FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 30, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from______ to ______

Commission file number 1-11084

KOHL'S CORPORATION

(Exact name of the registrant as specified in its charter)

WISCONSIN **(State or other jurisdiction of incorporation or organization)**	**39-1630919** **(I.R.S. Employer Identification No.)**
N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin **(Address of principal executive offices)**	**53051** **(Zip Code)**

Registrant's telephone number, including area code (262) 703-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 Days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:November 30, 2004 Common Stock, Par Value $0.01 per Share, 343,090,820 shares outstanding.

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KOHL'S CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	October 30, 2004	January 31, 2004	November 1, 2003
	(Unaudited)	(Audited)	(Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 111,720	$ 112,748	$ 108,532
Short-term investments	—	34,285	—
Accounts receivable, net	1,284,734	1,150,157	1,048,711
Merchandise inventories	2,640,348	1,606,990	2,424,802
Deferred income taxes	40,953	49,822	39,307
Other	77,919	70,837	85,454
Total current assets	4,155,674	3,024,839	3,706,806
Property and equipment, net	3,844,858	3,324,243	3,137,052
Favorable lease rights, net	228,030	235,491	183,809
Goodwill	9,338	9,338	9,338
Other assets	106,774	104,539	103,480
Total assets	$8,344,674	$6,698,450	$ 7,140,485
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	$1,346,486	$ 532,599	$ 1,118,091
Accrued liabilities	447,422	441,902	316,285
Income taxes payable	9,507	135,327	63,016
Short-term debt	354,000	—	313,000
Current portion of long-term debt and capital leases	3,380	12,529	12,611
Total current liabilities	2,160,795	1,122,357	1,823,003
Long-term debt and capital leases	1,104,283	1,075,973	1,079,637
Deferred income taxes	318,461	236,712	228,418
Other long-term liabilities	77,714	72,069	71,161
Shareholders' equity:			
Common stock	3,430	3,401	3,399
Paid-in capital	1,249,227	1,170,519	1,164,272
Retained earnings	3,430,764	3,017,419	2,770,595
Total shareholders' equity	4,683,421	4,191,339	3,938,266
Total liabilities and shareholders' equity	$8,344,674	$6,698,450	$ 7,140,485

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Thousands, Except per Share Data)

	Three Months (13 Weeks) Ended		Nine Months (39 Weeks) Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
Net sales	$ 2,743,882	$ 2,393,950	$ 7,621,913	$ 6,720,153
Cost of merchandise sold	1,758,331	1,578,608	4,878,876	4,426,743
Gross margin	985,551	815,342	2,743,037	2,293,410
Operating expenses:				
Selling, general, and administrative	646,470	523,962	1,781,253	1,471,910
Depreciation and amortization	71,544	59,916	208,345	172,342
Preopening expenses	21,315	20,901	43,834	38,875
Operating income	246,222	210,563	709,605	610,283
Interest expense, net	15,071	15,755	45,058	56,729
Income before income taxes	231,151	194,808	664,547	553,554
Provision for income taxes	87,375	73,638	251,202	209,226
Net income	$ 143,776	$ 121,170	$ 413,345	$ 344,328
Net income per share:				
Basic				
Basic	$ 0.42	$ 0.36	$ 1.21	$ 1.02
Average number of shares	342,312	339,751	341,258	338,920
Diluted				
Diluted	$ 0.42	$ 0.35	$ 1.20	$ 1.00
Average number of shares	344,896	344,447	343,738	343,406

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(In Thousands)

	Common Stock		Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balance at January 31, 2004	340,141	$ 3,401	$ 1,170,519	$ 3,017,419	$ 4,191,339
Exercise of stock options	2,878	29	41,995	—	42,024
Income tax benefit from exercise of stock options	—	—	36,713	—	36,713
Net income	—	—	—	413,345	413,345
Balance at October 30, 2004	343,019	$ 3,430	$ 1,249,227	$ 3,430,764	$ 4,683,421

See accompanying Notes to Condensed Consolidated Financial Statements

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KOHL'S CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Nine Months (39 Weeks) Ended	
	October 30, 2004	November 1, 2003
Operating activities		
Net income	$ 413,345	$ 344,328
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	208,883	179,175
Amortization of debt discount	161	3,521
Deferred income taxes	90,618	73,853
Changes in operating assets and liabilities:		
Accounts receivable, net	(134,577)	(57,901)
Merchandise inventories	(1,033,358)	(797,806)
Other current assets	(7,082)	(41,740)
Accounts payable	813,887	467,360
Accrued and other long-term liabilities	11,165	(37,255)
Income taxes	(89,107)	(38,774)
Net cash provided by operating activities	273,935	94,761
Investing activities		
Acquisition of property and equipment and favorable lease rights	(669,266)	(530,197)
Net sales of short-term investments	34,285	475,991
Other	(23,533)	(18,032)
Net cash used in investing activities	(658,514)	(72,238)
Financing activities		
Net borrowings under credit facilities	354,000	313,000
Payments of convertible and other long-term debt	(12,400)	(358,552)
Payments of financing fees on debt	(73)	(185)
Proceeds from stock option exercises	42,024	41,661
Net cash provided by (used in) financing activities	383,551	(4,076)
Net (decrease) increase in cash and cash equivalents	(1,028)	18,447
Cash and cash equivalents at beginning of period	112,748	90,085
Cash and cash equivalents at end of period	$ 111,720	$ 108,532
Supplemental Information:		
Interest paid, net of capitalized interest	$ 46,096	$ 51,553
Income taxes paid	$ 249,689	$ 174,205

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for fiscal year end financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10-K (Commission File No. 1-11084) filed with the Securities and Exchange Commission.

