UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended February 2, 2002

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 No. 1-11084

KOHL'S CORPORATION
(Exact name of 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

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

At March 26, 2002 the aggregate market value of the voting stock of the Registrant held by stockholders who were not affiliates of the registrant was $20,554,153,994 (based upon the closing price of Registrant's Common Stock on the New York Stock Exchange on such date). At March 26, 2002, the Registrant had issued and outstanding an aggregate of 336,103,418 shares of its Common Stock.

Documents Incorporated by Reference:

1. Portions of Registrant's Proxy Statement dated April 12, 2002 are incorporated into Part III.

PART I

Item 1. Business

The Company currently operates 420 family-oriented, specialty department stores that feature quality, national brand merchandise priced to provide value to customers. The Company's stores sell moderately priced apparel, shoes, accessories and home products targeted to middle-income customers shopping for their families and homes. Kohl's offers a convenient shopping experience through easily accessible locations, well laid out stores, central checkout and good in-stock position which allows the customer to get in and out quickly. Kohl's stores have fewer departments than traditional, full-line department stores but offer customers dominant assortments of merchandise displayed in complete selections of styles, colors and sizes. Central to the Company's pricing strategy and overall profitability is a culture focused on maintaining a low cost structure. Critical elements of this low cost structure are the Company's unique store format, lean staffing levels, sophisticated management information systems and operating efficiencies resulting from centralized buying, advertising and distribution.

As used herein, the term the "Company" and "Kohl's" refer to Kohl's Corporation, its consolidated subsidiaries and predecessors. The Company's fiscal year ends on the Saturday closest to January 31. Fiscal 2001 ended on February 2, 2002, and was a 52 week year. The Company is a Wisconsin corporation organized in 1993.

Expansion

The Company's expansion strategy is designed to achieve consistent growth. Since 1992, the Company has increased square footage an average of 22.0% per year, expanding from 79 stores located in the Midwest to a current total of 420 stores with a presence in six regions of the country: the Midwest, Northeast, Southcentral, Mid-Atlantic, Southeast and Southwest.

		Number of Stores			
		At Fiscal Year End			
Region	States	1992	1997	2001	As of April 2002
Midwest..........	IA,IL,IN,MI,MN,ND,NE,OH,SD,WI	79	136	177	178
Mid-Atlantic.....	MD, PA, VA, WV	--	28	55	55
Northeast........	CT, MA, NH, NJ, NY, RI	--	4	47	65
Southcentral.....	AR, KS, MO, OK, TX	--	8	52	66
Southeast........	AL, GA, KY, NC, SC, TN	--	6	40	45
Southwest........	CO	--	--	11	11
Total.....		79	182	382	420

In support of its geographic expansion, the Company has focused on providing the solid infrastructure needed to ensure consistent execution. Kohl's proactively invests in distribution capacity and regional management to facilitate the growth in new and existing markets. The Company's central merchandise organization tailors merchandise assortments to reflect regional climates and preferences. Management information systems support the Company's low cost culture by enhancing productivity and providing the information needed to make key merchandising decisions.

The Kohl's concept has proven to be transferable to markets across the country. The Company's approach is to enter new markets with critical mass to establish a presence and to leverage marketing, regional management and distribution costs. New market entries are supported by extensive advertising and promotions designed to introduce new customers to the Kohl's concept of brands, value and convenience. Additionally, the Company has been successful in acquiring, refurbishing and operating locations previously operated by other retailers. Of the 420 stores currently operated, 116 are take-over locations, which facilitated the entry into several new markets including Chicago, Detroit, Ohio, Boston, Philadelphia, St. Louis, and the New York region. Once a new market is established, the Company adds additional fill-in stores to further strengthen market share and enhance profitability. The Company currently operates stores in the following large and intermediate sized markets:

	Number of stores February 2, 2002
Greater New York metropolitan area....	36
Chicago.............................	36
Washington D.C./Baltimore............	21
Greater Philadelphia metropolitan area	21
Dallas/Fort Worth....................	19
Atlanta.............................	18
Milwaukee...........................	16
Minneapolis/St. Paul.................	15
Detroit.............................	14
Cleveland...........................	11
Denver..............................	11
Indianapolis........................	10
Columbus............................	8
St. Louis...........................	8
Kansas City.........................	7
Pittsburgh..........................	7
Cincinnati/Dayton....................	6
Charlotte...........................	6

In fiscal 2001, Kohl's opened 62 new stores entering the Southeast with 23 new stores including the initial entry in the Atlanta, GA market with 18 stores. Fourteen stores were added to the Southcentral region including four stores in the Oklahoma City, OK market, three stores in the Austin, TX market, three stores in the Fayetteville, AR market and two stores in the El Paso, TX market. In addition, 14 stores were added to the Midwest region and eleven stores were added to the Mid-Atlantic, Northeast and Southwest regions.

Management believes there is substantial opportunity for further growth and intends to open approximately 70 new stores in fiscal 2002. In the first quarter, Kohl's opened 38 stores including entering the Houston, TX market with 12 stores; the Boston, MA market with 13 stores and the Nashville, TN market with four stores. In addition, the Company added two stores in Dallas, TX; five stores in the Northeast region and one store each in the Midwest and Southeast regions. In fall of 2002, Kohl's plans to open approximately 32 stores including an entry into the Providence, RI market with four stores; two additional stores in the Boston, MA market; 14 additional stores in the Midwest region; five additional stores in the Northeast region and seven new stores in other existing regions.

During 2003, Kohl's plans to open approximately 80 new stores beginning with an entry into the Los Angeles, CA market in the spring. In the fall season, Kohl's plans to enter the Phoenix, AZ and Las Vegas, NV markets. A distribution center, located in San Bernardino, CA, is currently under construction and will be opened at the end of fiscal 2002 to support the Company's growth in this region.

Management believes the transferability of the Kohl's retailing strategy, the Company's experience in acquiring and converting pre-existing stores and in building new stores, combined with the Company's substantial investment in management information systems, centralized distribution and headquarters functions provide a solid foundation for further expansion.

Merchandising

Kohl's stores feature moderately priced, department store national brand names, which provide value to customers. Kohl's merchandise is targeted to appeal to middle-income customers shopping for their families and homes. The Company's stores generally carry a consistent merchandise assortment with some differences attributable to regional preferences. The Company's stores emphasize apparel and shoes for women, men, and children, soft home products, such as towels, sheets and pillows, and housewares.

Convenience

Convenience is another important cornerstone of Kohl's business model. At Kohl's, convenience begins before the customer enters the store, with a neighborhood location close to home. Other aspects of convenience include easily accessible entry, knowledgeable and friendly associates, wide aisles, a functional store layout, shopping carts/strollers and fast, centralized checkouts. The physical store layout coupled with the Company's focus on strong in-stock position on color and size are aimed at providing a convenient shopping experience for an increasingly time starved customer. In addition, Kohl's introduced on-line shopping on the Company's existing web-site in 2001. Designed as an added service for customers who prefer to shop from their homes, the web-site offers key items, best selling family apparel and home merchandise. The site is designed to provide an easy-to-navigate, on-line shopping environment that compliments the Company's in-store focus on convenience.

Distribution

The Company receives substantially all of its merchandise at six distribution centers, with the balance delivered directly to the stores by vendors or their distributors. The distribution centers ship merchandise to each store by contract carrier several times a week.

The following table summarizes key information about each distribution center:

Distribution Center Location	Fiscal Year Opened	Square Footage	States Serviced	Approximate Store Capacity
Menomonee Falls, Wisconsin.	1981	500,000	Illinois, Wisconsin, Minnesota, northern Indiana	90
Findlay, Ohio (a)..........	1994	750,000	Ohio, Michigan, Indiana, North Carolina, Kentucky, Tennessee, West Virginia, Alabama	120
Winchester, Virginia.......	1997	400,000	New Jersey, Pennsylvania, Maryland, Virginia, New York, Delaware, South Carolina	100
Blue Springs, Missouri.....	1999	540,000	Georgia, Missouri, Colorado, Minnesota, Kansas, Oklahoma, southern Illinois, Iowa, Nebraska, Arkansas, South Dakota, North Dakota	100
Corsicana, Texas...........	2001	350,000	Texas	45
Mamakating, New York.......	2002	605,000	Massachusetts, Connecticut, New Hampshire	100

(a) This facility was expanded by approximately 100,000 square feet to increase capacity during fiscal 2001

The Company plans to open its seventh distribution center in San Bernardino, CA at the end of fiscal 2002 to support the Company's growth into the Southwestern region.

The Company opened a 500,000 square foot fulfillment center in Monroe, OH in March 2001. The facility services the Company's e-commerce business.

Employees

As of February 2, 2002, the Company had approximately 60,000 employees, including approximately 17,500 full-time and approximately 42,500 part-time associates. The number of associates varies during the year, peaking during the back-to-school and holiday seasons. None of the Company's associates is represented by a collective bargaining unit. The Company believes its relations with its associates are very good.

Competition

The retail industry is highly competitive. Management considers quality, value, merchandise mix, service and convenience to be the most significant competitive factors in the industry. The Company's primary competitors are traditional department stores, upscale mass merchandisers and specialty stores. The Company's specific competitors vary from market to market.

Seasonality

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 16% and 31% 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 the 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.

Trademarks and Service Marks

The name "Kohl's," written in its distinctive block style, is a registered service mark of a wholly-owned subsidiary of the Company, and the Company considers this mark and the accompanying name recognition to be valuable to its business. This subsidiary has approximately 60 additional trademarks, trade names and service marks, most of which are used in its private label program.

Item 2. Properties

As of February 2, 2002, the Company operated 382 stores in 29 states. The Company owned 93 stores, owned 76 stores with ground leases and leased 213 stores under operating leases. The Company's typical lease has an initial term of 20-25 years plus five to eight renewal options for consecutive five year extension terms.

Substantially all of the Company's leases provide for a minimum annual rent that is fixed or adjusts to set levels during the lease term, including renewals. Approximately 45% of the leases provide for additional rent based on a percentage of sales to be paid when designated sales levels are achieved.

The Company's stores are located in strip shopping centers (266), community and regional malls (43), and as free standing units (73). Of the Company's stores, 346 are one-story facilities and 36 are two-story facilities.

	Number of Stores at February 2, 2002
Illinois.........	42
Ohio.............	32
Wisconsin........	29
Pennsylvania.....	26
Michigan.........	25
Texas............	24
Indiana..........	20
Georgia..........	18
New Jersey.......	18
Minnesota........	17
New York.........	17
Virginia.........	13
Connecticut......	12
Maryland.........	12
North Carolina...	12
Colorado.........	11
Missouri.........	11
Kansas...........	7

Oklahoma.........	7
Iowa.............	6
Kentucky.........	5
Nebraska.........	4
Tennessee........	4
Arkansas.........	3
Delaware.........	2
West Virginia....	2
North Dakota.....	1
South Carolina...	1
South Dakota.....	1
Total.....	382

The Company owns its distribution centers in Menomonee Falls, Wisconsin; Findlay, Ohio; Winchester, Virginia; Blue Springs, Missouri and Mamakating, New York. The Company also owns its corporate headquarters in Menomonee Falls, Wisconsin and the California distribution center scheduled to open in fiscal 2002. The Company leases the distribution center in Corsicana, Texas and the e-commerce fulfillment center in Monroe, Ohio.

