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

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended February 1, 2003

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. ☒

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

At August 2, 2002, the aggregate market value of the voting stock of the Registrant held by stockholders who were not affiliates of the Registrant was approximately $21,752,000,000 (based upon the closing price of Registrant's Common Stock on the New York Stock Exchange on such date). At March 5, 2003, the Registrant had issued and outstanding an aggregate of 337,355,777 shares of its Common Stock.

Documents Incorporated by Reference:

Portions of the Proxy Statement for the Registrant's Annual Meeting of Shareholders to be held on May 1, 2003 are incorporated into Part III.

PART I

Item 1. Business

Overview

The Company operates 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 of February 1, 2003, the Company operated 457 stores. In March 2003, the Company opened 28 additional stores and operated 485 stores in 34 states as of April 1, 2003.

As used herein, the terms "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 2002 ended on February 1, 2003, and was a 52 week year. The Company was organized in 1988 and is a Wisconsin corporation.

You may obtain, free of charge, copies of this Annual Report on Form 10-K as well as the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (and amendments to those reports) filed with or furnished to the SEC as soon as reasonably practicable after such reports have been filed or furnished by accessing the Company's website at www.kohls.com, clicking on "Investor Relations," then "Financial Links," then "SEC Filings." Information contained on the Company's website is not part of this Annual Report on Form 10-K.

Expansion

The Company's expansion strategy is designed to achieve consistent growth. Since 1992, the Company has increased square footage an average of 21.9% per year, expanding from 79 stores located in the Midwest to a current total of 485 stores with a presence in six regions of the country: the Midwest, Mid-Atlantic, Northeast, Southcentral, Southeast and Southwest.

		Number of Stores			
		At Fiscal Year End			
Region	States	1992	1997	2002	As of April 1, 2003
Midwest	IA, IL, IN, MI, MN, ND, NE, OH, SD, WI	79	136	196	196
Mid-Atlantic	DE, MD, PA, VA, WV	—	28	57	57
Northeast	CT, MA, NH, NJ, NY, RI	—	4	77	77
Southcentral	AR, KS, MO, OK, TX	—	8	67	67
Southeast	AL, GA, KY, NC, SC, TN	—	6	49	49
Southwest	CO, CA	—	—	11	39
Total		79	182	457	485

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 merchandising organization and market solution teams tailor 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 457 stores the Company operated as of February 1, 2003, 138 are take-over locations, which facilitated the entry into several markets including Chicago, Detroit, Minneapolis, Columbus, 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. As of February 1, 2003, the Company operated stores in the following large and intermediate sized markets:

	Number of stores February 1, 2003
Greater New York metropolitan area	42
Chicago	37
Greater Philadelphia metropolitan area	23
Dallas/Fort Worth	21
Milwaukee	20
Atlanta	18
Washington DC	17
Minneapolis/St. Paul	16
Boston	15
Detroit	15
Cleveland/Akron	12
Houston	12
Indianapolis	12
Denver/Colorado Springs	11
Columbus	9
Hartford/New Haven	8
St. Louis	8
Cincinnati	7
Kansas City	7
Pittsburgh	7
Appleton/Green Bay	6
Charlotte	6
Grand Rapids/Kalamazoo	6
Baltimore	5
Harrisburg/Lancaster/York	5
Winston Salem/ Greensboro	5

In fiscal 2002, Kohl's opened 75 new stores including the initial entry in the Houston, TX market with 12 stores, the Boston, MA market with 15 stores, the Nashville, TN market with four stores and the Providence, RI market with four stores. In addition, 19 stores were added in the Midwest region, 11 stores in the Northeast region and 10 stores in other existing regions.

The Company opened four of these stores as a small-market test. These stores average 62,000 square feet compared to approximately 89,000 square feet for a prototype store. The smaller stores are designed to take the Kohl's concept into a smaller footprint to serve trade areas of 100,000 or less in population. The small-market test stores have a layout that is similar to the larger prototype stores and includes all departments, but with an edited merchandise assortment.

A new distribution center in San Bernardino, CA was opened in December 2002 to support the Company's planned expansion into the Southwest.

Management believes there is substantial opportunity for further growth and intends to open approximately 80 new stores in fiscal 2003. The Company entered the greater Los Angeles area with 28 stores in March. In April, the Company plans to open three stores in the San Antonio, TX market and add four stores in other existing regions. In fall of 2003, Kohl's plans to open approximately 45 new stores including entries into the Phoenix, AZ market with ten stores, Tucson, AZ with two stores, Flagstaff, AZ with one store and the Las Vegas, NV market with three stores.

During 2004, the Company plans to open approximately 95-100 new stores. The stores will open in a combination of new and existing markets. The Company will continue to expand its presence in the Southwest region, with additional stores in the greater Los Angeles area and new market entries into Sacramento, San Diego, and Fresno, CA.

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, national brand merchandise, 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 offers on-line shopping on the Company's web-site. 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 seven 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.

Location	Fiscal Year Opened	Square Footage	States Serviced	Approximate Store Capacity
Menomonee Falls, Wisconsin	1981	530,000	Illinois, Wisconsin, Northern Indiana	90
Findlay, Ohio	1994	780,000	Ohio, Michigan, Indiana, Kentucky, Tennessee, West Virginia, Alabama	120
Winchester, Virginia	1997	420,000	Pennsylvania, Georgia, North Carolina, Virginia, Maryland, South Carolina, Delaware	100
Blue Springs, Missouri	1999	540,000	Minnesota, Colorado, Missouri, Kansas, Oklahoma, Iowa, Nebraska, North Dakota, South Dakota	100
Corsicana, Texas	2001	350,000	Texas	45
Mamakating, New York	2002	605,000	New York, Connecticut, Massachusetts, New Jersey, New Hampshire, Rhode Island	100
San Bernardino, California	2002	575,000	California	110

The Company operates a 500,000 square foot fulfillment center in Monroe, Ohio that services the Company's e-commerce business.

Employees

As of February 1, 2003, the Company had approximately 75,000 employees, including approximately 19,000 full-time and 56,000 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 are 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 15% and 30% of sales occur during the back-to-school and holiday seasons, respectively. Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for 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 1, 2003, the Company operated 457 stores in 33 states. The Company owned 119 stores and leased 338 stores, which includes both operating and ground 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 42% 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 (321), community and regional malls (47), and as free standing units (89). Of the Company's stores, 421 are one-story facilities and 36 are two-story facilities.

	Number of Stores at February 1, 2003
Illinois	43
Texas	39
Ohio	38
Wisconsin	33
Michigan	27
Pennsylvania	26
New Jersey	24
Indiana	22
New York	21
Minnesota	19
Georgia	18
Virginia	14
North Carolina	14
Connecticut	13
Massachusetts	13
Maryland	12
Colorado	11
Missouri	11
Iowa	8
Tennessee	8
Kansas	7
Oklahoma	7
Kentucky	5
New Hampshire	4
Nebraska	4
Arkansas	3
Delaware	3
South Carolina	3
West Virginia	2
Rhode Island	2
Alabama	1
North Dakota	1
South Dakota	1
Total	457

The Company owns its distribution centers in Menomonee Falls, Wisconsin; Findlay, Ohio; Winchester, Virginia; Blue Springs, Missouri; Mamakating, New York and San Bernardino, California. The Company also owns its corporate headquarters in Menomonee Falls, Wisconsin. 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 2002.

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." The prices in the table set forth below indicate the high and low prices of the Common Stock for each quarter in fiscal 2002 and 2001.

	Price Range	
	High	Low
Fiscal 2002		
First Quarter	$ 76.10	$ 64.00
Second Quarter	78.74	56.25
Third Quarter	73.75	44.00
Fourth Quarter	71.70	51.10
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

(b) Holders

At March 5, 2003, there were 6,424 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. 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 (a)				
	February 1, 2003	February 2, 2002	February 3, 2001	January 29, 2000	January 30, 1999
	(Dollars in Thousands, Except Per Share and Per Square Foot Data)				
Statement of Operations Data:					
Net sales	$ 9,120,287	$ 7,488,654	$ 6,151,996	$ 4,557,112	$ 3,681,763
Cost of merchandise sold	5,981,219	4,923,527	4,056,139	3,014,073	2,447,301
Gross margin	3,139,068	2,565,127	2,095,857	1,543,039	1,234,462
Selling, general and administrative expenses	1,817,968	1,527,478	1,282,367	975,269	810,162
Depreciation and amortization	191,439	157,165	126,986	88,523	70,049
Preopening expenses	39,278	30,509	35,189	30,972	16,388
Operating income	1,090,383	849,975	651,315	448,275	337,863
Interest expense, net	56,009	50,111	46,201	27,163	21,114
Income before income taxes	1,034,374	799,864	605,114	421,112	316,749
Provision for income taxes	390,993	304,188	232,966	162,970	124,483
Net income	$ 643,381	$ 495,676	$ 372,148	$ 258,142	$ 192,266
Net income per share (b):					
Basic	$ 1.91	$ 1.48	$ 1.13	$ 0.80	$ 0.61
Diluted	$ 1.87	$ 1.45	$ 1.10	$ 0.77	$ 0.59
Operating Data:					
Comparable store sales growth (c)	5.3%	6.8%	9.0%	7.9%	7.9%
Net sales per selling square foot (d)	$ 284	$ 283	$ 281	$ 270	$ 265
Total square feet of selling space (in thousands; end of period)	34,507	28,576	23,610	18,757	15,111
Number of stores open (end of period)	457	382	320	259	213
Balance Sheet Data (end of period):					
Working capital	$ 1,776,102	$ 1,584,073	$ 1,198,600	$ 732,111	$ 559,207
Property and equipment, net	2,739,290	2,199,494	1,726,450	1,352,956	933,011
Total assets	6,315,503	4,929,586	3,855,154	2,931,047	1,936,095
Total long-term debt	1,058,784	1,095,420	803,081	494,993	310,912
Shareholders' equity	3,511,917	2,791,406	2,202,639	1,685,503	1,162,779

(a) All years presented contain 52 weeks except fiscal 2000, which contained 53 weeks.

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

(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. Fiscal 2001 comparable store sales growth compares the 52 weeks of fiscal 2001 to the 52 weeks ended January 27, 2001. Fiscal 2000 comparable store sales growth 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.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company's net income increased $147.7 million or 29.8% from $495.7 million in fiscal 2001 to $643.4 million in fiscal 2002. Net income increased $123.6 million or 33.2% in fiscal 2001 and $114.0 million or 44.2% in fiscal 2000.

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

	Fiscal Year		
	2002	2001	2000
Net sales (in thousands)	$ 9,120,287	$ 7,488,654	$ 6,151,996
Number of stores open (end of period)	457	382	320
Sales growth—all stores	21.8%	21.7%	35.0%
Sales growth—comparable stores (a)	5.3%	6.8%	9.0%
Net sales per selling square foot (b)	$ 284	$ 283	$ 281

(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 fiscal 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.

Increases in net sales primarily reflect new store openings and comparable store sales growth. On a fiscal year basis, net sales increased $1,631.6 million, or 21.8%, from $7,488.7 million in fiscal 2001 to $9,120.3 million in fiscal 2002. Net sales increased $1,275.9 million due to the opening of 75 new stores in fiscal 2002 and to the inclusion of a full year of operating results for the 62 stores opened in fiscal 2001. Comparable store sales increased $355.7 million, or 5.3%, in fiscal 2002. In fiscal 2002, the comparable store base included 320 stores.

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 sales for the 61 stores opened in fiscal 2000. Comparing the 52 weeks ended February 2, 2002 with the 53 weeks ended February 3, 2001, the Company's comparable store sales increased $297.3 million or 5.6%. On a comparable 52-week basis, comparable store sales increased 6.8% in fiscal 2001. In fiscal 2001, the comparable store base included 259 stores.

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		
	2002	2001	2000
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	65.6	65.7	65.9
Gross margin	34.4	34.3	34.1
Selling, general and administrative expenses	19.9	20.4	20.8
Depreciation and amortization	2.1	2.1	2.1
Preopening expenses	0.4	0.4	0.6
Operating income	12.0	11.4	10.6
Interest expense, net	0.6	0.7	0.8
Income before income taxes	11.4	10.7	9.8
Provision for income taxes	4.3	4.1	3.8
Net income	7.1%	6.6%	6.0%

Gross Margin. Gross margin increased $574.0 million from $2,565.1 million in fiscal 2001 to $3,139.1 million in fiscal 2002. Gross margin increased $419.2 million due to the opening of 75 new stores in fiscal 2002 and to the inclusion of a full year of operating results for the 62 stores opened in fiscal 2001. Comparable store gross margin increased $154.8 million. The Company's gross margin as a percent of net sales was 34.4% for fiscal 2002 compared to 34.3% for fiscal 2001. The increase in gross margin rate is attributable to improved gross margin rates in most merchandise categories and a favorable change in the sales mix.

Gross margin increased $469.2 million from $2,095.9 million in fiscal 2000 to $2,565.1 million 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. In fiscal 2001, the gross margin rate increase was primarily attributable to a change in the sales mix. Women's apparel and accessories, which increased in share of the business, achieve a higher than average gross margin rate.

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

	Fiscal Year		
	2002	2001	2000
Womens	32.6%	31.3%	30.1%
Mens	19.3%	20.1%	20.8%
Home	18.0%	18.5%	18.8%
Childrens	13.2%	12.8%	12.7%
Footwear	8.3%	8.8%	9.4%
Accessories	8.6%	8.5%	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 20.40% in fiscal 2001 to 19.93% in fiscal 2002. Of the 47 basis points of rate improvement, 12 basis points are due to improvement in advertising costs, 12 basis points are related to improvement in corporate expenses, 9 basis points are due to improvement in credit operations, 9 basis points are due to improvement in distribution expenses and 5 basis points are due to improvement in store operating expenses.

S,G&A expense as a percent of net sales decreased from 20.84% in fiscal 2000 to 20.40% in fiscal 2001. Of the 44 basis points of rate improvement, 35 basis points are due to improvement in store operating expenses, 13 basis points are related to improvement in corporate expenses, 7 basis points are due to improvement in advertising costs and 7 basis points are related to improvement in distribution expenses. This was offset by a decline in credit operations leverage of 18 basis points.