2. Reclassifications

Certain reclassifications have been made to the prior periods' financial statements to conform to the fiscal 2004 presentation.

3. Stock Based Compensation

As permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the Company applies the recognition and measurement provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based compensation plans and presents proforma information as if it had used the fair value method of SFAS 123. No stock-based employee compensation expense is reflected in net income for the first, second or third quarters of fiscal 2004 or 2003 as all options granted under those plans had an exercise price equal to the market value of the underlying common stock at the date of grant. The FASB is currently reviewing the rules governing stock option accounting and has made a decision to require expense recognition of stock options in the income statement in the future. The FASB intends to publish final rules that would be effective for interim periods beginning after June 15, 2005. The Company will adopt any new rules required by the FASB on or before the date such rules become effective.

The following table illustrates the pro forma effect on net income and net income per share assuming the fair value recognition provisions of SFAS No. 123 would have been adopted for options granted since fiscal 1995.

	Three Months Ended		Nine Months Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
	(In Thousands, Except per Share Data)			
Net income as reported	$ 143,776	$ 121,170	$ 413,345	$ 344,328
Less total stock-based employee compensation expense determined under fair value method for all awards, net of tax	6,342	7,990	20,675	25,926
Pro forma net income	$ 137,434	$ 113,180	$ 392,670	$ 318,402
Net income per share:				
Basic-as reported	$ 0.42	$ 0.36	$ 1.21	$ 1.02
Basic-pro forma	$ 0.40	$ 0.33	$ 1.15	$ 0.94
Diluted-as reported	$ 0.42	$ 0.35	$ 1.20	$ 1.00
Diluted-pro forma	$ 0.40	$ 0.33	$ 1.14	$ 0.93

The Black-Scholes option pricing model was used to estimate the weighted-average fair values of options granted. For the three months ended October 30, 2004 and November 1, 2003, the weighted-average fair values of options granted were $20.12 and $23.69, respectively. The weighted-average fair values of options granted for the nine months ended October 30, 2004 and November 1, 2003, were $19.17 and $20.22, respectively. The model uses the following assumptions:

	Three Months Ended		Nine Months Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
Risk-free interest rate	3.5%	3.5%	3.5%	3.5%
Expected dividend	0%	0%	0%	0%
Expected option life (years)	6.5	6.5	6.2	6.1
Expected volatility	33.9%	32.0%	33.9%	32.0%

The SFAS No. 123 expense reflected above only includes options granted since fiscal 1995 and, therefore, may not be representative of future expense.

4. Merchandise Inventories

The Company uses the last–in, first-out (LIFO) method of accounting for merchandise inventories. The Company did not record LIFO expense for the three and nine months ended October 30, 2004 and November 1, 2003. The LIFO cost of merchandise was equal to the first-in, first-out (FIFO) cost of merchandise as of October 30, 2004 and January 31, 2004. Inventories would have been $5.0 million higher at November 1, 2003, if they had been valued using the FIFO method.

5. Contingencies

The Company is involved in various legal matters arising in the normal course of business. In the opinion of management, the outcome of such proceedings and litigation will not have a material adverse impact on the Company's financial position or results of operations.

6. Net Income Per Share

The calculations of the numerator and denominator for basic and diluted net income per share are summarized as follows:

	Three Months Ended		Nine Months Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
	(In Thousands)			
Numerator for diluted earnings per share	$ 143,776	$ 121,170	$ 413,345	$ 344,328
Denominator for basic earnings per share – weighted average shares	342,312	339,751	341,258	338,920
Impact of diluted employee stock options (a)	2,584	4,696	2,480	4,486
Denominator for diluted earnings per share	344,896	344,447	343,738	343,406

(a) For the three months ended October 30, 2004 and November 1, 2003, 7,455,430 and 4,387,407 options, respectively, were not included in the earnings per share calculation as the impact of such options was antidilutive. For the nine months ended October 30, 2004 and November 1, 2003, 7,650,280 and 4,775,255 options, respectively, were not included in the earnings per share calculation as the impact of such options was antidilutive.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

The Company continues to be focused on four major initiatives: inventory management, the customer shopping experience, merchandise content, and marketing differentiation.

The Company has appropriately reduced inventory levels. At the end of the third quarter, average inventory dollars per store were down approximately 7% from last year. The clearance unit inventory per store was down approximately 30% from last year. While reducing overall inventory levels, the Company remains committed to being in-stock on basics and key item programs. The Company continues to flow goods based on rate of sale, which has led to less clearance inventory and improved gross margins.

In addition to reducing the overall inventory level in 2004, reductions have been made in the number of in-aisle programs at the entrance and throughout the store. Standards have been reinforced to ensure uniform spacing between fixtures and standardization of the number of items per fixture. Changes were also made to in-store merchandise presentation including changes in space allocation, adjacencies and graphic presentation.