Item 3. Legal Proceedings

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.

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

No matters were submitted to a vote of the Company's security holders during the last quarter of fiscal 2001.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

(a) Market information

The Common Stock has been traded on the New York Stock Exchange since May 19, 1992, under the symbol "KSS." On March 6, 2000, the Company's Board of Directors declared a 2 for 1 stock split effected in the form of a stock dividend on the Company's common stock. The record date for the stock split was April 7, 2000. The prices in the table set forth below indicate the high and low prices of the Common Stock for each quarter in fiscal 2001 and 2000, adjusted to give effect to the stock split.

	Price Range	
	High	Low
Fiscal 2001		
First Quarter.	$72.24	$48.70
Second Quarter	67.95	55.00
Third Quarter.	60.12	42.00
Fourth Quarter	71.85	58.10
Fiscal 2000		
First Quarter.	$54.78	$34.06
Second Quarter	66.50	44.00
Third Quarter.	64.75	49.06
Fourth Quarter	72.20	48.44

(b) Holders

At March 26, 2002, there were 6,238 holders of the Common Stock.

(c) Dividends

The Company has never paid a cash dividend, has no current plans to pay dividends on its Common Stock and intends to retain all earnings for investment in and growth of the Company's business. In addition, financial covenants and other restrictions in the Company's financing agreements limit the payment of dividends on the Common Stock. The payment of future dividends, if any, will be determined by the Board of Directors in light of existing business conditions, including the Company's earnings, financial condition and requirements, restrictions in financing agreements, and other factors deemed relevant by the Board of Directors.

Item 6. Selected Consolidated Financial Data

The selected consolidated financial data presented below should be read in conjunction with the consolidated financial statements of the Company and related notes included elsewhere in this document. The selected consolidated financial data, except for the operating data, has been derived from the audited consolidated financial statements of the Company, which have been audited by Ernst & Young LLP, independent auditors.

	Fiscal Year Ended				
	February 2, 2002	February 3, 2001 (a)	January 29, 2000	January 30, 1999	January 31, 1998
	(Dollars in Thousands, Except Per Share and Per Square Foot Data)				
Statement of Operations Data					
Net sales	$7,488,654	$6,151,996	$4,557,112	$3,681,763	$3,060,065
Cost of merchandise sold	4,923,527	4,056,139	3,014,073	2,447,301	2,046,468
Gross margin	2,565,127	2,095,857	1,543,039	1,234,462	1,013,597
Selling, general and administrative expenses	1,527,478	1,282,367	975,269	810,162	678,793
Depreciation and amortization	157,165	126,986	88,523	70,049	57,380
Preopening expenses	30,509	35,189	30,972	16,388	18,589
Operating income	849,975	651,315	448,275	337,863	258,835
Interest expense, net	50,111	46,201	27,163	21,114	23,772
Income before income taxes	799,864	605,114	421,112	316,749	235,063
Provision for income taxes	304,188	232,966	162,970	124,483	93,790
Net income	$ 495,676	$ 372,148	$ 258,142	$ 192,266	$ 141,273
Net income per share (b):					
Basic	$ 1.48	$ 1.13	$ 0.80	$ 0.61	$ 0.46
Diluted	$ 1.45	$ 1.10	$ 0.77	$ 0.59	$ 0.45
Operating Data:					
Comparable store sales growth (c)	6.8%	9.0%	7.9%	7.9%	10.0%
Net sales per selling square foot (d)	$ 283	$ 281	$ 270	$ 265	$ 267
Total square feet of selling space (in thousands; end of period)	28,576	23,610	18,757	15,111	12,533
Number of stores open (end of period)	382	320	259	213	182
Balance Sheet Data (end of period):					
Working capital	$1,584,073	$1,198,600	$ 732,111	$ 559,207	$ 525,251
Property and equipment, net	2,199,494	1,726,450	1,352,956	933,011	749,649
Total assets	4,929,586	3,855,154	2,931,047	1,936,095	1,619,721
Total long-term debt	1,095,420	803,081	494,993	310,912	310,366
Shareholders' equity	2,791,406	2,202,639	1,685,503	1,162,779	954,782

(a) Fiscal 2000 contained 53 weeks

(b) All per share data has been adjusted to reflect the 2 for 1 stock splits effected in April 2000 and April 1998.

(c) 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 period. Comparable store sales growth for fiscal 2001 compares the 52 weeks of fiscal 2001 versus the 52 weeks ended

January 27, 2001. Comparable store sales growth for fiscal 2000 was calculated based on the 52 weeks ended January 27, 2001 versus the 52 weeks of fiscal 1999.

(d) Net sales per selling square foot is calculated using net sales of stores that have been open for the full year divided by their square footage of selling space.

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

Item 7. Results of Operations

The Company's net income increased $123.6 million or 33.2% from $372.1 million in fiscal 2000 to $495.7 million in fiscal 2001. This represented the sixth consecutive year of earnings growth over 30%. Net income increased $114.0 million or 44.2% in fiscal 2000 and $65.9 million or 34.3% in fiscal 1999.

Net Sales

Net sales for the last three years, number of stores, sales growth and net sales per selling square foot by year were as follows:

	Fiscal Year		
	2001	2000	1999
Net sales (in thousands)............	$7,488,654	$6,151,996	$4,557,112
Number of stores open (end of period)	382	320	259
Sales growth--all stores............	21.7%	35.0%	23.8%
Sales growth--comparable stores (a)..	6.8%	9.0%	7.9%
Net sales per selling square foot (b)	$ 283	$ 281	$ 270

(a) 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 year. Fiscal 2001 comparable sales growth compares the 52 weeks of fiscal 2001 to the 52 weeks ended January 27, 2001. Fiscal 2000 comparable sales growth was calculated based on the 52 weeks ended January 27, 2001 versus the 52 weeks of fiscal 1999.

(b) Net sales per selling square foot is calculated using net sales of stores that have been open for the full year divided by their square footage of selling space.

Net Sales. Increases in net sales primarily reflect new store openings and comparable store sales growth. On a fiscal year basis, comparing the 52 weeks ended February 2, 2002 with the 53 weeks ended February 3, 2001, net sales increased $1,336.7 million, or 21.7%, from $6,152.0 million in fiscal 2000 to $7,488.7 million in fiscal 2001. Net sales increased $1,039.4 million due to the opening of 62 new stores in fiscal 2001 and to the inclusion of a full year of operating results for the 61 stores opened in fiscal 2000. Comparable store sales increased $297.3 million. On a comparable 52-week basis, comparable store sales increased 6.8% in fiscal 2001.

On a fiscal year basis, comparing the 53 weeks ended February 3, 2001 with the 52 weeks ended January 29, 2000, net sales increased $1,594.9 million, or 35.0%, from $4,557.1 million in fiscal 1999 to $6,152.0 million in fiscal 2000. Net sales increased $1,174.6 million due to the opening of 61 new stores in fiscal 2000 and to the inclusion of a full year of sales for the 46 stores opened in fiscal 1999. Comparable store sales increased $420.3 million. On a comparable 52-week basis, comparable store sales increased 9.0% in fiscal 2000.

Components of Earnings

The following table sets forth statement of operations data as a percentage of net sales for each of the last three years:

	Fiscal Year		
	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	65.7	65.9	66.1
Gross margin	34.3	34.1	33.9
Selling, general and administrative expenses	20.4	20.8	21.4
Depreciation and amortization	2.1	2.1	1.9
Preopening expenses	0.4	0.6	0.7
Operating income	11.4	10.6	9.8
Interest expense, net	0.7	0.8	0.6
Income before income taxes	10.7	9.8	9.2
Provision for income taxes	4.1	3.8	3.6
Net Income	6.6%	6.0%	5.6%

Gross Margin. Gross margin increased $469.2 million from $2,095.9 in fiscal 2000 to $2,565.1 in fiscal 2001. Gross margin increased $355.3 million due to the opening of 62 new stores in fiscal 2001 and to the inclusion of a full year of operating results for the 61 stores opened in fiscal 2000. Comparable store gross margin increased $113.9 million. The Company's gross margin as a percent of net sales was 34.3% for fiscal 2001 compared to 34.1% for fiscal 2000. The rate increase is primarily attributable to a change in the sales mix as shown on the following table. Women's apparel and accessories, which increased in share of the business, achieve a higher than average gross margin rate.

Gross margin increased $552.9 million from $1,543.0 in fiscal 1999 to $2,095.9 in fiscal 2000. Gross margin increased $383.3 million due to the opening of 61 new stores in fiscal 2000 and to the inclusion of a full year of operating results for the 46 stores opened in fiscal 1999. Comparable store gross margin increased $169.6 million. The Company's gross margin as a percent of net sales was 34.1% for fiscal 2000 compared to 33.9% for fiscal 1999. In fiscal 2000, the gross margin rate increase is also primarily attributable to a change in the sales mix and the rate was positively impacted by higher sales of Women's apparel.

The Company's merchandise mix is reflected in the table below:

	Fiscal Year		
-	2001	2000	1999
Womens	31.3%	30.1%	28.8%
Mens	20.1%	20.8%	21.0%
Home	18.5%	18.8%	19.3%
Childrens	12.8%	12.7%	12.9%
Footwear	8.8%	9.4%	9.8%
Accessories	8.5%	8.2%	8.2%

Selling, General and Administrative Expenses. Selling, general and administrative (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. The S,G&A expense as a percent of net sales decreased from 21.4% in fiscal 1999 to 20.4% in fiscal 2001. Of the 100 basis points of rate improvement, 25 basis points are due to improvement in store operating expenses, 29 basis points are due to improvement in advertising costs and 46 basis points are related to improvement in corporate and distribution expenses. The Company plans S,G&A expenses with a goal of achieving 15 to 20 basis points of leverage in S,G&A expense on a mid single digit comparable store sales increase. For the fiscal years 1999 through 2001, comparable store sales exceeded a mid single digit increase each year and as a result, the Company achieved leverage greater than 20 basis points per year.

Depreciation and Amortization. The total amount of depreciation and amortization increased from fiscal 1999 to fiscal 2001 due to the addition of new stores, the remodeling of existing stores and the mix of owned versus leased stores. Depreciation and amortization increased as a percentage of net sales from 1.9% in fiscal 1999 to 2.1% in fiscal 2001.

Preopening Expenses. 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. The following table sets forth the Company's preopening costs for each of the last three years:

Year of Store Opening	Preopening Expenses Fiscal Year 2001	2000	1999	Total Spending
	(In Thousands)			
2002.....	$ 4,724	$ --	$ --	$ 4,724
2001.....	25,785	5,137	--	30,922
2000.....	--	30,052	7,422	37,474
1999.....	--	--	23,550	23,550
Total....	$30,509	$35,189	$30,972	$96,670

The average cost incurred to open the 62 stores in fiscal 2001 was $499,000 per store and the average cost incurred to open the 61 stores in fiscal 2000 was $614,000. The average cost per store fluctuates based on the mix of stores opened in new markets versus fill-in markets.

