



Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company KOHL'S CORPORATION Date 01/05/06

Prepared by MG Data taken from NAIC Data

Where traded NYSE Major product/service Department

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	344.6	39.0	82.4
Debt (\$M)	1,477.6	% to Tot.Cap.	22.9
		% Potential Dil.	None

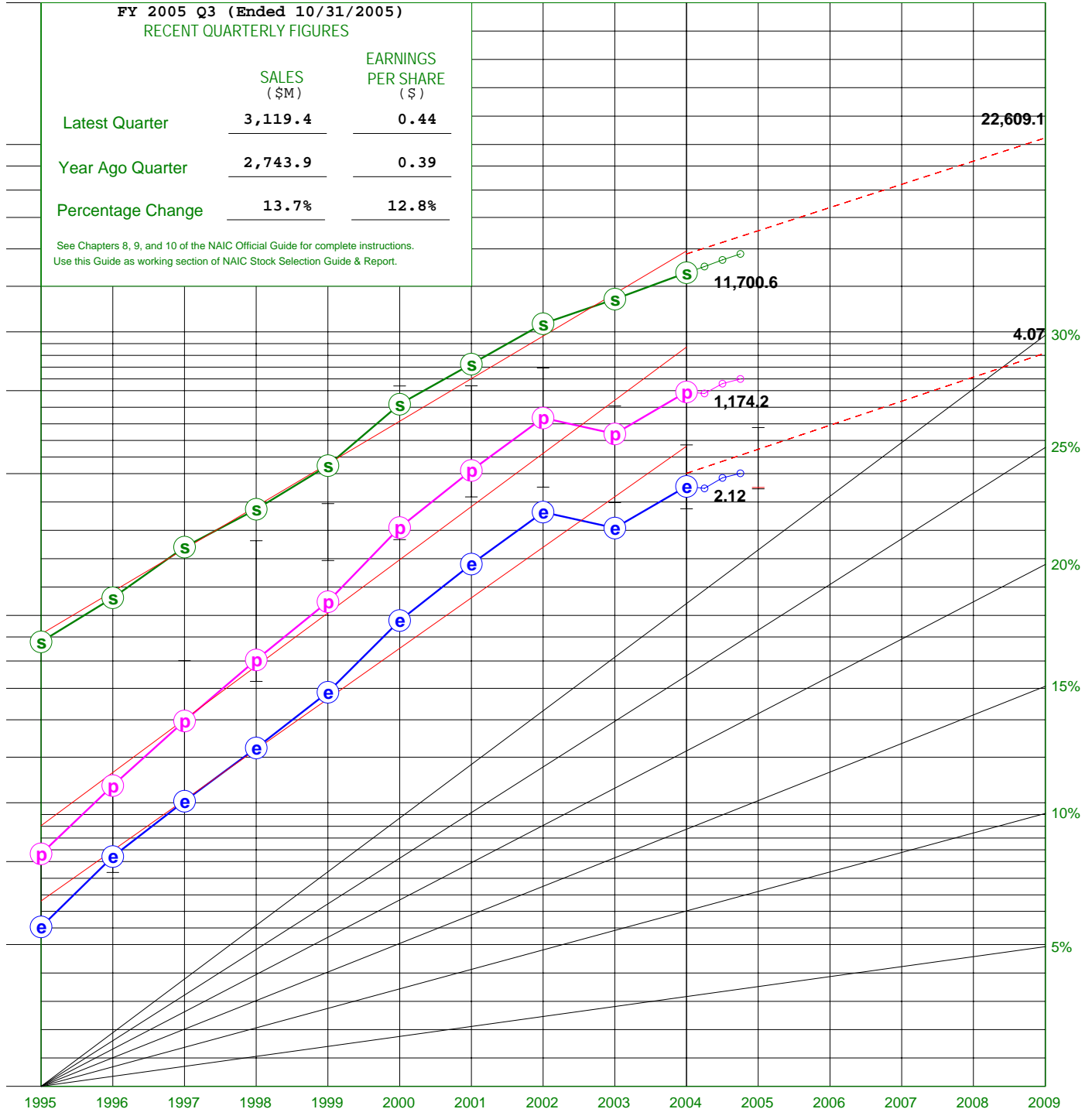
1 VISUAL ANALYSIS of Sales, Earnings and Price

KSS

FY 2005 Q3 (Ended 10/31/2005)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	3,119.4	0.44
Year Ago Quarter	2,743.9	0.39
Percentage Change	13.7%	12.8%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.