The Company also continued to focus on newness in merchandise content by adding new brands during the second half of the year. In September, the Company introduced a new private label brand in mens and womens called apt. 9. During mid-September, Daisy Fuentes career and activewear were rolled out to all stores and the Nine & Co. and Axcess lines were expanded. In October, the Company entered a new merchandise category with the introduction of the beauty business, developed in partnership with the Estee Lauder companies. The beauty business consists of three new exclusive brands: American Beauty, Flirt! and Good Skin and was introduced in 288 stores, primarily in the Northeast, Southcentral and West regions, and will be rolled out to the remaining store base in 2005.

Management believes that differentiation in marketing will help the Company achieve its goal of returning to positive comparable store sales increases. The Company continued to test different marketing initiatives during the third quarter. The Company created some new events and added newness to existing events in order to attract more customer traffic. The Company also added incremental TV advertising to promote the new brands introduced during the third quarter. The mix of print, broadcast (both in TV and radio) and direct mail continues to be adjusted to find the most effective medium for each type of event.

The Company is well positioned for the holiday season in terms of content and level of inventory, in-store shopping environment and the advertising and marketing calendar.

Results of Operations

Expansion Update

At October 30, 2004, the Company operated 637 stores compared with 542 stores at the same time last year. Total square feet of selling space increased 18.7% from 41.4 million at November 1, 2003 to 49.2 million at October 30, 2004. The Company successfully opened 48 new stores during the quarter. The Company entered the San Francisco, CA market with 11 stores; the Salt Lake City, UT market with five stores; the Rochester, NY market with three stores; the Portland, ME market with two stores; the Reno, NV market with two stores and the Montgomery, AL market with one store. In addition, the Company added nine stores in the Midwest region, six stores in the Northeast region, five stores in the Southwest region, three stores in the South Central region and one store in the Southeast region. The Company opened a total of 95 new stores in fiscal 2004.

The Company plans to open approximately 95 stores in fiscal 2005, which will result in square footage growth of approximately 15%. The Company will open approximately 33 stores during the first quarter. The Company expects to open the balance of the 95 stores in the third quarter of fiscal 2005 with plans to enter the state of Florida with stores in Orlando and Jacksonville.

Net Sales

Net sales increased $349.9 million or 14.6% to $2,743.9 million for the three months ended October 30, 2004, from $2,394.0 million for the three months ended November 1, 2003. Net sales increased $323.4 million due to the opening of 95 new stores in fiscal 2004 and the inclusion of 50 new stores opened during the third quarter of fiscal 2003. The remaining $26.5 million increase is attributable to an increase in comparable store sales of 1.2%. Comparable store sales growth for each period is based on sales of stores (including relocated or expanded stores) open throughout the full period and throughout the full prior fiscal year. The Accessories business led the Company in comparable store sales for the quarter, while the Children’s business was the most difficult. The Northeast region had the strongest comparable store sales performance, while the Midwest region was the most difficult due to the maturity of the store base.

Net sales increased $901.7 million or 13.4% to $7,621.9 million for the nine months ended October 30, 2004, from $6,720.2 million for the nine months ended November 1, 2003. Net sales increased $904.8 million due to the opening of 95 new stores in fiscal 2004 and to the inclusion of 85 new stores opened in fiscal 2003. The offsetting $3.1 million decrease is attributable to comparable store sales. The Accessories business led the Company in comparable store sales for the first nine months, while the Children’s business was the most difficult. The Northeast region had the strongest comparable store sales performance, while the Midwest region was the most difficult.

Gross Margin

Gross margin increased $170.3 million to $985.6 million for the three months ended October 30, 2004, from $815.3 million for the three months ended November 1, 2003. Gross margin increased $105.1 million due to the opening of 95 new stores in fiscal 2004 and to the inclusion of 50 new stores opened in the third quarter of fiscal 2003. Comparable store gross margin increased $65.2 million. The Company's gross margin as a percent of net sales was 35.9% for the three months ended October 30, 2004, and 34.1% for the three months ended November 1, 2003, an increase of 186 basis points. In the third quarter of fiscal 2003, the Company sold a significant amount of clearance inventory resulting in a decline in gross margin of approximately 67 basis points. In January 2003, the Emerging Issues Task Force issued (EITF) No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor." The new standard affects how the Company accounts for vendor advertising support, primarily funding received from vendors for new store openings. The application of the new rule during the third quarter of fiscal 2004 increased gross margin by approximately 60 basis points. Prior to fiscal 2004, vendor support received for new store advertising had been recognized as a reduction of selling, general and administrative (S,G&A) expenses.

Gross margin increased $449.6 million to $2,743.0 million for the nine months ended October 30, 2004, from $2,293.4 million for the nine months ended November 1, 2003. Gross margin increased $324.0 million due to the opening of 95 new stores in 2004 and to the inclusion of a full year of operating results for the 85 new stores opened in fiscal 2003. Comparable store gross margin increased $125.6 million. The Company's gross margin as a percent of net sales was 36.0% for the nine months ended October 30, 2004, and 34.1% for the nine months ended November 1, 2003, an increase of 186 basis points. Approximately 50 basis points of the increase was due to the impact of EITF No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor."