Depreciation and Amortization. The total amount of depreciation and amortization increased from fiscal 2001 to fiscal 2002 due to the addition of new stores, the remodeling of existing stores and the mix of owned versus leased stores. Depreciation and amortization remained constant as a percentage of net sales at 2.1% for fiscal 2001 and fiscal 2002.

Preopening Expenses. Preopening expenses are expensed as incurred and relate to the costs incurred prior to new store openings which includes 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 2002	2001	2000	Total Spending
		(In Thousands)		
2003	**$ 8,583**	$ —	$ —	$ 8,583
2002	**30,695**	4,724	—	35,419
2001	—	25,785	5,137	30,922
2000	—	—	30,052	30,052
Total	**$ 39,278**	$ 30,509	$ 35,189	$ 104,976

The average cost incurred to open the 75 stores in fiscal 2002 was $472,000 per store and the average cost incurred to open the 62 stores in fiscal 2001 was $499,000. 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 $240.4 million or 28.3% in fiscal 2002, $198.7 million or 30.5% in fiscal 2001 and $203.0 million or 45.3% in fiscal 2000 due to the factors described above.

Interest Expense. Net interest expense increased $5.9 million over fiscal 2001 to $56.0 million in fiscal 2002. The increase was primarily attributable to the $300 million aggregate principal amount of non-callable 6% unsecured senior debentures issued in November 2002 (see "Liquidity" discussion below). Net interest expense in fiscal 2001 increased $3.9 million over fiscal 2000 to $50.1 million. The increase was primarily attributable to the $300 million of non-callable unsecured senior notes issued in March 2001 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.

Income Taxes. The Company's effective tax rate was 37.8% in fiscal 2002, 38.0% in fiscal 2001 and 38.5% in fiscal 2000. The overall decline in the effective tax rates in fiscal 2002 was primarily due to the decrease in state income taxes, net of federal tax benefits, and elimination of non-deductible amortization of goodwill. The decline in the effective tax rate in fiscal 2001 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 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. Seasonal cash needs are met by financing secured by its proprietary accounts receivable and lines of credit available under its revolving credit facilities. 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 $1,776.1 million at February 1, 2003, from $1,584.1 million at February 2, 2002. The increase was primarily attributable to an increase of short-term investments, accounts receivable and inventory, offset in part by increased accounts payable and current portion of long-term debt.

The Company's short-term investments at February 1, 2003 increased $246.6 million over the February 2, 2002 balance of $229.4 million. The increase is primarily due to proceeds realized from the sale of unsecured senior debentures on November 21, 2002.

The Company's accounts receivable at February 1, 2003 increased $154.9 million over the February 2, 2002 balance. The increase is primarily due to a 31.5% increase in proprietary credit card sales offset by increased payment rates. Proprietary credit card sales as a percent of total net sales increased from 31.8% for the fiscal year ended February 2, 2002, to 34.3% for the fiscal year ended February 1, 2003. The following table summarizes information related to Kohl's proprietary credit card receivables:

	February 1, 2003	February 2, 2002
	($ In Thousands)	
Gross accounts receivable	$ 1,011,690	$ 853,726
Allowance for doubtful accounts	$ 20,880	$ 17,780
Allowance as a % of gross accounts receivable	2.1%	2.1%
Accounts receivable turnover (rolling 4 quarters) *	3.5x	3.2x

* Credit card sales divided by average quarterly gross accounts receivable

The Company's merchandise inventories increased $428.7 million over the February 2, 2002 balance of $1,198.3 million. The increase was primarily due to higher merchandise levels required to support existing stores and incremental new store locations. Accounts payable increased $215.9 million to $694.7 million at February 1, 2003, from the February 2, 2002 balance. 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.

The increase in the current portion of long-term debt from $16.4 million at the end of fiscal 2001 to $355.5 million at the end of fiscal 2002 is primarily due to the classification as short-term of $343.3 million of Liquid Yield Option Subordinated Notes (LYONs) as of February 1, 2003 (see note 4 to the consolidated financial statements).

The Company has a $225 million Receivable Purchase Agreement (RPA) with Preferred Receivables Funding Corporation, certain investors and Bank One as agent, which is renewable annually, for approximately one year intervals, at the Company's request and investors' option. Pursuant to the RPA, the Company periodically sells, generally with recourse, an undivided interest in the Company's private label credit card receivables. At February 1, 2003, and February 2, 2002, no receivables were sold. For financial reporting purposes, receivables sold are treated as secured borrowings.

Cash provided by operating activities was $669.6 million for fiscal 2002 as compared to $541.8 million for fiscal 2001, and $372.1 million for fiscal 2000.

Capital expenditures include costs for new store openings, store remodels, distribution center openings and other base capital needs. The Company's capital expenditures, including favorable lease rights, were $716.0 million during fiscal 2002, $662.0 million during fiscal 2001 and $481.0 million during fiscal 2000. The increases in annual expenditures are related to the number of new stores, the timing of new store capital spending, and the mix of owned, leased or acquired stores.

Total capital expenditures for fiscal 2003 are currently expected to be approximately $825 million. This estimate includes new store and remodel spending as well as base capital needs. The Company plans to open approximately 80 new stores in fiscal 2003. The total cash outlay required for a newly constructed leased store is approximately $5.5 million, which includes capital expenditures, preopening expenses and net working capital. The additional cash outlay required for a newly constructed owned store will vary depending upon land and sitework costs, but is expected to be approximately $8.0 million. The Company does not anticipate that its planned expansion will be limited by any restrictive covenants in its financing agreements.

In November 2002, the Company issued $300 million aggregate principal amount of non-callable 6% unsecured senior debentures due January 15, 2033. Net proceeds, excluding expenses, were $297.8 million and will be used for general corporate purposes, including continued store growth.

In July 2002, the Company executed two new unsecured revolving bank credit facilities. The first agreement consists of a $532 million facility maturing July 10, 2007. The second agreement consists of a $133 million facility maturing July 8, 2003 and renewable at the Company's request and at the banks' option. Depending on the type of advance under the new facilities, 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.

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) due 2020. 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. As the holders can put the LYONs back to the Company in 2003, such securities have been reflected as current maturities of long-term debt.

The Company anticipates that it will be able to satisfy its working capital requirements, planned capital expenditures, and debt service requirements with available cash and short-term investments, 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 $665 million revolving credit facilities 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.

Contractual Obligations

The Company has aggregate contractual obligations of $5,711.2 million related to debt repayments, capital leases and operating leases as follows:

	Fiscal Year						
	2003	2004	2005	2006	2007	Thereafter	Total
	(In Thousands)						
Long-term debt	$ 353,402	$ 10,135	$ 138	$ 100,416	$ 373	$ 895,291	$ 1,359,755
Capital leases (a)	2,062	2,014	2,181	2,422	2,729	43,085	54,493
Operating leases	232,419	255,511	251,258	242,751	242,626	3,072,389	4,296,954
Total	$ 587,883	$ 267,660	$ 253,577	$ 345,589	$ 245,728	$ 4,010,765	$ 5,711,202

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

The Company also has outstanding letters of credit and stand-by letters of credit that total approximately $20.4 million and $2.0 million, respectively, at February 1, 2003. If certain conditions were met under these arrangements, the Company would be required to satisfy the obligations in cash. Due to the nature of these arrangements and based on historical experience, the Company does not expect to make any significant payments. Therefore, they have been excluded from the preceding table.

Critical Accounting Policies and Estimates

Allowance for Doubtful Accounts

The Company evaluates the collectibility of accounts receivable based on a combination of factors, namely aging and historical trends. 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 $20.9 million or 2.1% of gross receivables at February 1, 2003, $17.8 million or 2.1% of gross receivables at February 2, 2002 and $9.3 million or 1.3% of gross receivables at February 3, 2001. The components of the allowance for doubtful accounts are as follows:

	Fiscal Year Ended		
	February 1, 2003	February 2, 2002	February 3, 2001
	(In Thousands)		
Accounts Receivable—Allowances:			
Balance at Beginning of Year	**$ 17,780**	$ 9,282	$ 7,171
Charged to Costs and Expenses	**43,739**	41,284	22,677
Deductions—Bad Debts Written off, Net of Recoveries and Other Allowances	**(40,639)**	(32,786)	(20,566)
Balance at End of Year	**$ 20,880**	$ 17,780	$ 9,282

Retail Inventory Method and Inventory Valuation

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

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

Vendor Allowances

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

Reserve Estimates

The Company uses a combination of insurance and self-insurance for a number of risks including workers' compensation, general liability and employee-related health care benefits, a portion of which is paid by its associates. The Company determines the estimates for the liabilities associated with these risks by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from the current assumptions and historical trends. Under its workers' compensation and general liability insurance policies, the Company retains the initial risk of $500,000 and $250,000, respectively, per occurrence.

Capital versus Operating Leases

The Company evaluates all lease agreements in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases," to determine whether a lease is operating or capital. The Company reviews the fair market value as well as the useful life of the related assets. Both of these assumptions are subject to estimation.

The senior management of the Company has discussed the development and selection of the above critical accounting estimates with the audit committee of the Company's board of directors.

New Accounting Pronouncements

The FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," in April 2002. This statement addresses the determination as to whether a transaction should be reported as an extraordinary item or reported in normal earnings. The adoption of this statement did not have an impact on the Company's results of operations or financial position presented in this report.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective for disposal activities initiated after December 31, 2002. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized, at fair value, when the liability is incurred rather than at the time an entity commits to a plan. The Company did not incur any new liability related to a disposal cost or exit activity between adoption of this statement on January 1, 2003, and the end of the fiscal year on February 1, 2003. The Company does not expect the adoption of SFAS No. 146 to have a significant impact on its results of operations or financial position.

The Emerging Issues Task Force released Issue No. 02-16, “Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor” in November 2002, applicable to fiscal years beginning after December 15, 2002. The Company records vendor allowances and discounts in the income statement when the purpose for which those monies were designated is fulfilled. As such, the Company does not expect the release to have a significant effect on its results of operations or financial position.

Forward-Looking Information/Risk Factors

Items 1, 3, 5 and 7 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. Forward-looking statements relate to the date made, and the Company undertakes no obligation to update them.

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 1, 2003, the Company’s long-term debt, excluding capital leases, was $1,359.8 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 may refinance such debt at then existing market interest rates, which may be more or less than interest rates on the maturing debt. If interest rates on the existing fixed rate debt outstanding at February 1, 2003, changed by 100 basis points, the Company’s annual interest expense would change by $13.6 million.

During fiscal 2002, average borrowings under the Company’s variable rate revolving credit facilities and its short-term financing of its proprietary accounts receivable were $47.4 million. If interest rates on the average fiscal 2002 variable rate debt changed by 100 basis points, the Company’s annual interest expense would change by $474,000, 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. Directors and Executive Officers of Registrant

The information set forth under "Election of Directors" on pages 1-3, under "Director Committees and Compensation" on pages 3-4, under "Compliance with Section 16(a) of the Exchange Act" on page 9 and under "Code of Ethical Standards" on page 10 of the Proxy Statement for the Registrant's Annual Meeting of Shareholders to be held on May 1, 2003 is incorporated herein by reference.

The executive officers of the Company are as follows:

Name	Age	Position
R. Lawrence Montgomery	54	Chairman, Chief Executive Officer and Director
Kevin Mansell	50	President and Director
Arlene Meier	50	Chief Operating Officer, Treasurer and Director
Donald A. Brennan	42	Executive Vice President—Merchandise Planning and Allocation
Beryl J. Buley	41	Executive Vice President—Stores
Patricia Johnson	45	Executive Vice President—Chief Financial Officer
John Lesko	50	Executive Vice President—Administration
Richard Leto	51	Executive Vice President—General Merchandise Manager and Product Development
Jack Moore	48	Executive Vice President—General Merchandise Manager
Richard D. Schepp	42	Executive Vice President—General Counsel and Secretary
Don Sharpin	54	Executive Vice President—Human Resources
Gary Vasques	55	Executive Vice President—Marketing

Mr. Montgomery was elected Chairman of the Board in February 2003. He 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 has 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 32 years of experience in the retail industry.

Mr. Mansell has 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 28 years of experience in the retail industry.

Ms. Meier has 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 27 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 21 years of experience in the retail industry.

Mr. Buley has served as Executive Vice President of Stores since April 2001 and in other management positions since joining the Company in 1988. Mr. Buley has 20 years of experience in the retail industry.

Ms. Johnson has 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. Ms. Johnson has seven years of experience in the retail industry.

Mr. Lesko has served as Executive Vice President—Administration since November 2000 and in other management positions since joining the Company in November 1997. Mr. Lesko has 28 years of experience in the retail industry.

Mr. Leto has served as Executive Vice President—General Merchandise Manager since July 1996 and added Product Development to his existing responsibilities in February 1999. Mr. Leto has 30 years of experience in the retail industry.

Mr. Moore has 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. Mr. Moore has 26 years of experience in the retail industry.

Mr. Schepp has 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 as Senior Vice President, General Counsel. Mr. Schepp has 11 years of experience in the retail industry.

Mr. Sharpin has served as Executive Vice President—Human Resources since August 1998 and in other management positions since joining the Company in 1988. Mr. Sharpin has 24 years of experience in the retail industry.

Mr. Vasques has served as Executive Vice President—Marketing since 1997. He joined the Company in December 1995 as Senior Vice President, Marketing. Mr. Vasques has 33 years of experience in the retail industry.

Item 11. Executive Compensation

The information set forth under “Executive Compensation” on pages 7-10 and “Compensation Committee Interlocks and Insider Participation” on page 4 of the Proxy Statement for the Registrant’s Annual Meeting of Shareholders to be held on May 1, 2003, is incorporated herein by reference. Compensation of directors as set forth under “Director Committees and Compensation” on pages 3-4 of the Proxy Statement for the Registrant’s Annual Meeting of Shareholders to be held on May 1, 2003 is incorporated herein by reference.

