UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 1, 1999

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 registrant as specified in its charter)

WISCONSIN	39-1630919
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin	53051
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (414) 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 X No ______

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: June 8, 1999 Common Stock, Par Value $.01 per Share, 162,803,837 shares Outstanding.

KOHL'S CORPORATION
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KOHL'S CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	May 1, 1999 (Unaudited)	January 30, 1999 (Audited) (In thousands)	May 2, 1998 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 2,960	$ 2,858	$ 2,551
Short-term investments	15,000	26,736	15,000
Accounts receivable trade, net	235,764	270,704	183,079
Merchandise inventories	721,955	617,362	623,486
Income taxes receivable	12,680	-	-
Deferred income taxes	14,548	14,412	5,226
Other	14,130	7,366	8,335
Total current assets	1,017,037	939,438	837,677
Property and equipment, net	984,831	933,011	781,325
Other assets	28,930	25,027	16,181
Favorable lease rights	141,053	13,681	15,388
Goodwill	23,638	24,938	28,838
Total assets	$ 2,195,489	$ 1,936,095	$ 1,679,409
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	$ 237,079	$ 212,926	$ 209,403
Accrued liabilities	108,036	117,200	84,479
Income taxes payable	-	48,572	17,358
Current portion of long-term debt	1,578	1,533	1,845
Total current liabilities	346,693	380,231	313,085
Long-term debt	308,878	310,912	311,142
Deferred income taxes	56,670	53,787	46,185
Other long-term liabilities	28,520	28,386	25,931
Shareholders' equity			
Common stock-$.01 par value, 400,000,000 shares authorized, 162,762,962, 158,394,735, and 157,947,202 issued at May 1, 1999, January 30, 1999 and May 2, 1998, respectively.	1,628	1,584	1,579
Paid-in capital	756,861	504,275	489,985
Retained earnings	696,239	656,920	491,502
Total shareholders' equity	1,454,728	1,162,779	983,066
Total liabilities and shareholders' equity	$ 2,195,489	$ 1,936,095	$ 1,679,409

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months (13 Weeks) Ended May 1, 1999	3 Months (13 Weeks) Ended May 2, 1998
	(In thousands except per share data)	
Net sales	$ 910,256	$ 744,571
Cost of merchandise sold	597,128	491,102
Gross margin	313,128	253,469
Operating expenses:		
Selling, general, and administrative	216,032	180,353
Depreciation and amortization	18,577	14,984
Goodwill amortization	1,300	1,300
Preopening expenses	7,945	7,542
Operating income	69,274	49,290
Interest expense, net	5,132	5,059
Income before income taxes	64,142	44,231
Provision for income taxes	24,823	17,383
Net income	$39,319	$26,848
Earnings per share:		
Basic		
Net income	$0.25	$0.17
Average number of shares	160,436	157,867
Diluted		
Net income	$0.24	$0.17
Average number of shares	165,376	162,181

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Paid-In	Retained	
	Shares	Amount	Capital	Earnings	Total
			(In thousands)		
Balance at January 30, 1999	158,395	$1,584	$504,275	$656,920	$1,162,779
Issuance of common shares	2,800	28	199,598	-	199,626
Exercise of stock options	1,568	16	13,394	-	13,410
Income tax benefit from stock options	-	-	39,594	-	39,594
Net income	-	-	-	39,319	39,319
Balance at May 1, 1999	162,763	$1,628	$756,861	$696,239	$1,454,728

See accompanying Notes to Condensed Consolidated Financial Statements

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

	3 Months (13 Weeks) Ended May 1, 1999	3 Months (13 Weeks) Ended May 2, 1998
	(In thousands)	
Operating activities		
Net income	$39,319	$26,848
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	19,927	16,335
Deferred income taxes	2,747	2,470
Other noncash charges	732	1,234
Changes in operating assets and liabilities:		
Accounts receivable	34,940	56,538
Merchandise inventories	(104,593)	(107,696)
Other current assets	(6,764)	(3,076)
Accounts payable	24,153	58,724
Accrued and other long-term liabilities	(7,587)	(9,287)
Income taxes	(61,252)	(21,124)
Net cash provided by (used in) operating activities	(58,378)	20,966
Investing activities		
Acquisition of property and equipment and favorable lease rights, net	(203,344)	(45,846)
Proceeds from sale of assets	4,350	-
Sale (purchase) of short-term investments, net	11,736	(15,000)
Other	(4,903)	(3,942)
Net cash used in investing activities	(192,161)	(64,788)
Financing activities		
Net repayments under credit facilities	(1,600)	-
Net borrowings (repayments) of other long-term debt	(389)	776
Net proceeds from issuance of common shares	252,630	1,436
Net cash provided by financing activities	250,641	2,212
Net increase (decrease) in cash and cash equivalents	102	(41,610)
Cash and cash equivalents at beginning of period	2,858	44,161
Cash and cash equivalents at end of period	$2,960	$2,551

See accompanying Notes to Condensed Consolidated Financial Statements

KOHL'S CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles 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.

Shareholders' equity, share and per share amounts for all periods presented have been adjusted for the 2 for 1 stock split declared by the Company's Board of Directors on March 9, 1998, effected in the form of a stock dividend.

Certain reclassifications have been made to prior years' financial statements to conform to the fiscal 1999 presentation.

2. Inventories

The Company uses the last-in, first out (LIFO) method of accounting for merchandise inventory because it results in a better matching of cost and revenues. The following information is provided to show the effects of the LIFO provision on the quarter, as well as to provide users with the information to compare to other companies not on LIFO.

LIFO Expense	3 Months Ended	
Quarter	May 1, 1999	May 2, 1998
	(In Thousands)	
First	$1,363	$1,861

Inventories would have been $3,284,000, $1,921,000 and $6,644,000 higher at May 1, 1999, January 30, 1999 and May 2, 1998, respectively if they had been valued using the first-in, first-out (FIFO) method.