Operating Expenses

S,G&A expenses include all direct store expenses such as payroll, occupancy and store supplies and all costs associated with the Company's distribution centers, advertising and corporate functions, but exclude depreciation and amortization and preopening expenses.

S,G&A expenses increased $122.5 million or 23.4% to $646.5 million for the three months ended October 30, 2004, from $524.0 million for the three months ended November 1, 2003. The S,G&A expenses increased to 23.6% of net sales for the three months ended October 30, 2004, from 21.9% of net sales for the three months ended November 1, 2003, an increase of 167 basis points. Store operating expenses increased 18.6%, which is consistent with the Company's square footage growth. Advertising expenses as a percent of sales increased by 141 basis points, with the change in accounting for vendor support in accordance with EITF No. 02-16 representing approximately 80 basis points of the increase. Expenses as a percent of sales related to distribution center costs declined by 14 basis points, credit costs declined by 11 basis points and other corporate expenses increased by 1 basis point.

S,G&A expenses increased $309.4 million or 21.0% to $1,781.3 million for the nine months ended October 30, 2004, from $1,471.9 million for the nine months ended November 1, 2003. The S,G&A expenses increased to 23.4% of net sales for the nine months ended October 30, 2004, from 21.9% of net sales for the nine months ended November 1, 2003, an increase of 147 basis points. Store operating expenses increased 18.9%, which is consistent with the Company's square footage growth. Advertising expenses as a percent of sales increased by 102 basis points, with the change in accounting for vendor support in accordance with EITF No. 02-16 representing approximately 70 basis points of the increase. Expenses as a percent of sales related to distribution center costs declined by 12 basis points, credit costs declined by 10 basis points and other corporate expenses declined by 2 basis points.

Depreciation and amortization for the three months ended October 30, 2004, was $71.5 million compared to $59.9 million for the three months ended November 1, 2003. Depreciation and amortization for the nine months ended October 30, 2004, was $208.3 million compared to $172.3 million for the nine months ended November 1, 2003. The increase is primarily attributable to the addition of new stores and the remodeling and expansion of existing stores.

Preopening expenses are expensed as incurred and relate to the costs associated with new store openings including advertising, hiring and training costs for new employees, and processing and transporting initial merchandise. Preopening expense for the three months ended October 30, 2004, was $21.3 million compared to $20.9 million for the three months ended November 1, 2003. Preopening expense for the nine months ended October 30, 2004, was $43.8 million compared to $38.9 million for the nine months ended November 1, 2003. The increase is primarily due to an increase in the number of new stores opened during the year and the timing of related expenses. The Company opened 95 new stores during the nine months ended October 30, 2004 compared to 85 new stores opened during the nine months ended November 1, 2003.

Operating Income

As a result of the above factors, operating income for the three months ended October 30, 2004, was $246.2 million or 9.0% of net sales compared to $210.6 million or 8.8% of net sales for the three months ended November 1, 2003, an increase of 16.9% from last year. Operating income for the nine months ended October 30, 2004, was $709.6 million or 9.3% of net sales compared to $610.3 million or 9.1% of net sales for the nine months ended November 1, 2003, an increase of 16.3% from last year.

Net Interest Expense

Net interest expense for the three months ended October 30, 2004, was $15.1 million compared to $15.8 million for the three months ended November 1, 2003. Net interest expense for the nine months ended October 30, 2004, was $45.1 million compared to $56.7 million for the nine months ended November 1, 2003. The decrease is due to the redemption of the Company's 2.75% Liquid Yield Option Subordinated Notes (LYONs) and the related write-off of $6.1 million of the deferred financing fees during the second quarter of fiscal 2003.

Net Income

Net income for the three months ended October 30, 2004, was $143.8 million compared to $121.2 million for the three months ended November 1, 2003, an increase of 18.7% from last year. Earnings were $0.42 per diluted share for the three months ended October 30, 2004, compared to $0.35 per diluted share for the three months ended November 1, 2003. The application of EITF No. 02-16 reduced net income per diluted share by approximately $0.01 for the quarter ended October 30, 2004. Net income for the nine months ended October 30, 2004, was $413.3 million compared to $344.3 million for the nine months ended November 1, 2003, an increase of 20.0% from last year. Earnings were $1.20 per diluted share for the nine months ended October 30, 2004, compared to $1.00 per diluted share for the nine months ended November 1, 2003. The application of EITF No. 02-16 reduced net income per diluted share by approximately $0.03 for the nine months ended October 30, 2004.

Seasonality & Inflation

The Company's business, like that of most retailers, is subject to seasonal influences, with the major portion of sales and income typically realized during the last half of each fiscal year, which includes the back-to-school and holiday seasons. Approximately 15% and 30% of sales typically occur during the back-to-school and holiday seasons, respectively. Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. In addition, quarterly results of operations depend significantly upon the timing and amount of revenues and costs associated with the opening of new stores.

The Company does not believe that inflation has had a material effect on its results during the periods presented. However, there can be no assurance that the Company's business will not be affected by such factors in the future.