Operating Income. Operating income increased $198.7 million or 30.5% in fiscal 2001, $203.0 million or 45.3% in fiscal 2000 and $110.4 million or 32.7% in fiscal 1999 due to the factors described above.

Interest Expense. Net interest expense increased $3.9 million in fiscal 2001 to $50.1 million. The increase was primarily attributable to the $300 million of non-callable unsecured senior notes issued in March 2001 (see "Liquidity" discussion below) and the Liquid Yield Option Subordinated Notes issued in June 2000 outstanding for a full year, offset in part by an increase in interest income on short term investments. Net interest expense increased $19.0 million to $46.2 million in fiscal 2000. The increase was primarily attributable to the $551.5 million Liquid Yield Option Subordinated Notes issued in June 2000 and the $200 million of non-callable unsecured debentures issued in June 1999 outstanding for a full year in fiscal 2000. Net interest expense increased $6.1 million to $27.2 million in fiscal 1999. The increase in fiscal 1999 was primarily due to the $200 million of non-callable unsecured debentures issued in June 1999.

Income taxes. The Company's effective tax rate was 38.0% in fiscal 2001, 38.5% in fiscal 2000 and 38.7% in fiscal 1999. The overall decline in the effective tax rates in fiscal 2001, 2000 and 1999 was primarily due to the decrease in state income taxes, net of federal tax benefits and non-deductible goodwill amortization as a percentage of income before taxes.

Inflation

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

Liquidity and Capital Resources

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

financing secured by 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. In addition, the Company periodically accesses the capital markets, as needed, to finance its growth.

The Company's working capital increased to $1,584.1 million at February 2, 2002, from $1,198.6 million at February 3, 2001. The increase was primarily attributable to an increase of short-term investments, accounts receivable and inventory, offset in part by increased accounts payable.

The Company's short-term investments increased $180.8 million over the February 3, 2001 balance. The increase is primarily due to an increase in sales and cash flow from operations.

The Company's accounts receivable at February 2, 2002 increased $154.7 million over the February 3, 2001 balance. The increase is primarily due to an increase in proprietary credit card sales. The Company's proprietary credit card sales as a percent of total net sales increased from 30.1% for the fiscal year ended February 3, 2001 to 31.8% for the fiscal year ended February 2, 2002.

The Company's merchandise inventories increased $195.0 million over the February 3, 2001 balance. The increase was primarily the result of higher merchandise levels required to support existing stores and incremental new store locations. Accounts payable increased $78.9 million from February 3, 2001. Fluctuations in the level of accounts payable are primarily attributable to the timing and number of new store openings and invoice dating arrangements with vendors.

In December 1999, the Company entered into a $225 million Receivable Purchase Agreement (RPA) with Preferred Receivables Funding Corporation, certain investors and Bank One as agent. The RPA is renewable at the Company's request and investors' option, under which it periodically sells, generally with recourse, an undivided interest in the Company's private label credit card receivables. At February 2, 2002 and February 3, 2001, no receivables were sold. At January 29, 2000, proceeds received upon the sale of $85 million of receivables under the RPA was reflected as short-term debt.

Cash provided by operating activities was $541.8 million for fiscal 2001 as compared to $372.1 million for fiscal 2000, and $157.5 million for fiscal 1999. Excluding changes in operating assets and liabilities, cash provided by operating activities was $684.7 million for fiscal 2001, $510.5 million for fiscal 2000 and $355.4 million for fiscal 1999.

Capital expenditures include costs for new store openings, store remodels, distribution center openings and other base capital needs. These expenditures fluctuate from year to year as a result of the timing of new store capital spending, the mix of owned, leased or acquired stores, the number of stores remodeled and timing of opening distribution centers. The Company's capital expenditures were $662.0 million during fiscal 2001, $481.0 million during fiscal 2000 and $625.4 million during fiscal 1999.

Total capital expenditures for fiscal 2002 are currently expected to be approximately $740 million. This estimate includes new store spending as well as base capital needs. The Company plans to open approximately 70 new stores in fiscal 2002. The Company does not anticipate that its planned expansion will be limited by any restrictive covenants in its financing agreements.

In March 2002, the Company filed a shelf registration statement with the SEC. When effective, the registration statement will allow the Company to publicly offer and sell securities from time to time for an aggregate offering price of up to $300 million.

In March 2001, the Company issued $300 million aggregate principle amount of 6.30% unsecured notes due March 1, 2011. The proceeds have been used for general corporate purposes, including continued store growth.

In June 2000, the Company issued $551.5 million aggregate principal amount of Liquid Yield Option Subordinated Notes (LYONs). Net proceeds, excluding expenses, were $319.4 million. The debt is callable by the Company beginning June 12, 2003, for cash. The holders of the securities can "put" the LYONs back to the Company after three and ten years from the date of issuance. The proceeds were initially used to pay off borrowings under the Company's outstanding revolving credit facility and accounts receivables program and for general corporate purposes, including store expansion.

The Company anticipates that it will be able to satisfy its working capital requirements, planned capital expenditures, and debt service requirements with proceeds from cash flows from operations, short-term trade credit, $225 million of available financing secured by its proprietary credit card accounts receivable, seasonal borrowings under its $300 million revolving credit facility and other sources of financing. The Company expects to generate adequate cash flows from operating activities to sustain current levels of operations. The Company maintains favorable banking relations and anticipates that the necessary credit agreements will be extended or new agreements will be entered into in order to provide future borrowing requirements as needed.

Critical Accounting Policies

The Company evaluates the collectibility of accounts receivable based on a combination of factors. 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.

The allowance for doubtful accounts was $17,780.3 million or 2.1% of gross receivables at February 2, 2002 compared to $9,281.6 or 1.3% of gross receivables at February 3, 2001. The increase as a percent of gross receivables is attributable to the increase in the rate of write offs related to customer bankruptcies and delinquent accounts due to the economic environment in fiscal 2001. (See Schedule II for further detail on the components of the allowance for doubtful accounts).

Inventories are stated 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. Also, it is recognized that the use of the retail inventory method will result in valuing inventories at the lower of cost or market if markdowns are currently taken as a reduction of the retail value of inventories.

Based on a review of historical clearance markdowns, current business trends and discontinued merchandise categories, a reserve is recorded to reflect markdowns that have not been taken but which are estimated to be necessary to reduce inventories to the lower of cost or market. Management believes that the Company's inventory valuation reasonably approximates the net realizable value of clearance inventory and results in carrying inventory at the lower of cost or market.

Forward-Looking Information/Risk Factors

Items 1, 2, 3, 5, 7 and 7A of this Form 10-K contain "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, debt service requirements, planned capital expenditures, future store openings and adequacy of capital resources and reserves. There are a number of important factors that could cause the Company's results to differ materially from those indicated by the forward-looking statements, including among others, those risk factors described in Exhibit 99.1 attached to this 10-K and incorporated herein by this reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary exposure to market risk consists of changes in interest rates or borrowings. At February 2, 2002, the Company's long-term debt excluding capital leases was $1,067.1 million, all of which is fixed rate debt.

Long-term fixed rate debt is utilized as a primary source of capital. When these debt instruments mature, the Company intends to 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 February 2, 2002, changed by 100 basis points, the Company's annual interest expense would change by $10.7 million.

During fiscal 2001, average borrowings under the Company's variable rate revolving credit facility and its short term financing of its proprietary accounts receivable were $27.5 million. If interest rates on the average fiscal 2001 variable rate debt changed by 100 basis points, the Company's annual interest expense would change by $275,000, assuming comparable borrowing levels.

Item 8. Financial Statements and Supplementary Data

The financial statements are included in this report beginning on page F-3.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosures

None

PART III

Item 10. Executive Officers of Registrant

The information set forth under "Election of Directors" on pages 1-3 and under "Compliance with Section 16(a) of the Exchange Act" on page 8 of Registrant's Proxy Statement dated April 12, 2002 is incorporated herein by reference.

The executive officers of the Company are as follows:

Name	Age	Position
R. Lawrence Montgomery	53	Chief Executive Officer and Director
Kevin Mansell.........	49	President and Director
Arlene Meier..........	50	Chief Operating Officer, Treasurer and Director
Donald A. Brennan.....	41	Executive Vice President--Merchandise Planning and Allocation
Beryl J. Buley........	40	Executive Vice President--Stores
Patricia Johnson......	44	Executive Vice President--Chief Financial Officer
John Lesko............	49	Executive Vice President--Administration
Richard Leto..........	50	Executive Vice President--General Merchandise Manager and Product Development
Jack Moore............	47	Executive Vice President--General Merchandise Manager
Richard D. Schepp.....	41	Executive Vice President--General Counsel, Secretary
Don Sharpin...........	53	Executive Vice President--Human Resources
Gary Vasques..........	54	Executive Vice President--Marketing

Mr. Montgomery was promoted to Chief Executive Officer in February 1999. He was appointed to the Board of Directors in 1994 and served as Vice Chairman from March 1996 to November 2000. Mr. Montgomery served as Executive Vice President of Stores from February 1993 to February 1996 after joining the Company as Senior Vice President--Director of Stores in 1988. Mr. Montgomery has 31 years of experience in the retail industry.

Mr. Mansell served as President and Director since February 1999. Mr. Mansell served as Executive Vice President--General Merchandise Manager from 1987 to 1998. Mr. Mansell joined the Company as a Divisional Merchandise Manager in 1982, and has 27 years of experience in the retail industry.

Ms. Meier served as Chief Operating Officer since November 2000. Ms. Meier served as Executive Vice President--Chief Financial Officer from October 1994 to November 2000 and was appointed to the Board of Directors in March 2000. Ms. Meier joined the Company as Vice President--Controller in 1989. Ms. Meier has 26 years of experience in the retail industry.

Mr. Brennan joined the Company in April 2001 as Executive Vice President, Merchandise Planning and Allocation. Prior to joining the Company, Mr. Brennan served in a variety of management positions with Burdines Department Stores, a division of Federated Department Stores, Inc. since 1982. Mr. Brennan has 20 years of experience in the retail industry.

Mr. Buley served as Executive Vice President of Stores since April 2001 and in other management positions since joining the Company in 1988. Mr. Buley has 19 years of experience in the retail industry.

Ms. Johnson served as Executive Vice President, Chief Financial Officer since August 2001. Ms. Johnson joined the Company in 1998 as a Senior Vice President--Finance. Prior to joining the Company, Ms. Johnson held managerial positions at The Disney Store, Inc. from 1995 to 1998, and held several management positions with Family Restaurants, Inc. from 1990 to 1995. Ms. Johnson has six years of experience in the retail industry.

Mr. Lesko served as Executive Vice President--Administration since November 2000 and in other management positions since joining the Company in November 1997. Prior to joining the Company, Mr. Lesko served as Senior Vice President, Information Systems of Jack Eckerd Corporation, a division of the J.C. Penney Company, from January 1997 to November 1997. Mr. Lesko has 27 years of experience in the retail industry.

Mr. Leto served as Executive Vice President--General Merchandise Manager since July 1996 and added Product Development to his existing responsibilities in February 1999. Prior to joining the Company, Mr. Leto served as Executive Vice President, Merchandising for the R. H. Macy Corporation. Mr. Leto has 29 years of experience in the retail industry.