Item 12. Beneficial Ownership of Stock and Related Stockholder Matters

The information set forth under “Beneficial Ownership of Shares” on pages 5-6 and under “Equity Compensation Plan Information” on page 8 of the Proxy Statement for the Registrant’s Annual Meeting of Shareholders to be held on May 1, 2003, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under “Other Transactions” on pages 9-10 of the Proxy Statement for the Registrant’s Annual Meeting of Shareholders to be held on May 1, 2003, is incorporated herein by reference.

Item 14. Controls and Procedures

(a) The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (the "Evaluation") as of the last day of the period covered by this Report. Based upon the Evaluation, the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective, alerting them to material information required to be disclosed in our periodic reports filed with the SEC. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

(b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the Evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 15. Principal Accountant Fees and Services

The information set forth under "Fees Paid to Ernst & Young LLP" on page 15 of the the Proxy Statement for the Registrant's Annual Meeting of Shareholders to be held on May 1, 2003, is incorporated herein by reference.

PART IV

Item 16. 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-20, 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 filed two reports on Form 8-K in the fourth fiscal quarter. On November 18, 2002, Kohl's filed a report dated November 14, 2002, under Items 5 and 7 with its third quarter earnings release attached. On November 20, 2002, the Company filed a report dated November 18, 2002, under Item 7, disclosing the terms of the Underwriting Agreement dated November 18, 2002, by and between Kohl's and Morgan Stanley & Co. Incorporated, acting severally on behalf of themselves and other underwriters named in that agreement. The second Form 8-K was filed in compliance with the Company's undertaking in its registration statement on Form S-3, Reg. No. 333-83788.

The Exhibit Index has been omitted from 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

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Consolidated Financial Statements	
Report of Independent Auditors	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Income	F-4
Consolidated Statement of Changes in Shareholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
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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 1, 2003 and February 2, 2002, 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 1, 2003. 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 1, 2003 and February 2, 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 1, 2003, 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.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Accounting Standards No. 142 "Goodwill and Other Intangible Assets" on February 3, 2002.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
February 26, 2003

KOHL'S CORPORATION

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

	February 1, 2003	February 2, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 90,085**	$ 106,722
Short-term investments	**475,991**	229,377
Accounts receivable trade, net of allowance for doubtful accounts of $20,880 and $17,780, respectively	**990,810**	835,946
Merchandise inventories	**1,626,996**	1,198,307
Deferred income taxes	**56,693**	52,292
Other	**43,519**	41,400
Total current assets	**3,284,094**	2,464,044
Property and equipment, net	**2,739,290**	2,199,494
Favorable lease rights, net	**180,420**	174,860
Goodwill	**9,338**	9,338
Other assets	**102,361**	81,850
Total assets	**$ 6,315,503**	$ 4,929,586
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 694,748**	$ 478,870
Accrued liabilities	**315,630**	259,598
Income taxes payable	**142,150**	125,085
Current portion of long-term debt	**355,464**	16,418
Total current liabilities	**1,507,992**	879,971
Long-term debt	**1,058,784**	1,095,420
Deferred income taxes	**171,951**	114,228
Other long-term liabilities	**64,859**	48,561
Shareholders' equity:		
Common stock-$.01 par value, 800,000,000 shares authorized, 337,322,102 and 335,138,497 shares issued, respectively	**3,373**	3,351
Paid-in capital	**1,082,277**	1,005,169
Retained earnings	**2,426,267**	1,782,886
Total shareholders' equity	**3,511,917**	2,791,406
Total liabilities and shareholders' equity	**$ 6,315,503**	$ 4,929,586

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)

	Fiscal Year Ended		
	February 1, 2003	February 2, 2002	February 3, 2001
Net sales	**$ 9,120,287**	$ 7,488,654	$ 6,151,996
Cost of merchandise sold	**5,981,219**	4,923,527	4,056,139
Gross margin	**3,139,068**	2,565,127	2,095,857
Operating expenses:			
Selling, general and administrative	**1,817,968**	1,527,478	1,282,367
Depreciation and amortization	**191,439**	151,965	121,786
Goodwill amortization	—	5,200	5,200
Preopening expenses	**39,278**	30,509	35,189
Total operating expenses	**2,048,685**	1,715,152	1,444,542
Operating income	**1,090,383**	849,975	651,315
Other expense (income):			
Interest expense	**59,449**	57,351	49,332
Interest income	**(3,440)**	(7,240)	(3,131)
Income before income taxes	**1,034,374**	799,864	605,114
Provision for income taxes	**390,993**	304,188	232,966
Net income	**$ 643,381**	$ 495,676	$ 372,148
Net income per share:			
Basic	**$ 1.91**	$ 1.48	$ 1.13
Diluted	**$ 1.87**	$ 1.45	$ 1.10

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands)

	Common Stock				
	Shares	Amount	Paid-In Capital	Retained Earnings	Total Shareholders' Equity
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
Exercise of stock options	**2,184**	**22**	**31,277**	—	**31,299**
Income tax benefit from exercise of stock options	—	—	**45,831**	—	**45,831**
Net income	—	—	—	**643,381**	**643,381**
Balance at February 1, 2003	**337,322**	**$3,373**	**$1,082,277**	**$ 2,426,267**	**$ 3,511,917**

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Fiscal Year Ended		
	February 1, 2003	**February 2, 2002**	**February 3, 2001**
Operating activities			
Net income	**$ 643,381**	$ 495,676	$ 372,148
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**192,410**	157,939	127,491
Deferred income taxes	**53,322**	17,211	427
Amortization of debt discount	**9,381**	9,110	5,782
Changes in operating assets and liabilities:			
Accounts receivable trade, net	**(154,864)**	(154,690)	(176,246)
Merchandise inventories	**(428,689)**	(195,017)	(208,851)
Other current assets	**(2,119)**	(15,801)	(4,432)
Accounts payable	**215,878**	78,931	63,507
Accrued and other long-term liabilities	**77,988**	79,337	44,168
Income taxes	**62,896**	69,121	148,081
Net cash provided by operating activities	**669,584**	541,817	372,075
Investing activities			
Acquisition of property and equipment and favorable lease rights, net	**(715,968)**	(662,011)	(480,981)
Net purchase of short-term investments	**(246,614)**	(180,777)	(21,100)
Other	**(32,473)**	(28,520)	(25,036)
Net cash used in investing activities	**(995,055)**	(871,308)	(527,117)
Financing activities			
Net repayments of short-term debt	—	(5,000)	(80,000)
Proceeds from public debt offering, net	**297,759**	299,503	319,379
Repayments of other long-term debt, net	**(16,772)**	(16,424)	(12,094)
Payments of financing fees on debt	**(3,452)**	(1,615)	(7,109)
Net proceeds from issuance of common shares	**31,299**	36,128	45,879
Net cash provided by financing activities	**308,834**	312,592	266,055
Net (decrease) increase in cash and cash equivalents	**(16,637)**	(16,899)	111,013
Cash and cash equivalents at beginning of year	**106,722**	123,621	12,608
Cash and cash equivalents at end of year	**$ 90,085**	$ 106,722	$ 123,621

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Accounting Policies

Business

As of February 1, 2003, Kohl's Corporation (the Company) operated 457 family oriented, specialty department stores located in 33 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 1, 2003 (fiscal 2002), February 2, 2002 (fiscal 2001) and February 3, 2001 (fiscal 2000). Fiscal 2002 and 2001 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 2002 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.

Accounts Receivable Trade

The Company evaluates the collectibility of accounts receivable based on a combination of factors, namely aging and historical trends. 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.

1. Business and Summary of Accounting Policies (continued)

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 $4,980,000 higher at February 1, 2003, and $7,110,000 higher at February 2, 2002, if they would have been valued using the first-in, first-out (FIFO) method.

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	8-40 years
Store fixtures and equipment	3-15 years
Property under capital leases	5-40 years

Construction in progress includes land and improvements for locations not yet opened and for the expansion and remodel of existing locations in process 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 $9,820,000, $6,929,000 and $3,478,000 in 2002, 2001 and 2000, 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 $39,712,000 at February 1, 2003, and $32,181,000 at February 2, 2002. The favorable lease rights balance at February 1, 2003 includes $13,175,000 related to stores acquired in 2002 that are expected to open in 2003 and 2004. Amortization will begin when the respective stores are opened.

Long-Lived Assets

The Company annually considers whether indicators of impairment of long-lived assets held for use (including favorable lease rights) are present and if such indicators are present determines 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 1, 2003, and February 2, 2002, and determined that there was no significant impact on the Company's results of operations.

1. Business and Summary of Accounting Policies (continued)

Goodwill

During June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." The Company adopted this statement on February 3, 2002. Under SFAS No. 142, goodwill is no longer amortized and instead is subject to fair value based impairment tests that need to be performed at least annually. The Company completed the impairment test as of the adoption date and for our 2002 annual audit and determined there was no impairment of existing goodwill. In accordance with SFAS No. 142, the Company ceased amortization of its remaining goodwill and the remaining balance of goodwill is $9.3 million. Under SFAS No. 142, the Company would have had $5.2 million of additional pretax income and net income for fiscal years 2001 and 2002, and the impact on basic and diluted earnings per share is summarized below:

	Fiscal Year		
	2002	2001	2000
		(In Thousands, Except Per Share Data)	
Reported net income	**$ 643,381**	$ 495,676	$ 372,148
Goodwill amortization	—	5,200	5,200
Adjusted net income	**$ 643,381**	$ 500,876	$ 377,348
Basic earnings-per-share			
Reported net income per share	**$ 1.91**	$ 1.48	$ 1.13
Goodwill amortization	—	0.02	0.01
Adjusted net income per share	**$ 1.91**	$ 1.50	$ 1.14
Diluted earnings-per-share			
Reported net income per share	**$ 1.87**	$ 1.45	$ 1.10
Goodwill amortization	—	0.02	0.02
Adjusted net income per share	**$ 1.87**	$ 1.47	$ 1.12

Comprehensive Income

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

Revenue Recognition

Revenue from sales of the Company's merchandise at its stores is recognized at the time of sale, net of any returns. E-Commerce sales are recorded upon the shipment of merchandise.

Vendor Allowances

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

Advertising

Advertising costs, included in selling, general and administrative expenses, are expensed as incurred and totaled $314,901,000, $267,274,000 and $223,717,000 in fiscal 2002, 2001 and 2000, respectively.

1. Business and Summary of Accounting Policies (continued)

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		
	2002	**2001**	**2000**
		(In Thousands)	
Numerator for basic earnings per share—net earnings	**$ 643,381**	$ 495,676	$ 372,148
Interest expense related to convertible notes, net of tax	**5,739**	5,562	—(b)
Numerator for diluted earnings per share	**$ 649,120**	$ 501,238	$ 372,148
Denominator for basic earnings per share—weighted average shares	**336,676**	334,141	330,204
Impact of dilutive employee stock options (a)	**6,106**	6,857	7,871
Shares issued upon assumed conversion of convertible notes	**3,946**	3,946	—(b)
Denominator for diluted earnings per share	**346,728**	344,944	338,075

(a) In 2002 and 2001, 4,201,020 and 4,583,237 options, respectively, were not included in the earnings per share calculation as the impact of such options was antidilutive.

(b) The convertible debt securities are not included in the computation of fiscal 2000 diluted earnings per share as their impact is antidilutive.

Stock Options

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation— Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 requires expanded and more prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method on reported results.

As of February 1, 2003, the Company had two long-term compensation plans which are described in Note 8. The Company has not adopted a method under SFAS No. 148 to expense stock options but rather continues to apply the recognition and measurement provisions of Accounting Principals Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for those plans. No stock-based employee compensation expense is reflected in fiscal 2002, 2001, and 2000 net income as all options granted under those plans had an exercise price equal to the market value of the underlying common stock at the date of grant. The following table illustrates the pro forma effect on net income and earnings per share assuming the fair value recognition provisions of SFAS No. 123 would have been adopted for options granted since fiscal 1995.

1. Business and Summary of Accounting Policies (continued)

	Fiscal Year		
	2002	2001	2000
		(In Thousands, Except Per Share Data)	
Net income as reported	**$ 643,381**	$ 495,676	$ 372,148
Less total stock-based employee compensation expense determined under fair value method for all awards, net of tax	**34,945**	30,050	23,530
Pro forma net income	**608,436**	465,626	348,618
Impact of interest on convertible debt, net of tax	**5,739**	5,562	—
Pro forma diluted net income	**$ 614,175**	$ 471,188	$ 348,618
Net income per share:			
Basic—as reported	**$ 1.91**	$ 1.48	$ 1.13
Basic—pro forma	**$ 1.81**	$ 1.39	$ 1.06
Diluted—as reported	**$ 1.87**	$ 1.45	$ 1.10
Diluted—pro forma	**$ 1.78**	$ 1.38	$ 1.04

The weighted-average fair values of options granted during fiscal 2002, 2001 and 2000 were estimated using a Black-Scholes option-pricing model to be $26.24, $29.11 and $30.00, respectively. The model uses the following assumptions for all years: risk free interest rate between 4.0%-6.0%; dividend yield of 0%; volatility factors of the Company's common stock of 30-40%; and a 6-8 year expected life of the option.

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

New Accounting Pronouncements

The FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," in April 2002. This statement addresses the determination as to whether a transaction should be reported as an extraordinary item or reported in normal earnings. The adoption of this statement did not have an impact on the Company's results of operations or financial position presented in this report.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective for disposal activities initiated after December 31, 2002. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized, at fair value, when the liability is incurred rather than at the time an entity commits to a plan. The Company did not incur any new liability related to a disposal cost or exit activity between adoption of this statement on January 1, 2003, and the end of the fiscal year on February 1, 2003. The Company does not expect the adoption of SFAS No. 146 to have a significant impact on its results of operations or financial position.

The Emerging Issues Task Force released Issue No. 02-16, "Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor" in November 2002, applicable to fiscal years beginning after December 15, 2002. The Company records vendor allowances and discounts in the income statement when the purpose for which those monies were designated is fulfilled. As such, the Company does not expect the release to have a significant effect on its results of operations or financial position.