3. 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.

4. Net Income Per Share

In February, 1997 the Financial Accounting Standards Board (FASB) issued SFAS No. 128, "Earnings per Share", which specifies the computation, presentation and disclosure requirements of earnings per share. All net income per share amounts for all periods have been presented to conform to SFAS No. 128 disclosure requirements. The numerator for the calculation of basic and diluted net income per share is net income. The denominator is summarized as follows (in thousands):

	3 Months Ended	
	May 1, 1999	May 2, 1998
Denominator for basic earnings per share - weighted average shares	160,436	157,867
Employee stock options	4,940	4,314
Denominator for diluted earnings per share	165,376	162,181

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

THREE MONTHS ENDED May 1, 1999

Results of Operations

At May 1, 1999, the Company operated 226 stores compared with 197 stores at the same time last year. During the quarter, the Company successfully opened 13 new stores: two stores in the Chicago, IL market; two stores in the Washington, D.C. market; two stores in the Detroit, MI market; two stores in the York, PA market; and stores in the Philadelphia, PA; Omaha, NE; Indianapolis IN; Goshen, IN; and Lexington, KY markets. Kohl's opened five stores in the Denver, CO market on May 15th. The Company plans to open nine stores in August: six in the St. Louis, MO market, a store in Hickory, NC and additional stores in Richmond, VA and Washington, D.C. In October, Kohl's plans to open 17 stores: 11 in Dallas/Ft. Worth, TX and additional stores in Harrisburg, PA; Chicago, IL; Lansing, MI; Minneapolis, MN; Grand Rapids, MI and Denver, CO.

Net sales increased $165.7 million or 22.3% to $910.3 million for the three months ended May 1, 1999 from $744.6 million for the three months ended May 2, 1998. Of the increase, $89.5 million is attributable to the inclusion of 32 new stores opened in 1998 and 13 new stores opened in 1999. The remaining $76.2 million is attributable to comparable store sales growth of 10.8%.

Gross margin for the three months ended May 1, 1999 was 34.4% compared to 34.0% in the three months ended May 2, 1998. This increase is primarily attributable to a change in merchandise mix and improvements related to inventory management.

Effective January 30, 1999, the Company implemented SOP 98-5, "Reporting on the Costs of Start-Up Activities", which requires preopening costs to be expensed as incurred. For new stores opened in March and April, 1999, approximately $1 million in preopening costs was expensed in fiscal 1998 and $5.2 million was expensed during the three months ended May 1, 1999 for a total average cost per store of $0.5 million. In addition, the Company incurred $2.7 million in preopening costs for stores to be opened later in fiscal 1999. The expenses relate to the cost associated with new store openings, including hiring and training costs for new employees, Kohl's charge account solicitations and processing and transporting initial merchandise.

Operating income for the three months ended May 1, 1999, increased $20.0 million or 40.5% over the three months ended May 2, 1998. Excluding pre-opening expenses, operating income increased 35.9%. This increase resulted primarily from the increased sales, improved gross margin and the Company's ability to leverage its

selling, general and administrative expenses as net sales increased. Selling, general and administrative expenses declined to 23.7% of net sales for the three months ended May 1, 1999 from 24.2% of net sales for the three months ended May 2, 1998.

For the three months ended May 1, 1999, net income increased 46.5% to $39.3 million from $26.8 million in the three months ended May 2, 1998. Earnings were $.24 per diluted share for the three months ended May 1, 1999 compared to $.17 per diluted share for the three months ended May 2, 1998.

Seasonality & Inflation

The Company's business, like that of most retailers, is subject to seasonal influences, with the major portion of sales and income realized during the last half of each fiscal year, which includes the back-to-school and holiday seasons. Approximately 17% and 30% of sales 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 the results during the periods presented. However, there can be no assurance that the Company's business will not be affected in the future.

Impact of Year 2000

The Company currently has a Year 2000 Readiness Plan implemented. Detailed in the plan are compliance definitions and testing guidelines for in-house developed applications and computer hardware platforms. The plan defines a methodology for assessing in-house developed applications and provides a means for documentation. Team members and their responsibilities are defined including senior executives that participate on the Year 2000 steering committee. The plan includes three phases to address the Year 2000 issue and a status of these key milestones is summarized below:

Year 2000 Readiness Plan Phases	Current Status
Assessment	Complete
Remediation	Complete
Verification	On schedule
. Replacement code systems	August 1999 target completion date
. Packaged financial systems	September 1999 target completion date
. Non-IS systems (including merchandise vendor EDI transactions)	September 1999 target completion date

The phases of the Year 2000 Readiness Plan are defined below:

- The Assessment phase involved the inventory of all in-house developed applications, purchased software and hardware, merchandise vendors, non-IT systems, utilities and service providers. The Assessment phase also included developing a plan for addressing each item and/or vendor to ensure Year 2000 compliance. This phase is complete.

- The Remediation phase involved implementing the changes required to reach compliance and unit testing. This included correspondence with vendors that have products or services that impact the Company's ability to continue normal business operations. This phase is also complete.

- The Verification phase is system testing the change(s) in similar environments. This includes testing with vendors and service provider organizations. The Company has installed a Year 2000 test lab that is identical to the production environment so that Year 2000 date simulation testing can be performed without affecting production files. The Verification testing phase, except for all packaged financial systems, will be completed in August 1999. The rollout of the packaged financial systems has started and will be completed by the end of August 1999. Even though the packaged financial systems are identified Year 2000 compliant, the Company will be conducting integrated testing in September 1999.