Financial Condition and Liquidity

The Company's primary ongoing cash requirements are for capital expenditures in connection with the expansion and remodeling programs, seasonal and new store inventory purchases, and the growth in proprietary credit card accounts receivable. The Company's primary sources of funds for its business activities are cash flow from operations, short-term trade credit and its lines of credit.

Operating Activities. Cash flow provided by operations was $273.9 million for the nine months ended October 30, 2004 compared to $94.8 million for the nine months ended November 1, 2003. The primary source of cash flow for the nine months ended October 30, 2004, was net income of $413.3 million. Merchandise inventory increased $1,033.4 million for the nine months ended October 30, 2004, which was largely offset by a $813.9 million increase in accounts payable. Short-term trade credit, in the form of extended payment terms for inventory purchases, represents a significant source of financing for merchandise inventories. Seasonal cash needs are met by financing secured by its proprietary accounts receivable and lines of credit available under its revolving credit facilities.

Key financial ratios that provide certain measures of the Company's liquidity are as follows:

	October 30, 2004	January 31, 2004	November 1, 2003
Working Capital (In Thousands)	$1,994,879	$1,902,482	$1,883,803
Current Ratio	1.9	2.7	2.0
Debt/Capitalization	23.8%	20.6%	26.3%

The Company's net accounts receivable balance at October 30, 2004 increased $134.6 million from the January 31, 2004 balance due to the seasonality of the Company's business. The accounts receivable balance typically peaks during the holiday season. The October 30, 2004 net accounts receivable balance increased $236.0 million over the November 1, 2003 balance. The increase is primarily due to a 23.0% increase in proprietary credit card sales, offset by increased payment rates. Write-offs decreased to 1.1% of Kohls charge sales this year compared to 1.3% last year. As a result, the allowance for doubtful accounts was reduced to 1.8% of gross accounts receivable at October 30, 2004 from 2.1% at November 1, 2003. The following table summarizes information related to the Company's proprietary credit card receivables:

	October 30, 2004	January 31, 2004	November 1, 2003
		(In Thousands)	
Gross accounts receivable	$1,308,871	$1,172,678	$1,070,784
Allowance for doubtful accounts (a)	$ 24,137	$ 22,521	$ 22,073
Allowance as a % of gross accounts receivable	1.8%	1.9%	2.1%
Accounts receivable turnover (rolling 4 quarters) (b)	3.7x	3.6x	3.5x
Proprietary credit card share (c)	39.2%	36.0%	36.2%

(a) Delinquent accounts are written off automatically after the passage of 180 days without receiving a full scheduled monthly payment. Accounts are written off sooner in the event of customer bankruptcy or other circumstances that make further collection unlikely. Bad debts written off, net of recoveries, for the nine months ended October 30, 2004 were 2.7% of gross accounts receivable compared to 3.3% of gross accounts receivable for the nine months ended November 1, 2003.

(b) Turnover is computed using a rolling four quarters of credit card sales divided by average quarterly gross accounts receivable.

(c) Proprietary credit card share is calculated for the nine months ended as of October 30, 2004 and November 1, 2003 and the twelve months ended as of January 31, 2004.

The Company's merchandise inventories increased $215.5 million, or 8.9% from the November 1, 2003 balance due to the increase in the number of stores. On an average store basis, the inventory at October 30, 2004 decreased 7.4% from the November 1, 2003 balance. The Company's merchandise inventories increased $1,033.4 million, or 64.3% from the January 31, 2004 balance due to normal business seasonality. Accounts payable increased $228.4 million from November 1, 2003, and increased $813.9 million from January 31, 2004. Accounts payable as a percent of inventory at October 30, 2004 was 51.0%, compared to 46.1% last year. The change in the level of accounts payable reflects the benefits of executing the Company's strategy to flow goods closer to point of sale.

Investing Activities. Capital expenditures include costs for new store openings, store remodels, distribution center openings and other base capital needs. The Company's capital expenditures, including favorable lease rights for the nine months ended October 30, 2004, were $669.3 million compared to the $530.2 million for the same period a year ago. The increase in expenditures is primarily attributable to the timing and number of new store openings. The Company opened 95 new stores during fiscal 2004 compared to 85 new stores during fiscal 2003.

Total capital expenditures for fiscal 2004 are expected to be approximately $950 million. This estimate includes new store spending as well as remodeling and base capital needs. The actual amount of the Company's future annual capital expenditures will depend primarily on the number of new stores opened, the mix of owned, leased or acquired stores, the number of stores remodeled and the timing of opening distribution centers.

Financing Activities. The Company periodically accesses the capital markets, as needed, to finance its growth. The Company believes it has sufficient lines of credit and expects to generate adequate cash flows from operating activities to sustain current levels of operations. The Company has two unsecured revolving bank credit facilities ("revolver") totaling $665 million. The Company also has a $225 million Receivable Purchase Agreement (RPA) under which the Company periodically sells an undivided interest in its private label credit card receivables. For financial reporting purposes, receivables sold are treated as secured borrowings. At October 30, 2004, accounts receivable of $225.0 million was sold and $129.0 million was outstanding under the revolving credit facilities. At November 1, 2003, accounts receivable of $225.0 million was sold and $88.0 million was outstanding under the revolving credit facilities.