2. Selected Balance Sheet Information

Property and equipment consist of the following:

	February 1, 2003	February 2, 2002
	(In Thousands)	
Land	**$ 283,302**	$ 217,058
Buildings and improvements	**1,812,470**	1,372,836
Store fixtures and equipment	**904,561**	738,759
Property under capital leases	**58,982**	54,862
Construction in progress	**296,969**	306,467
Total property and equipment	**3,356,284**	2,689,982
Less accumulated depreciation	**616,994**	490,488
	$ 2,739,290	$ 2,199,494

Depreciation expense for property and equipment totaled $165,173,000, $131,899,000 and $107,083,000 for fiscal 2002, 2001 and 2000, respectively.

Accrued liabilities consist of the following:

	February 1, 2003	February 2, 2002
	(In Thousands)	
Payroll and related fringe benefits	**$ 64,711**	$ 56,332
Sales and property taxes	**69,840**	53,923
Other accruals	**181,079**	149,343
	$ 315,630	$ 259,598

3. Accounts Receivable Financing

The Company has an agreement with Preferred Receivables Funding Corporation, certain investors and Bank One as agent under which 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 agreement runs through December 18, 2003, and is renewable for one year intervals at the Company's request and the investors' option. No receivables were sold as of February 1, 2003, or February 2, 2002. For financial reporting purposes, receivables sold are treated as secured borrowings.

The cost of the current financing program is based on the bank's conduit commercial paper rate, approximately 1.3% and 1.8% at February 1, 2003 and February 2, 2002, 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.

3. Accounts Receivable Financing (continued)

Revenues from the Company's credit program, net of operating expenses, are summarized in the following table:

	Fiscal Year		
	2002	2001	2000
		(In Thousands)	
Finance charges and other income	**$ 155,580**	$ 126,492	$ 103,018
Operating expenses:			
Provision for doubtful accounts	**43,739**	41,284	22,677
Other credit and collection expenses	**44,429**	36,615	29,561
Total operating expenses	**88,168**	77,899	52,238
Net revenue of credit program included in selling, general and administrative expenses	**$ 67,412**	$ 48,593	$ 50,780

4. Debt

Long-term debt consists of the following:

	Maturing	February 1, 2003		February 2, 2002	
		Weighted Average Effective Rate	Amount	Weighted Average Effective Rate	Amount
			($ In Thousands)		
Notes and debentures:					
Senior debt					
Through 2004		6.57%	$ 20,000	6.57%	$ 35,000
2006 (a)		6.70%	100,000	6.70%	100,000
2011 (a)		6.59%	399,595	6.59%	399,545
2029 (a)		7.36%	197,595	7.36%	197,503
2033 (a)		6.05%	297,772	—	—
Subordinated debt 2020 (b)		2.75%	343,271	2.75%	334,045
Total notes and debentures		5.62%	1,358,233	5.53%	1,066,093
Capital lease obligations			54,493		44,699
Other			1,522		1,046
Less current portion			(355,464)		(16,418)
Long-term debt			$1,058,784		$1,095,420

(a) Non-callable and unsecured notes and debentures.

(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. 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 1, 2003, and February 2, 2002, is reflected in the above table. As the holders can put the LYONs back to the Company in 2003, such securities have been reflected as current maturities of long-term debt.

4. Debt (continued)

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 $1,462.7 million at February 1, 2003, and $1,124.0 million at February 2, 2002.

The Company executed two new unsecured revolving bank credit facilities in July 2002. The first agreement consists of a $532 million facility maturing July 10, 2007. The second agreement consists of a $133 million facility maturing July 8, 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 on these facilities as of February 1, 2003. The Company also has outstanding letters of credit and stand-by letters of credit that total approximately $20.4 million and $2.0 million, respectively at February 1, 2003 and February 2, 2002.

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

Interest payments, net of amounts capitalized, were $42,539,000, $41,639,000 and $46,450,000 in fiscal 2002, 2001 and 2000, respectively.

Annual maturities of long-term debt, excluding capital lease obligations, for the next five years are: $353,402,000 in 2003; $10,135,000 in 2004; $138,000 in 2005; $100,416,000 in 2006 and $373,000 in 2007.

5. Commitments

The Company leases certain property and equipment. Rent expense charged to operations was $208,073,000, $177,153,000 and $145,617,000 in fiscal 2002, 2001 and 2000, respectively. Rent expense includes contingent rents, based on sales, of $4,025,000, $3,901,000 and $3,521,000 in fiscal 2002, 2001 and 2000, respectively. In addition, 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. These items are not included in the rent expenses listed above.

Property under capital leases consists of the following:

	February 1, 2003	February 2, 2002
	(In Thousands)	
Buildings and improvements	**$ 57,685**	$ 54,862
Equipment	**1,297**	—
Less accumulated amortization	**14,282**	20,009
	$ 44,700	$ 34,853

In 2002, the Company entered into capital leases totaling $12.0 million.

Amortization expense related to capital leases totaled $1,864,000, $1,800,000 and $1,867,000 for fiscal 2002, 2001 and 2000, respectively.

5. Commitments (continued)

Future minimum lease payments at February 1, 2003, are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
Fiscal Year:		
2003	$ 7,312	$ 232,419
2004	7,135	255,511
2005	7,067	251,258
2006	7,067	242,751
2007	7,120	242,626
Thereafter	66,041	3,072,389
	$ 101,742	$ 4,296,954
Less amount representing interest	47,249	
Present value of minimum lease payments	$ 54,493	

Included in the operating lease schedule above is $1,166.3 million of minimum lease payments for stores that will open in 2003 and 2004.

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 $10,933,000, $8,535,000 and $6,315,000 in fiscal 2002, 2001 and 2000, 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 $4,987,000, $4,147,000 and $3,670,000 in fiscal 2002, 2001 and 2000, 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 $7,316,000, $6,210,000 and $5,198,000 in fiscal 2002, 2001 and 2000, respectively.

7. Income Taxes

Deferred income taxes consist of the following:

	February 1, 2003	February 2, 2002
	(In Thousands)	
Deferred tax liabilities:		
Property and equipment	$ 193,273	$ 133,844
Deferred tax assets:		
Merchandise inventories	**39,369**	38,156
Accrued and other liabilities	**27,796**	23,398
Accrued step rent liability	**10,850**	10,354
	78,015	71,908
Net deferred tax liability	**$ 115,258**	$ 61,936

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

	Fiscal Year		
	2002	2001	2000
		(In Thousands)	
Current federal	**$ 300,128**	$ 258,195	$ 204,989
Current state	**37,543**	28,782	27,550
Deferred	**53,322**	17,211	427
	$ 390,993	$ 304,188	$ 232,966

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		
	2002	2001	2000
Provision at statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**2.9**	3.1	3.4
Goodwill amortization	—	0.2	0.3
Other	**(0.1)**	(0.3)	(0.2)
Provision for income taxes	**37.8%**	38.0%	38.5%
Amounts paid for income taxes (in thousands)	**$ 274,724**	$ 218,831	$ 85,063

8. Preferred and Common Stock

The Company's authorized capital stock consists of 800,000,000 shares of $.01 par value common stock and 10,000,000 shares of $.01 par value preferred stock. As of March 5, 2003, 337,355,777 shares of common stock and no shares of preferred stock were issued and outstanding.

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 for Outside Directors 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:

8. Preferred and Common Stock (continued)

	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 2, 2002	295,901	7,324,662	297,000	7,917,563
February 1, 2003	—	7,486,710	288,000	7,774,710

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

The following table summarizes the Company's stock options at February 1, 2003, February 2, 2002, and February 3, 2001, and the changes for the years then ended:

	Number of Options	Weighted Average Exercise Price
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
Granted	333,788	67.30
Surrendered	(494,711)	53.75
Exercised	(2,183,605)	14.36
Balance at February 1, 2003	18,909,268	$ 31.70

In prior years, annual stock option awards were granted by the Company in the month of January. In fiscal 2002, the Company determined that annual awards to eligible associates will now be considered in the first quarter of each year. Therefore, annual awards for fiscal 2002 were granted to the eligible associates subsequent to the end of fiscal 2002. All awards to outside directors during fiscal 2002 were granted under the 1997 plan.

Options exercisable at:

	Shares	Weighted Average Exercise Price
February 1, 2003	12,851,841	$ 24.33
February 2, 2002	11,907,265	$ 18.32
February 3, 2001	11,508,871	$ 13.20

8. Preferred and Common Stock (continued)

Additional information related to options outstanding at February 1, 2003, segregated by exercise price range, is summarized below:

	Exercise Price Range		
	$4.05 to $10.49	$10.50 to $35.49	$35.50 to $77.62
Options outstanding	5,984,412	5,200,789	7,724,067
Weighted average exercise price of options outstanding	$ 6.68	$ 25.08	$ 55.55
Weighted average remaining contractual life of options outstanding (years)	2.5	10.4	13.0
Options exercisable	4,820,062	4,652,714	3,379,065
Weighted average exercise price of options exercisable	$ 6.60	$ 24.30	$ 49.67

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 2002				
	First	Second	Third	Fourth	Total
	(In Thousands Except Per Share Data)				
Net sales	$ 1,870,588	$ 1,921,830	$ 2,143,390	$ 3,184,479	$ 9,120,287
Gross margin	656,767	687,057	744,293	1,050,951	3,139,068
Net income	106,621	124,388	133,421	278,951	643,381
Basic shares	335,858	336,662	336,923	337,175	336,676
Basic net income per share	$ 0.32	$ 0.37	$ 0.40	$ 0.83	$ 1.91
Diluted shares	342,615	343,439	346,766(a)	346,943(a)	346,728(a)
Diluted net income per share	$ 0.31	$ 0.36	$ 0.39(b)	$ 0.81(b)	$ 1.87(b)

	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(b)

(a) Diluted shares include 3,946,000 shares related to the assumed conversion of convertible debt securities.

(b) For the periods noted, the earnings per share is calculated using the "if converted" method. The net income in the calculation of 2002 diluted earnings per share is $134,856,000 for the third quarter, $280,402,000 for the fourth quarter, and $649,120,000 for the fiscal year, which includes interest on convertible debt securities, net of tax, of $1,435,000, $1,451,000, and $5,739,000, respectively. The net income calculation of fiscal 2001 diluted earnings per share is $235,233,000 for the fourth quarter and $501,238,000 for the fiscal year, which includes interest on convertible debt securities, net of tax, of $1,411,000 and $5,562,000, respectively.

10. Quarterly Financial Information (Unaudited) (continued)

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 (Credit) Expense	**2002**	**2001**
	(In Thousands)	
First	**$ 2,243**	$ 1,786
Second	**2,305**	1,819
Third	**2,571**	2,112
Fourth	**(9,249)**	(3,458)
Total year	**$ (2,130)**	$ 2,259

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.

Included in total rent expense above is rent incurred on store leases with various entities owned or controlled by Herbert Simon or his affiliates. Mr. Simon was a director of the Company until February, 2003. The amounts of such expense were $5,752,000, $4,407,000 and $4,253,000 in fiscal 2002, 2001 and 2000, respectively.

KOHL'S CORPORATION

SCHEDULE II

Valuation and Qualifying Accounts

	Fiscal Year Ended		
	February 1, 2003	February 2, 2002	February 3, 2001
		(In Thousands)	
Accounts Receivable—Allowances:			
Balance at Beginning of Year	$ 17,780	$ 9,282	$ 7,171
Charged to Costs and Expenses	43,739	41,284	22,677
Deductions—Bad Debts Written off, Net of Recoveries and Other Allowances	(40,639)	(32,786)	(20,566)
Balance at End of Year	$ 20,880	$ 17,780	$ 9,282

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

By: /S/ R. LAWRENCE MONTGOMERY

R. Lawrence Montgomery
Chairman and Director

Dated: March 21, 2003

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 R. Lawrence Montgomery *Chairman, Chief Executive Officer and Director (Principal Executive Officer)*	/s/ WILLIAM S. KELLOGG William S. Kellogg *Director*
/S/ KEVIN MANSELL Kevin Mansell *President and Director*	/s/ ARLENE MEIER Arlene Meier *Chief Operating Officer, Treasurer and Director*
/s/ JAY H. BAKER Jay H. Baker *Director*	Steven A. Burd *Director*
/s/ WAYNE EMBRY Wayne Embry *Director*	/s/ JAMES D. ERICSON James D. Ericson *Director*
/s/ JOHN F. HERMA John F. Herma *Director*	Frank Sica *Director*
/s/ JUDY SPRIESER Judy Sprieser *Director*	/s/ PETER M. SOMMERHAUSER Peter M. Sommerhauser *Director*
/s/ R. ELTON WHITE R. Elton White *Director*	/s/ PATRICIA JOHNSON Patricia Johnson *Executive Vice President,* *Chief Financial Officer* *(Principal Financial and Accounting Officer)*

Dated: March 21, 2003

CERTIFICATIONS

I, R. Lawrence Montgomery, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/S/ R. LAWRENCE MONTGOMERY
R. Lawrence Montgomery
Chief Executive Officer
(Principal Executive Officer)

I, Patricia Johnson, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/s/ PATRICIA JOHNSON
Patricia Johnson
Chief Financial Officer
(Principal Financial Officer)

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	364-Day Credit Agreement dated as of July 10, 2002 among the Company, the lenders party thereto, Bank One, NA, as Syndication Agent, U.S. Bank, National Association, Wachovia Bank, National Association and Fleet National Bank, as Co-Documentation Agents and The Bank of New York, as Administrative Agent, incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 2002.
4.2	Five-Year Credit Agreement dated as of July 10, 2002 among the Company, the lenders party thereto, Bank One, NA, as Syndication Agent, U.S. Bank, National Association, Wachovia Bank, National Association and Fleet National Bank, as Co-Documentation Agents, and The Bank of New York as Issuing Bank, Swing Line Lender and Administrative Agent, incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 2002.
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.*
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 2003 Long-Term Compensation Plan.*

10.11 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.*

10.12 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.*

10.13 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.*

10.14 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. *

10.15 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. *

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.