Several years ago, the Company changed its client server and mainframe date routine standards to incorporate four digits for all new systems development. As a result, there are many systems that need only to be certified and have the interfaces reviewed and tested. There are however, a number of legacy and package financial systems that are not Year 2000 compliant. The Company has assessed these systems and presently believes that with modification to existing software and conversions to new software, the Year 2000 issue will not pose significant operational problems. The Company is utilizing both internal and external resources to reprogram, or replace and test the software for Year 2000 modifications.

The Company has initiated formal communications with all significant suppliers to determine the extent to which the Company's interface systems are vulnerable to those parties' failure to remediate their own Year 2000 issues. The Company is currently unit testing merchandise vendor EDI transactions and non-IS systems and expects to be over 90% complete by the end of July, 1999. The Company continues to refine its contingency plans and is enhancing and adding to the plans for each business area. The Company has identified that it may experience certain

inconveniences or inefficiencies as a result of a supplier's failure to remediate its Year 2000 issues. The Company believes however, the vast majority of the Company's business will proceed without any significant interruption.

The Company's total Year 2000 project costs and estimates to complete include the impact of third party Year 2000 issues based on presently available information. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be timely converted and would not have an adverse effect on the Company's systems.

The total cost of the Year 2000 project is estimated at $10 million and is being funded through operating cash flows. Of the total project cost, approximately $6 million is attributable to the purchase of new software and hardware that will be capitalized. The remaining $4 million of programming and testing costs will be expensed as incurred and is not expected to have a material effect on the results of the operations. Of the capitalized portion, approximately $4 million is for a new financial system. The new financial system was a previously planned project that supports the Company's growth, provides significant business enablement and eliminates a substantial Year 2000 effort. To date, the Company has incurred approximately $6.1 million ($2.1 million expensed and $4.0 million capitalized) related to the assessment of, and preliminary efforts on, its Year 2000 project and the development of a modification plan, purchase of new systems and systems modifications.

The cost of the project and the date on which the Company believes it will complete the Year 2000 modifications are based on management's best estimates. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated. In addition to the Company's reliance on certain third parties to remediate their own Year 2000 issues, specific factors that might cause such material differences include, but are not limited to, the continued availability and cost of personnel trained in this area and the ability to locate and correct all relevant computer codes.

Financial Condition and Liquidity

The Company's primary ongoing cash requirements are for inventory purchases, capital expenditures in connection with expansion and remodeling programs and pre-opening expenses. The Company's primary sources of funds for its business activities are cash flow from operations, sale of its proprietary accounts receivable, borrowings under its revolving credit facility and short-term trade credit. Short-term trade credit, in the form of extended payment terms for inventory purchases or third party factor financing, represents a significant source of financing for

merchandise inventories. The Company's working capital and inventory levels typically build throughout the fall, peaking during the holiday selling season.

At May 1, 1999, the Company's merchandise inventories had increased $104.6 million over the January 30, 1999 balance and $98.5 million over the May 2, 1998 balance. These increases reflect the purchase of summer inventory as well as inventory for new stores. The Company's working capital increased to $670.3 million at May 1, 1999 from $559.2 million at January 30, 1999 and increased from $524.6 million at May 2, 1998. Of the $145.7 million increase from May 2, 1998, $52.7 million is attributable to higher credit card receivables as the Company internally financed a higher percentage of receivables. Approximately $30.0 million of the increase is attributed to the change in income taxes receivable/(payable) which resulted primarily from the tax benefit associated with the exercise of employee stock options. The remaining increase was primarily the result of higher merchandise inventory levels required to support existing stores and incremental new store locations offset in part by increased accounts payable.

Cash used in operating activities was $58.4 million for the three months ended May 1, 1999 compared to cash provided by operating activities of $21.0 million for the three months ended May 2, 1998. Excluding changes in operating assets and liabilities, cash provided by operating activities was $62.7 million for the three months ended May 1, 1999 compared to $46.9 million for the three months ended May 2, 1998.

In March 1999, the Company purchased the right to occupy 33 store locations previously operated by Caldor Corporation for $142 million. The Company expects that the stores will be open for business in spring 2000. The Company expects to invest approximately $165 million more to renovate and refixture the stores. To fund the renovation and refixturing, the Company issued 2,800,000 shares of its common stock to the public in March 1999 for net proceeds of approximately $200 million.

Capital expenditures, including the acquisition of the rights to occupy the Caldor stores, for the three months ended May 1, 1999 were $203.3 million compared to $45.8 million for the same period a year ago. Approximately $142 million of the increase in expenditures in 1999 is attributable to the acquisition of the rights to occupy the Caldor stores. The remaining increase is primarily attributable to the Company's new store spending in fiscal 1999.

Total capital expenditures for fiscal 1999 are currently expected to range between $550-$575 million. This estimate includes the purchase of favorable lease rights from Caldor Corporation and renovation and refixturing of the properties. The actual amount of the Company's future annual capital expenditures will depend primarily on the number of new stores opened, whether such stores are owned or leased by the Company and the number of existing stores remodeled or refurbished.

In June 1999, the Company issued $200 million redeemable 7.25% unsecured debentures. The debentures mature on June 1, 2029. The proceeds will be used for general corporate purposes and continued store growth.

The Company anticipates that it will be able to satisfy its current operating needs, planned capital expenditures and debt service requirements with proceeds from the June 1999 debt offering and March 1999 stock offering, current working capital, cash flows from operations, seasonal borrowings under its $300 million revolving credit facility, short-term trade credit and other sources of financing.

Information in this document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to debt service requirements and planned capital expenditures. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should" or "anticipates" or the negative thereof or other variations thereon. No assurance can be given that the future results covered by the forward-looking statements will be achieved.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Kohl's Corporation was held on May 25, 1999:

1. To elect three directors to serve for a three-year term.
2. To ratify the appointment of Ernst & Young LLP as independent auditors.
3. To amend the Articles of Incorporation to increase authorized common stock from 400,000,000 shares authorized to 800,000,000 shares authorized.

Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934 and there was no solicitation in opposition to management's solicitations. All of management's nominees for directors as listed in the proxy statement were elected.

The results of the voting were as follows:

1. Election of directors

James D. Ericson

For	- 127,357,625 shares
Withheld	- 1,104,117 shares

William S. Kellogg

For	-	126,784,783 shares
Withheld	-	1,676,959 shares

R. Elton White

For	-	127,361,114 shares
Withheld	-	1,100,628 shares

2. Ratification of Ernst & Young LLP as independent auditors

For	-	128,356,759 shares
Against	-	43,568 shares
Abstain	-	61,415 shares

3. To amend the Articles of Incorporation to increase authorized common stock from 400,000,000 shares authorized to 800,000,000 shares authorized.

For	-	118,787,491 shares
Against	-	9,574,576 shares
Abstain	-	99,675 shares

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

10.1 Employment agreement between the Company and Kevin Mansell.

12.1 Statement regarding calculation of ratio of earnings to fixed charges.

27.1 Financial Data Schedule - Article 5 of Regulation S-X, 3 Months ended May 1, 1999

27.2 Financial Data Schedule - Articles of Regulation S-X, 3 Months ended May 2, 1998, (restated)

b) Reports on Form 8-K

During the three months ended May 1, 1999, the Company filed a report on Form 8-K dated March 9, 1999 with respect to Item 5 of Form 8-K. The Form 8-K includes the Company's press release announcing 1998 operating results.

SIGNATURES

Pursuant to the requirements of the Securities and 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: June 9, 1999

/s/ William Kellogg
William Kellogg
Chairman

Date: June 9, 1999

/s/ Arlene Meier
Arlene Meier
Executive Vice President - Finance

Chief Financial Officer

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into as of the 1st day of February, 1999, by and between KOHL'S DEPARTMENT STORES, INC., a Delaware corporation ("Corporation"), and Kevin Mansell ("Executive").

W I T N E S S E T H :

WHEREAS, the Corporation desires to employ the Executive in the capacity and under the terms set forth herein and the Executive desires to be employed by the Corporation on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation and the Executive agree as follows:

ARTICLE I

Employment Duties

During the term of the Executive's employment hereunder, the Corporation shall employ the Executive and the Executive shall serve as President of the Corporation. Subject to the authority and direction of the Chairman and Chief Executive Officer and Board of Directors of the Corporation, the Executive shall have supervision and control over, and responsibility for, the general management and day-to-day operation of the Corporation. The Executive shall also have such other powers and duties as may from time to time be prescribed by the Board of Directors of the Corporation; provided, however, that such duties are reasonably consistent with the duties normally performed by a President. The Executive's principal place of employment shall be at the Corporation's headquarters in Menomonee Falls, Wisconsin; provided, however, that the Executive acknowledges and agrees that he may from time to time be required to travel outside Milwaukee, Wisconsin on behalf of the Corporation. The Executive shall devote his entire working time and efforts to the business affairs of the Corporation and its affiliates and shall faithfully and to the best of his ability perform his duties hereunder, provided that Executive may take reasonable amounts of time to serve on corporate, civil or charitable boards or committees if such activities do not interfere with the performance of Executive's duties hereunder. The Executive hereby agrees to serve as an officer of the Corporation and of affiliates of the Corporation as part of his contemplated duties hereunder without additional compensation therefor.

ARTICLE II

Term

The term of the Executive's employment (the "Employment Term") under this Agreement shall commence as of the date first above written (the "Anniversary Date"), and shall, except as it may otherwise be subject to termination hereunder, continue thereafter until the third anniversary of such Anniversary Date; provided, however, that at the end of each day during the Employment Term the Employment Term shall be automatically extended for one (1) day unless either party shall give written notice to the other not less than thirty (30) days prior thereto that the Employment Term shall not be so extended.

ARTICLE III

Compensation

3.1. Salary. The Corporation shall pay to the Executive an annual base salary in the amount of Five Hundred Sixty Thousand Dollars ($560,000.00) during the Employment Term ("Annual Base Salary"). The Executive's Annual Base Salary shall be payable in equal installments not less frequently than monthly. Executive's Annual Base Salary shall be reviewed by the Board of Directors of the Corporation at least annually and may be increased by such amount as the Board of Directors, in its sole discretion, may determine, taking into consideration the profitability of the Corporation relative to its business plan and such other factors as the Board of Directors may deem relevant for that purpose. Annual Base Salary shall not be reduced

after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

3.2. Bonuses. The Executive shall participate in bonus plans established for the executive officers of the Corporation on terms no less favorable than those applicable to other employees of the Corporation of comparable status with the Executive.

ARTICLE IV

Termination of Employment

4.1. Causes for Termination. Notwithstanding the term set forth in Article II, above, Executive's employment hereunder may be terminated prior to the expiration of such term upon occurrence of any of the following events:

4.11. Death. The Executive's employment shall terminate upon the Executive's death.

4.12. Disability. The Executive's employment shall terminate in the event of the Disability of the Executive. For purposes of this Agreement, the term "Disability" shall be defined as the inability of the Executive to perform his normal duties as a full-time employee of the Corporation for a continuous period of two hundred seventy (270) consecutive days by reason of physical or mental illness or incapacity, or for periods of physical or mental illness or incapacity aggregating two hundred fifteen (215) business days in any consecutive twelve (12) month period. If the Corporation determines in good faith that the Disability of Executive has occurred it may give the Executive written notice of its intention to terminate the Executive's employment. In such event, Executive's employment with the Corporation shall terminate on the thirtieth (30th) day after receipt of such notice by the Executive unless within such thirty (30) day period Executive shall have returned to full-time performance of his duties or Executive shall deliver written notice to the Corporation disagreeing that a Disability has occurred. If there is any dispute as to whether Executive is disabled, such question shall be submitted to a licensed physician for the purpose of making such determination. An examination of the Executive shall be made within thirty (30) days after written notice by the Corporation to the

Executive by a licensed physician appointed by the Corporation. The Executive shall submit to such examination and provide such information as such physician may request. If the Executive shall disagree with the determination of the physician appointed by the Corporation, he may request an examination to be conducted by a physician of his own choosing. If the two (2) physicians shall disagree, the two (2) physicians shall jointly appoint an independent physician, whose determination shall be binding and conclusive on all parties concerned for purposes of this Agreement. The termination shall be deemed effective as of the date of the final determination of Disability.