Contractual Obligations

The Company has aggregate contractual obligations of $6,556.2 million related to debt repayments, capital leases and operating leases as follows:

	Fiscal Year						
	Remaining 2004	2005	2006	2007	2008	Thereafter	Total
	(In Thousands)						
Short and long- term debt	$354,038	$ 138	$100,416	$ 369	$ 329	$ 895,339	$ 1,350,629
Capital leases (a)	778	3,322	3,620	4,033	4,590	94,691	111,034
Operating leases	75,803	309,194	313,696	303,268	295,237	3,797,361	5,094,559
Total	$430,619	$312,654	$417,732	$307,670	$300,156	$4,787,391	$ 6,556,222

(a) Annual commitments on capital leases are net of interest.

The Company has entered into future capital lease commitments for land and buildings that total approximately $512.3 million at October 30, 2004.

The Company also has outstanding letters of credit and stand-by letters of credit that total approximately $53.0 million, at October 30, 2004. If certain conditions were met under these arrangements, the Company would be required to satisfy the obligations in cash. Due to the nature of these arrangements and based on historical experience, the Company does not expect to make any significant payments. Therefore, they have been excluded from the preceding table.

The various debt agreements contain certain covenants that limit, among other things, additional indebtedness, as well as requiring the Company to meet certain financial tests. As of October 30, 2004, the Company was in compliance with all financial covenants of the debt agreements.

Off-Balance Sheet Arrangements

The Company has not provided any financial guarantees as of October 30, 2004. All purchase obligations are cancelable and therefore are not included in the above table.

The Company has not created, and is not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating the Company's business. The Company does not have any arrangements or relationships with entities that are not consolidated into the financial statements that are reasonably likely to materially affect the Company's liquidity or the availability of capital resources.

Critical Accounting Policies and Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires the Company to make estimates and assumptions that affect the reported amounts. A discussion of the more significant estimates follows. Management has discussed the development, selection and disclosure of these estimates and assumptions with the Audit Committee of the Board of Directors.

Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts as an estimate of the accounts receivable balance that may not be collected. The Company evaluates the collectibility of accounts receivable based on the aging of accounts, historical write-off experience and specific review for potential bad debts. Delinquent accounts are written off automatically after the passage of 180 days without receiving a full scheduled monthly payment. Accounts are written off sooner in the event of customer bankruptcy or other circumstances that make further collection unlikely. For all other accounts, the Company recognizes reserves for bad debts based on the length of time the accounts are past due and the anticipated future write-offs based on historical experience.

Factors that would cause this allowance to increase primarily relate to increased customer bankruptcies or other difficulties that make further collection unlikely. Conversely, improved write-off experience and aging of receivables would result in a decrease in the provision.

Retail Inventory Method and Inventory Valuation

The Company values its inventory at the lower of cost or market with cost determined on the last-in, first-out (LIFO) basis using the retail inventory method (RIM). Under RIM, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value inventories. RIM is an averaging method that has been widely used in the retail industry due to its practicality. The use of the retail inventory method will result in inventories being valued at the lower of cost or market as markdowns are currently taken as a reduction of the retail value of inventories.

Based on a review of historical clearance markdowns, current business trends, expected vendor funding and discontinued merchandise categories, an adjustment to inventory is recorded to reflect additional markdowns which are estimated to be necessary to liquidate existing clearance inventories and reduce inventories to the lower of cost or market. Management believes that the Company's inventory valuation approximates the net realizable value of clearance inventory and results in carrying inventory at the lower of cost or market.

Vendor Allowances

The Company records vendor allowances and discounts in the income statement when the purpose for which those monies were designated is fulfilled. Allowances provided by vendors generally relate to profitability of inventory recently sold and, accordingly, are reflected as reductions to cost of merchandise sold as negotiated. Vendor allowances received for print advertising or fixture programs reduce the Company's expense or expenditure for the related advertising or fixture program. Vendor allowances will fluctuate based on the amount of promotional and clearance markdowns necessary to liquidate the inventory.

Insurance Reserve Estimates

The Company uses a combination of insurance and self-insurance for a number of risks including workers' compensation, general liability and employee-related health care benefits, a portion of which is paid by its associates. The Company determines the estimates for the liabilities associated with these risks by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. A change in claims frequency and severity of claims from historical experience as well as changes in state statutes and the mix of states in which the Company operates could result in a change in the required reserve levels. Under its workers' compensation and general liability insurance policies, the Company retains the initial risk of $500,000 and $250,000, respectively, per occurrence.

Impairment of Assets and Closed Store Reserves

The Company has a significant investment in property and equipment and favorable lease rights. The related depreciation and amortization is computed using estimated useful lives of up to 50 years. The Company reviews long-lived assets held for use (including favorable lease rights) for impairment annually or whenever an event, such as decisions to close a store, indicate the carrying value of the asset may not be recoverable. The Company has historically not experienced any significant impairment of long-lived assets or closed store reserves. Decisions to close a store can also result in accelerated depreciation over the revised useful life. If the store is leased, a reserve is set up for the discounted difference between the rent and the expected sublease rental income when the location is no longer in use. A significant change in cash flows, market valuation, demand for real estate or other factors, could result in an increase or decrease in the reserve requirement or impairment charge.