99.2 Certification of Periodic Report by Chief Financial Officer pursuant to U.S.C. Section 1350.

99.3 Certification of Periodic Report by Chief Executive Officer pursuant to U.S.C. Section 1350.

* A management contract or compensatory plan or arrangement.

EXHIBIT 10.1

KOHL'S CORPORATION

AMENDED & RESTATED

DEFERRED COMPENSATION PLAN

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KOHL'S CORPORATION

AMENDED & RESTATED

DEFERRED COMPENSATION PLAN

WHEREAS, Kohl's Department Stores, Inc. ("KDS") established the 1993 Non-Qualified Deferred Compensation Plan as amended; and

WHEREAS, Kohl's Corporation desires to amend and restate the Kohl's Corporation Deferred Compensation Plan as a master plan to permit certain of its and its affiliate entities' senior management employees to provide supplemental retirement income benefits through the deferral of salary, bonus and incentive compensation; and

WHEREAS, KDS, a subsidiary of Kohl's Corporation, desires to amend and restate the 1993 Non-Qualified Deferred Compensation Plan, as amended, to conform to the provisions of this Kohl's Corporation Deferred Compensation Plan;

NOW, THEREFORE, Kohl's Corporation and KDS hereby adopt, amend and restate, as the case may be, effective November 13, 2002, as follows:

ARTICLE I

TITLE AND DEFINITIONS

1.1. Title. This Plan shall be known as the Kohl's Corporation Deferred Compensation Plan.

1.2. Definitions. Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meaning specified below:

a) "Account" or "Accounts" shall mean a Participant's Deferral Account.

b) "Base Salary" shall mean a Participant's annual base salary, excluding Performance Bonuses, Equity Share Awards and all other remuneration for services rendered to the Company.

c) "Beneficiary" or "Beneficiaries" shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the death of a Participant. No beneficiary designation shall become effective until it is filed with the Committee. Any designation shall be revocable at any time through a written instrument filed by the Participant with the Committee with or without the consent of the previous Beneficiary. If there is no such designation, then the surviving spouse of the Participant shall be the Beneficiary. If there is no surviving spouse to receive any benefits

payable in accordance with the preceding sentence, the estate of the Participant shall be the Beneficiary. In the event any amount is payable under the Plan to a minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within sixty (60) days after the date the amount becomes payable (or such extended period as the Committee determines is reasonably necessary to allow such guardian to be appointed), payment shall be deposited with the court having jurisdiction over the estate of the minor. The Company may condition any payment hereunder on the receipt of such release as the Company may request. Payment by the Company pursuant to any unrevoked Beneficiary designation, or to the spouse or estate of the Participant if no such designation exists, of all benefits owed hereunder shall terminate any and all liability of Company.

d) "Board of Directors" shall mean the Board of Directors of the Company.

e) "Code" shall mean the Internal Revenue Code of 1986, as amended.

f) "Committee" shall mean the Committee appointed by the Board of the Company to administer the Plan.

g) "Company" shall mean Kohl's Corporation and any successor corporations and each corporation which is an "affiliate" member of a controlled group of corporations (within the meaning of Section 414(b) of the Code) of which Kohl's Corporation is a component member, if the Board of the Company and the Board of Directors of the applicable corporation provides that such corporation shall participate in the Plan.

h) "Compensation" shall mean Base Salary, Performance Bonuses, Equity Share Awards and other compensation that the Participant is entitled to receive for services rendered to the Company.

i) "Competition with the Company" means that a Participant, directly or indirectly, whether as a partner, officer, director, employee, manager, consultant or otherwise, during the one (1) year period following the Participant's Termination of Employment performs services for any organization which is or owns or provides advice to a retail department or retail specialty store selling goods competitive with the Company or any of its affiliates in any area which is within five (5) miles of any retail store operated by the Company or any of its affiliates.

j) "Credit Rate" for each Fund shall mean an amount equal to the net gain or loss on the assets deemed invested in each Fund by the Participant during each month.

k) "Declining Balance Method" is the method by which the Account is to be distributed in installments (a "Distribution") to a Participant or his beneficiary following the Termination of a Participant. According to the Declining Balance Method, a Distribution will be equal to a portion of the Account remaining undistributed immediately prior to the Distribution multiplied by a fraction, the numerator of which shall be one (1) and the denominator of which shall be the number of periods during which Distributions remain to be paid, including the period for which

the Distribution is being computed. Section V below shall govern the duration of each period and the number of periods over which amounts credited to Accounts may be distributed.

l) "Deferral Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Compensation the Participant elects to defer; and (2) net earnings and losses on such amount as provided herein; less (3) prior withdrawals, forfeitures and expenses allocated by the Committee to the Deferral Account of the Participant.

m) "Dependent" shall mean an individual described in Section 152(a) of the Code.

n) "Disability," if the Participant is covered by an individual or group long-term policy paid for by the Company, shall mean total disability as defined in such policy without regard to any waiting period. If the Participant is covered by both an individual and a group policy, Disability occurs under this Plan when total disability occurs under either the individual or the group policy, also without regard to any waiting period. If the Participant is not covered by such a policy, Disability shall mean the Participant is suffering a sickness, accident or injury which, in the judgment of a physician satisfactory to the Committee, prevents the Participant from performing substantially all of his/her normal duties for the Company. As a condition to any benefits, the Committee may require the Participant to submit to such physical or mental evaluations and tests as the Committee deems appropriate.

o) "Distributable Amount" shall mean the amounts credited to the Deferral Account of a Participant.

p) "Early Distribution" (Unscheduled In-Service Withdrawal), "Programmed Early Distribution" (Scheduled In-Service Withdrawals), and "Hardship Withdrawals" shall be in-service withdrawals with different applications. (See Article V, Sections 5.2, 5.3 and 5.4 respectively).

q) "Effective Date" shall mean August 1, 1998, the effective date of this amendment, restatement and adoption.

r) "Eligible Employee" shall mean such management employees that are actively employed by the Company on a full time basis as are designated by the Board for participation in this Plan.

s) "Equity Share Award" shall mean amounts payable to a Participant under the terms of the Equity Incentive Plan of Kohl's Department Stores, Inc., the Management Incentive Plan of Kohl's Department Stores, Inc., and such other incentive compensation arrangements as the Committee determines to be eligible to be included as an Equity Share Award.

t) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

u) "Fund" or "Funds" shall mean one or more of the investment funds selected by the Committee from time to time.

v) "Initial Election Period" for an Eligible Employee shall mean the period from August 20, 1997 to September 30, 1997, or, if later, the thirty (30) day period following the date the employee initially becomes an Eligible Employee.

w) "Participant" shall mean any Eligible Employee who becomes a Participant in accordance with Article II hereof.

x) "Payment Date" shall mean on the last day of the Company's fiscal quarter (or such other date determined by the Committee) following the Company's fiscal quarter in which Participant's Termination of Employment occurred.

y) "Performance Bonuses" shall mean the performance bonus earned during a Plan Year, whether or not paid during such Plan Year as such performance bonuses may be determined by the Company.

z) "Plan" shall mean the Kohl's Corporation Deferred Compensation Plan set forth herein, as amended from time to time.

aa) "Plan Year" shall mean the twelve (12) consecutive monthly periods beginning on January 1 and ending on December 31 of each year, or such shorter period beginning on the date an Eligible Employee becomes a Participant and ending on the last day of the calendar year.

bb) "Policy" shall mean any insurance policy purchased in connection with this Plan.

cc) "Reasonable Cause" shall mean any of the following with respect to the Participant's position of employment with the Company:

(i) Gross negligence, fraud or willful violation of any law or significant Company policy committed in connection with the position of the Participant with the Company; or

(ii) Failure to substantially perform (for reasons other than Disability) the duties reasonably assigned or appropriate to the position of the Participant.

dd) "Retirement" shall mean:

(i) for employees hired before August 31, 1988, the date on which an employee attains age 65;

(ii) for employees hired after August 31, 1988, the later of the date on which an employee attains age 65 or the fifth anniversary of the employee's participation in the Company's retirement program; or

(iii) such other ages and length of service the Committee shall from time to time determine to allow Participants to qualify for normal retirement under the Plan.

ee) "Early Retirement" shall mean the date on which an employee has been employed by the Company for ten (10) years on or after the employee attains age 55.

ff) "Termination of Employment" shall mean the Participant ceases to be actively employed by the Company for any reason on a full time basis.

gg) "Trust" shall mean the Trust created by the Company into which the Company shall deposit funds pursuant to paragraph 4.2 of the Plan.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1. Eligibility. The Board shall from time to time determine the employees of the Company that are Eligible Employees. The Committee shall promptly notify each employee of the Company designated as an Eligible Employee of his/her right to participate in the Plan. The designation of an employee of the Company as an Eligible Employee for any Plan Year shall not confer upon such employee a right to continue as an Eligible Employee in any other Plan Year.

2.2. Participant. A Participant in the Kohl's Department Stores, Inc. 1993 Deferred Compensation Plan immediately prior to the Effective Date shall continue such participation as a Participant in this Plan. An employee of the Company who was an Eligible Employee prior to the Effective Date, but not a Participant, may become a Participant in accordance with rules established by the Committee. An employee of the Company who becomes an Eligible Employee may become a Participant in the Plan in accordance with rules established by the Committee.

ARTICLE III

DEFERRAL ELECTIONS

3.1. Elections to Defer Compensation.

a) General Rule. The amount of Compensation which an Eligible Employee may elect to defer is Compensation earned on or after the effective date of the election by the Eligible Employee to defer in accordance with this Article III. The Eligible Employee shall generally be eligible to defer a percentage or dollar amount of compensation which shall not exceed one hundred percent (100%) of the Eligible Employee's Compensation, provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to an amount in excess of the amount required to satisfy social security tax (including Medicare and any other applicable tax or similar assessment), income tax and employee benefit plan withholding requirements as determined by the Committee. The minimum deferral that may be made for any Plan Year by an Eligible Employee shall not be less than Five Thousand Dollars ($5,000.00), provided, however, the minimum deferral for the Initial Election Period for participation pursuant to 3.1 shall be prorated based on the number of months of participation remaining in the calendar year.

b) Initial Election Period. The Committee shall establish rules regarding (i) the participation by employees of the Company who were not Eligible Employees prior to the Effective Date; (ii) the participation of employees of the Company who were Eligible Employees prior to the Effective Date but were not Participants; and (iii) additional deferrals of compensation by previous Participants.

c) Annual Election. An employee's election during the Initial Election Period to defer Base Salary shall be in effect for all Plan Years unless on or before December 15th of the year prior to the applicable year the Participant changes or terminates his/her election and such amended election shall be applicable until amended or revoked as provided herein. An Eligible Employee's election during the Initial Election Period to defer any other Compensation shall be in effect only for the Plan Year to which such election relates. Any subsequent election with respect to Compensation must be filed by December 15th of the year prior to the year the Compensation is earned. The failure to make an election with respect to any other Compensation earned during the Plan Year shall result in no deferral of Compensation for such Plan Year. The Committee shall from time to time promulgate rules applicable to elections to defer Compensation.

d) Duration of Compensation Deferral Election. An Eligible Employee's initial election in accordance with this Plan shall be effective on the first day of the first pay period beginning after such Initial Election Period. An Eligible Employee's election after the Initial Election Period in accordance with this Plan shall be effective on the first day of the Plan Year following such election.

3.2. Investment Elections.

a) The Committee shall from time to time select types of investment Funds and specific Funds available for investment designation by Participants with respect to Deferral Accounts. The Committee shall notify Participants of the type of Funds and the specific Funds selected from time to time. At the time of making the deferral elections described in Section 3.1, each Participant shall designate, on a form provided by the Committee, the types of investment funds the Account of the Participant will be deemed to be invested in for purposes of determining the Credit Rate to be credited to that Account. In making the designation, a Participant may specify that all or any percentage of his/her Deferral Account (in one percent (1%) or more whole percentage increments) be deemed to be invested in one or more of the types of investment funds selected by the Committee.

Effective as of the end of any calendar month, a Participant may change the investment designation made by filing an election by the 25th day of any calendar month, on a form provided by the Committee, or, if available, by making the change in investment designation on-line, on a web site established for this purpose. Such change shall be effective as of the beginning of the next calendar month. If a Participant fails to timely elect a type of Fund, he/she shall be deemed to have elected the money market type of investment Fund or such other Fund as the Committee may from time to time designate as the Fund to be employed if no timely election is made. A Participant may make investment elections either prior to or after Termination of Employment, or

in the event of a Participant's death, the Beneficiary designated by the Participant may make investment elections.

b) Although the Participant may designate the type of investment Funds, the Committee shall not be bound to invest such amount in any specific Fund and shall have no liability to Participants for failure to so invest. The Committee shall select from time to time, in its sole discretion, commercially available investment Funds of the investment types determined from time to time by the Committee. The Committee may from time to time select alternate Funds in addition to or in replacement of Funds previously selected. The Credit Rate of each such commercially available investment fund shall be used to determine the amount of earnings or losses to be credited to the Account of the Participant.

ARTICLE IV

ACCOUNTS AND TRUST FUNDING

4.1. Deferral Accounts. The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("Investment Fund Subaccounts"), each of which corresponds to an investment Fund selected by the Participant. A Participant's Deferral Account shall be credited as follows:

a) As of the last day of each month, the Committee shall credit the Participant's Deferral Account with an amount equal to Compensation deferred by the Participant during each pay period occurring in that month in accordance with the deferral election of the Participant. Compensation that the Participant has elected to be deemed to be invested in a certain type of Fund shall be credited to the Investment Fund Subaccount as of the end of the month.

b) As of the last day of each month, each Investment Fund Subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Investment Fund Subaccount as of the last day of the preceding month by the Credit Rate for the applicable month for the corresponding Fund in which the amount is deemed invested.