- (1) Historical Sales Growth 23.1 %
- (2) Estimated Future Sales Growth 12.0 %
- (3) Historical Earnings Per Share Growth 28.0 %
- (4) Estimated Future Earnings Per Share Growth 12.5 %

2 EVALUATING MANAGEMENT

Company

KOHL'S CORPORATION

(KSS)

01/05/06

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND	
													UP	DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	6.4	7.2	7.7	8.6	9.2	9.8	10.7	11.3	9.3	10.0	10.2		EVEN
B	% Earned on Equity (E/S ÷ Book Value)	17.7	19.8	15.0	16.1	15.0	16.6	17.4	18.0	14.0	14.7	16.1		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		43.940		HIGH THIS YEAR		58.900		LOW THIS YEAR		43.630	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		E	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100			
		HIGH	LOW		A ÷ C	B ÷ C					UP	DOWN	
1	2000	72.2	34.1	1.10	65.6	31.0	0.000	0.0	0.0				
2	2001	72.2	42.0	1.45	49.8	29.0	0.000	0.0	0.0				
3	2002	78.8	44.0	1.87	42.1	23.5	0.000	0.0	0.0				
4	2003	65.4	40.8	1.73	37.8	23.6	0.000	0.0	0.0				
5	2004	54.1	39.6	2.12	25.5	18.7	0.000	0.0	0.0				
6	TOTAL		200.5		220.8	125.8		0.0					
7	AVERAGE		40.1		44.2	25.2		0.0					
8	AVERAGE PRICE EARNINGS RATIO				34.7		9	CURRENT PRICE EARNINGS RATIO				19.4	

Proj. P/E [17.29] Based on Next 4 qtr. EPS [2.54]

Current P/E Based on Last 4 qtr. EPS [2.26]

PEG=156

4 EVALUATING RISK AND REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~44.2~~ 25.0 X Estimate High Earnings/Share 4.07 = Forecast High Price \$ 101.8 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~25.2~~ 18.0 X Estimated Low Earnings/Share ~~2.12~~ 2.26 = \$ 40.7
 (3E7 as adj.)
 (b) Avg. Low Price of Last 5 Years = 40.1
 (3B7)
 (c) Recent Severe Market Low Price = 39.6

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.000}{0.000} = 0.0$
 Selected Estimate Low Price = 39.6 (4B1)

C ZONING

101.8 (4A1) High Forecast Price Minus 39.6 (4B1) Low Forecast Price Equals 62.2 (C) Range. 1/3 of Range = 15.6 (4CD)
 (4C2) Lower 1/3 = 39.6 (4B1) to 55.2 (Buy) Note: Ranges changed to 25%/50%/25%
 (4C3) Middle 1/3 = 55.2 to 86.2 (Maybe)
 (4C4) Upper 1/3 = 86.2 to 101.8 (4A1) (Sell)

Present Market Price of 43.940 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 101.8 Minus Present Price 43.940
 Present Price 43.940 Minus Low Price (4B1) 39.6 = $\frac{57.9}{4.3} = 13.3$ To 1 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 101.8
 Present Market Price 43.940 = $(\frac{2.317}{43.940}) \times 100 = (\frac{231.7}{43.940}) - 100 = 131.7$ % Appreciation (4E)

Relative Value: 55.9% Proj. Relative Value: 49.8%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.000
 Present Price of Stock \$ 43.940 = $\frac{0.000}{43.940} \times 100 = \frac{0.0}{5A}$ Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 3.22 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % (5B)
 Present Price \$ 43.940

