

## **KOHL'S CORPORATION REPORTS SECOND QUARTER EARNINGS PER SHARE FOR FISCAL 2009 OF \$0.75**

### **Management Raises Fiscal 2009 Earnings Guidance**

MENOMONEE FALLS, WI ... August 13/BUSINESS WIRE/Kohl's Corporation (NYSE:KSS). Kohl's Corporation today reported results for the quarter and year-to-date periods ended August 1, 2009 and raised its fiscal 2009 earnings guidance.

Kohl's Corporation reported net income for the quarter ended August 1, 2009 of \$229 million, or \$0.75 per diluted share, compared with \$236 million, or \$0.77 per diluted share, a year ago. Net sales were \$3.8 billion, an increase of 2.2 percent for the quarter. Comparable store sales for the quarter decreased 2.3 percent.

For the six months ended August 1, 2009, net income decreased 5.4 percent to \$368 million, or \$1.20 per diluted share, compared to \$389 million, or \$1.26 per diluted share, for the six months ended August 2, 2008. Net sales increased 1.3 percent to \$7.4 billion from \$7.3 billion a year ago. Comparable store sales decreased 3.2 percent for the same period.

Kevin Mansell, Kohl's president and chief executive officer, said, "Sales for the first half of 2009 exceeded our plans and indicated market share gains across most merchandise areas and regions. In addition, we continue to experience improvements in inventory management and increased penetration in "Only at Kohl's" brands that have led to improved gross margins. Our expense performance matched our expectations despite our outperformance on the sales line. We will focus on providing value for our customer as they continue to be conservative in their spending in this environment."

Mansell added, "I am very proud of our 121,000 associates and the role they played in these results and want to thank them for their hard work, loyalty and dedication in delivering on our promise to 'expect great things' from Kohl's."

### **Expansion Update**

During the first six months of 2009, Kohl's successfully opened 19 stores. The Company ended the quarter with 1,022 stores in 49 states, compared with 957 stores in 47 states at the same time last year. The Company expects to open an additional 37 stores later this year for a total of 56 stores in fiscal 2009. By the end of August, the Company will have completed 51 store remodels, compared to 36 stores last year.

### **Earnings Guidance**

For the third quarter, the Company expects total sales to range between negative 1 percent and positive 1 percent; comparable store sales to range between negative 5 percent and negative 3 percent; and gross margin as a percent of sales to increase 10 to 20 basis points over last year. The Company expects selling, general and administrative expenses to increase between 3 and 4 percent. This would result in earnings per diluted share of \$0.40 to \$0.44 for the third quarter.

For the fourth quarter, the Company expects total sales to range between negative 1 percent and positive 1 percent; comparable store sales to range between negative 5 percent and negative 3 percent; and gross margin as a percent of sales to increase 20 to 30 basis points over last year. The Company expects selling, general and administrative expenses to increase between 3 and 4 percent. This would result in earnings per diluted share of \$0.99 to \$1.06 for the fourth quarter.

The Company's updated guidance for the fiscal 2009 is \$2.59 to \$2.70 per diluted share.

### **Second Quarter 2009 Earnings Conference Call**

Investors will have an opportunity to listen to the second quarter earnings conference call at 8:30 AM EDT on August 13 by dialing (706) 902-0486, using Conference ID 22041323. A replay of the call will also be accessible beginning at 9:20 AM EDT on August 13, until midnight EDT on September 13, 2009. To listen to the replay, dial (706) 645-9291, and use Conference ID 22041323.

In addition, the call will be web cast live over the Internet through the Company's web site located at <http://www.kohlscorporation.com/InvestorRelations/event-calendar.htm>. To participate in the conference, register at <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=60706&eventID=2334869> at least ten minutes prior to the call to download and install any necessary audio software. The web cast will be available for 30 days.

### **Cautionary Statement Regarding Forward-Looking Information**

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 including guidance on the Company's targeted sales and earnings. Kohl's intends forward-looking terminology such as "believes," "expects," "may," "will," "should," "anticipates," "plans," or similar expressions to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause Kohl's actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Item 1A in Kohl's Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in Kohl's filings with the SEC.

### **About Kohl's**

Based in Menomonee Falls, Wis., Kohl's (NYSE: KSS) is a family-focused, value-oriented specialty department store offering moderately priced, exclusive and national brand apparel, shoes, accessories, beauty and home products in an exciting shopping environment. Kohl's operates 1,022 stores in 49 states. A company committed to the communities it serves, Kohl's has raised more than \$126 million for children's initiatives nationwide through its Kohl's Cares for Kids® philanthropic program, which operates under Kohl's Cares, LLC, a wholly-owned subsidiary of Kohl's Department Stores, Inc. For a list of store locations and information, or for the added convenience of shopping online, visit [www.kohls.com](http://www.kohls.com).