Mr. Moore served as Executive Vice President--General Merchandise Manager since February 1999. Mr. Moore served as Senior Vice President of Merchandise Planning and Allocation in 1998. He joined the Company in 1997 as Vice President--Divisional Merchandise Manager. Prior to joining the Company, Mr. Moore served in various management positions at Dayton Hudson Department Stores. Mr. Moore has 25 years of experience in the retail industry.

Mr. Schepp served as Executive Vice President--General Counsel since August 2001. Mr. Schepp joined the Company in 2000 as a Senior Vice President, General Counsel. Prior to joining the Company, Mr. Schepp held various managerial positions at ShopKo Stores, Inc. from 1992 to 2000, most recently Senior Vice President, General Counsel. Mr. Schepp has 10 years of experience in the retail industry.

Mr. Sharpin served as Executive Vice President--Human Resources since August 1998 and in other management positions since joining the Company in 1988. Mr. Sharpin has 23 years of experience in the retail industry.

Mr. Vasques served as Executive Vice President--Marketing since 1997. He joined the Company in December 1995 as Senior Vice President, Marketing. Mr. Vasques has 32 years of experience in the retail industry.

Item 11. Executive Compensation

The information set forth under "Executive Compensation" on pages 7-10 of Registrant's Proxy Statement dated April 12, 2002, is incorporated herein by reference. Compensation of directors as set forth under "Director Committees and Compensation" on pages 3-4 of Registrant's Proxy Statement dated April 12, 2002 is incorporated herein by reference.

Item 12. Beneficial Ownership of Stock

The information set forth under "Beneficial Ownership of Shares" on pages 5-6 of Registrant's Proxy Statement dated April 12, 2002, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under "Other Transactions" on page 10 of Registrant's Proxy Statement dated April 12, 2002 is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this report:

1. Consolidated Financial Statements:

See "Index to Consolidated Financial Statements and Schedule of Kohl's Corporation" on page F-1, the Report of Independent Auditors on page F-2 and the Consolidated Financial Statements and Schedule on pages F-3 to F-19, all of which are incorporated herein by reference.

2. Financial Statement Schedule:

See "Index to Consolidated Financial Statements and Schedule of Kohl's Corporation" on page F-1 and the "Financial Statement Schedule" on page F-19, all of which are incorporated herein by reference.

3. Exhibits:

See "Exhibit Index" of this Form 10-K, which is incorporated herein by reference.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K in the fourth fiscal quarter.

The Exhibit Index has been omitted from the printed version of this Form 10-K. Shareholders may obtain the Exhibit Index without charge by calling Kohl's investor relations at 262-703-1440.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE OF KOHL'S CORPORATION

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Kohl's Corporation

We have audited the accompanying consolidated balance sheets of Kohl's Corporation and subsidiaries (the Company) as of February 2, 2002 and February 3, 2001, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended February 2, 2002. Our audits also included the financial statement schedule listed in the Index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at February 2, 2002 and February 3, 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 2, 2002, in conformity with accounting practices generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
March 1, 2002

KOHLS CORPORATION

CONSOLIDATED BALANCE SHEETS
($ in Thousands, Except Per Share Amounts)

	February 2, 2002	February 3, 2001
ASSETS		
Current assets:		

Cash and cash equivalents	$ 106,722	$ 123,621
Short-term investments	229,377	48,600
Accounts receivable trade, net of allowance for doubtful accounts of $17,780 and $9,282	835,946	681,256
Merchandise inventories	1,198,307	1,003,290
Deferred income taxes	52,292	39,531
Other	41,400	25,599
Total current assets	2,464,044	1,921,897
Property and equipment, net	2,199,494	1,726,450
Other assets	81,850	65,634
Favorable lease rights	174,860	126,635
Goodwill	9,338	14,538
Total assets	$4,929,586	$3,855,154

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 478,870	$ 399,939
Accrued liabilities	259,598	188,863
Income taxes payable	125,085	112,927
Short-term debt	--	5,000
Current portion of long-term debt	16,418	16,568
Total current liabilities	879,971	723,297
Long-term debt	1,095,420	803,081
Deferred income taxes	114,228	84,256
Other long-term liabilities	48,561	41,881
Shareholders' equity:		
Common stock-$.01 par value, 800,000,000 shares authorized, 335,138,497 and 332,167,129 shares issued	3,351	3,322
Paid-in capital	1,005,169	912,107
Retained earnings	1,782,886	1,287,210
Total shareholders' equity	2,791,406	2,202,639
Total liabilities and shareholders' equity	$4,929,586	$3,855,154

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Year Ended		
	February 2, 2002	February 3, 2001	January 29, 2000
	(In Thousands, Except Per Share Data		
Net sales	$7,488,654	$6,151,996	$4,557,112
Cost of merchandise sold	4,923,527	4,056,139	3,014,073
Gross margin	2,565,127	2,095,857	1,543,039
Operating expenses:			
Selling, general and administrative	1,527,478	1,282,367	975,269
Depreciation and amortization	151,965	121,786	83,323
Goodwill amortization	5,200	5,200	5,200
Preopening expenses	30,509	35,189	30,972
Total operating expenses	1,715,152	1,444,542	1,094,764
Operating income	849,975	651,315	448,275
Other expense (income):			
Interest expense	57,351	49,332	29,470
Interest income	(7,240)	(3,131)	(2,307)
Income before income taxes	799,864	605,114	421,112

Provision for income taxes	304,188	232,966	162,970
Net income	$ 495,676	$ 372,148	$ 258,142
Net income per share:			
Basic	$ 1.48	$ 1.13	$ 0.80
Diluted	$ 1.45	$ 1.10	$ 0.77

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock				
	Shares	Amount	Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	(In Thousands)				
Balance at January 30, 1999	316,789	$3,168	$ 502,691	$ 656,920	$1,162,779
Issuance of common shares	5,600	56	199,570	--	199,626
Exercise of stock options	3,808	38	17,610	--	17,648
Income tax benefit from exercise of stock options	--	--	47,308	--	47,308
Net income	--	--	--	258,142	258,142
Balance at January 29, 2000	326,197	3,262	767,179	915,062	1,685,503
Exercise of stock options	5,970	60	45,819	--	45,879
Income tax benefit from exercise of stock options	--	--	99,109	--	99,109
Net income	--	--	--	372,148	372,148
Balance at February 3, 2001	332,167	3,322	912,107	1,287,210	2,202,639
Exercise of stock options	2,971	29	36,099	--	36,128
Income tax benefit from exercise of stock options	--	--	56,963	--	56,963
Net income	--	--	--	495,676	495,676
Balance at February 2, 2002	335,138	$3,351	$1,005,169	$1,782,886	$2,791,406

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	February 2, 2002	February 3, 2001	January 29, 2000
-	(In Thousands)		
Operating activities			
Net income	$ 495,676	$ 372,148	$ 258,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	157,939	127,491	88,776
Deferred income taxes	17,211	427	4,923
Other noncash charges	4,783	4,624	3,536
Amortization of debt discount	9,110	5,782	61
Changes in operating assets and liabilities:			

Accounts receivable, trade	(154,690)	(176,246)	(232,391)
Merchandise inventories	(195,017)	(208,851)	(177,077)
Other current assets	(15,801)	(4,432)	(2,527)
Accounts payable	78,931	63,507	118,447
Accrued and other long-term liabilities	74,554	39,544	32,932
Income taxes	69,121	148,081	62,691
Net cash provided by operating activities	541,817	372,075	157,513
Investing activities			
Acquisition of property and equipment and favorable lease rights, net	(662,011)	(480,981)	(625,392)
Proceeds from sale of property and equipment	--	--	4,350
Net purchase of short-term investments	(180,777)	(21,100)	(764)
Other	(28,520)	(25,036)	(20,151)
Net cash used in investing activities	(871,308)	(527,117)	(641,957)
Financing activities			
Net (repayments of) proceeds from short-term debt	(5,000)	(80,000)	85,000
Proceeds from public debt offering, net	299,503	319,379	197,258
Net repayments under credit facilities	--	--	(1,600)
Repayments of other long-term debt, net	(16,424)	(12,094)	(1,582)
Payments of financing fees on debt	(1,615)	(7,109)	(2,156)
Net proceeds from issuance of common shares	36,128	45,879	217,274
Net cash provided by financing activities	312,592	266,055	494,194
Net (decrease) increase in cash and cash equivalents	(16,899)	111,013	9,750
Cash and cash equivalents at beginning of year	123,621	12,608	2,858
Cash and cash equivalents at end of year	$ 106,722	$ 123,621	$ 12,608

See accompanying notes

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Accounting Policies

Business

As of February 2, 2002, Kohl's Corporation (the Company) operated 382 family oriented, specialty department stores located in 29 states that feature national brand apparel, shoes, accessories, soft home products and housewares targeted to middle-income customers.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

Accounting Period

The Company's fiscal year end is the Saturday closest to January 31. The financial statements reflect the results of operations and cash flows for the fiscal years ended February 2, 2002 (fiscal 2001), February 3, 2001 (fiscal 2000) and January 29, 2000 (fiscal 1999). Fiscal 2001 and 1999 include 52 weeks and fiscal 2000 includes 53 weeks.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to prior year's financial statements to conform to the fiscal 2001 presentation.

Cash Equivalents

Cash equivalents represent debt securities with a maturity of three months or less when purchased, which are held to maturity. Debt securities owned are stated at cost which approximates market value.

Short-term Investments

Short-term investments are classified as available-for-sale securities and are highly liquid. These securities generally have a put option feature that allows the Company to liquidate the investments at its discretion. These investments are stated at cost, which approximates market value.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost or market, with cost determined by the last-in, first-out (LIFO) method. Inventories would have been $7,110,000 higher at February 2, 2002, and $4,851,000 higher at February 3, 2001, if they would have been valued using the first-in, first-out (FIFO) method.

1. Business and Summary of Accounting Principles (continued)

Property and Equipment

Property and equipment is carried at cost and generally depreciated on a straight-line basis over the estimated useful lives of the assets. Property rights under capital leases and improvements to leased property are amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is less. The annual provisions for depreciation and amortization have been principally computed using the following ranges of useful lives:

Buildings and improvements...	20-40 years
Store fixtures and equipment.	3-20 years
Property under capital leases	20-40 years

Construction in progress includes land and improvements for locations not yet opened and for the expansion and remodel of existing locations at the end of each fiscal year.

Capitalized Interest

The Company capitalizes interest on the acquisition and construction of new locations and expansion of existing locations and depreciates that amount over the lives of the related assets. The total interest capitalized was $6,929,000, $3,478,000 and $4,405,000 in 2001, 2000 and 1999, respectively.

Favorable Lease Rights

Favorable lease rights are generally amortized on a straight-line basis over the remaining base lease term plus certain options. Accumulated amortization was $32,181,000 at February 2, 2002, and $25,259,000 at February 3, 2001. The favorable lease rights balance at February 2, 2002, includes $55,147,000 related to stores acquired in 2001. These stores are expected to open in 2002, and amortization will begin at that time.