4.13. Cause. The Corporation may terminate the Executive for

"Cause." A termination for Cause is a termination upon (a) the continued failure by Executive to substantially perform his duties with the Corporation (other than any such failure resulting from termination by Executive for Good Reason) after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which the Corporation believes that Executive has not substantially performed his duties, and Executive has failed to resume substantial performance of his duties on a continuous basis within sixty (60) days after receiving such demand; (b) the willful engaging by Executive in conduct which is demonstrably and materially injurious to the Corporation, monetarily or otherwise; (c) any dishonest or fraudulent conduct which results or is intended to result in gain to Executive or Executive's personal enrichment at the expense of the Corporation; or (d) Executive's conviction of a felony, misdemeanor or criminal offense (other than traffic violations and other minor offenses).

4.14. Good Reason. The Executive may terminate his employment for "Good Reason." "Good Reason" shall mean the occurrence of any of the following:

(a) A change in the Executive's status, title, position or responsibilities (including reporting responsibilities) which, in the Executive's reasonable judgment, does not represent a promotion from his status, title, position or responsibilities as in effect immediately prior thereto; the assignment to the Executive of any duties or responsibilities which, in the Executive's reasonable judgment, are inconsistent with his status, title, position or responsibilities in effect immediately prior to such assignment; or any removal

of the Executive from or failure to reappoint or reelect him to any position, except in connection with the termination of his employment for Disability, Cause, as a result of his death or by the Executive other than for Good Reason.

(b) The insolvency or the filing (by any party, including the Corporation) of a petition for bankruptcy of the Corporation.

(c) Any material breach by the Corporation of this Agreement.

(d) Any purported termination of the Executive's employment for Cause by the Corporation which does not comply with the terms of this Agreement.

(e) The failure of the Corporation to obtain an agreement, satisfactory to the Executive, from any successor or assign of the Corporation, to assume and agree to perform this Agreement, as contemplated in Section 9.4 hereof.

Provided, however, that no termination shall be for Good Reason until the Corporation shall have had at least thirty (30) days to cure any conduct alleged to have caused Good Reason after a written demand shall have been delivered to the Corporation specifying the alleged conduct.

The Executive's right to terminate his employment pursuant to this Section 4.14 shall not be affected by his incapacity due to physical or mental illness. The Executive's continued employment or failure to give Notice of Termination shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder.

Subject to the thirty (30) day cure period set forth above, any good faith determination of Good Reason made by the Executive shall be conclusive.

4.15. Voluntary. The Executive's employment shall terminate upon the Executive's voluntary resignation as an employee of the Corporation.

4.2. Notice of Termination. Any purported termination by the Corporation or by the Executive (other than by death of the Executive) shall be communicated by Notice of Termination to the other. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances

claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) the Termination Date. For purposes of this Agreement, no such purported termination of employment shall be effective without such Notice of Termination.

4.3. Termination Date, etc. "Termination Date" shall mean in the case of the Executive's death, his date of death, in the event of Executive's Disability, the date set forth in Paragraph 4.12, or in all other cases, the date specified in the Notice of Termination subject to the following:

(a) If the Executive's employment is terminated by the Corporation, the date specified in the Notice of Termination shall be at least thirty (30) days after the date the Notice of Termination is given to the Executive, Provided, however, that in the case of Disability, the Executive shall not have returned to the full-time performance of his duties during such period of at least thirty (30) days.

(b) If the Executive's employment is terminated for Good Reason, the date specified in the Notice of Termination shall not be less than thirty (30) nor more than sixty (60) days after the date the Notice of Termination is given to the Corporation.

(c) Except in the case of a termination for Disability subject to the provisions of Paragraph 4.12, in the event that within thirty (30) days following the date of receipt of the Notice of Termination, one party notifies the other that a dispute exists concerning the basis for termination, the Executive's employment hereunder shall not be terminated except after the dispute is finally resolved and a Termination Date is determined either by a mutual written agreement of the parties, or by a binding and final judgment order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

ARTICLE V

Obligations of the Corporation Upon Termination

5.1. Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Term, the Corporation shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(a) The Corporation shall pay to the Executive in a lump sum in cash within ten (10) days after the Termination Date the aggregate of the following amounts:

(1) The sum of:

(i) The Executive's Annual Base Salary through the Termination Date to the extent not theretofore paid.

(ii) The product of (x) the sum of the average bonuses paid or payable, including any amounts that were deferred, and the average value of any stock options and stock appreciation rights awarded (computed solely by reference to the difference between the value of the stock to which it relates and the exercise price or base value thereof) to the Executive in respect of the three (3) fiscal years immediately preceding the fiscal year in which the Effective Date occurs (the "Recent Average Bonus") and (y) a fraction, the numerator of which is the number of days completed in the current fiscal year through the Termination Date, and the denominator of which is 365; and

(iii) Except as provided in Paragraph 5.1(b), any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid.

The sum of the amounts described in clauses (i), (ii) and (iii)shall be hereinafter referred to as the "Accrued Obligations";

(2) The amount equal to the product of (i) the number of days remaining in the Employment Term as of the Termination Date had the Executive's employment not been terminated (the "Remaining Employment Term") divided by 365, and (ii) the sum of (x) the Executive's Annual Base Salary (increased for this purpose by any Section 401(k) deferrals, cafeteria plan elections, or other deferrals that would have

increased Executive's Annual Base Salary if paid in cash to Executive when earned) and (y) the Executive's Recent Average Bonus.