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

	<b>Three Months (13 Weeks) Ended</b>			
	<b>August 1, 2009</b>	% to Net Sales	August 2, 2008	% to Net Sales
Net sales	<b>\$ 3,806</b>		\$ 3,725	
Cost of merchandise sold	<u>2,286</u>	60.0%	<u>2,250</u>	60.4%
Gross margin	<b>1,520</b>	40.0%	1,475	39.6%
Operating expenses:				
Selling, general, and administrative	<b>966</b>	25.4%	930	25.0%
Depreciation and amortization	<b>144</b>	3.8%	133	3.6%
Preopening expenses	<u>11</u>	0.3%	<u>6</u>	0.1%
Operating income	<b>399</b>	10.5%	406	10.9%
Interest expense, net	<u>31</u>	0.8%	<u>26</u>	0.7%
Income before income taxes	<b>368</b>	9.7%	380	10.2%
Provision for income taxes	<u>139</u>	3.6%	<u>144</u>	3.9%
Net income	<u><b>\$ 229</b></u>	6.1%	<u><b>236</b></u>	6.3%
Basic net income per share	<b>\$ 0.76</b>		\$ 0.77	
Average number of shares	<b>305</b>		306	
Diluted net income per share	<b>\$ 0.75</b>		\$ 0.77	
Average number of shares	<b>306</b>		307	

**Kohl's Corporation**  
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	<b>Six Months (26 Weeks) Ended</b>			
	<b>August 1, 2009</b>	% to Net Sales	August 2, 2008	% to Net Sales
Net sales	<b>\$ 7,445</b>		\$ 7,350	
Cost of merchandise sold	<b>4,556</b>	61.2%	4,540	61.8%
Gross margin	<b>2,889</b>	38.8%	2,810	38.2%
Operating expenses:				
Selling, general, and administrative	<b>1,927</b>	25.9%	1,852	25.2%
Depreciation and amortization	<b>285</b>	3.8%	263	3.6%
Preopening expenses	<b>26</b>	0.4%	17	0.2%
Operating income	<b>651</b>	8.7%	678	9.2%
Interest expense, net	<b>62</b>	0.8%	53	0.7%
Income before income taxes	<b>589</b>	7.9%	625	8.5%
Provision for income taxes	<b>221</b>	3.0%	236	3.2%
Net income	<b>\$ 368</b>	4.9%	\$ 389	5.3%
Basic net income per share	<b>\$ 1.21</b>		\$ 1.27	
Average number of shares	<b>305</b>		307	
Diluted net income per share	<b>\$ 1.20</b>		\$ 1.26	
Average number of shares	<b>306</b>		308	

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

	<u>August 1, 2009</u>	<u>August 2, 2008</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 221	\$ 217
Short-term investments	1,133	71
Merchandise inventories	2,724	2,718
Deferred income taxes	72	72
Other current assets	<u>131</u>	<u>134</u>
Total current assets	4,281	3,212
Property and equipment, net	7,142	6,951
Long-term investments	325	391
Favorable lease rights, net	196	202
Goodwill	9	9
Other assets	<u>106</u>	<u>111</u>
Total assets	<u><u>\$ 12,059</u></u>	<u><u>\$ 10,876</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,153	\$ 1,023
Accrued liabilities	873	820
Income taxes payable	59	78
Current portion of capital leases	<u>16</u>	<u>14</u>
Total current liabilities	2,101	1,935
Long-term debt and capital leases	2,053	2,050
Deferred income taxes	333	279
Other long-term liabilities	436	379
Shareholders' equity	<u>7,136</u>	<u>6,233</u>
Total liabilities and shareholders' equity	<u><u>\$ 12,059</u></u>	<u><u>\$ 10,876</u></u>

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

	<b>Six Months</b>	
	<b>(26 Weeks) Ended</b>	
	<b>August 1,</b>	August 2,
	<b>2009</b>	2008
<b>Operating activities</b>		
Net income	<b>\$ 368</b>	\$ 389
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including debt discount and deferred financing fees	<b>285</b>	263
Share-based compensation	<b>27</b>	23
Deferred income taxes	<b>15</b>	28
Other non-cash revenues and expenses	<b>36</b>	14
Changes in operating assets and liabilities:		
Merchandise inventories	<b>77</b>	139
Other current and long-term assets	<b>18</b>	(4)
Accounts payable	<b>272</b>	190
Accrued and other long-term liabilities	<b>(36)</b>	(118)
Income taxes	<b>(50)</b>	(50)
Net cash provided by operating activities	<b><u>1,012</u></b>	<u>874</u>
<b>Investing activities</b>		
Acquisition of property and equipment and favorable lease rights	<b>(336)</b>	(558)
Net purchases of short-term investments	<b>(624)</b>	(40)
Purchases of long-term investments	-	(53)
Sales of long-term investments	<b>8</b>	77
Other	<b>(1)</b>	3
Net cash used in investing activities	<b><u>(953)</u></b>	<u>(571)</u>
<b>Financing activities</b>		
Capital lease payments	<b>(8)</b>	(6)
Treasury stock purchases	<b>(1)</b>	(262)
Proceeds from stock option exercises	<b>4</b>	1
Net cash used in financing activities	<b><u>(5)</u></b>	<u>(267)</u>
Net increase in cash	<b>54</b>	36
Cash at beginning of period	<b><u>167</u></b>	<u>181</u>
Cash at end of period	<b><u><u>\$ 221</u></u></b>	<u><u>\$ 217</u></u>