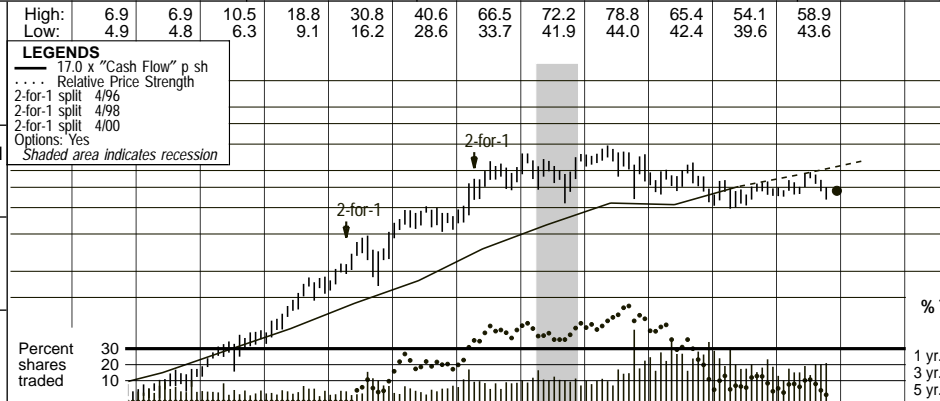
C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
	<u>131.7</u>	<u>26.3</u> %	<u>0.0%</u>	<u>0.0%</u>
Average Yield (5B)	<u>0.0</u>	<u>0.0</u> %	<u>14.8%</u>	<u>18.3%</u>
Average Total Annual Return Over the Next 5 Years (5C)	<u>26.3</u> %	<u>26.3</u> %	<u>14.8%</u>	<u>18.3%</u>

KOHL'S CORP. NYSE-KSS

RECENT PRICE **48.15** P/E RATIO **19.3** (Trailing: 21.4 Median: 35.0) RELATIVE P/E RATIO **1.07** DIV'D YLD Nil **VALUE LINE**

TIMELINESS 2 Lowered 4/15/05
SAFETY 3 New 2/25/94
TECHNICAL 4 Lowered 11/4/05
 BETA .95 (1.00 = Market)



2008-10 PROJECTIONS
 Ann'l Total
 High Price **115** Gain **(+140%)** Return **24%**
 Low Price **75** Gain **(+55%)** Return **12%**

Insider Decisions
 D J F M A M J J A
 to Buy 0 0 0 0 0 0 0 0
 Options 0 0 0 1 1 0 2 0
 to Sell 0 0 0 1 0 0 2 0

Institutional Decisions
 4Q2004 1Q2005 2Q2005
 to Buy 234 243 253
 to Sell 227 235 242
 Hlds(000) 280272 286338 287890

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Sales per sh	--	3.48	4.00	3.75	4.45	5.29	6.53	8.08	9.70	11.62	13.97	18.52	22.35	27.04	30.23	34.08	38.85	45.00
Cash Flow per sh	--	.09	.16	.21	.27	.33	.39	.50	.63	.83	1.06	1.50	1.95	2.47	2.97	3.40	3.95	3.40
Earnings per sh	--	.02	.07	.15	.19	.23	.28	.35	.46	.59	.77	1.10	1.45	1.87	2.12	2.45	2.85	2.85
Div's Decl'd per sh	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil
Book Value per sh	--	d.04	.03	.71	.90	1.14	1.39	1.75	3.03	6.67	5.17	6.63	8.33	10.41	12.32	14.47	16.95	19.80
Common Shs Outst'g	--	216.42	215.79	292.87	293.23	294.04	294.95	295.68	315.52	316.79	326.20	332.17	335.14	337.32	340.14	343.35	346.00	349.00
Avg Ann'l P/E Ratio	--	--	--	19.8	27.1	24.9	21.8	25.5	32.6	40.6	46.1	49.3	42.2	35.3	30.8	22.2	Bold figures are Value Line estimates	
Relative P/E Ratio	--	--	--	1.20	1.60	1.63	1.46	1.60	1.88	2.11	2.63	3.20	2.16	1.93	1.76	1.18		
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		

CAPITAL STRUCTURE as of 7/30/05
 Total Debt \$1141.7 mill. Due in 5 Yrs \$372.4 mill.
 LT Debt \$1036.2 mill. LT Interest \$66.3 mill.
 Incl. \$110.3 mill. capitalized leases.
 (LT interest earned: 21.4x; total interest coverage: 19.9x) (16% of Cap'l)

Leases, Uncapitalized Annual rentals \$314.6 mill.
No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 344,665,544 shs. as of 8/31/05
MARKET CAP: \$17 billion (Large Cap)

CURRENT POSITION 2003 2004 7/30/05 (\$MILL.)