(b) To the extent not theretofore paid or provided, the Corporation shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive after a termination of Employment under any plan, program, Policy or practice or contract or agreement of the Corporation (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

5.2. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Term, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, except that the Corporation shall pay or provide the Accrued Obligations, six (6) months of Annual Base Salary, and the other Benefits. The Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days of the Termination Date. The six (6) months of Annual Base Salary shall be paid during the six (6) month period following the Termination Date on a monthly basis.

With respect to the provision of Other Benefits, the term Other Benefits as utilized in this section shall include, and the Executive's family shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Corporation to surviving families of peer executives of the Corporation.

5.3. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Term, this Agreement shall terminate without further obligations to the Executive, except that the Company shall pay or provide the Accrued Obligations, six (6) months of Annual Base Salary (subject to reduction as provided below) and the Other Benefits. The Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty (30) days of the Termination Date. The six (6) months of Annual Base Salary shall be paid during the six (6) month period following the termination on a monthly basis. The six (6) months of Annual Base Salary shall be reduced by any amounts paid to the Executive for such six (6) month period under any disability insurance or program paid by the Corporation. With respect to the provision of other Benefits, the term Other Benefits as utilized in this section

shall include, and the Executive shall be entitled to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Corporation to disabled executives and/or their families to other peer executives and their families.

5.4. Cause; Other Than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Term, or if the Executive voluntarily terminates employment during the Employment Term for other than Good Reason, this Agreement (other than Paragraph 7.3, if applicable, and Article VIII thereof) shall terminate without further obligations to the Executive other than the obligation to pay to the Executive Annual Base Salary through the Date of Termination, any other amounts earned or accrued through the Termination Date, and the amount of any compensation previously deferred by the Executive, in each case to the extent theretofore unpaid; provided that if Executive voluntarily terminates Executive shall receive the benefits normally provided upon normal or early retirement with respect to other peer Executives and their families to the extent he qualifies therefore. All salary or compensation hereunder shall be paid to the Executive in a lump sum in cash within thirty (30) days of the Date of Termination.

5.5. Delinquent Payments. If any of the payments referred to in this Article V are not paid within the time specified after the Termination Date (hereinafter a "Delinquent Payment"), in addition to such principal sum, the Corporation will pay to the Executive interest on all such Delinquent Payments computed at the prime rate as announced from time to time by Bankers Trust Company, New York, New York, or its successor, compounded monthly.

5.6. No Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced (except to the extent expressly set forth herein) whether or not the Executive obtains other employment.

5.7. Excise Tax Payments.

(a) Notwithstanding anything contained in this Agreement to the contrary, in the event that any payment or distribution to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of

this Agreement or otherwise in connection with, or arising out of, his employment with the Corporation (a "Payment" or "Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code")), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any interest and penalties, are collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) A determination shall be made as to whether and when Gross-Up Payment is required pursuant to this Section 5.7 and the amount of such Gross-Up Payment, such determination to be made within fifteen (15) business days of the Termination Date, or such other time as requested by the Corporation or by the Executive (provided the Executive reasonably believes that any of the Payments may be subject to the Excise Tax) . Such determination shall be made by a national independent accounting firm selected by the Executive (the "Accounting Firm"). All fees, costs and expenses (including, but not limited to, the cost of retaining experts) of the Accounting Firm shall be borne by the Corporation and the Corporation shall pay such fees, costs and expenses as they become due. The Accounting Firm shall provide detailed supporting calculations, acceptable to the Executive, both to the Company and the Executive. The Gross-Up Payment, if any, as determined pursuant to this Section 5.7(b) shall be paid by the Corporation to the Executive within five (5) business days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive with respect to a Payment or Payments, it shall furnish the Executive with an unqualified opinion that no Excise Tax will be imposed with respect to any such Payment or Payments. Any such initial determination by the Accounting Firm of the Gross-Up Payment shall be binding upon the Corporation and the Executive subject to the application of Section 5.7 (c).

(c) As a result of the uncertainty in the application of Sections 4999 and 280G of the Code, it is possible that a Gross-Up Payment (or a portion thereof) will be paid which should not have been paid (an "Overpayment") or a Gross-Up Payment (or a portion thereof) which should have been paid will not have been paid (an 'Underpayment"). An Underpayment shall be deemed to have occurred upon notice (formal or informal) to the Executive from any governmental taxing authority that the tax liability of the Executive (whether in respect of the then current taxable year of the Executive or in respect of any prior taxable year of the Executive) may be increased by reason of the imposition of the Excise Tax on a Payment or Payments with respect to which the Company has failed to make a sufficient Gross-Up Payment. An Overpayment shall be deemed to have occurred upon a "Final Determination" (as hereinafter defined) that the Excise Tax shall not be imposed upon a Payment or Payments with respect to which the Executive had previously received a Gross-Up Payment. A Final Determination shall be deemed to have occurred when the Executive has received from the applicable governmental taxing authority a refund of taxes or other reduction in his tax liability by reason of the Overpayment and upon either (i) the date a determination is made by, or an agreement is entered into with, the applicable governmental taxing authority which finally and conclusively binds the Executive and such taxing authority, or in the event that a claim is brought before a court of competent jurisdiction, the date upon which a final determination has been made by such court and either all appeals have been taken and finally resolved or the time for all appeals has expired or (ii) the expiration of the statute of limitations with respect to the Executive's applicable tax return. If an Underpayment occurs, the Executive shall promptly notify the Corporation and the Corporation shall pay to the Executive at least five (5) business days prior to the date on which the applicable governmental taxing authority has requested payment, an additional Gross-Up Payment equal to the amount of the Underpayment plus any interest and penalties imposed on the Underpayment. If an Overpayment occurs, the amount of the Overpayment shall be treated as a loan by the Corporation to the Executive and the Executive shall, within ten (10) business days of the occurrence of such Overpayment, pay to the Corporation the

amount of the Overpayment plus interest at an annual rate equal to the rate provided for in Section 1274 (b)(2)(B) of the Code from the date the Gross-Up Payment (to which the Overpayment relates) was paid to the Executive.

