8.4% | 794.5 | 9.1% | 663.4 | 8.7% |
| Interest expense, net | <u>18.0</u> | 0.6% | <u>15.1</u> | 0.5% | <u>51.5</u> | 0.6% | <u>45.1</u> | 0.6% |
| Income before income taxes | 249.4 | 8.0% | 216.4 | 7.9% | 743.0 | 8.5% | 618.3 | 8.1% |
| Provision for income taxes | <u>94.3</u> | 3.0% | <u>81.8</u> | 3.0% | <u>276.0</u> | 3.2% | <u>233.7</u> | 3.1% |
| Net income | <u>\$155.1</u> | 5.0% | <u>\$ 134.6</u> | 4.9% | <u>\$467.0</u> | 5.3% | <u>\$ 384.6</u> | 5.0% |
| Basic net income per share | \$0.45 | | \$0.39 | | \$1.36 | | \$1.13 | |
| Avg. number of shares | 344.4 | | 342.3 | | 344.0 | | 341.3 | |
| Diluted net income per share | \$0.45 | | \$0.39 | | \$1.35 | | \$1.12 | |
| Avg. number of shares | 346.8 | | 344.9 | | 346.6 | | 343.7 | |

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

| | October 29, 2005 | October 30, 2004 (restated) |
|--|-----------------------------|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 132,713 | \$ 111,720 |
| Accounts receivable trade, net | 1,492,150 | 1,284,734 |
| Merchandise inventories | 2,854,317 | 2,640,348 |
| Deferred income taxes | 16,259 | 40,953 |
| Other | <u>77,810</u> | <u>77,919</u> |
| Total current assets | 4,573,249 | 4,155,674 |
| Property and equipment, net | 4,484,018 | 3,835,287 |
| Favorable lease rights, net | 215,460 | 228,030 |
| Goodwill | 9,338 | 9,338 |
| Other assets | <u>122,162</u> | <u>106,774</u> |
| Total assets | <u><u>\$9,404,227</u></u> | <u><u>\$ 8,335,103</u></u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$1,330,384 | \$ 1,346,486 |
| Accrued liabilities | 577,296 | 447,425 |
| Income taxes payable | 52,584 | 9,811 |
| Short-term debt | 331,500 | 354,000 |
| Current portion of long-term debt and capital leases | <u>105,875</u> | <u>3,380</u> |
| Total current liabilities | 2,397,639 | 2,161,102 |
| Long-term debt and capital leases | 1,040,232 | 1,104,283 |
| Deferred income taxes | 223,325 | 222,382 |
| Other long-term liabilities | 179,765 | 150,293 |
| Shareholders' equity | <u>5,563,266</u> | <u>4,697,043</u> |
| Total liabilities and shareholders' equity | <u><u>\$9,404,227</u></u> | <u><u>\$ 8,335,103</u></u> |

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

| | 9 Months Ended | |
|---|---------------------|-----------------------------------|
| | October 29, 2005 | October 30, 2004 (restated) |
| Operating activities | | |
| Net income | \$ 467,047 | \$ 384,575 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 248,268 | 210,697 |
| Amortization of debt discount | 163 | 161 |
| Deferred income taxes | 31,735 | 84,372 |
| Share-based compensation | 32,535 | 33,550 |
| Excess tax benefits from share-based compensation | (9,859) | (25,371) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (102,518) | (134,577) |
| Merchandise inventories | (907,340) | (1,033,358) |
| Other current and long-term assets | (32,406) | (7,025) |
| Accounts payable | 625,729 | 813,887 |
| Accrued and other long-term liabilities | 24,833 | 21,998 |
| Income taxes | (114,739) | (100,345) |
| Net cash provided by operating activities | 263,448 | 248,564 |
| Investing activities | | |
| Acquisition of property and equipment and favorable lease rights | (668,433) | (669,266) |
| Net sales of short-term investments | 88,769 | 34,285 |
| Other | (25,138) | (23,533) |
| Net cash used in investing activities | (604,802) | (658,514) |
| Financing activities | | |
| Net borrowings under credit facilities | 331,500 | 354,000 |
| Excess tax benefits from share-based compensation | 9,859 | 25,371 |
| Payments of other long-term debt | (3,779) | (12,400) |
| Payments of financing fees on debt | -- | (73) |
| Proceeds from stock option exercises | 19,770 | 42,024 |
| Net cash provided by financing activities | 357,350 | 408,922 |
| Net increase (decrease) in cash and cash equivalents | 15,996 | (1,028) |
| Cash and cash equivalents at beginning of period | 116,717 | 112,748 |
| Cash and cash equivalents at end of period | \$ 132,713 | \$111,720 |