Cash Assets	112.7	116.7	110.3
Receivables	1150.2	1389.6	1296.4
Inventory (LIFO)	1607.0	1947.0	2197.4
Other	154.9	190.1	229.3
Current Assets	3024.8	3643.4	3833.4
Accts Payable	532.6	704.7	966.6
Debt Due	12.5	3.5	105.5
Other	577.3	747.9	569.2
Current Liab.	1122.4	1456.1	1641.3

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04
of change (per sh)			
Sales	21.0%	21.0%	14.5%
"Cash Flow"	25.5%	25.5%	15.5%
Earnings	26.0%	26.0%	16.5%
Dividends	--	--	Nil
Book Value	30.0%	25.5%	17.0%

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2002	1871	1922	2143	3184	9120.3
2003	2118	2208	2394	3562	10282.1
2004	2380	2498	2744	4079	11700.6
2005	2743	2888	3119	4700	13450
2006	3100	3350	3750	5500	15700

Fiscal Year Begins	EARNINGS PER SHARE A B				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2002	.31	.36	.39	.81	1.87
2003	.32	.33	.35	.72	1.72
2004	.32	.45	.41	.94	2.12
2005	.36	.54	.44	1.11	2.45
2006	.41	.60	.55	1.29	2.85

Calendar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2001					
2002					
2003					
2004					
2005					

BUSINESS: Kohl's Corporation operates 731 family-oriented specialty department stores in virtually all areas of the U.S. except the Pacific Northwest and Florida. Sells name-brand merchandise with emphasis on value pricing. '04 sales mix: women's apparel, 32%; men's apparel, 19%; home products/housewares, 19%; children's apparel, 13%; accessories, 9%; footwear, 8%. Has 20,000 full-time, 75,000 part-time employees, 5,800 stockholders. Officers & directors own 10.8% of stock; Montag & Caldwell, 5.3% (3/05 proxy). Chairman & CEO: R. Lawrence Montgomery. President: Kevin Mansell. Incorporated: Wisconsin. Address: N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051-5660. Telephone: 262-703-7000. Internet: www.kohls.com.

Kohl's probably reported another earnings increase for the third quarter. The company estimates that it earned \$0.43-\$0.46 a share in the period, below our previous forecast of \$0.50. Although the retailer is performing well, we have taken a more conservative stance due to our concern about consumer spending. We have cut our fiscal 2005 and 2006 (years end near January 31st of the following calendar year) share-net estimates by \$0.05 and \$0.10, respectively. Even so, our lowered figures still represent very respectable rates of profit growth. Our \$2.45 estimate for fiscal 2005 is within the company's target of \$2.42-\$2.50.

Kohl's is expanding its merchandise offerings. It has completed the rollout of its Beauty department (in a partnership with Estee Lauder) to all of its stores. New brands, such as *Chaps* for men and *Candies* for juniors and girls, are faring well. The retailer is stepping up its advertising spending to emphasize its brand-name offerings, especially to consumers who have not been shoppers at Kohl's. Meanwhile, the company is also increasing its private-label offerings. Several introductions of

brands and private-label merchandise are on tap for fiscal 2006.

Within two years, Kohl's will operate stores in most of the United States. Last month, it entered Florida, with 10 stores in the Orlando and Jacksonville markets. The company will continue to penetrate the Sunshine State in the next few years. The entry into Florida left the Northwest as the only region of the U.S. where Kohl's lacks a presence. The company has stated that it will enter Seattle and Portland with some of the 200 units it plans to add in the next two years. Kohl's is also expanding its small-store format, which serves markets of 100,000-150,000 people. The retailer opened six such stores last month, giving it a total of 10, and it will open more in the coming years.

Kohl's shares are attractive for both the near and long term. They are ranked 2 (Above Average) for Timeliness. Assuming continued earnings growth to late decade, along with an expansion of the relative price/earnings ratio, this equity offers above-average 3- to 5-year appreciation potential.

Paul E. Debbas, CFA November 11, 2005

To subscribe call 1-800-833-0046.

Company's Financial Strength	A
Stock's Price Stability	65
Price Growth Persistence	70
Earnings Predictability	85



Solomon's Select

Kohl's Corporation (KSS)

Expect Great Things...

Following on the heels of our holiday rendition of "Great Expectations" the corporate motto for Kohl's is naturally appealing. Kohl's mission is to be the leading family-focused, value-oriented specialty department store offering quality exclusive and national brand merchandise to the customer in an environment that is convenient, friendly and exciting. Kohl's recently joined the MANIFEST 40 at the #37 position. (12/31/05)

Growth

The sales growth **forecast** for KSS has slowed from greater than 20% in recent years to 15% or lower in the last year or so.

