

KOHL'S CORP. NYSE-KSS

RECENT PRICE **43.70** P/E RATIO **10.5** (Trailing: 10.1 Median: 18.0) RELATIVE P/E RATIO **0.64** DIV'D YLD **3.2%** VALUE LINE

TIMELINESS 4 Lowered 1/11/13
SAFETY 2 Raised 11/9/07
TECHNICAL 2 Raised 1/18/13
BETA .95 (1.00 = Market)

High: 72.2 78.8 65.4 54.1 58.9 75.5 79.6 56.0 60.9 59.0 57.4 55.3
 Low: 41.9 44.0 42.4 39.6 43.6 42.8 44.2 24.3 32.5 44.1 42.1 42.0

LEGENDS
 — 9.5 x "Cash Flow" p sh
 ... Relative Price Strength
 2-for-1 split 4/00
 Options: Yes
 Shaded areas indicate recessions

2015-17 PROJECTIONS

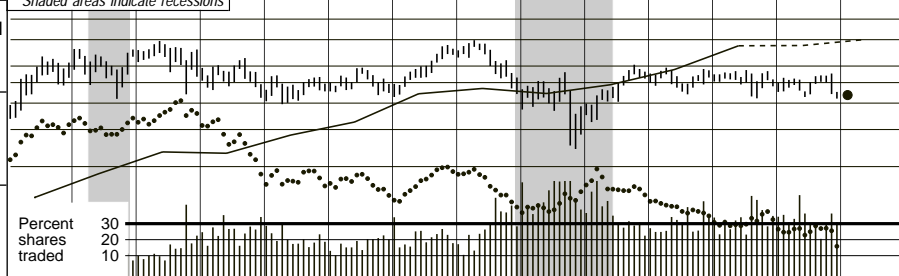
Price	Gain	Ann'l Total Return
High 105	(+140%)	26%
Low 75	(+70%)	17%

Insider Decisions

	M	A	M	J	A	S	O	N
to Buy	0	0	0	0	0	0	0	0
Options	0	0	2	0	0	1	1	0
to Sell	0	0	2	0	0	4	5	3

Institutional Decisions

	1Q2012	2Q2012	3Q2012
to Buy	254	230	197
to Sell	293	286	292
Hld's(000)	215519	207684	206198



Target Price Range	2015	2016	2017
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	100	100	100
	80	80	80
	60	60	60
	50	50	50
	40	40	40
	30	30	30
	20	20	20

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
8.08	9.70	11.62	13.97	18.52	22.35	27.04	30.23	34.08	38.84	48.43	53.06	53.73	55.95	63.20	76.13	83.70	90.70	Sales per sh	118.40
.50	.63	.83	1.06	1.50	1.95	2.47	2.43	2.97	3.42	4.66	4.95	4.68	5.15	6.08	7.87	7.90	8.45	"Cash Flow" per sh	10.50
.35	.46	.59	.77	1.10	1.45	1.87	1.72	2.12	2.43	3.31	3.39	2.89	3.23	3.65	4.30	4.15	4.45	Earnings per sh	6.50
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1.75	3.03	3.67	5.17	6.63	8.33	10.41	12.32	14.47	17.26	17.46	19.65	22.10	25.58	27.84	26.35	27.85	29.55	Book Value per sh	37.90
295.68	315.52	316.79	326.20	332.17	335.14	337.32	340.14	343.35	345.09	320.99	310.47	305.00	307.00	291.00	247.00	230.00	215.00	Common Shs Outst'g	190.00
25.5	32.6	40.6	46.1	49.3	42.2	35.3	30.8	22.2	20.7	18.3	18.3	14.5	15.0	14.3	11.9	11.8	11.8	Avg Ann'l P/E Ratio	14.0
1.60	1.88	2.11	2.63	3.20	2.16	1.93	1.76	1.17	1.10	.99	.97	.87	1.00	.91	.75	.75	.75	Relative P/E Ratio	.95
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CAPITAL STRUCTURE as of 10/27/12
 Total Debt \$4578.0 mill. Due in 5 Yrs \$100.0 mill.
 LT Debt \$4478.0 mill. LT Interest \$322.0 mill.
 Incl. \$1986.0 mill. capitalized leases.
 (Total interest coverage: 6.0x) (42% of Cap'l)

Leases, Uncapitalized Annual rentals \$235.0 mill.
No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 230,010,006 shs.
 as of 11/24/12
MARKET CAP: \$10.1 billion (Large Cap)