Income Taxes

The Company pays income taxes based on tax statutes, regulations and case law of the various jurisdictions in which it operates. At any one time, multiple tax years are subject to audit by the various taxing authorities. The Company’s effective income tax rate was 37.8% in 2004 and 2003. The effective rate is impacted by changes in law, location of new stores, level of earnings and the result of tax audits.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary exposure to market risk consists of changes in interest rates or borrowings. At October 30, 2004, the Company's fixed rate long-term debt, excluding capital leases, was $996.6 million.

Fixed rate long-term debt is utilized as a primary source of capital. When these debt instruments mature, the Company may refinance such debt at then existing market interest rates, which may be more or less than interest rates on the maturing debt. If interest rates on the existing fixed rate debt outstanding at October 30, 2004, changed by 100 basis points, the Company's annual interest expense would change by $10.0 million.

During the first nine months of 2004, average borrowings under the Company's variable rate credit facilities, the revolver and the RPA, were $36.3 million. If interest rates on the average fiscal 2004 variable rate debt changed by 100 basis points, the Company's interest expense would change by $363,000 assuming comparable borrowing levels.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the specified time periods. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of these disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

There were no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Forward Looking Statements

Items 2 and 3 of this Form 10-Q contains "forward looking statements," subject to protections under federal law. The Company intends words such as "believes," "anticipates," "plans," "may," "will," "should," "expects," and similar expressions to identify forward-looking statements. In addition, statements covering the Company's future sales or financial performance and the Company's plans, objectives, expectations or intentions are forward-looking statements, such as statements regarding the Company's liquidity, planned capital expenditures, future store openings and adequacy of capital resources and reserves. Such statements are subject to certain risks and uncertainties that could cause 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 Exhibit 99.1 to the Company's annual report on Form 10-K filed with the SEC on March 19, 2004, which is expressly incorporated herein by reference, and such other factors as may periodically be described in the Company's filings with the SEC.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended October 30, 2004, the Company did not sell any equity securities which were not registered under the Securities Act or repurchase any of its equity securities.

Item 6. Exhibits

10.1 Extension No. 2 and Amendment No. 2 under the July 10, 2002, 364-Day Credit Agreement among Kohl's Corporation, the lenders party thereto, Bank One, NA, as Syndication Agent, U.S. Bank, National Association, Wachovia Bank, National Association and Fleet National Bank, as Co-Documentation Agents and The Bank of New York, as Administrative Agent.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Periodic Report by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Periodic Report by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Kohl's Corporation (Registrant)
Date: December 3, 2004	/s/ R. Lawrence Montgomery
	R. Lawrence Montgomery Chief Executive Officer and Director
Date: December 3, 2004	/s/ Wesley S. McDonald
	Wesley S. McDonald Chief Financial Officer

EXHIBIT 10.1

EXTENSION NO. 2 AND AMENDMENT NO. 2

EXTENSION NO. 2 AND AMENDMENT NO. 2 (this "Extension"), dated as of June 22, 2004, under the 364-Day Credit Agreement, dated as of July 10, 2002, among Kohl's Corporation (the "Borrower"), the Lenders party thereto, Bank One, NA, as Syndication Agent, U.S. Bank, National Association, Wachovia Bank, National Association and Fleet National Bank, as Co-Documentation Agents, and The Bank of New York, as the Administrative Agent, as modified by Extension No. 1, Waiver No. 1 And Amendment No. 1, dated as of June 30, 2003 (as amended, supplemented or otherwise modified from time to time, the "364-Day Credit Agreement").

RECITALS

I. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the 364-Day Credit Agreement.

II. The Borrower has requested to extend the Revolving Credit Commitment Expiration Date in accordance with Section 2.14 of the 364-Day Credit Agreement.

Accordingly, in consideration of the Recitals and the terms and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. The Revolving Credit Commitment Expiration Date is hereby extended to July 8, 2005.

2. Paragraph 1 hereof shall not be effective until such time as the following conditions are satisfied:

(a) on or before the existing Revolving Credit Commitment Expiration Date, the Administrative Agent shall have received this Extension duly executed by (i) the Borrower, and (ii) Required Lenders having aggregate Revolving Credit Commitment Amounts equal to or greater than $66,500,000;

(b) the Borrower shall have paid to the Administrative Agent, for the account of each Lender whose aggregate unallocated commitment in connection with this Extension is at least $5,000,000 more than such Lender's Revolving Credit Commitment Amount as in effect immediately prior to the date of this Extension, an extension consent fee calculated at the rate of 0.02% on such Lender's Revolving Credit Commitment Amount as in effect immediately after giving effect to this Extension;

(c) immediately before and after giving effect thereto, no Default shall exist; and

(d) the Administrative Agent shall have received such certificates, legal opinions and other documents as it shall reasonably request in connection herewith.