Goodwill

Goodwill is being amortized on a straight-line basis over 15 years. Accumulated amortization was $68,066,000 at February 2, 2002, and $62,866,000 at February 3, 2001. (See New Accounting Pronouncements).

Long-Lived Assets

The Company annually considers whether indicators of impairment of long-lived assets held for use (including favorable lease rights and goodwill) are present and determines that if such indicators are present whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amounts. The Company evaluated the ongoing value of its property and equipment and other long-lived assets as of February 2, 2002, and February 3, 2001, and determined that there was no significant impact on the Company's results of operations. (See New Accounting Pronouncements).

Comprehensive Income

Net income for all years presented is the same as comprehensive income.

Revenue Recognition

Revenue from sales of the Company's merchandise is recognized at the time of sale, net of any returns.

1. Business and Summary of Accounting Policies (continued)

Advertising

Advertising costs which are included in selling, general and administrative expenses, are expensed as incurred and totaled $267,274,000, $223,717,000 and $176,009,000 in fiscal 2001, 2000 and 1999, respectively.

Preopening Costs

Preopening expenses, which are expensed as incurred, relate to the costs associated with new store openings, including advertising, hiring and training costs for new employees, and processing and transporting initial merchandise.

Income Taxes

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes.

Net Income Per Share

The information required to compute basic and diluted net income per share is as follows:

	Fiscal Year		
	2001	2000	1999
	(In Thousands)		
Numerator for basic earnings per share--net income	$495,676	$372,148	$258,142
Interest expense related to convertible notes, net of tax	5,562	--(a)	--
Numerator for diluted earnings per share	$501,238	$372,148	$258,142
Denominator for basic earnings per share--weighted average shares	334,141	330,204	324,628
Impact of dilutive employee stock options	6,857	7,871	9,228
Shares issued upon assumed conversion of convertible notes	3,946	--(a)	--
Denominator for diluted earnings per share	344,944	338,075	333,856

(a) The convertible debt securities are not included in the computation of diluted earnings per share as their impact is antidilutive. (See Footnote 10 to the Company's consolidated financial statements for quarterly information).

New Accounting Pronouncements

During June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," effective for fiscal years beginning after December 15, 2001. Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized. Full year amortization expense of goodwill for fiscal year 2001 was $5,200,000 and the remaining balance of goodwill is $9,338,000. In accordance with SFAS No. 142, the Company will cease amortization of its remaining goodwill and does not expect any impairment losses on its existing goodwill as a result of the transitional impairment tests.

In August 2001, The Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective for fiscal years beginning after December 15, 2001.

1. Business and Summary of Accounting Policies (continued)

SFAS No. 144 addresses financial accounting and reporting for impairment or disposal of long-lived assets and supersedes SFAS No. 121. The Company does not expect the adoption of SFAS No. 144 to have a significant impact on the Company's results of operations or financial position.

2. Selected Balance Sheet Information

Property and equipment consist of the following:

	February 2, 2002	February 3, 2001
	(In Thousands)	
Land........................	$ 217,058	$ 175,892
Buildings and improvements...	1,372,836	1,097,343
Store fixtures and equipment.	738,759	609,736
Property under capital leases	54,862	54,862
Construction in progress.....	306,467	174,105
Total property and equipment.	2,689,982	2,111,938
Less accumulated depreciation	490,488	385,488
	$2,199,494	$1,726,450

Depreciation expense for property and equipment totaled $131,899,000, $107,083,000 and $76,851,000 for fiscal 2001, 2000 and 1999, respectively.

Accrued liabilities consist of the following:

	February 2, 2002	February 3, 2001
	(In Thousands)	

Payroll and related fringe benefits	$ 56,332	$ 35,592
Sales and property taxes..........	53,923	54,478
Other accruals....................	149,343	98,793
	$259,598	$188,863

3. Accounts Receivable Financing

On December 23, 1999, the Company entered into an agreement with Preferred Receivables Funding Corporation, certain investors and Bank One as agent. Under this agreement, as amended, the Company periodically sells, generally with recourse, an undivided interest in the revolving pool of its private label credit card receivables up to a maximum of $225 million. The annual agreement is renewable at the Company's request and the investors' option. No receivables were sold as of February 2, 2002 and February 3, 2001.

Prior to December 23, 1999, the Company's private label credit card receivables were sold without recourse or were contributed to its wholly owned subsidiary and special purpose entity, Kohl's Receivables Corporation (KRC). Under an agreement, KRC then periodically sold, generally with recourse, an undivided interest in the revolving pool of these receivables to the same investors. Based on this two-tier structure of selling receivables, and a supporting legal opinion, the sale accounting requirements were met, as defined by SFAS No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Accordingly, interests sold prior to December 23, 1999, were reflected as a reduction of accounts receivable. On December 31, 1999, KRC was merged into the Company.

3. Accounts Receivable Financing (continued)

The cost of the current financing program is based on the bank's A1/P-1 commercial paper rate, approximately 1.8% and 6.5% at February 2, 2002 and February 3, 2001 respectively, plus certain fees. The agreement is secured by interests in the receivables and contains covenants which require the Company to maintain a minimum portfolio quality and meet certain financial tests.

During fiscal 1999, the average receivables off balance sheet totaled approximately $86.0 million. The receivables off balance sheet met the sale requirements of SFAS No. 125 and therefore the Company had no exposure to bad debts and retained no rights to finance charge income, with respect to receivables, for financial statement purposes. For the receivables on balance sheet, the revenues from the credit program, net of operating expenses, are summarized below.

	Fiscal Year		
	2001	2000	1999
	(In Thousands)		
Finance charges and other income..............................	$126,492	$103,018	$63,879
Operating expenses:			
Provision for doubtful accounts...........................	41,284	22,677	13,402
Other credit and collection expenses......................	36,615	29,561	18,264
Total operating expenses..................................	77,899	52,238	31,666
Net revenue of credit program included in selling, general and administrative expenses....................................	$ 48,593	$ 50,780	$32,213

4. Debt

The Company had no outstanding short-term debt at February 2, 2002 and $5.0 million of short-term debt outstanding at February 3, 2001.

Long-term debt consists of the following:

	February 2, 2002		February 3, 2001	
Maturing	Weighted Average Rate	Amount	Rate	Amount
		($ In Thousands)		
Notes and debentures:				
Senior debt				
Through 2004...........	6.57%	$ 35,000	6.57%	$ 50,000
2006 (a)..............	6.70%	100,000	6.70%	100,000
2011 (a)..............	6.59%	399,545	7.38%	100,000
2029 (a)..............	7.36%	197,503	7.36%	197,411
Subordinated debt 2020 (b).	2.75%	334,045	2.75%	325,069
Total notes and debentures....	5.53%	$1,066,093	5.29%	$772,480
Capital lease obligations.....		44,699		45,937
Other.........................		1,046		1,232
Less: Current portion.........		(16,418)		(16,568)
Long-term debt................		$1,095,420		$803,081

(a) Non-callable and unsecured notes and debentures were issued under one indenture as amended. In March 2001, the Company issued $300 million of senior notes at a discount, with a yield to maturity of 6.32% due 2011.

(b) In June 2000, the Company issued $551.5 million aggregate principal amount of unsecured Liquid Yield Option Subordinated Notes (LYONs). The zero coupon LYONs were issued at a discount to yield an effective interest rate of 2.75% per year and are subordinated to all existing and future senior indebtedness of the Company. Net proceeds, excluding expenses, were approximately $319.4 million. Each $1,000 principal amount of LYON is convertible at the holder's option, at any time, into 7.156 shares of the Company's common stock. The debt is callable by the Company beginning June 12, 2003 for cash at the issue price, plus all accreted original issue discount. The holders of the securities can "put" the LYONs back to the Company after three years and ten years from the date of issuance at specified amounts reflective of the issue price, plus all accreted original issue discount. The Company has the option to redeem these putted securities for either cash or the Company's common stock, or any combination thereof. The issue price, plus all accreted original issue discount at February 2, 2002 and February 3, 2001, is reflected in the above table.

Using discounted cash flow analyses based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements, the Company estimates the fair value of long-term debt, including current portion and excluding capital leases, to be approximately $1,124.0 million at February 2, 2002, and $807.5 million at February 3, 2001.

The Company has a $300 million unsecured revolving bank credit facility which matures on June 13, 2003. Depending on the type of advance, amounts borrowed bear interest at competitive bid rates; the LIBOR plus a margin, based on the Company's long-term unsecured debt rating; or the agent bank's base rate. No amounts were outstanding under this facility at February 2, 2002, or

February 3, 2001.

4. Debt (continued)

The various debt agreements contain certain covenants that limit, among other things, additional indebtedness and payment of dividends, as well as requiring the Company to meet certain financial tests.

Interest payments, net of amounts capitalized, were $41,639,000, $46,450,000 and $27,038,000 in fiscal 2001, 2000 and 1999, respectively.

Annual maturities of long-term debt, excluding capital lease obligations, for the next five years are: $15,070,000 in 2002; $10,178,000 in 2003; $10,084,000 in 2004; $87,000 in 2005 and $628,000 in 2006. The annual maturity amounts do not include the amount of convertible debt securities that could be "put" back to the Company in 2003.

5. Commitments

The Company leases property and equipment. Many of the store leases obligate the Company to pay real estate taxes, insurance and maintenance costs, and contain multiple renewal options, exercisable at the Company's option, that generally range from two additional five-year periods to eight ten-year periods. Rent expense charged to operations was $177,153,000, $145,617,000 and $111,863,000 in fiscal 2001, 2000 and 1999, respectively. Rent expense includes contingent rents, based on sales, of $3,901,000, $3,521,000 and $3,487,000 in fiscal 2001, 2000 and 1999, respectively.

Property under capital leases consists of the following:

	February 2, 2002	February 3, 2001
	(In Thousands)	
Buildings and improvements...	$54,862	$54,862
Less accumulated amortization	20,009	18,209
	$34,853	$36,653

Amortization expense related to capital leases totaled $1,800,000, $1,867,000 and $2,004,000 for fiscal 2001, 2000 and 1999, respectively.

Future minimum lease payments at February 2, 2002, are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
Fiscal Year:		
2002..................................	$ 5,872	$ 186,090
2003..................................	5,773	198,129
2004..................................	6,002	197,197
2005..................................	6,063	195,322
2006..................................	6,014	194,069
Thereafter............................	56,109	2,459,061
	85,833	$3,429,868

Less amount representing interest......	41,134	
Present value of minimum lease payments	$44,699	

Included in the operating lease schedule above are $739,043,000 of minimum lease payments for stores that will open in 2002 and 2003.

6. Benefit Plans

The Company has an Employee Stock Ownership Plan (ESOP) for the benefit of its associates other than executive officers. Contributions are made at the discretion of the Board of Directors. The Company recorded expenses of $8,535,000, $6,315,000 and $4,408,000 in fiscal 2001, 2000 and 1999, respectively. Shares of Company common stock held by the ESOP are included as shares outstanding for purposes of the net income per share computations.