Store growth is forecasted at 12% compared with a historical rate of 17-18% for 2001-2005. If a total of 835 stores are opened by year end 2006, store growth for 2006 will be 14% for the year. In retailing, monitoring projected growth in the total number of stores is an important component of projected growth. For Kohl's, geographic expansion will continue and top line growth potential will continue, but at slightly reduced levels from recent years.

Value Line projects long-term sales growth at 15.9%. Morningstar hails growth "dramatically greater" than other traditional department stores and expects Kohl's to "continue to take market share." S&P looks for sales to advance "13% or more in 2006" and cites continuing efforts to "inject newness" into product offerings, providing effective support for same-store sales results. Morningstar projects that sales growth will slow to an average of 12% over the next five years.

Profitability

Margins achieved have widened in recent years and the company seems to be in full recovery from some stumbles seen in 2003. Net margin for 2005 is projected at 6.4% and Value Line projects that long-term net margins will reach 6.9%, close to the record level (7.1%) achieved in 2002. KSS's average actual net margin for the trailing 5-year period is 6.4%.

Valuation

The industry average projected P/E is 15.0x and KSS has a projected annual P/E ratio of 20.0x. The PELT for retail stores is currently 2.00. KSS has a trailing 5-year average P/E of 30.0x. A growth rate of 12% delivers a suggested average P/E potential of 24x.



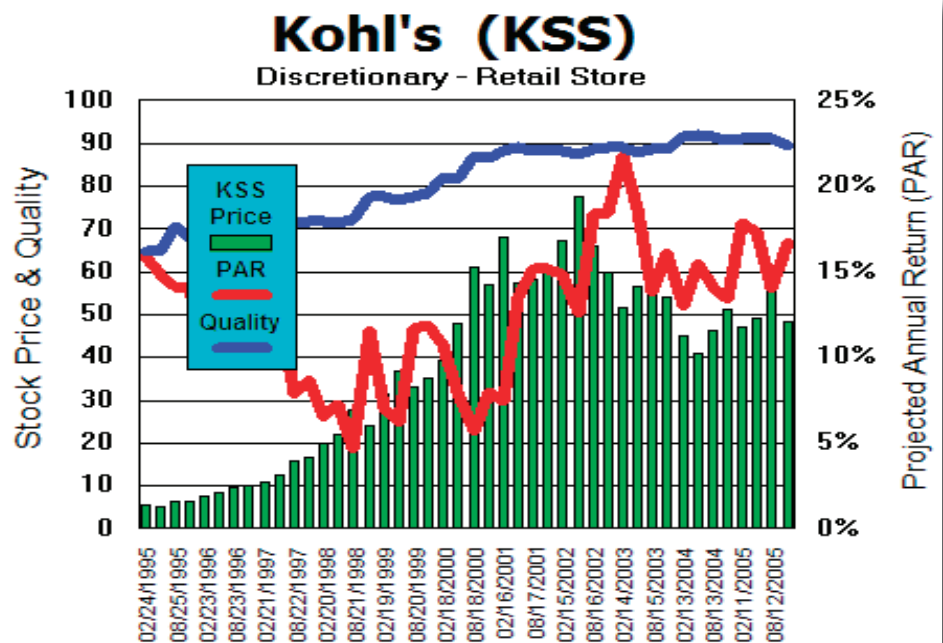
Expected Returns

Based on a price at the time of the study of \$48.60, the projected annual return was 17.6%.

Quality & Conclusions

With a financial strength rating of A, EPS predictability of 85 and growth and profitability characteristics that rank among the leading retail companies, Kohl's earns a quality rating of 91.2 (Excellent.)

The PAR expectations aren't as high as they were in late 2003, but the underlying forecasts (growth, P/E) are quite a bit lower and great things more achievable.



Kohl's Corporation -- Expect Great Things? *The chronicle illustrates the historical high quality rating for Kohl's. The company uses an off-mall operating model and other low-cost strategies to enable attractive pricing to consumers. Operating profitability and sales growth has been consistently high relative to other retail stores. Although the PAR is not at all-time highs, the sales growth forecast and average projected P/E are lower and could be perceived as more easily achievable. The stock price drop during 2003 was the result of some bad decisions (leading to lower profit results) with product lines and inventories. Admitting mistake, Kohl's management has revived and restored its strategy.*

PERT Worksheet-A Graph

Company KOHL'S CORPORATION (KSS)