(d) Notwithstanding anything contained in this Agreement to the contrary, in the event it is determined that an Excise Tax will be imposed on any Payment or Payments, the Corporation shall pay to the applicable governmental taxing authorities as Excise Tax withholding, the amount of the Excise Tax that the Corporation has actually withheld from the Payment or Payments.

ARTICLE VI

Expenses

During the term of the Executive's employment hereunder, the Corporation shall promptly pay or reimburse the Executive for all reasonable and necessary business expenses incurred by the Executive in the interest of the Corporation. The Executive shall be required to submit an itemized account of such expenditures and such proof as may be reasonably necessary o establish to the satisfaction of the Corporation that the expenses incurred by the Executive were ordinary and necessary business expenses incurred on behalf of the Corporation.

ARTICLE VII

Fringe Benefits

7.1. Benefits. During the term of the Executive's employment hereunder, the Executive shall be entitled to participate in any benefit plans and programs which the Corporation may from time to time make available to its executive employees, including, without limitation (i) health and dental insurance (family plan); (ii) supplemental executive medical plan (without maximum limit); (iii) long term disability insurance; (iv) annual physical; (v) business travel accident insurance; and (vi) financial consulting (up to Three Thousand Five Hundred Dollars ($3,500.00) per year). The Executive acknowledges that he shall have no vested rights in any such programs except as expressly provided under the terms thereof and that such programs may be terminated, modified, altered or reduced as well as supplemented.

7.2. <u>Life Insurance</u>. During the term of the Executive's employment hereunder, the Corporation shall provide the Executive with term life insurance equal to not less than three (3) times the annual salary of the Executive; provided, however, that the Executive shall have the option to purchase, at his own expense, additional insurance equal to his annual salary under such term life insurance policy.

7.3. <u>Health Insurance</u>. Notwithstanding anything contained herein to the contrary, in the event the Executive's employment with the Corporation is terminated (i) at the expiration of the Employment Term, or (ii) prior to such date for any reason other than (A) a termination for Cause, or (B) a voluntary termination by the Executive for any reason other than "Good Reason" or other than approved by the Board of Directors of the Corporation, the Corporation shall continue, until the Executive's death, to provide the Executive and his spouse and dependents with health insurance and a supplemental executive medical plan (with coverage similar to that received by the Executive at the time of such termination and covering the Executive, his spouse and his dependents (as defined in such insurance and medical plan), provided such insurance is reasonably available to the Corporation with respect to the Executive.

7.4. <u>Automobile</u>. The Executive shall be provided with an automobile of a quality and value comparable to the automobile provided to Executive as of the date of this Agreement for the Executive's use during the term of this Agreement. Every two (2) years during the term of this Agreement, the Executive shall be entitled to exchange the automobile then in his possession for a new automobile of a quality and value comparable to the vehicle being replaced. The Corporation shall provide or reimburse the Executive for all reasonable insurance and maintenance for such automobile, including repairs, gas and oil.

7.5. <u>Vacation</u>. The Executive shall be entitled to such vacation time as the Corporation may from time to time make available to its executive employees.

<u>ARTICLE VIII</u>

<u>Non-Competition and Confidential Information</u>

8.1. <u>Non-Competition</u>. The Executive agrees that he shall not at any time while he is employed hereunder or at any time during the Restricted Period (as hereinafter defined), for

any reason, either directly or indirectly, whether as agent, stockholder (except as the holder of not more than five percent (5%) of the stock of a publicly held company, provided the Executive does not participate in the business of such company or render advice or assistance to it), employee, officer, director, trustee, partner, consultant, proprietor or otherwise:

(i) Engage in, render advice or assistance to, or in any way be connected with any Competitive Entity (as hereinafter defined) located in the Restricted Area (as hereinafter defined).

(ii) Except on behalf of the Corporation, entice or attempt to entice any of the suppliers or customers of the Corporation, so as to cause, or attempt to cause, any of said suppliers or customers not to do business with the Corporation or to reduce or adversely change the nature of the business done with the Corporation.

(iii) For purposes of this Paragraph 8, the following definitions shall apply:

(A) A "Competitive Entity" shall be defined as any business, person, firm, association, partnership, corporation or other entity which (x) is engaged directly or indirectly in the retail department store business or (y) which competes with the business of the Corporation as such business is conducted from time to time during the course of the Executive's employment hereunder.

(B) The term "Restricted Area" shall be defined during the Executive's employment as fifty (50) miles from any store operated by the Corporation from time to time during the course of the Executive's employment, and after the termination of the Executive's employment it shall be defined as fifty (50) miles from any store operated by the Corporation during the one (1) year period prior to the termination of the Executive's employment or during the Restricted Period.

(C) The term Restricted Period" shall be defined as two (2) years from the date of termination of the Executive's employment hereunder; provided, hereunder, that the Restricted Period shall be extended for the period during which it is determined that the Executive is in violation of the provisions of this Paragraphs 8.1 or 8.2.

8.2. Confidential Information. The Executive agrees that he shall not, at any time while he is employed hereunder and during the Restricted Period, disclose to any person who is not at the time of such disclosure, a person to whom such disclosure has been authorized by the Board or Chief Executive officer any confidential information regarding the Corporation or its business obtained by the Executive while in the employ of the Corporation, including without limitation, financial information, marketing information and pricing information (the "Confidential Information"). The Executive acknowledges that he also understands and agrees that the foregoing shall not constitute a waiver by the Corporation of any right to protect its trade secrets, including rights under Section 134.90 of the Wisconsin Statutes and any successor provision thereto.

