

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

	Three Months (13 Weeks) Ended			
	August 2, 2008	% to Net Sales	August 4, 2007	% to Net Sales
Net sales	\$ 3,725.5		\$ 3,589.2	
Cost of merchandise sold	<u>2,250.6</u>	60.4%	<u>2,192.8</u>	61.1%
Gross margin	1,474.9	39.6%	1,396.4	38.9%
Operating expenses:				
Selling, general, and administrative	929.8	25.0%	837.8	23.3%
Depreciation and amortization	132.7	3.6%	106.2	3.0%
Preopening expenses	<u>5.9</u>	0.1%	<u>8.7</u>	0.2%
Operating income	406.5	10.9%	443.7	12.4%
Interest expense, net	<u>26.4</u>	0.7%	<u>10.5</u>	0.3%
Income before income taxes	380.1	10.2%	433.2	12.1%
Provision for income taxes	<u>144.1</u>	3.9%	<u>164.0</u>	4.6%
Net income	<u>\$ 236.0</u>	6.3%	<u>\$ 269.2</u>	7.5%
Basic net income per share	\$ 0.77		\$ 0.84	
Average number of shares	305.9		320.5	
Diluted net income per share	\$ 0.77		\$ 0.83	
Average number of shares	306.7		323.2	

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	Six Months (26 Weeks) Ended			
	August 2, 2008	% to Net Sales	August 4, 2007	% to Net Sales
Net sales	\$ 7,349.7		\$ 7,161.3	
Cost of merchandise sold	<u>4,539.7</u>	61.8%	<u>4,447.1</u>	62.1%
Gross margin	2,810.0	38.2%	2,714.2	37.9%
Operating expenses:				
Selling, general, and administrative	1,852.6	25.2%	1,696.3	23.7%
Depreciation and amortization	262.7	3.6%	210.8	3.0%
Preopening expenses	<u>16.7</u>	0.2%	<u>17.3</u>	0.2%
Operating income	678.0	9.2%	789.8	11.0%
Interest expense, net	<u>53.2</u>	0.7%	<u>20.7</u>	0.3%
Income before income taxes	624.8	8.5%	769.1	10.7%
Provision for income taxes	<u>235.8</u>	3.2%	<u>290.9</u>	4.0%
Net income	<u>\$ 389.0</u>	5.3%	<u>\$ 478.2</u>	6.7%
Basic net income per share	\$ 1.27		\$ 1.49	
Average number of shares	307.2		321.1	
Diluted net income per share	\$ 1.26		\$ 1.48	
Average number of shares	308.0		324.2	

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

	Six Months (26 Weeks) Ended	
	August 2, 2008	August 4, 2007
Operating activities		(Revised)
Net income	\$ 388,970	\$ 478,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including debt discount	263,463	211,208
Share-based compensation	23,212	25,005
Excess tax benefits from share-based compensation	(22)	(6,857)
Deferred income taxes	27,973	(3,589)
Other non-cash revenues and expenses	13,853	17,081
Changes in operating assets and liabilities:		
Merchandise inventories	139,275	(224,265)
Other current and long-term assets	(4,272)	(36,860)
Accounts payable	189,859	140,852
Accrued and other long-term liabilities	(119,099)	(94,167)
Income taxes	(49,553)	(93,183)
Net cash provided by operating activities	<u>873,659</u>	<u>413,402</u>
Investing activities		
Acquisition of property and equipment and favorable lease rights	(557,799)	(801,041)
Purchases of investments in auction rate securities	(52,800)	(2,908,249)
Sales of investments in auction rate securities	77,200	3,329,201
Net purchases of money-market investments	(40,334)	(25,278)
Proceeds from sale of property, plant and equipment	651	28,700
Other	1,768	(1,905)
Net cash used in investing activities	<u>(571,314)</u>	<u>(378,572)</u>
Financing activities		
Net borrowings under credit facilities	-	295,000
Capital lease payments	(5,764)	(13,961)
Treasury stock purchases	(261,538)	(374,362)
Excess tax benefits from share-based compensation	22	6,857
Proceeds from stock option exercises	1,343	92,387
Net cash (used in) provided by financing activities	<u>(265,937)</u>	<u>5,921</u>
Net increase in cash and cash equivalents	36,408	40,751
Cash and cash equivalents at beginning of period	<u>180,543</u>	<u>189,170</u>
Cash and cash equivalents at end of period	<u>\$ 216,951</u>	<u>\$ 229,921</u>

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

	August 2, 2008	August 4, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 216,951	\$ 229,921
Short-term investments	70,631	35,556
Merchandise inventories	2,717,550	2,802,643
Deferred income taxes	71,863	46,733
Other current assets	134,603	163,159
Total current assets	3,211,598	3,278,012
Property and equipment, net	6,951,127	6,190,119
Long-term investments	390,740	-
Favorable lease rights, net	201,573	213,554
Goodwill	9,338	9,338
Other assets	111,138	60,978
Total assets	\$ 10,875,514	\$ 9,752,001
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,023,258	\$ 1,075,228
Accrued liabilities	819,633	859,502
Income taxes payable	77,850	133,223
Short-term debt	-	295,000
Current portion of long-term debt and capital leases	13,991	10,866
Total current liabilities	1,934,732	2,373,819
Long-term debt and capital leases	2,049,661	1,040,847
Deferred income taxes	278,820	246,484
Other long-term liabilities	379,102	258,388
Shareholders' equity	6,233,199	5,832,463
Total liabilities and shareholders' equity	\$ 10,875,514	\$ 9,752,001