4.2. Trust Funding. The Company has created a Trust into which the Company shall deposit amounts equal to the amounts deferred by Participants. The Company shall cause the Trust to be funded each month. The Company shall contribute to the Trust an amount equal to the amount deferred by each Participant for each month during the Plan Year.

Although the principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and except as otherwise provided herein, shall be used exclusively for the uses and purposes of Plan Participants and beneficiaries as set forth therein, neither the Participants nor their beneficiaries shall have any preferred claim on, or any beneficial ownership in, any assets of the Trust prior to the time such assets are paid to the Participants or beneficiaries as benefits and all amounts credited under this Plan shall represent unsecured contractual rights of Plan Participants and beneficiaries against the Company. Any assets held in

the Trust will be subject to the claims of general creditors of the Company under federal and state law in the event of insolvency as defined in the Trust.

Except as provided above and except for amounts forfeited by a Participant hereunder, the assets of the Plan and Trust shall not inure to the benefit of the Company other than in the case of insolvency as defined in the Trust and the same shall be held for the purpose of providing benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan and Trust.

ARTICLE V

DISTRIBUTION OF DEFERRED COMPENSATION

5.1. Distribution Due to Termination of Employment. In the case of a Termination of Employment of a Participant, the Distributable Amount shall be paid to the Participant (and after his/her death to his/her Beneficiary) in the form of calendar quarterly installments over fifteen years (15) years beginning on his/her Payment Date on the Declining Balance Method. Notwithstanding the foregoing, a Participant described in the preceding sentence may elect one of the following optional forms of distribution provided that his/her election is filed with the Committee at least one (1) year prior to his/her Termination of Employment:

a) A lump sum distribution on the Participant's Payment Date; or

b) Calendar quarterly installments over a period of whole years as selected by the Participant which is at least one (1) year but not more than fourteen (14) years beginning on the Participant's Payment Date on the Declining Balance Method.

Notwithstanding any election by a Participant, in the event (X) a Participant's employment is terminated (i) voluntarily by the Participant (but not as a result of Retirement or Early Retirement); or (ii) by the Company for Reasonable Cause, (Y) the Participant engages in Competition with the Company following Termination of Employment, or (Z) the Participant's Distributable Amount at any time following Termination of Employment is not more than Twenty-Five Thousand Dollars ($25,000.00), the Committee may determine that such Participant Distributable Amount shall be paid in a lump-sum distribution.

c) In the case of a Participant who dies while employed by the Company, the Company will pay the Participant such additional benefit, if any, as the Committee may from time to time determine to pay from insurance benefits as a result of the death of the Participant.

d) In the event a Participant dies after his Termination of Employment and still has a balance in his/her Deferral Account, the balance of such Deferral Account shall continue to be paid in quarterly installments for the remainder of the period as elected by the Participant to the Beneficiary designated by the Participant.

5.2. Early Distribution. A Participant shall be permitted to elect an Early Distribution from his/her Deferral Account prior to the Payment Date, subject to the following restrictions:

a) The election to take an Early Distribution shall be made by completing a form prescribed by and filed with the Committee prior to the end of any calendar month (the "Filing").

b) A Participant shall specify the amount the Participant has elected for Early Distribution. The amount of the Early Distribution shall in all cases not exceed ninety percent (90%) of the total Deferral Account as of the end of the calendar month during which request is made. A Participant who elects an Early Distribution shall permanently forfeit an amount equal to ten percent (10%) of the amount elected for Early Distribution from such Participant's Deferral Account. The Company shall have no obligations to the Participant or his/her Beneficiary with respect to any forfeited amount.

c) The amount described in subsection (b) above shall be paid in a single cash lump sum as soon as practicable after the end of the calendar month in which the Early Distribution election is made.

d) If a Participant receives an Early Distribution, the Participant will be ineligible to participate in the Plan for the balance of the Plan year during which the Early Distribution occurs and for the following Plan Year.

5.3. Programmed Early Distributions. A Participant shall be permitted to elect a Programmed Early Distribution from his/her Deferral Account prior to the Payment Date, subject to the following restrictions:

a) The election to take a Programmed Early Distribution shall be made by submitting a Filing requesting such Distribution prior to the end of any calendar month;

b) The amount of the Programmed Early Distribution shall be as specified in the Filing;

c) The amount described in Subsection (b), above, shall be paid in a single lump sum on the date set forth in the Filing, but in no event prior to the end of the twenty-fourth (24th) full month after submittal of the Filing by Participant;

d) So long as the balance in Participant's Deferred Account is a minimum of $25,000 at the time of Participant's election to do so, Participant may elect to receive the amount described in subsection (b) above in not less than two (2) and no more than five (5) annual equal installments, payable over the period specified by Participant in the Filing, commencing at the end of the twenty-fourth (24th) full month after submittal of the Filing by Participant;

e) If a Participant receives an Early Distribution, the Participant will be ineligible to participate in the Plan for the balance of the Plan year during which the Early Distribution occurs and for the following Plan Year.

5.4. Hardship Withdrawals.

a) Any Participant who has been determined by the Committee to have incurred a "Financial Hardship" as defined herein may request and receive a withdrawal of all or part of his/her Account balance.

b) In the event a Participant desires to withdraw an amount as a Financial Hardship withdrawal:

1) The Participant shall deliver a request for such withdrawal to the Committee setting forth the amount requested and the factual basis for such hardship request. The request for withdrawal shall be in a form which complies with requirements, if any, established by the Committee.

2) If the Participant's request for Financial Hardship withdrawal is approved by the Committee, the distribution shall be made on the last day of the month following such approval and the Participant shall be ineligible to participate in the Plan for the balance of the Plan Year.

3) If the Participant's request for Financial Hardship withdrawal is denied by the Committee, in whole or in part, the Committee shall notify the Participant of such denial.

c) "Financial Hardship" is defined as an immediate and significant financial need of the Participant where such Participant lacks other available resources. Notwithstanding the foregoing, only the following financial needs shall be considered immediate and significant:

1) Expenses incurred due to a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant;

2) Loss of the Participant's property due to casualty; or

3) Such other similar, extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

d) Notwithstanding the foregoing, a distribution will be considered as necessary to satisfy an immediate and significant financial need of the Participant only if such need has not and cannot be relieved:

1) Through reimbursement or compensation by insurance or otherwise;

2) By liquidation of the assets of the Participant, to the extent the liquidation of such assets would not itself cause severe financial hardship;

3) Be cessation of deferrals under the Plan; or

4) By borrowing funds from any source, to the extent such borrowing of funds would not itself cause severe financial hardship.

5.5. Other Amounts. Any amounts not required to be paid to the Participants hereunder shall belong to the Company and no Participants shall have any rights thereto.

ARTICLE VI

ADMINISTRATION

6.1. Committee. The Committee shall be appointed by, and serve at the pleasure of, the Board. The number of members comprising the Committee shall be determined by the Board from time to time. A member of the Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member. Vacancies in the membership of the Committee shall be filled promptly by the Board.

6.2. Committee Action. The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if a written consent to the action is signed by all members of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself/herself as a Participant. The chairman or any other member or members of the Committee designated by the chairman may execute any certificate or other written direction on behalf of the Committee.

6.3. Powers and Duties of the Committee. The Committee shall administer the Plan in accordance with its terms, and shall have all powers necessary to accomplish its purposes including, but not by way of limitation, the following:

a) To select the types of investments and the Funds in accordance with Section 3.2 hereof;

b) To construe and interpret the provisions of this Plan;

c) To compute the amount of benefits payable to Participants and their Beneficiaries.

d) To maintain all records that may be necessary for the administration of the Plan;

e) To provide for the disclosure of all information and the filing of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

f) To make and publish rules, definitions and procedures for administration of the Plan;

g) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe; and

h) To take all actions necessary or in its best interests for the administration of the Plan.

6.4. Committee and Interpretation. The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties including, but not limited to, the Company and any Participant or Beneficiary.

6.5. Compensation and Expenses.

a) The members of the Committee shall serve without compensation for their services hereunder.

b) The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. The Committee may require Participants to pay expenses and fees incurred in connection with the administration of the Plan. To the extent authorized by Company, expenses and fees in connection with the administration of the Plan shall be paid by the Company.

6.6. Liability. Neither the Committee nor any member of the Committee nor the Company nor any other person who is acting on behalf of the Committee or the Company shall be liable for any act or failure to act hereunder except for gross negligence or fraud. Such persons shall be indemnified and held harmless against any and all claims, damages, liabilities, costs and expenses (including attorneys' fees) arising by reason of any good faith error of omission or commission with respect to any responsibility, duty or action hereunder.

6.7. Quarterly Statements. The Committee, under procedures established by it, shall provide a statement with respect to each Account of the Participant on a quarterly basis.

6.8. Disputes.

a) An individual who believes that he/she is being denied a benefit to which he/she is entitled under this Plan (hereinafter referred to as "Claimant") may file a written request for such benefit with the Committee setting forth his/her claim. The request must be addressed to the Chairman of the Committee at its then principal place of business.

b) Upon receipt of a claim, the Committee shall deliver a reply within a ninety (90) day period after receipt of the claim. The Committee may, however, extend the reply period for an additional ninety (90) days by notice to the Claimant.

If the claim is denied in whole or in part, the Committee shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial; and (ii) appropriate information as to the procedure to be followed if the Claimant wishes to submit the claim for review.

c) Within sixty (60) days after the receipt by the Claimant of the opinion of the Committee, the Claimant may request in writing that the Company review the determination of the Committee. Such request must be addressed to the secretary of the Company at its then principal place of business. The Claimant or his/her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for

consideration by the Company. If the Claimant does not request a review within such sixty (60) day period, the Claimant shall be barred and estopped from challenging the Committee's determination.

d) Within ninety (90) days after the Company's receipt of a request for review, after considering all materials presented by the Claimant, the Company will inform the Participant in writing, in a manner calculated to be understood by the Claimant, of its decision setting forth the specific reasons for the decision. If special circumstances require that the ninety (90) day time period be extended, the Company will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred eighty (180) days after receipt of the request for review. The decision of the Company shall be final, binding and conclusive upon Claimant.

ARTICLE VII

MISCELLANEOUS

7.1. Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims or interest in any specific property or assets of the Company. No assets of the Company shall be held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Deferral Accounts shall remain the Company's assets and shall remain the general unpledged and unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company that this Plan be unfunded for purposes of the Code and for purposes of Title I of ERISA.

7.2. Restriction Against Assignment. The Company shall pay all amounts payable hereunder only to the person or persons designated according to the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, engagements of any Participant, his/her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, commute, assign, pledge, encumber, or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its sole discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

7.3. Withholding. There shall be deducted from each payment made under the Plan or any other Compensation payable to the Participant (or Beneficiary) all taxes which are required to be withheld by the Company in respect to such payment or this Plan. The Company shall have the right to reduce any payment (or Compensation) by the amount of cash sufficient to provide the amount of said taxes.

7.4. Amendment, Modification, Suspension or Termination. The Company may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Account (neither the Policies themselves, nor the death benefit shall be treated as allocated to any Account). In the event this Plan is terminated (other than as a result of a Change in Control, as defined in the Trust), the amounts allocated to a Participant's Account shall be distributed to the Participant or, in the event of his/her death, his/her Beneficiary in a lump sum within thirty (30) days following the date of Plan termination.

Notwithstanding any provision contained in the Plan, in the event of a Change in Control, as defined in the Trust, the provisions of the Trust with regard to actions which may be taken in the event of a Change in Control shall prevail over the terms and conditions set forth in the Plan. Notwithstanding anything contained in the Plan or the Trust and notwithstanding any election made by a Participant, all elections to defer Compensation made by a Participant for amounts earned subsequent to a Change in Control shall terminate and be of no force or effect.

7.5. Governing Law. This Plan shall be construed, governed and administered in accordance with the laws of the State of Wisconsin.

7.6. Receipt or Release. Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

7.7. Payments on Behalf of Persons Under Incapacity. In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefor, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person.

7.8. No Continued Right to Employment. The designation of a key employee as an Eligible Employee under this Plan shall not be construed as conferring upon such employee any right to remain employed by the Company or obligate the Company to continue the employment of the employee or limit the right of the Company to discipline the employee or terminate the employee's employment. Termination of Employment of the Participant with the Company for any reason, whether by action of the Company or employee, shall immediately terminate the employee's participation in the Plan and all further obligations of the Company under the Plan to the employee, except for obligations incurred prior to Termination of Employment. In no event shall this Plan, by its terms or implication, constitute an employment contract of any nature between the Company and the employee.

7.9. Information. Each person, whether a Participant, a duly designated beneficiary of a Participant, a guardian or any other person, entitled to receive payment under the Plan shall provide the Committee with such information or documents as the Committee may from time to time deem necessary or in its best interests in administering the Plan.

EXHIBIT 10.10

KOHL'S CORPORATION

2003 LONG-TERM COMPENSATION PLAN

1. Purpose

The purpose of the Plan is to allow the Company to attract and retain key employees and directors of the Company and its subsidiaries and to provide motivation to these individuals to put forth maximum efforts toward the continued growth, profitability, and success of the Company and its Subsidiaries by providing incentives through the ownership and performance of the Company's Common Stock. Toward this objective, the Committee may grant various equity-based Awards to Participants on the terms and subject to the conditions set forth in the Plan. These Awards will provide Participants with a proprietary interest in the growth and performance of the Company.

2. Definitions

2.1. "Award" means any form of stock option, stock appreciation right, Stock Award, performance unit, performance shares or other incentive award granted under the Plan, whether singly, in combination, or in tandem, to a Participant by the Committee pursuant to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish by the Award Agreement or otherwise.

2.2. "Award Agreement" means a written agreement between the Company and a Participant that establishes the terms, conditions, restrictions, and/or limitations applicable to an Award in addition to those established by this Plan and by the Committee's exercise of its administrative powers.

2.3. "Board" means the Board of Directors of the Company.