3. Notwithstanding anything contained herein or in the 364-Day Credit Agreement to the contrary, (a)(i) paragraph 1 hereof shall not be effective with respect to any Lender not a signatory hereto (each a "Non-consenting Lender"), (ii) each Non-consenting Lender's Commitment shall be reduced to zero and terminate on the Commitment Termination Date under the existing 364-Day Credit Agreement (currently, July 8, 2004, the "Original Commitment Termination Date"), (iii) all sums which are owing to each Non-consenting Lender under the Loan Documents shall be and become due and payable on the Original Commitment Termination Date, (iv) no Non-consenting Lender shall have any obligation or liability under the 364-Day Credit Agreement on and after the Original Commitment Termination Date, except to the extent that such Non-consenting Lender shall have any obligation under the existing 364-Day Credit Agreement that, in accordance therewith, survives the Original Commitment Termination Date, and (v) each Non-consenting Lender shall not be considered a "Lender" for purposes of the 364-Day Credit Agreement on and after the Original Commitment Termination Date, (b) paragraph 1 hereof shall not become effective until the Original Commitment Termination Date, and (c) each Lender signatory hereto shall have the Revolving Credit Commitment Amount set forth on Exhibit A attached hereto as of the Original Commitment Termination Date.

4. The Borrower (a) reaffirms and admits the validity and enforceability of each Loan Document and all of its obligations thereunder, (b) agrees and admits that it has no defense to or offset against any such obligation, and (c) represents and warrants that, as of the date of the execution and delivery hereof by the Borrower, no Default has occurred and is continuing.

5. In all other respects, the Loan Documents shall remain in full force and effect, and no waiver, consent, amendment or extension in respect of any term or condition of any Loan Document shall be deemed to be a waiver, consent, amendment or extension in respect of any other term or condition contained in any Loan Document.

6. This Extension may be executed in any number of counterparts all of which, when taken together, shall constitute one agreement. In making proof of this Extension, it shall only be necessary to produce the counterpart executed and delivered by the party to be charged.

7. THIS EXTENSION IS BEING EXECUTED AND DELIVERED IN, AND IS INTENDED TO BE PERFORMED IN, THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCEABLE IN ACCORDANCE WITH, AND BE GOVERNED BY, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

IN WITNESS WHEREOF, the parties hereto have caused this Extension No. 2 and Amendment No. 2 to be duly executed and delivered by their proper and duly authorized persons as of the day and year first above written.

KOHL'S CORPORATION

By: /s/ Wes McDonald

Name: Wes McDonald
Title: EVP-CFO

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

THE BANK OF NEW YORK, individually
and as Administrative Agent

By: /s/ William M. Barnum

Name: William M. Barnum
Title: Vice President

KOHL’S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

U.S. BANK, NATIONAL ASSOCIATION

By: /s/ Caroline V. Krider

Name: Caroline V. Krider
Title: Vice President & Senior Lender

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

BANK ONE, NA (main office Chicago)

By: /s/ Steven P. Sullivan

Name: Steven P. Sullivan
Title: Director

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ Anthony D. Braxton

Name: Anthony D. Braxton
Title: Director

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

MORGAN STANLEY BANK

By: /s/ Daniel Twenge

Name: Daniel Twenge
Title: Vice President

COMERICA BANK

By: /s/ Heather A. Whiting

Name: Heather A. Whiting
Title: Account Officer

FIFTH THIRD BANK

By: /s/ Christine L. Wagner

Name: Christine L. Wagner
Title: Vice President

M&I BANK

By: /s/ Leo D. Freeman

Name: Leo D. Freeman
Title: Vice President

By: /s/ James R. Miller

Name: James R. Miller
Title: Vice President

MERRILL LYNCH BANK USA

By: /s/ Louis Alder

Name: Louis Alder
Title: Director

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Timothy P. Streb

Name: Timothy P. Streb
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Mark H. Halldorson

Name: Mark H. Halldorson
Title: Vice President

By: /s/ Jennifer D. Barrett

Name: Jennifer D. Barrett
Title: Vice President & Team Loan Manager

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

NATIONAL CITY BANK

By: /s/ Brian T. Strayton

Name: Brian T. Strayton
Title: Senior Vice President

THE NORTHERN TRUST COMPANY

By: /s/ Jeffrey B. Clark

Name: Jeffrey B. Clark
Title: Vice President

KOHL'S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

THE HUNTINGTON NATIONAL BANK

By: /s/ Steven P. Clemens

Name: Steven B. Clemens
Title: Vice President

KOHL’S CORPORATION

EXTENSION NO. 2 AND AMENDMENT NO. 2

UMB BANK, N.A.

By: /s/ Robert P. Elbert

Name: Robert P. Elbert
Title: Senior Vice President

Exhibit 31.1

CERTIFICATIONS

I, R. Lawrence Montgomery, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kohl's Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 3, 2004

/s/ R. LAWRENCE MONTGOMERY

R. Lawrence Montgomery
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

I, Wesley S. McDonald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kohl's Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 3, 2004

/s/ WESLEY S. MCDONALD

Wesley S. McDonald
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, R. Lawrence Montgomery, Chief Executive Officer of Kohl's Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended October 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 3, 2004

/s/ R. Lawrence Montgomery

R. Lawrence Montgomery
Chief Executive Officer and Director

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

I, Wesley S. McDonald, Chief Financial Officer of Kohl's Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended October 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 3, 2004

/s/ Wesley S. McDonald

Wesley S. McDonald
Chief Financial Officer