

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	January 30, 2016	January 31, 2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 707	\$ 1,407
Merchandise inventories	4,038	3,814
Other	331	359
Total current assets	5,076	5,580
Property and equipment, net	8,308	8,515
Other assets	222	238
Total assets	<u>\$ 13,606</u>	<u>\$ 14,333</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 1,251	\$ 1,511
Accrued liabilities	1,206	1,160
Income taxes payable	130	78
Current portion of capital lease and financing obligations	127	110
Total current liabilities	2,714	2,859
Long-term debt	2,792	2,780
Capital lease and financing obligations	1,789	1,858
Deferred income taxes	257	298
Other long-term liabilities	563	547
Shareholders' equity:		
Common stock - 370 and 367 million shares issued	4	4
Paid-in capital	2,944	2,743
Treasury stock, at cost, 184 and 166 million shares	(9,769)	(8,744)
Accumulated other comprehensive loss	(17)	(20)
Retained earnings	12,329	12,008
Total shareholders' equity	5,491	5,991
Total liabilities and shareholders' equity	<u>\$ 13,606</u>	<u>\$ 14,333</u>

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Millions, Except per Share Data)

	2015	2014	2013
Net sales	\$ 19,204	\$ 19,023	\$ 19,031
Cost of merchandise sold	12,265	12,098	12,087
Gross margin	6,939	6,925	6,944
Operating expenses:			
Selling, general and administrative	4,452	4,350	4,313
Depreciation and amortization	934	886	889
Operating income	1,553	1,689	1,742
Interest expense, net	327	340	338
Loss on extinguishment of debt	169	—	—
Income before income taxes	1,057	1,349	1,404
Provision for income taxes	384	482	515
Net income	\$ 673	\$ 867	\$ 889
Net income per share:			
Basic	\$ 3.48	\$ 4.28	\$ 4.08
Diluted	\$ 3.46	\$ 4.24	\$ 4.05
Dividends declared and paid per share	\$ 1.80	\$ 1.56	\$ 1.40

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KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in Millions)

	2015	2014	2013
Net income	\$ 673	\$ 867	\$ 889
Other comprehensive income, net of tax:			
Reclassification adjustment for interest expense on interest rate derivatives included in net income	3	3	3
Unrealized gains on investments	—	11	8
Other comprehensive income	3	14	11
Comprehensive income	\$ 676	\$ 881	\$ 900

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	2015	2014	2013
Operating activities			
Net income	\$ 673	\$ 867	\$ 889
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	934	886	889
Share-based compensation	48	48	55
Excess tax benefits from share-based compensation	(10)	(3)	(3)
Deferred income taxes	(38)	49	(4)
Other non-cash expenses, net	24	31	43
Loss on extinguishment of debt	169	—	—
Changes in operating assets and liabilities:			
Merchandise inventories	(215)	68	(116)
Other current and long-term assets	43	(30)	(7)
Accounts payable	(260)	146	58
Accrued and other long-term liabilities	53	30	142
Income taxes	53	(68)	(62)
Net cash provided by operating activities	<u>1,474</u>	<u>2,024</u>	<u>1,884</u>
Investing activities			
Acquisition of property and equipment	(690)	(682)	(643)
Sales of investments in auction rate securities	—	82	1
Other	9	7	19
Net cash used in investing activities	<u>(681)</u>	<u>(593)</u>	<u>(623)</u>
Financing activities			
Treasury stock purchases	(1,001)	(677)	(799)
Shares withheld for taxes on vested restricted shares	(27)	(19)	(13)
Dividends paid	(349)	(317)	(302)
Proceeds from issuance of debt	1,098	—	300
Deferred financing costs	(10)	—	(4)
Reduction of long-term borrowings	(1,085)	—	—
Premium paid on redemption of debt	(163)	—	—
Capital lease and financing obligation payments	(114)	(114)	(115)
Proceeds from stock option exercises	147	123	102
Excess tax benefits from share-based compensation	10	3	3
Proceeds from financing obligations	1	6	1
Net cash used in financing activities	<u>(1,493)</u>	<u>(995)</u>	<u>(827)</u>
Net (decrease) increase in cash and cash equivalents	<u>(700)</u>	<u>436</u>	<u>434</u>
Cash and cash equivalents at beginning of period	<u>1,407</u>	<u>971</u>	<u>537</u>
Cash and cash equivalents at end of period	<u>\$ 707</u>	<u>\$ 1,407</u>	<u>\$ 971</u>
Supplemental information:			
Interest paid, net of capitalized interest	\$ 318	\$ 329	\$ 326
Income taxes paid	372	502	561
Non-Cash Investing and Financing Activities			
Property and equipment acquired through capital lease and financing obligations	\$ 63	\$ 41	\$ 121

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