2.4. "Cause" means termination of employment or service as a director upon: (1) a Participant's repeated failure to perform his or her duties in a competent, diligent and satisfactory manner as determined by the Company's Chief Executive Officer in his reasonable judgment, (2) insubordination, (3) a Participant's commission of any material act of dishonesty or disloyalty involving the Company or a Subsidiary, (4) a Participant's chronic absence from work other than by reason of a serious health condition, (5) a Participant's commission of a crime which substantially relates to the circumstances of his or her position with the Company or a Subsidiary or which has material adverse effect on the Company or a Subsidiary, or (6) the willful engaging by a Participant in conduct which is demonstrably and materially injurious to the Company or a Subsidiary.

2.5. "Change of Control" shall have the meaning set forth in Paragraph 18 below.

2.6. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.7. "Committee" means the Compensation Committee of the Board, or such other committee of directors designated by the Board, authorized to administer the Plan under Paragraph 3 hereof. Membership of the Committee shall consist of not less than two (2) independent directors and shall otherwise comply with the requirements of the rules and regulations of the Securities and Exchange Commission, the stock exchange on which the Company's Common Stock is traded, Rule 16b-3 of the Exchange Act and Code Section 162(m).

2.8. "Common Stock" means $.01 par value common shares of the Company.

2.9. "Company" means Kohl's Corporation, a Wisconsin corporation.

2.10. "Disability" means the inability of a Participant to perform his or her normal duties as a full-time employee of the Company or a Subsidiary for a continuous period of ninety (90) days by reason of physical or mental illness or incapacity. If there is any dispute as to whether the termination of the

Participant's employment was due to his or her physical or mental illness or incapacity, such question shall be submitted to a licensed physician for the purpose of making such determination. An examination of the Participant shall be made within thirty (30) days after written notice by the Committee or the Participant by a licensed physician selected by the Committee. The Participant shall submit to such examination and provide such information as such physician may request and the determination of such physician as to the question of the Participant's physical or mental condition shall be binding and conclusive on all parties concerned for purposes of this Plan. The disability shall be deemed to be continuing unless the Participant performs his or her regular duties for his or her employer for a continuous period of ninety (90) days.

2.11. "Exchange Act" means the Securities and Exchange Act of 1934, as amended.

2.12. "Market Value" of Common Stock shall mean the closing sale price of Common Stock on the New York Stock Exchange - Composite Transactions, the American Stock Exchange - Composite Transactions or other national or regional exchange, or the mean of the closing bid and asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers Automatic Quotation System ("NASDAQ").

2.13. "Participant" means an employee or member of the Board of Directors of the Company or a Subsidiary chosen by the Committee to receive an Award under this Plan.

2.14. "Plan" means the Kohl's Corporation 2003 Long Term Compensation Plan.

2.15. "Retirement" means a Participant's termination of employment or service as a director other than for Cause after the later to occur of (a) attainment of age sixty (60); or (b) service with the Company and/or a Subsidiary for a continuous period of ten (10) years.

2.16. "Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act, as it may be amended from time to time, and any successor rule.

2.17. "Stock Award" means an award granted pursuant to Paragraph 10 hereof in the form of shares of Common Stock, restricted shares of Common Stock, and/or Units of Common Stock.

2.18. "Subsidiary" means a corporation or other business entity in which the Company directly or indirectly has a significant ownership interest, as determined by the Committee, in the Committee's sole discretion.

2.19. "Unit" means a bookkeeping entry used by the Company to record and account for the grant of the following Awards until such time as the Award is paid, cancelled, forfeited or terminated, as the case may be: Units of Common Stock, performance units, and performance shares which are expressed in terms of Units of Common Stock.

3. Administration

The Plan shall be administered by the Committee. Subject to the terms of the Plan, the Committee shall have the authority to: (a) interpret the Plan; (b) establish such rules and regulations as it deems necessary for the proper operation and administration of the Plan; (c) select Participants to receive Awards under the Plan; (d) determine the form of an Award, whether a stock option, stock appreciation right, Stock Award, performance unit, performance share, or other incentive award established by the Committee in accordance with the Plan, the number of shares or Units subject to the Award, all the terms, conditions, restrictions and/or limitations, if any, of an Award, including the time and conditions of exercise or vesting, and the terms of any Award Agreement; (e) determine whether Awards will be granted singly, in combination or in tandem; (f) determine the performance goals, if any, which will be applicable to the Award; (g) grant waivers of Plan terms, conditions, restrictions, and limitations; (h) accelerate the vesting, exercise, or payment of an Award or the performance period of an Award when such action or actions would be in the best interest of the Company; and (i) take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan. In addition, in order to enable Participants who are foreign nationals or are employed outside the United States or both to receive Awards under the Plan, the Committee may adopt such amendments, procedures, regulations, subplans and the like as are necessary or advisable, in the opinion of the Committee, to effectuate the purposes of the Plan.

The Committee shall also have the authority to grant Awards in replacement of Awards previously granted under this Plan or any other executive compensation plan of the Company or a Subsidiary.

All determinations of the Committee shall be made by a majority of its members, and its determinations shall be final, binding and conclusive on the Company, Participants and any persons claiming an interest through a Participant. The Committee, in its discretion, may delegate

its authority and duties under the Plan to the Chief Executive Officer and/or to other senior officers of the Company under such conditions and/or limitations as the Committee may establish; provided, however, that only the Committee may select and grant Awards to Participants who are subject to Section 16 of the Exchange Act.

4. Eligibility

Any employee or member of the Board of Directors of the Company or a Subsidiary chosen by the Committee shall be eligible to receive an Award.

5. Shares Available

The aggregate number of shares of Common Stock which may be issued under the Plan pursuant to the exercise or grant of Awards shall not exceed 15,000,000 shares of Common Stock, subject to adjustment as provided in Paragraph 20 hereof, all of which may be incentive stock options. Shares of Common Stock issued hereunder may be treasury shares or authorized but unissued shares, or a combination of the two. In no event (a) shall the aggregate number of shares subject to Awards granted under the Plan that are not stock options or stock appreciation rights, as set forth in Paragraphs 8 and 9 hereof respectively, exceed 7,500,000 shares (subject to adjustment as provided in Paragraph 20 hereof), (b) shall any Participant be eligible to receive options or SARs, as defined in Paragraph 9, below, for more than 1,500,000 shares during any twelve-month period (subject to adjustment as provided in Paragraph 20 hereof), or (c) shall any one Participant be eligible to receive an aggregate amount of Awards, other than options or SARs, in an amount in excess of $2,500,000 (valuing the shares of Common Stock at their Market Value and other Awards at their fair market value as determined by the Committee in its sole discretion, on the business day immediately preceding the date of grant) during any twelve-month period. For purposes of determining the maximum number of shares available for issuance under the Plan, (i) any shares which are used in settlement of tax withholding obligations with respect to an Award shall be deemed not to have been issued, (ii) if any option is exercised by tendering shares of Common Stock, either actually or by attestation, to the Company as full or partial payment for such exercise under this Plan, only the number of shares issued net of the shares tendered shall be deemed issued, and (iii) any shares which have been issued as Stock Awards or performance shares, as set forth in Paragraph 12 hereof, which are forfeited to the Company shall be treated, following such forfeiture, as shares which have not been issued.

6. Term

The Plan shall become effective as of the date of its approval by the Company's shareholders. Awards shall not be granted pursuant to the Plan after March 1, 2013.

7. Participation

The Committee shall select, from time to time, those Participants who, in the opinion of the Committee, can further the Plan's purposes. Once a Participant is so selected, the Committee shall determine the type or types of Awards to be made to the Participant and shall establish in the related Award Agreements the terms, conditions, restrictions and/or limitations, if any, applicable to the Awards in addition to those set forth in this Plan and the administrative rules and regulations issued by the Committee. Notwithstanding the foregoing, the term of Awards granted pursuant to the Plan shall not exceed fifteen (15) years, with the exception of incentive stock options, where the term shall not exceed ten (10) years (five (5) years in the case of a greater than 10% shareholder).

8. Stock Options

(a) Grants. Awards may be granted in the form of stock options. These stock options may be incentive stock options within the meaning of Section 422 of the Code or nonqualified stock options (i.e., stock options which are not incentive stock options), or a combination of both.

(b) Terms and Conditions of Options. An option shall be exercisable in whole or in such installments and at such times as may be determined by the Committee. The price at which a share of Common Stock may be purchased upon exercise of a stock option shall be established by the Committee, but shall be no less than 100% of the Market Value of a share of Common Stock, as determined by the Committee, on the date of grant. The exercise price of a stock option shall not be reduced by the Committee other than pursuant to Paragraph 20 hereof, without the consent of the Company's shareholders.

(c) Restrictions Relating to Incentive Stock Options. Stock options issued in the form of incentive stock options shall, in addition to being subject to all applicable terms, conditions, restrictions and/or limitations established by the Committee, comply with Section 422 of the Code. Further, the per share option price of an incentive stock option shall not be less than 100% (or 110% in the case of a greater than 10% shareholder) of the fair market value of a share of Common Stock, as determined by the Committee, on the date of the grant. Also, each option shall expire not later than ten years (or five years in the case of a 10% or more shareholder) from its date of grant. All or any portion of an option designated as an incentive stock option which does not meet the requirements of Section 422 of the Code, including those set forth herein, will be treated as a nonqualified stock option.

(d) Additional Terms and Conditions. The Committee may, by way of the Award Agreement or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any stock option Award, provided they are not inconsistent with the Plan.

(e) Exercise Payment. At the election of the Committee, upon exercise, the option price of a stock option may be paid in cash, shares of Common Stock either directly or by attestation, a combination of the foregoing, or such other consideration as the Committee may deem appropriate. The Committee shall establish appropriate methods for accepting Common Stock and may impose such conditions as it deems appropriate on the use of such Common Stock to exercise a stock option.

9. Stock Appreciation Rights

(a) Grants. Awards may be granted in the form of stock appreciation rights ("SARs"). A SAR may be granted in tandem with all or a portion of a related stock option under the Plan (a "Tandem SAR"), or may be granted separately (a "Freestanding SAR"). A Tandem SAR may be granted either at the time of the grant of the related stock option or any time thereafter during the term of the stock option. SARs shall entitle the recipient to receive a payment equal to the appreciation in Market Value of a stated number of shares of Common Stock from the exercise price to the Market Value on the date of exercise. In the case of SARs granted in tandem with stock options granted prior to the grant of such SARs, the appreciation in value is from the option price of such related stock option to the Market Value on the date of exercise.

(b) Terms and Conditions of Tandem SARs. A Tandem SAR shall be exercisable to the extent, and only to the extent, that the related stock option is exercisable, and the "exercise price" of such a SAR (the base from which the value of the SAR is measured at its exercise) shall be the option price under the related stock option. If a related stock option is exercised as to some or all of the shares covered by the Award, the related Tandem SAR, if any, shall be cancelled automatically to the extent of the number of shares covered by the stock option exercise. Upon exercise of a Tandem SAR as to some or all of the shares covered by the Award, the related stock option shall be cancelled automatically to the extent of the number of shares covered by such exercise, and such shares shall again be eligible for grant in accordance with Paragraph 5 hereof, except to the extent any shares of Common Stock are issued to settle the SAR.

(c) Terms and Conditions of Freestanding SARs. A Freestanding SAR shall be exercisable in whole or in such installments and at such times as may be determined by the Committee.

(d) Deemed Exercise. The Committee may provide that a SAR shall be deemed to be exercised at the close of business on the scheduled expiration date of such SAR, if at such time the SAR by its terms remains exercisable and, if so exercised, would result in a payment to the holder of such SAR.

(e) Additional Terms-and Conditions. The Committee may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions and/or limitations, if any, of any SAR Award, provided they are not inconsistent with the Plan.

10. Stock Awards

(a) Grants. Awards may be granted in the form of Stock Awards. Stock Awards shall be awarded in such numbers and at such times during the term of the Plan as the Committee shall determine.

(b) Award Restrictions. Stock Awards shall be subject to such terms, conditions, restrictions, and/or limitations, if any, as the Committee deems appropriate including, but not by way of limitation, performance goal requirements, restrictions on transferability and continued

employment. The Committee may modify or accelerate the delivery of a Stock Award under such circumstances as it deems appropriate.

(c) Rights as Shareholders. During the period in which any restricted shares of Common Stock are subject to the restrictions imposed under Paragraph 10(b), the Committee may, in its discretion, grant to the Participants to whom such restricted shares have been awarded all or any of the rights of a shareholder with respect to such shares, including, but not by way of limitation, the right to vote such shares and to receive dividends.

(d) Evidence of Award. Any Stock Award granted under the Plan may be evidenced in such manner as the Committee deems appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates.

11. Performance Units

(a) Grants. Awards may be granted in the form of performance units. Performance units, as that term is used in this Plan, shall refer to Units valued by reference to designated criteria established by the Committee, other than Common Stock.

(b) Performance Criteria. Performance units shall be contingent on the attainment during a performance period of certain performance goals. The length of the performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such goals have been attained shall be conclusively determined by the Committee in the exercise of its absolute discretion. Performance goals may be revised by the Committee, at such times as it deems appropriate during the performance period, in order to take into consideration any unforeseen events or changes in circumstances.

(c) Additional Terms and Conditions. The Committee may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of performance units, provided they are not inconsistent with the Plan.

12. Performance Shares

(a) Grants. Awards may be granted in the form of performance shares. Performance shares, as that term is used in this Plan, shall refer to shares of Common Stock or Units which are expressed in terms of Common Stock.

(b) Performance Criteria. Performance shares shall be contingent upon the attainment during a performance period of certain performance goals. The length of the performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such goals have been attained shall be conclusively determined by the Committee in the exercise of its absolute discretion. Performance goals may be revised by the Committee, at such times as it deems appropriate during the performance period, in order to take into consideration any unforeseen events or changes in circumstances.

(c) Additional Terms and Conditions. The Committee may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions and/or limitations, if any, of any Award of performance shares, provided they are not inconsistent with the Plan.