9120.3	10282	11701	13402	15544	16474	16389	17178	18391	18804	19250	19500	Sales (\$mill)	22500
34.4%	33.0%	35.2%	35.5%	36.4%	36.5%	36.9%	37.8%	38.2%	38.2%	36.2%	36.7%	Gross Margin	38.0%
14.1%	12.3%	13.0%	13.1%	14.2%	13.7%	12.9%	13.7%	14.0%	15.6%	14.0%	14.3%	Operating Margin	14.5%
457	542	637	732	817	929	1004	1058	1089	1127	1146	1166	Number of Stores	1260
643.4	591.2	730.4	842.0	1108.7	1083.9	885.0	991.0	1114.0	1167.0	955	1000	Net Profit (\$mill)	1300
37.8%	37.8%	37.8%	37.4%	37.5%	37.8%	37.9%	37.9%	37.5%	37.2%	37.5%	38.0%	Income Tax Rate	38.0%
7.1%	5.7%	6.2%	6.3%	7.1%	6.6%	5.4%	5.8%	6.1%	6.2%	4.9%	5.1%	Net Profit Margin	5.8%
1776.1	1902.4	2187.3	2519.6	1482.3	1952.4	1885.0	3095.0	2935.0	2185.0	2020	2300	Working Cap'l (\$mill)	3000
1058.8	1076.0	1103.4	1046.1	1040.1	2051.9	2053.0	2052.0	1678.0	4150.0	4450	4450	Long-Term Debt (\$mill)	4000
3511.9	4191.3	4966.7	5957.3	5603.4	6101.6	6739.0	7853.0	8102.0	6508.0	6400	6350	Shr. Equity (\$mill)	7200
14.7%	11.8%	12.5%	12.5%	17.2%	13.8%	10.8%	10.6%	12.0%	11.6%	10.5%	10.5%	Return on Total Cap'l	12.0%
18.3%	14.1%	14.7%	14.1%	19.8%	17.8%	13.1%	12.6%	13.7%	17.9%	15.0%	15.5%	Return on Shr. Equity	18.0%
18.3%	14.1%	14.7%	14.1%	19.8%	17.8%	13.1%	12.6%	13.7%	13.8%	10.5%	10.5%	Retained to Com Eq	13.0%
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CURRENT POSITION

	2010	2011	10/27/12
Cash Assets	2277.0	1205.0	550.0
Receivables	---	---	---
Inventory (LIFO)	3036.0	3199.0	4818.0
Other	332.0	371.0	405.0
Current Assets	5645.0	4775.0	5773.0
Accts Payable	1138.0	1233.0	2429.0
Debt Due	418.0	94.0	100.0
Other	1154.0	1263.0	1142.0
Current Liab.	2710.0	2590.0	3671.0

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	13.5%	10.0%	10.5%
"Cash Flow"	15.5%	11.5%	8.5%
Earnings	13.0%	7.5%	9.5%
Dividends	---	---	NMF
Book Value	15.0%	10.0%	6.0%

QUARTERLY SALES (\$ mill.)

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2009	3638	3806	4051	5683	17178
2010	4035	4100	4218	6038	18391
2011	4162	4248	4376	6018	18804
2012	4243	4205	4490	6312	19250
2013	4325	4335	4575	6265	19500

EARNINGS PER SHARE

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2009	.45	.75	.63	1.40	3.23
2010	.64	.84	.53	1.66	3.65
2011	.69	1.08	.80	1.80	4.30
2012	.63	1.00	.91	1.61	4.15
2013	.60	1.05	1.05	1.75	4.45

QUARTERLY DIVIDENDS PAID

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	---	---	---	---	---
2010	---	---	---	---	---
2011	.25	.25	.25	.25	1.00
2012	.32	.32	.32	.32	1.28
2013	---	---	---	---	---

BUSINESS: Kohl's Corporation operates a large chain of family-oriented department stores in all states except Hawaii. The company sells brand-name and private-label merchandise with an emphasis on value pricing. Private-label and exclusive brands are 50% of sales. '11 sales mix: women's apparel, 31%; men's apparel, 19%; home products and housewares, 19%; children's apparel, 13%; accessories, 10%; footwear, 8%. Has 142,000 employees. Officers & directors own 8.8% of stock; Capital Research, 9.4; T. Rowe Price, 10.7% (3/12 proxy). Chairman, President & CEO Kevin Mansell. Incorporated: Wisconsin. Address: N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051-5660. Telephone: 262-703-7000. Internet: www.kohls.com.

Kohl's holiday quarter results were disappointing. November's 5.6% comp-store sales decline mainly came from the Northeast and Mid-Atlantic regions. Moreover, the company likely lost sales (to rivals) by not opening early on Thanksgiving. Furthermore, Kohl's online operation had technical challenges due to heavy traffic on Thanksgiving night, and for a short time on Cyber Monday. Meanwhile, December sales (comps up 3.4%) were lower than planned with buying coming late in the month. That caused the company to take significant markdowns on excess inventory. (Further markdowns were likely taken in January to clear the decks for Spring merchandise.) Weighing results through December, Kohl's quarterly earnings guidance was sliced to \$1.60-\$1.62 versus its earlier target of \$2.00-\$2.08. (Investors suffered as its share price fell from \$51.71 since our last report.)

Earnings should recover somewhat in fiscal 2013. However, we believe Kohl's middle-income purchasers won't be aggressive buyers, particularly after having an "extra" 2% Social Security tax deducted from their paychecks. Thus the company's

next earnings conference call will probably reveal a 2013 goal of a flat to low-single digit comp-store sales gain. We also expect to hear about developments in the home and beauty areas. These will influence the number of store remodels going forward. The company should ultimately refresh 100 locations yearly to make its stores look better than the competition.

Despite tough times, Kohl's plans to reward its shareholders. The company increased its three year share repurchase program by \$3.2 billion, to \$3.5 billion. Kohl's aims to generate \$1 billion in annual free cash flow, and use this sum for share buybacks and dividend payments.

We've pared our target Average Annual P/E ratio to 14 from 15. This move reflects the view that retailers serving middle-class shoppers will face pressure from discount stores over the next few years. But, these untimely shares are selling around a three-year low and have healthy 3- to 5-year appreciation potential, due to a mix of private label and exclusive brands, a growing e-commerce business, and strong finances.

Jerome H. Kaplan
 February 1, 2013