8.3. Return of Material. The Executive agrees upon termination of his employment with the Corporation immediately to surrender to the Corporation all correspondence, letters, contracts, manuals, mailing lists, marketing data, ledgers, supplies, and all other materials or records of any kind relating to the Corporation or its business then in his possession or under his control, as well as all copies of any of the foregoing.

8.4. Specific Performance. The Executive recognizes that irrevocable injury may result to the Corporation and its business and properties, in the event of a breach by him of the restrictions imposed by this Article VIII and that the Executive's acceptance of such restrictions was a material factor in the Corporation's decision to enter into this Agreement. The Executive agrees that if he shall engage in any acts in violation of this Article VIII, the Corporation shall be entitled, in addition to such other remedies and damages as may be available to it, to an injunction prohibiting Executive from engaging in any such acts.

ARTICLE IX

Miscellaneous

9.1. Insurance. The Executive agrees to perform all acts and execute all instruments necessary in connection with the obtaining by the Corporation of life insurance or disability insurance on the Executive.

9.2. Waiver of Breach. No waiver by either party hereto of any breach of any provision of this Agreement shall be deemed a waiver by such party of any subsequent breach.

9.3. Notice. Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to be sufficiently given and received in all respects when personally delivered or when deposited in the United States mail, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

IF TO THE CORPORATION:	Kohl's Department Stores, Inc. N56 W17000 Ridgewood Drive Menomonee Falls, WI 53051 Attention: Chairman
With a Copy to:	Kohl's Department Stores, Inc. N56 W17000 Ridgewood Drive Menomonee Falls, WI 53051 Attention: General Counsel
IF TO THE EXECUTIVE:	Kevin Mansell 6050 North Lake Drive Whitefish Bay, WI 53217

9.4. Assignment. This Agreement shall not be assignable by the Corporation without the written consent of the Executive, except that if the Corporation shall merge or consolidate with or into or transfer all or substantially all of its assets, including goodwill, to another corporation or other form of business organization, the Corporation shall require any successor corporation in such merger, consolidation or transfer to assume and perform this Agreement. The Executive may not assign, pledge or encumber any interest in this Agreement or any part thereof without the written consent of the Corporation.

9.5. Complete Agreement; Amendment. once the term of this Agreement commences, this Agreement shall contain the full and complete understanding and agreement of the parties and supersede all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement may not be modified, amended, terminated or discharged orally.

9.6. Fees and Expenses. The Corporation shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) reasonably incurred by the Executive as they become due as a result of a position taken in good faith by the Executive with respect to (i) the Executive's termination of employment.(including all such fees and expenses, if

any, incurred in contesting or disputing any such termination of employment), (ii) the Executive's hearing before the Board as contemplated in Section 4.13 of this Agreement, (iii) the Executive's seeking to obtain or enforce any right or benefit provided by this Agreement or by any other plan or arrangement maintained by the Corporation under which the Executive is or may be entitled to receive benefits or (iv) a dispute between the Executive and the Internal Revenue Service (or any other taxing authority) with regard to an "Underpayment" (as defined in Section 5.7 of this Agreement).

9.7. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

9.8. Withholding Taxes. The Corporation shall deduct from all payments to the Executive hereunder any federal, state or local withholding or other taxes or charges which the Corporation is from time to time required to deduct under applicable law, and all amounts payable to the Executive hereunder are stated herein before any such deduction. The Corporation shall have the right to rely upon written opinion of legal counsel, which may be independent legal counsel or legal counsel regularly employed by the Corporation, if any questions should arise as to any such deductions.

9.9. Governing Law. This Agreement and all questions or its interpretation, performance, enforceability and the rights and remedies of the parties hereto shall be governed by and determined in accordance with the laws of the State of

Wisconsin.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day, month and year first above written.

KOHL'S DEPARTMENT STORES, INC.

By: /s/ William S. Kellogg

William S. Kellogg, Chairman

EXECUTIVE:

/s/ Kevin Mansell

Kevin Mansell

Exhibit 12.1

Kohl's Corporation
Ratio of Earnings to Fixed Charges
($000s)

	13 Weeks Ended		Fiscal Year (1)				
	May 1, 1999	May 2, 1998	1998	1997	1996	1995	1994
Earnings							
Income before income taxes and extraordinary items	$64,142	$44,231	$316,749	$235,063	$171,368	$122,729	$117,451
Fixed charges (3)	17,252	15,103	63,135	57,446	42,806	30,649	19,758
Less interest capitalized during period	(719)	(445)	(1,878)	(2,043)	(2,829)	(1,287)	(603)
	$80,675	$58,889	$378,006	$290,466	$211,345	$152,091	$136,606
Fixed Charges							
Interest (expensed or capitalized) (3)	$6,139	$6,059	$24,550	$26,304	$20,574	$14,774	$7,911
Portion of rent expense representative of interest	11,063	8,994	38,385	30,798	22,031	15,798	11,777
Amortization of deferred financing fees	50	50	200	344	201	77	70
	$17,252	$15,103	$63,135	$57,446	$42,806	$30,649	$19,758
Ratio of earnings to fixed charges	4.68	3.90	5.99	5.06	4.94	4.96 (2)	6.91

(1) Fiscal 1998, 1997, 1996 and 1994 are 52 week years and fiscal 1995 is a 53 week year.
(2) Excluding the credit operations non-recurring expense of $14,052, the ratio of earnings to fixed charges would be 5.40.
(3) Interest expense for fiscal 1997, 1996, and 1995 has been restated to properly reflect interest expense included on the Consolidated Statements of Income.

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