13. Performance Goals

Notwithstanding any other provision hereof, the Committee may establish performance goals in connection with the grant of any Award hereunder. Performance goals established by the Committee may be based upon the performance of the Market Value of the Common Stock in relation to its historical performance and the performance of applicable market indices and market peer groups, Company sales figures, cash flow, return on equity, and/or either pre-tax or after-tax profit levels of the Company; and the Committee may, in its discretion, determine whether an Award will be paid under any one or more of the performance goals. Such performance goals shall be set by the Committee so as to comply with the performance-based compensation provisions under Code 162(m), and may be (but need not be) different for each performance period. The Committee may set different goals for different Participants and for different Awards, and performance goals may include standards for minimum attainment, target attainment, and maximum attainment. In all cases, however, performance goals shall include a minimum performance standard below which no part of the relevant Award will be earned. After the end of a performance period, the Committee shall certify in writing prior to payment of the Award that the relevant performance goals and any other material terms of the Award were in fact satisfied.

14. Payment of Awards

At the discretion of the Committee, payment of Awards may be made in cash, Common stock, a combination of cash and Common Stock, or any other form of property as the Committee shall determine, other than stock options and Stock Awards, which shall be made in Common Stock. In addition, payment of Awards may include such terms, conditions, restrictions and/or limitations, if any, as the Committee deems appropriate, including, in the case of Awards paid in the form of Common Stock, restrictions on transfer and forfeiture provisions. Further, payment of Awards may be made in the form of a lump sum or installments, as determined by the Committee.

15. Dividends and Dividend Equivalents

If an Award is granted in the form of a Stock Award, stock option, or performance share, or in the form of any other stock-based grant, the Committee may choose, at the time of the grant of the award or any time thereafter up to the time of the Award's payment, to include as part of such Award an entitlement to receive dividends or dividend equivalents, subject to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish. Dividends and dividend equivalents shall be paid in such form and manner (i.e., lump sum or installments), and at such time as the Committee shall determine. All dividends or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional shares of Common Stock or, in the case of dividends or dividend equivalents credited in connection with performance shares, be credited as additional performance shares and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award.

16. Deferral of Awards

At the discretion of the Committee, payment of a Stock Award, performance share, performance unit, dividend, dividend equivalent, or any portion thereof may be deferred by a Participant until such time as the Committee may establish. All such deferrals shall be accomplished by the delivery of a written, irrevocable election by the Participant prior to such time payment would otherwise be made, on a form provided by the Company. Further, all deferrals shall be made in accordance with administrative guidelines established by the Committee to ensure that such deferrals comply with all applicable requirements of the Code and its regulations. Deferred payments shall be paid in a lump sum or installments, as determined by the Committee. The Committee may also credit interest, at such rates to be determined by the Committee, on cash payments that are deferred and credit dividends or dividend equivalents on deferred payments denominated in the form of Common Stock.

17. Termination of Service

If a Participant's service with the Company or a Subsidiary terminates for a reason other than death, Disability, Retirement, or any approved reason, all unexercised, unearned, and/or unpaid Awards, including, but not by way of limitation, Awards earned, but not yet paid, all unpaid dividends and dividend equivalents, and all interest accrued on the foregoing shall be cancelled or forfeited, as the case may be, unless the Participant's Award Agreement provides, or the Committee determines, otherwise. The Committee shall have the authority to promulgate rules and regulations to (a) determine what events constitute Disability, Retirement, or termination for an approved reason for purposes of the Plan, and (b) determine the treatment of a Participant under the Plan in the event of the Participant's death, Disability, Retirement, or termination for an approved reason.

18. Change of Control

(a) Impact. In the event of a Change of Control (as defined below), the following acceleration and valuation provisions shall apply:

(i) All Awards outstanding on the date such Change of Control is determined to have occurred shall become immediately vested and fully exercisable and, if there were performance goals, that such performance goals had been attained at the target level or the equivalent thereof;

(ii) All Awards which are not paid in Common Stock will be cashed out at the "Change of Control Price" (as defined below) reduced by the exercise price, if any, applicable to such Awards; and

(iii) The Committee may, in its discretion, make such other provision relating to any Award, any unpaid dividend or dividend equivalent and all interest accrued

thereon, any performance goal, or any Award deferred under Paragraph 16 hereof which the Committee may deem equitable, including, but not limited to, adjusting the terms of an Award to reflect the Change of Control or causing the Award to be assumed, or new rights to be substituted therefor, by another entity.

(b) Definitions.

(i) "Change of Control" means the occurrence of (1) the acquisition (other than from the Company) by any person, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than the Company, a subsidiary of the Company, or any employee benefit plan or plans sponsored by the Company or any subsidiary of the Company, directly or indirectly, of beneficial ownership (within the meaning of Exchange Act Rule 13d-3) of 33% or more of the then outstanding shares of common stock of the Company or voting securities representing 33% or more of the combined voting power of the Company's then outstanding voting securities ordinarily entitled to vote in the election of directors unless the Incumbent Board (as defined below), before such acquisition or within 30 days thereafter, deems such acquisition not to be a Change of Control; or (2) individuals who, as of the date this Plan is adopted by the Board, constitute the Board (as of such date, the "Incumbent Board") ceasing for any reason to constitute at least a majority of such Board; provided, however, that any person becoming a director subsequent to the date this Plan is adopted by the Board whose election, or nomination for election by the shareholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be for purposes of the Plan, considered as though such person were a member of the Incumbent Board but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest which was (or, if threatened, would have been) subject to Exchange Act Rule 14a-12(c); or (3) the consummation of any merger, consolidation or share exchange of the Company with any other corporation, other than a merger, consolidation or share exchange which results in more than 60% of the outstanding shares of the common stock, and voting securities representing more than 60% of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors, of the surviving, consolidated or resulting corporation being then beneficially owned, directly or indirectly, by the persons who were the Company's shareholders immediately prior to such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of the Company's then outstanding Common Stock or then outstanding voting securities, as the case may be; or (4) the consummation of any liquidation or dissolution of the Company or a sale or other disposition of all or substantially all of the assets of the Company.

(ii) "Change of Control Price" means, as determined by the Committee, (1) the highest Market Value at any time within the 60-day period immediately preceding

the date of determination of the Change of Control Price by the Committee, (2) the highest price paid or offered per share of Common Stock, as determined by the Committee, in any bona fide transaction or bona fide offer related to the Change of Control of the Company at any time within such 60-day period, or (3) some lower price as the Committee, in its discretion, determines to be a reasonable estimate of the fair market value of a share of Common Stock.

19. Nonassignability

No Awards or any other payment under the Plan shall be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code), assignment, pledge, or encumbrance, and during the lifetime of the Participant, only the Participant may exercise rights under the Plan. Following the death of the Participant, such individual, trust or estate who or which by designation of the Participant or operation of law succeeds to the rights of the Participant under the Plan upon the Participant's death, may exercise the Participant's rights to the extent they are exercisable under the Plan following the death of the Participant. All beneficiary designations shall be made in such form and subject to such limitations as may from time to time be acceptable to the Committee and delivered to and accepted by the Committee.

20. Adjustment Provisions

If there is any change in the number of outstanding shares of Common Stock through the declaration of stock dividends, stock splits or the like, the number of shares available for Awards, the shares subject to any Award and the option prices or exercise prices of Awards shall be automatically adjusted. If there is any change in the number of outstanding shares of Common Stock through any change in the capital of the Company, or through any other transaction referred to in Section 424(a) of the Code, the Committee shall make appropriate adjustments in the maximum number of shares of Common Stock which may be issued under the Plan and any adjustments and/or modifications to outstanding Awards as it deems appropriate. In the event of any other change in the capital structure or in the Common Stock of the Company, or in the event of a merger, consolidation, combination or exchange of shares, or the like, as a result of which Common Stock is changed into another class, or securities of another person, cash or other property, the exercise price, consideration to be received, and other terms of an Award shall be adjusted as deemed equitable by the Committee, in its sole discretion. The Committee shall have authority to provide for, in appropriate cases upon the effectiveness of the transaction, (a) waiver, in whole or in part, of remaining restrictions for vesting or earning, and (b) the conversion of outstanding Awards into cash or other property to be received in the transactions immediately or over the periods the Award would have vested or been earned. Any adjustment, waiver, conversion or the like carried out by the Committee under this Paragraph shall be conclusive and binding for all purposes of the Plan. Notwithstanding the foregoing, any increase in the number of shares of Common Stock subject to the Plan shall, if required under Rule 16b-3 or Code Section 162(m), be subject to approval of the Company's shareholders.

21. Withholding Taxes

The Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment. In no event shall the Company withhold, or allow the Participant to pay more than the minimum amount required by law. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a Participant to pay the amount of taxes required by law to be withheld from an Award by withholding from any payment of Common Stock due as a result of such Award, or by permitting the Participant to deliver to the Company, shares of Common Stock having a fair market value, as determined by the Committee, equal to the amount of such required withholding taxes.

22. Noncompetition Provision

Unless the Award Agreement specifies otherwise, a Participant shall forfeit all unexercised, unearned, and/or unpaid Awards, including, but not by way of limitation, Awards earned but not yet paid, all unpaid dividends and dividend equivalents, and all interest, if any, accrued on the foregoing if, (a) in the opinion of the Committee, the Participant, at any time during the period of Participant's employment and for one (1) year thereafter, without the written consent of the Company, engages directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee, or otherwise, in any business or activity competitive with the business conducted by the Company or any Subsidiary, in the geographic area in which the Company does business; or (b) the Participant performs any act or engages in any activity which in the opinion of the Chief Executive Officer of the Company is inimical to the best interests of the Company. In addition, the Committee may, in its discretion, condition the deferral of any Award, dividend, or dividend equivalent under Paragraph 16 hereof on a Participant's compliance with the terms of this Paragraph 22, and cause such a Participant to forfeit any payment which is so deferred if the Participant fails to comply with the terms hereof.

23. Amendments to Awards

The Committee may at any time unilaterally amend or terminate and cash out any unexercised or unpaid Award, whether earned or unearned, including, but not by way of limitation, Awards earned but not yet paid, and/or substitute another Award of the same or different type, to the extent it deems appropriate; provided, however, that any amendment to (but not termination of) an outstanding Award which, in the opinion of the Committee, is materially adverse to the Participant, or any amendment or termination which, in the opinion of the Committee, may subject the Participant to liability under Section 16 of the Exchange Act, shall require the Participant's consent.

24. Regulatory Approvals and Listings

Notwithstanding anything contained in this Plan to the contrary, the

Company shall have no obligation to issue or deliver certificates of Common Stock evidencing Stock Awards or any other Award resulting in the payment of Common Stock prior to (a) the obtaining of any approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (b) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed, and (c) the completion of any registration or other qualification of said shares under any state or federal law or ruling of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

25. No Rights to Continued Service or Grants

Participation in the Plan shall not give any Participant any right to remain in the employ of the Company or any Subsidiary or to continue as a director of the Company or any Subsidiary. The Company or, in the case of service with a Subsidiary, the Subsidiary, reserves the right to terminate any Participant at any time. Further, the adoption of this Plan shall not be deemed to give any Participant or any other person any right to be selected as a Participant or to be granted an Award or additional Awards.

26. Amendment

The Board may suspend or terminate the Plan at any time, but the termination or suspension shall not, without the consent of a Participant, adversely affect the rights of such Participant under an outstanding Award then held by the Participant, except to the extent permitted by Paragraph 23. In addition, the Board may, from time to time, amend the Plan in any manner, but may not without shareholder approval adopt any amendment that requires shareholder approval under Rule 16b-3, Code Section 162(m), or any other applicable provision of securities and/or tax law.

27. Governing Law

The Plan shall be governed by and construed in accordance with the laws of the State of Wisconsin without regard to its conflicts of law provisions.

28. No Right, Title, or Interest in Company Assets

No Participant shall have any right in any fund or in any specific asset of the Company by reason of being a Participant under this Plan, nor any rights as a shareholder as a result of participation in the Plan until the date of issuance of a stock certificate in the Participant's name, and, in the case of restricted shares of Common Stock, such rights are granted to the Participant under Paragraph 10(c) hereof. To the extent any person acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the rights of an unsecured creditor of the Company.

Exhibit 12.1

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

	Fiscal Year (1)				
	2002	2001	2000	1999	1998
Earnings					
Income before income taxes	$ 1,034,374	$ 799,864	$ 605,114	$ 421,112	$ 316,749
Fixed charges (2)	161,091	142,244	116,753	82,835	63,135
Less interest capitalized during period	(9,820)	(6,929)	(3,478)	(4,405)	(1,878)
	$ 1,185,645	$ 935,179	$ 718,389	$ 499,542	$ 378,006
Fixed Charges					
Interest (expensed or capitalized)	$ 68,298	$ 63,506	$ 52,305	$ 33,813	$ 24,550
Portion of rent expense representative of interest	91,822	77,964	63,943	48,769	38,385
Amortization of deferred financing fees	971	774	505	253	200
	$ 161,091	$ 142,244	$ 116,753	$ 82,835	$ 63,135
Ratio of earnings to fixed charges	7.36	6.57	6.15	6.03	5.99

(1) Fiscal 2002, 2001, 1999 and 1998 were 52 week years and fiscal 2000 was a 53 week year.

Exhibit 21.1

Subsidiaries

Name	State of Incorporation or Formation
Kohl's Department Stores, Inc.	Delaware
Kohl's Investment Corporation	Delaware
Kohl's Illinois, Inc.*	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 of our report dated February 26, 2003, 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 1, 2003.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
March 17, 2003

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; the threat or possibility of war, terrorism or other global or national unrest; political or financial instability; 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 sold by the Company 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.

Exhibit 99.2

CERTIFICATION OF PERIODIC REPORT

I, Patricia Johnson, Executive Vice President and Chief Financial Officer of Kohl's Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Annual Report on Form 10-K of the Company for the annual period ended February 1, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 19, 2003

/s/ Patricia Johnson

Patricia Johnson
Executive Vice President,
Chief Financial Officer

Exhibit 99.3

CERTIFICATION OF PERIODIC REPORT

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

1. the Annual Report on Form 10-K of the Company for the annual period ended February 1, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 19, 2003

/s/ R. Lawrence Montgomery

R. Lawrence Montgomery
Chief Executive Officer