The Company also has a defined contribution savings plan covering all full-time and certain part-time associates which provides for monthly employer contributions based on a percentage of qualifying contributions made by participating associates. The participants direct their contributions and/or their account balances among any of the Plan's eight investment alternatives. Total expense was $4,147,000, $3,670,000 and $3,020,000 in fiscal 2001, 2000 and 1999, respectively.

The Company also made defined annual contributions to the savings plan on the behalf of all qualifying full-time and part-time associates based on a percentage of qualifying payroll earnings. The participants direct these contributions and/or their account balances among any of the Plan's eight investment alternatives. The total contribution expense was $6,210,000, $5,198,000 and $4,168,000 in fiscal 2001, 2000 and 1999, respectively.

7. Income Taxes

Deferred income taxes consist of the following:

	February 2, 2002	February 3, 2001
	(In Thousands)	
Deferred tax liabilities:		
Property and equipment........	$133,844	$103,091
Deferred tax assets:		
Merchandise inventories.......	38,156	34,094
Accrued and other liabilities.	23,398	15,764
Accrued rent liability........	10,354	8,508
	71,908	58,366
Net deferred tax liability.......	$ 61,936	$ 44,725

The components of the provision for income taxes are as follows:

Fiscal Year		
2001	2000	1999

	(In Thousands)		
Current Federal	$258,195	$204,989	$135,586
Current State..	28,782	27,550	22,461
Deferred.......	17,211	427	4,923
	$304,188	$232,966	$162,970

7. Income Taxes (continued)

The provision for income taxes differs from the amount that would be provided by applying the statutory U.S. corporate tax rate due to the following items:

-	Fiscal Year		
	2001	2000	1999
Provision at statutory rate..................	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.1	3.4	3.6
Goodwill amortization........................	0.2	0.3	0.4
Other..	(0.3)	(0.2)	(0.3)
Provision for income taxes...................	38.0%	38.5%	38.7%
Amounts paid for income taxes (in thousands)..	$218,831	$85,063	$95,075

8. Preferred and Common Stock

The Company's authorized capital stock includes 10,000,000 shares of $.01 par value preferred stock of which none have been issued.

On March 6, 2000, the Company's Board of Directors declared a 2 for 1 stock split which was effected in the form of a stock dividend on the Company's common stock. Shareholders' equity and all share and per share amounts have been retroactively adjusted to reflect these dividends.

The 1992 and 1994 Long-Term Compensation Plans provide for the granting of options to purchase shares of the Company's common stock to officers and key employees. The 1997 Stock Option Plan provides for granting of similar stock options to outside directors. The following table presents the number of options initially authorized and options available to grant under each of the plans:

	1992 Plan	1994 Plan	1997 Plan	Total
Options initially authorized	22,800,000	24,000,000	400,000	47,200,000
Options available for grant.				
February 3, 2001.........	238,597	9,732,811	308,000	10,279,408
February 2, 2002.........	295,901	7,324,662	297,000	7,917,563

The majority of options granted vest in four equal annual installments. Remaining options granted vest in five to ten year increments. Options which are surrendered or terminated without issuance of shares are available for future grants.

8. Preferred and Common Stock (continued)

The following table summarizes the Company's stock options at February 2, 2002, February 3, 2001, and January 29, 2000, and the changes for the years then ended:

	Number of Options	Weighted Average Exercise Price
Balance at January 30, 1999	26,039,858	$10.64
Granted	4,434,750	35.13
Surrendered	(518,388)	14.95
Exercised	(3,807,798)	5.04
Balance at January 29, 2000	26,148,422	15.53
Granted	2,592,975	63.49
Surrendered	(908,217)	23.78
Exercised	(5,969,861)	7.68
Balance at February 3, 2001	21,863,319	23.01
Granted	2,887,325	65.11
Surrendered	(525,480)	37.85
Exercised	(2,971,368)	12.15
Balance at February 2, 2002	21,253,796	$29.87

Options exercisable at:

	Shares	Weighted Average Exercise Price
February 2, 2002	11,907,265	$18.32
February 3, 2001	11,508,871	$13.20
January 29, 2000	13,628,550	$ 8.60

Exercise prices for options outstanding at February 2, 2002, ranged from $1.75--$71.82. Additional information related to these options segregated by exercise price range is as follows:

	Exercise Price Range		
	$1.75 to $9.49	$9.50 to $35.49	$35.50 to $71.82
Options outstanding	7,253,245	5,940,700	8,059,851
Weighted average exercise price of options outstanding	$ 6.57	$ 24.63	$ 54.72
Weighted average remaining contractual life of options outstanding	3.4	11.3	13.9

Options exercisable	5,688,895	4,409,099	1,809,271
Weighted average exercise price of options exercisable	$ 6.51	$ 22.93	$ 44.22

The Company continues to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related Interpretations in accounting for its employee stock options. Under APB 25, because the number of options is fixed and the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

8. Preferred and Common Stock (continued)

As required by SFAS No. 123, "Accounting for Stock-Based Compensation", the Company calculated the pro forma effect on net income and net income per share of accounting for employee stock options under the fair value method prescribed by SFAS No. 123 in the table below. The weighted-average fair values of options granted during fiscal 2001, 2000 and 1999 were estimated using a Black-Scholes option pricing model to be $34.78, $30.00 and $17.27, respectively. The model uses the following assumptions for all years: risk free interest rate between 4.75%-6.0%; dividend yield of 0%; volatility factors of the Company's common stock of 30-40%; and a 7-8 year expected life of the option.

	Fiscal Year		
	2001	2000	1999
Pro forma net income (in thousands)	$471,188	$348,618	$246,513
Pro forma net income per share:			
Basic	$ 1.39	$ 1.06	$ 0.76
Diluted	$ 1.38	$ 1.04	$ 0.74

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

9. 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.

10. Quarterly Financial Information (Unaudited)

Financial Information

	Fiscal Year 2001				
	First	Second	Third	Fourth	Total
	(In Thousands, Except Per Share Data)				
Net sales	$1,488,333	$1,515,750	$1,760,346	$2,724,225	$7,488,654
Gross margin	520,798	536,835	608,308	899,186	2,565,127
Net income	75,111	86,513	100,230	233,822	495,676
Weighted average basic shares	332,784	334,159	334,616	334,999	334,141
Basic net income per share	$ 0.23	$ 0.26	$ 0.30	$ 0.70	$ 1.48
Diluted shares	341,142	342,118	342,292	346,121(a)	344,944(a)
Diluted net income per share	$ 0.22	$ 0.25	$ 0.29	$ 0.68(b)	$ 1.45(c)

(a) Diluted shares include 3,946,000 shares related to the assumed conversion of convertible debt securities.
(b) The convertible debt securities have a dilutive impact on net income per share. In the calculation of diluted net income per share, the numerator is $235,233,000 which adds back $1,411,000 of interest on convertible debt securities, net of tax, for the fourth quarter.
(c) The convertible debt securities have a dilutive impact on net income per share. In the calculation of diluted net income per share for the year, the numerator is $501,238,000 which adds back $5,562,000 of interest on convertible debt securities, net of tax.

10. Quarterly Financial Information (Unaudited) (continued)

	Fiscal Year 2000				
	First	Second	Third	Fourth	Total
	(In Thousands Except Per Share Data)				
Net sales	$1,228,666	$1,255,360	$1,444,929	$2,223,041	$6,151,996
Gross margin	425,920	437,953	495,320	736,664	2,095,857
Net income	52,618	64,290	76,746	178,494	372,148
Weighted average basic shares	327,806	329,848	331,196	331,859	330,204
Basic net income per share	$ 0.16	$ 0.19	$ 0.23	$ 0.54	$ 1.13
Diluted shares	336,353	338,973	339,693	344,055(a)	338,075
Diluted net income per share	$ 0.16	$ 0.19	$ 0.23	$ 0.52(b)	$ 1.10

(a) Diluted shares include 3,946,000 shares related to the assumed conversion of convertible debt securities.
(b) The convertible debt securities have a dilutive impact on net income per share for the fourth quarter. In the calculation of diluted net income per share, the numerator is $179,956,000 which adds back $1,462,000, of interest on convertible debt securities, net of tax.

Due to changes in stock prices during the year and timing of issuance of shares, the cumulative total of quarterly net income per share amounts may not equal the net income per share for the year.

LIFO

The Company uses the LIFO method of accounting for merchandise inventories because it results in a better matching of costs and revenues. The following information is provided to show the effects of the LIFO provision on each quarter, as well as to provide users with the information to compare to other companies not on LIFO.

	Fiscal Year	
LIFO Expense (Credit)	2001	2000
	(In Thousands)	
First	$ 1,786	$ 1,844
Second	1,819	1,884
Third	2,112	2,168
Fourth	(3,458)	(4,028)
Total year	$ 2,259	$ 1,868

The Company estimates its LIFO provision throughout the year based on expected inflation. The provision is adjusted to actual inflation indices in the fourth quarter.

11. Related Parties

A director of the Company is also a shareholder of a law firm, which performs legal services for the Company.

Rent expense incurred on store leases with various entities owned or controlled by a director of the Company and his affiliates, which is included in the total rent expense above, was $4,407,000, $4,253,000 and $4,353,000 in fiscal 2001, 2000 and 1999, respectively.

KOHL'S CORPORATION

SCHEDULE II

Valuation and Qualifying Accounts
(Dollars in Thousands)

	Fiscal Year Ended		
	February 2, 2002	February 3, 2001	January 29, 2000
Accounts Receivable Allowances			
Balance at Beginning of Year	$ 9,282	$ 7,171	$ 4,069
Charged to Costs and Expenses	41,284	22,677	13,402
Deductions-Bad Debts Written Off, Net of Recoveries and Other Allowances	(32,786)	(20,566)	(12,277)
Other (1)	--	--	1,977
Balance at End of Year	$ 17,780	$ 9,282	$ 7,171

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(1) Adjustments to the accounts receivable allowance for receivables sold pursuant to SFAS No. 125

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

/S/ R. LAWRENCE MONTGOMERY
By: ______________________________
R. Lawrence Montgomery
Chief Executive Officer

Dated: April 12, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/S/ R. LAWRENCE MONTGOMERY
______________________ ____

William S. Kellogg Chairman and Director	R. Lawrence Montgomery Chief Executive Officer and Director (Principal Executive Officer)
/S/ KEVIN MANSELL ______________________ Kevin Mansell President and Director	/S/ ARLENE MEIER ____ Arlene Meier Chief Operating Officer and Director
______________________ Jay H. Baker Director	/S/ STEVEN A. BURD ____ Steven A. Burd Director
______________________ Wayne Embry Director	/S/ JAMES ERICSON ____ James Ericson Director
/S/ JOHN F. HERMA ______________________ John F. Herma Director	/S/ FRANK V. SICA ____ Frank V. Sica Director
/S/ HERBERT SIMON ______________________ Herbert Simon Director	/S/ PETER M. SOMMERHAUSER ____ Peter M. Sommerhauser Director
/S/ R. ELTON WHITE ______________________ R. Elton White Director	/S/ PATRICIA JOHNSON ____ Patricia Johnson Chief Financial Officer (Principal Financial and Accounting Officer)

Dated: April 12, 2002

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of the Company, as amended, incorporated herein by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1999.
3.2	Bylaws of the Company, incorporated herein by reference to Exhibit 3.2 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2000.
4.1	Revolving Credit Agreement dated as of June 13, 1997 among Kohl's Corporation, Kohl's Department Stores, Inc., various commercial banking institutions, The Bank of New York, as Administrative Agent, and The First National Bank of Chicago, as Syndication Agent, incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 1997.
4.2	Amendment to Revolving Credit Agreement dated as of June 5, 1998, incorporated herein by reference to Exhibit 4.1 of the Company's registration statement on Form S-3 (File No. 333-73257).
4.3	Indenture dated as of December 1, 1995 between the Company and The Bank of New York as trustee, incorporated herein by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1996.
4.4	First Supplemental Indenture dated as of June 1, 1999 between the Company and The Bank of New York, incorporated herein by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-4 (Reg. No. 333-83031).
4.5	Second Supplemental Indenture dated as of March 8, 2001 between the Company and The Bank of New York, as trustee, incorporated herein by reference to Exhibit 4.5 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.

4.6 Third Supplemental Indenture dated January 15, 2002 between the Company and The Bank of New York, as trustee, incorporated herein by reference to Exhibit 4.6 of the Company's registration statement on Form S-3 (Reg. No. 333-83788), filed on March 6, 2002.

4.7 Indenture dated as of June 12, 2000 between the Company and The Bank of New York, as trustee, incorporated herein by reference to Exhibit 4.1 of the Company's registration statement on Form S-3 (Reg. No. 333-43988).

4.8 Registration Rights Agreement dated June 12, 2000 between the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated herein by reference to Exhibit 4.2 of the Company's registration statement on Form S-3 (Reg. No. 333-43988).

4.9 Certain other long-term debt is described in Note 4 of the Notes to Consolidated Financial Statements. The Company agrees to furnish to the Commission, upon request, copies of any instruments defining the rights of holders of any such long-term debt described in Note 4 and not filed herewith.

10.1 Amended and Restated Executive Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.*

10.2 Employment Agreement between the Company and R. Lawrence Montgomery, incorporated herein by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998.*

10.3 Employment Agreement between the Company and Kevin Mansell, incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 1999.*

10.4 Executive Medical Plan, incorporated herein by reference to Exhibit 10.9 of the Company's registration statement on Form S-1 (File No. 33-46883).*

10.5 Executive Life Insurance Plan, incorporated herein by reference to Exhibit 10.10 of the Company's registration statement on Form S-1 (File No. 33-46883).*

10.6 Executive Accidental Death and Dismemberment Plan, incorporated herein by reference to Exhibit 10.11 of the Company's registration statement on Form S-1 (File No. 33-46883).*

10.7 Executive Bonus Plan, incorporated herein by reference to Exhibit 10.12 of the Company's registration statement on Form S-1 (File No. 33-46883).*

10.8 1992 Long Term Compensation Plan, incorporated herein by reference to Exhibit 10.13 of the Company's registration statement on Form S-1 (File No. 33-46883).*

10.9 1994 Long-Term Compensation Plan, incorporated herein by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 1996.*

10.10 1997 Stock Option Plan for Outside Directors, incorporated herein by reference to Exhibit 4.4 of the Company's registration statement on Form S-8 (File No. 333-26409), filed on May 2, 1997.*

10.11 Amended and Restated Agreements dated December 10, 1998 between the Company and Mr. Mansell, incorporated herein by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1999.*

10.12 Amended and Restated Agreements dated December 10, 1998 between the Company and Mr. Montgomery, incorporated herein by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1999.*

10.13 First Amendment to Employment Agreement between the Company and Mr. Montgomery, dated November 15, 2000, incorporated herein by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.*

10.14 Employment Agreement between the Company and Arlene Meier dated November 15, 2000, incorporated herein by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.*

10.15 Receivables Purchase Agreement dated December 23, 1999 by and among the Company, Kohl's Department Stores, Inc., PREFCO, various Investors and Bank One, NA, as agent, incorporated herein by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2000.

10.16 Amendment No. 1 to Receivables Purchase Agreement dated December 20, 2000 by and among the Company, Kohl's Department Stores, Inc., PREFCO, various Investors and Bank One, NA, as agent, incorporated herein by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001.

10.17 Amendment No. 2 to Receivables Purchase Agreement dated December 20, 2001 by and among the Company, Kohl's Department Stores, Inc., PREFCO, various Investors and Bank One, NA, as agent.

10.18 Amendment No. 3 to Receivables Purchase Agreement dated as of February 4, 2002 by and among the Company, Kohl's Department Stores, Inc., PREFCO, various Investors and Bank One, NA, as agent.

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

21.1 Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young LLP.

99.1 Cautionary Statements Regarding Forward Looking Information and Risk Factors.

* A management contract or compensatory plan or arrangement.

EXHIBIT 10.17

AMENDMENT NO. 2 TO RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 2 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment") is entered into as of December 20, 2001 by and among KOHL'S DEPARTMENT STORES, INC., a Delaware corporation (the "Seller"), the Investors, Preferred Receivables Funding Corporation ("PREFCO") and BANK ONE, NA, as Agent. Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meanings assigned to such terms in the Existing Purchase Agreement referred to below.

WITNESSETH:

WHEREAS, the parties hereto have entered into a Receivables Purchase Agreement, dated as of December 23, 1999, providing for a receivables purchase facility in an aggregate amount not to exceed $225,000,000, as amended by Amendment No. 1 to Receivables Purchase Agreement dated as of December 21, 2000 (the "Existing Purchase Agreement", and as amended by this Amendment, the "Purchase Agreement"); and

WHEREAS, the Seller, PREFCO, the Investors and the Agent desire to make certain amendments and modifications to the Existing Purchase Agreement;

NOW THEREFORE, in consideration of the premises and the mutual agreements set forth herein and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Existing Purchase Agreement. Subject to and conditioned upon the fulfillment of each of the conditions precedent set forth in Section 2 hereto, effective as of the date of this Amendment:

1.1. The definition of "Liquidity Termination Date" set forth in Exhibit I to the Existing Purchase Agreement is amended to delete the terms thereof in their entirety and substitute the following therefor:

"Liquidity Termination Date" means December 19, 2002 or such later date to which the Agent and the Purchasers may agree in accordance with Section 1.1(e).

2. Conditions Precedent to Amendment Effectiveness. The amendments and modifications set forth in Section 1 shall become effective as of date of this Amendment upon, and are expressly conditioned upon the Agent's receipt of original executed counterparts of this Amendment from the Seller, PREFCO and each Investor.

3. Representations and Warranties. In order to induce the Agent and the Investors to enter into this Amendment, the Seller hereby represents and warrants to the Investors that:

(a) The execution, delivery and performance by the Seller of this Amendment and each other document to be delivered hereunder to which it is a party, are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Seller. This Amendment has been duly executed and delivered by the Seller.

(b) This Amendment and the Existing Purchase Agreement as amended by this Amendment constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally.

(c) The representations and warranties of the Seller set forth in Article 3 of the Purchase Agreement are correct in all material respects on and as of the date hereof as though made on and as of the date hereof.

(d) As of the effectiveness of this Amendment, no Servicer Default or a Potential Servicer Default has occurred and is continuing.

4. Reference to and Effect Upon the Existing Purchase Agreement. Upon the effectiveness of this Amendment, each reference in the Existing Purchase Agreement to "the Agreement", "hereunder", "hereof", "herein", or words of like import, shall mean and be a reference to the Existing Purchase Agreement, as amended hereby, and each reference to the Existing Purchase Agreement in any other Transaction Document shall mean and be a reference to the Existing Purchase Agreement, as amended hereby.

5. Reaffirmation; Consent. Seller hereby reaffirms to the Agent and each of the Purchasers that, except as modified hereby, the Existing Purchase Agreement and all of the Transaction Documents remain in full force and effect and have not been otherwise waived, modified or amended. Except as expressly modified hereby, all of the terms and conditions of the Existing Purchase Agreement shall remain unaltered and in full force and effect. Notwithstanding the foregoing provisions of this Section 5, each of the parties hereto hereby acknowledges that references to the Fee Letter in the Existing Purchase Agreement and the Transaction Documents shall be deemed to be a reference to the Amended and Restated Fee Letter dated December 21, 2000.

6. Choice of Law. This Amendment shall be governed by and construed in accordance with the laws and decisions of the State of Illinois without giving effect to the conflicts of law principles thereunder.

7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. One or more counterparts of this Amendment may be delivered by telecopier, with the intention that they shall have the same effect as an original counterpart thereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers or representatives as of the date hereof.

KOHL'S DEPARTMENT STORES, INC.

By: /s/ Arlene Meier

Arlene Meier
Chief Operating Officer

PREFERRED RECEIVABLES FUNDING CORPORATION

By: /s/ Andrew Leszczynski

Andrew Leszczynski
Authorized Signatory

INVESTORS:

Commitment

$155,000,000.00 BANK ONE, NA, as an Investor and as Agent

By: /s/ Andrew Leszczynski

Andrew Leszczynski
Authorized Signatory

Commitment

$15,000,000.00 THE BANK OF NEW YORK

By: /s/ William Barnum

Title: Vice President

Commitment

$25,000,000 COMERICA BANK

By: /s/ Kathleen Kasperek

Title: Assistant Vice President

Commitment

$15,000,000 FIRST UNION NATIONAL BANK

By: /s/ William F. Fox

Title: Vice President

Commitment

$15,000,000 FIRSTAR BANK MILWAUKEE, N.A.

By: /s/ James Spredemann

Title: Vice President

EXHIBIT 10.18

AMENDMENT NO. 3 TO RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment") is entered into as of February 4, 2002 by and among KOHL'S DEPARTMENT STORES, INC., a Delaware corporation (the "Seller"), the Investors, Preferred Receivables Funding Corporation ("PREFCO") and BANK ONE, NA, as Agent. Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meanings assigned to such terms in the Existing Purchase Agreement referred to below.

WITNESSETH:

WHEREAS, the parties hereto have entered into a Receivables Purchase Agreement, dated as of December 23, 1999, providing for a receivables purchase facility in an aggregate amount not to exceed $225,000,000 (as previously amended, the "Existing Purchase Agreement", and as amended by this Amendment, the "Purchase Agreement"); and

WHEREAS, in the ordinary course of Seller's business, Seller has executed, and from time to time may execute, promissory notes in an aggregate outstanding principal amount not to exceed $450,000,000 which (i) are, with respect to promissory notes existing on the date hereof, and which are, with respect to promissory notes executed in the future, immediately upon execution thereof, marked with a legend indicating that the obligations thereunder are subordinated to the obligations under the Purchase Agreement and (ii) represent or evidence intercompany debt obligations of Seller in favor owing to Kohl's Investment Corp., an affiliate of Seller ("KIC") (such promissory notes, whether now outstanding or as may be issued in the future are collectively referred to herein as the "KIC Notes");

WHEREAS, Seller wishes to secure Seller's obligations under the KIC Notes by granting KIC a subordinated security interest in certain of the assets described in the Purchase Agreement;

WHEREAS, the Seller, PREFCO, the Investors and the Agent desire to make certain amendments and modifications to the Existing Purchase Agreement;

NOW THEREFORE, in consideration of the premises and the mutual agreements set forth herein and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Existing Purchase Agreement. Subject to and conditioned upon the fulfillment of each of the conditions precedent set forth in Section 2 hereto, effective as of February 4, 2001:

1.1. The last sentence of Section 3.1(g) of the Purchase Agreement is hereby amended and restated to read as follows:

This Agreement is effective to, and shall, upon each purchase hereunder, transfer to the relevant Purchaser or Purchasers (and such Purchaser or Purchasers shall acquire from the Seller) a valid and perfected first priority Security Interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except (i) as created by this Agreement and the documents entered into in connection herewith and (ii) solely to the extent such liens secure one or more KIC Notes.

1.2. A new Section 3.4(r) which shall read as follows is hereby added to Section 3.1 of the Purchase Agreement:

"(r) Subordination. All of the obligations of Seller to Agent and Purchasers hereunder constitute "Senior Debt" under and as defined in that certain Subordination Agreement dated as of February 4, 2001 among Seller, Agent and Kohl's Investment Corp., as amended, restated supplemented or otherwise modified from time to time.

1.3. Section 5.2(d) of the Purchase Agreement is hereby amended by inserting the phrase," other than liens in favor of Kohl's Investment Corp. solely to the extent such liens secure KIC Notes immediately prior to the phrase "The Seller shall not" which appears therein.

2. Conditions Precedent to Amendment Effectiveness. The amendments and modifications set forth in Section 1 shall become effective as of date of this Amendment upon, and are expressly conditioned upon the Agent's receipt of original executed counterparts of this Amendment from the Seller, PREFCO and each Investor.

3. Representations and Warranties. In order to induce the Agent and the Investors to enter into this Amendment, the Seller hereby represents and warrants to the Investors that:

(a) The execution, delivery and performance by the Seller of this Amendment and each other document to be delivered hereunder to which it is a party, are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Seller. This Amendment has been duly executed and delivered by the Seller.

(b) This Amendment and the Existing Purchase Agreement as amended by this Amendment constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally.

(c) The representations and warranties of the Seller set forth in Article 3 of the Purchase Agreement are correct in all material respects on and as of the date hereof as though made on and as of the date hereof.

(d) As of the effectiveness of this Amendment, no Servicer Default or a Potential Servicer Default has occurred and is continuing.

4. Reference to and Effect Upon the Existing Purchase Agreement. Upon the effectiveness of this Amendment, each reference in the Existing Purchase Agreement to "the Agreement", "hereunder", "hereof", "herein", or words of like import, shall mean and be a reference to the Existing Purchase Agreement, as amended hereby, and each reference to the Existing Purchase Agreement in any other Transaction Document shall mean and be a reference to the Existing Purchase Agreement, as amended hereby.

5. Reaffirmation; Consent. Seller hereby reaffirms to the Agent and each of the Purchasers that, except as modified hereby, the Existing Purchase Agreement and all of the Transaction Documents remain in full force and effect and have not been otherwise waived, modified or amended. Except as expressly modified hereby, all of the terms and conditions of the Existing Purchase Agreement shall remain unaltered and in full force and effect.

6. Choice of Law. This Amendment shall be governed by and construed in accordance with the laws and decisions of the State of Illinois without giving effect to the conflicts of law principles thereunder.

7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. One or more counterparts of this Amendment may be delivered by telecopier, with the intention that they shall have the same effect as an original counterpart thereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers or representatives as of the date hereof.

KOHL'S DEPARTMENT STORES, INC.

By: /s/ Arlene Meier

Arlene Meier
Chief Operating Officer

PREFERRED RECEIVABLES FUNDING
CORPORATION

By: /s/ Andrew Leszczynski

Andrew Leszczynski
Authorized Signatory

INVESTORS:

Commitment

$155,000,000.00 BANK ONE, NA, as an Investor and as Agent

By: /s/ Andrew Leszczynski

Andrew Leszczynski
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Commitment

$15,000,000.00 THE BANK OF NEW YORK

By: /s/ William Barnum

Title: Vice President

Commitment

$25,000,000 COMERICA BANK

By: /s/ Kathleen Kasperek

Title: Assistant Vice President

6

Commitment

$15,000,000   FIRST UNION NATIONAL BANK

By: /s/ William F. Fox

Title: Vice President

7

Commitment

$15,000,000   FIRSTAR BANK MILWAUKEE, N.A.

By: /s/ James Spredemann

Title: Vice President

8

Exhibit 12.1

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

	Fiscal Year (1)				
	2001	2000	1999	1998	1997
Earnings					
Income before income taxes	$799,864	$605,114	$421,112	$316,749	$235,063
Fixed charges (2)	142,244	116,753	82,835	63,135	57,446
Less interest capitalized during period	(6,929)	(3,478)	(4,405)	(1,878)	(2,043)
	$935,179	$718,389	$499,542	$378,006	$290,466
Fixed Charges					
Interest (expensed or capitalized) (2)	$63,506	$52,305	$33,813	$24,550	$26,304
Portion of rent expense representative of interest	77,964	63,943	48,769	38,385	30,798
Amortization of deferred financing fees	774	505	253	200	344
	$142,244	$116,753	$82,835	$63,135	$57,446
Ratio of earnings to fixed charges	6.57	6.15	6.03	5.99	5.06

(1) Fiscal 2001, 1999, 1998 and 1997 were 52 week years and fiscal 2000 was a 53 week year.
(2) Interest expense for fiscal 1997 has been restated to properly reflect interest expense included on the Consolidated Statements of Income.

Exhibit 21.1

Subsidiaries

Name	State of Incorporation or Formation
Kohl's Department Stores, Inc.	Delaware
Kohl's Investment Corporation	Delaware
Kohl's Illinois Corporation*	Nevada
Kohl's Pennsylvania, Inc.*	Pennsylvania
Kohl's New York DC, Inc.	Nevada
Kohl's Texas, L.L.C.*	Delaware
Kohl's Texas Limited Partner, L.L.C.*	Delaware
Kohl's Texas, L.P.	Texas
Kohl's Indiana, Inc.*	Delaware
Kohl's Indiana, L.P.	Delaware

*These subsidiaries are wholly owned subsidiaries of Kohl's Department Stores, Inc.

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 #33-49886) pertaining to the 1992 Long Term Compensation Plan, in the Registration Statement (Form S-8 #333-26409) pertaining to the 1994 Long Term Compensation Plan and 1997 Stock Option Plan for Outside Directors, in the Registration Statement (Form S-8 #33-84558) pertaining to the Kohl's Corporation Employee Savings Plan, in the Registration Statement (Form S-3 #33-80323) pertaining to the Debt Offering, in the Registration Statement (Form S-3 #333-43988) pertaining to the Liquid Yield Options Subordinated Notes of Kohl's Corporation and in the Registration Statement (Form S-3 #333-83788) pertaining to a shelf registration of Kohl's Corporation securities of our report dated March 1, 2002, with respect to the consolidated financial statements and schedule of Kohl's Corporation included in this Annual Report (Form 10-K) for the year ended February 2, 2002.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
April 12, 2001

EXHIBIT 99.1

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION and RISK FACTORS.

The Company and its representatives may, from time to time, make written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events the Company expects or anticipates will occur in the future. The Company intends words such as "believes," "anticipates," " plans," "expects" and similar expressions to identify forward-looking statements. Without limiting the foregoing, those statements may relate to future revenues, earnings, store openings, market conditions, new strategies and the competitive environment. Forward-looking statements are based on management's then current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Any such forward-looking statements are qualified by the following important risk factors that could cause actual results to differ materially from those predicted by the forward-looking statements.

An investment in the Company's common stock or other securities carries certain risks. Investors should carefully consider the risks described below and other risks which may be disclosed from time to time in the Company's filings with the SEC before investing in the Company's securities.

General Economic Conditions

General economic factors that are beyond the Company's control impact the Company's forecasts and actual performance. These factors include interest rates, recession, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Changes in the economic climate could adversely affect the Company's performance.

Competitive Pressures

The retail business is highly competitive. The Company competes for customers, associates, locations, merchandise, services and other important aspects of its business with many other local, regional and national retailers. Those competitors, some of which have a greater market presence than the Company, include traditional store-based retailers, Internet and catalog businesses and other forms of retail commerce. Unanticipated changes in the pricing and other practices of those competitors may adversely affect the Company's performance.

Consumer Demand

The Company's business is dependent on the Company's ability to anticipate fluctuations in consumer demand for a wide variety of merchandise. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns and other lifestyle decisions could create inventory imbalances and adversely affect the Company's performance and long term relationships with its customers.

Weather Conditions

Because a significant portion of the Company's business is apparel and subject to weather conditions in its markets, its operating results may be unexpectedly and adversely affected. Frequent or unusually heavy snow, ice or rain storms or extended periods of unseasonable temperatures in its markets could adversely affect the Company's performance.

Seasonality

The Company's business is subject to seasonal influences, with a major portion of sales and income historically realized during the second half of the fiscal year, which includes the back-to-school and holiday seasons. This seasonality causes the Company's operating results to vary considerably from quarter to quarter and could materially adversely affect the market price of its securities.

Merchandise Sourcing

The merchandise we sell is sourced from a wide variety of domestic and international vendors. All of the Company's vendors must comply with applicable laws and the Company's required standards of conduct. The Company's ability to find qualified vendors and access products in a timely and efficient manner is a significant

challenge which is typically even more difficult with respect to goods sourced outside the United States. Political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade, and the ability to access suitable merchandise on acceptable terms are beyond the Company's control and could adversely impact the Company's performance.

Labor Conditions

The Company's performance is dependent on attracting and retaining a large and growing number of quality associates. Many of those associates are in entry level or part time positions with historically high rates of turnover. The Company's ability to meet the Company's labor needs while controlling the Company's costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics. Changes that adversely impact the Company's ability to attract and retain quality associates could adversely affect the Company's performance.

New Store Growth

The Company's plans to continue to increase the number of its stores will depend in part upon the availability of existing retail stores or store sites on acceptable terms. Increases in real estate, construction and development costs could limit the Company's growth opportunities. There can be no assurance that such stores or sites will be available to the Company for purchase or lease, or that they will be available on terms acceptable to the Company. If the Company is unable to grow its retail business, the Company's financial performance could be adversely affected.

New Markets

The Company's growth strategy is dependent upon the Company's ability to successfully execute the Company's retailing concept in new markets and geographic regions. If the Company is unable to successfully execute its retail concept in these new markets and regions, or if consumers are not receptive to the Company's concept in these markets or regions, the Company's financial performance could be adversely affected.

Regulatory and Litigation Developments

Various aspects of the Company's operations are subject to federal, state or local laws, rules and regulations, any of which may change from time to time. Additionally, the Company is regularly involved in various litigation matters that arise in the ordinary course of its business. Litigation or regulatory developments could adversely affect the Company's business operations and financial performance.

Other Factors

The foregoing list of risk factors is not exclusive. Other factors and unanticipated events could adversely affect the Company. The Company does not undertake to revise any forward-looking statement to reflect events or circumstances that occur after the date the statement is made.