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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 30, 1999

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-11084

KOHL'S CORPORATION
(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code (414) 703-7000

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. X Yes No

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

At April 5, 1999, the aggregate market value of the voting stock of the registrant held by stockholders who were not affiliates of the registrant was $9,741,231,548 (based upon the closing price of Registrant's Common Stock on the New York Stock Exchange on such date). At April 5, 1999 the registrant had issued and outstanding an aggregate of 162,712,408 shares of its Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE:

1. Portions of Registrant's Proxy Statement dated April 19, 1999 are incorporated into Part III.

PART I

Item 1. Business

As of April 1999, the Company operates 226 family oriented, specialty department stores primarily in the Midwest and Mid-Atlantic areas of the United States that feature quality, national brand merchandise which provides exceptional value to customers. The Company's stores sell moderately priced apparel, shoes, accessories, soft home products and housewares targeted to middle-income customers shopping for their families and homes. Kohl's stores have fewer departments than traditional, full-line department stores, but offer customers dominant assortments of merchandise displayed in complete selections of styles, colors and sizes. Central to the Company's pricing strategy and overall profitability is a culture focused on maintaining a low cost structure. Critical elements of this low cost structure are the Company's unique store format, lean staffing levels, sophisticated management information systems and operating efficiencies resulting from centralized buying, advertising and distribution.

As used herein, the term the "Company" and "Kohl's" refer to Kohl's Corporation, its consolidated subsidiaries and predecessors. The Company's fiscal year ends on the Saturday closest to January 31. Fiscal 1998 ended on January 30, 1999 and was a 52 week year.

Expansion

Since 1986, the Company has expanded from 40 stores to the current total of 226 stores both by acquiring and converting pre-existing stores and by opening new stores. Management believes there is substantial opportunity for further growth and intends to open approximately 40-45 new stores in fiscal 1999. Six stores opened in March 1999: two additional stores in the Chicago market; and additional stores in the Philadelphia, PA; Omaha, NE and Detroit, MI markets and a store in Goshen, IN. Seven stores opened in April 1999: two stores in the York, PA market; a store in Lexington, KY; two additional stores in the Washington, D.C market and additional stores in the Detroit, MI; and Indianapolis, IN markets. Kohl's will enter the Denver, CO market with five stores in the second quarter. In August, Kohl's plans to enter the St. Louis, MO market with six stores and to open additional stores in the Richmond, VA; and Washington, D.C. markets; and a store in Hickory, NC. In October, Kohl's plans to enter the Dallas/Ft. Worth, TX market with 10-13 stores and to open additional stores in the Chicago, IL; Grand Rapids, MI; and Denver, CO markets; a store in Harrisburg, PA and a store in Lansing, MI.

As demonstrated on the following page, Kohl's expansion strategy is to open additional stores in existing markets, where it can leverage advertising, purchasing, transportation and other regional overhead expenses; in contiguous markets, where it can extend regional operating efficiencies; and in new markets which offer similar opportunity to successfully implement the Kohl's retailing strategy.

Store Expansion

Market Area	Total at January 28, 1995	Fiscal 1995 New	Fiscal 1996 New	Fiscal 1997 New	Fiscal 1998 New	Total at January 30, 1999	Announced Fiscal 1999
Chicago, IL............	23	1	1	--	2	27	3
Philadelphia, PA........	--	--	--	12	3	15	1
Washington, DC..........	--	--	--	9	4	13	3

Milwaukee, WI..........	12	--	--	--	(1)(b)	11	--
Minneapolis/St. Paul, MN....................	8	2	1	--	--	11	--
Detroit, MI............	10	(2)(a)	--	--	2	10	2
Columbus, OH...........	6	--	--	--	2	8	--
Cleveland, OH..........	--	4	3	--	--	7	--
Indianapolis, IN........	6	--	--	--	--	6	1
Cincinnati, OH.........	3	2	--	--	--	5	--
Kansas City, KS, MO.....	--	3	1	--	1	5	--
Charlotte, NC..........	--	--	3	--	2	5	--
Pittsburgh, PA.........	--	--	--	3	2	5	--
Dayton, OH.............	3	--	--	--	--	3	--
Madison, WI............	3	--	--	--	--	3	--
Winston Salem/Greensboro, NC...	--	--	--	--	3	3	--
Richmond, VA...........	--	--	--	--	3	3	1
Knoxville, TN..........	--	--	--	--	3	3	--
Denver, CO.............	--	--	--	--	--	--	6
St. Louis, MO..........	--	--	--	--	--	--	6
Dallas/Ft. Worth, TX....	--	--	--	--	--	--	10-13
Other..................	34	10	13	8	5	70	7-9
Total..............	108	20	22	32	31	213	40-45

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(a) The Company closed two underperforming stores
(b) The Company closed one underperforming store

Kohl's retailing strategy has proven to be readily transferable to new markets. For example, Kohl's has successfully opened new stores in small markets such as Kalamazoo and Knoxville; intermediate markets such as Kansas City and Charlotte, and large markets such as Chicago and Philadelphia. In addition, the Kohl's concept has been successful in retailing formats such as strip shopping centers, community and regional malls and free-standing stores. Management believes the transferability of the Kohl's retailing strategy, the Company's experience in acquiring and converting pre-existing stores and in opening new stores, and the Company's substantial investment in management information systems, centralized distribution and headquarters functions provide a solid foundation for further expansion.

In determining where to open new stores, the Company evaluates: demographic information, the availability of prime real estate locations, existing and potential competitors, and the potential impact on existing stores. In addition, the Company develops pro forma projections that take into account the economies of scale available in advertising, distribution and regional expenses.

Merchandising

Kohl's stores feature moderately priced, department store national brands which provide exceptional value to customers. Kohl's merchandise is targeted to appeal to middle-income customers shopping for their families and homes. All of the Company's stores carry a consistent merchandise assortment. The Company's stores emphasize apparel and shoes for children, women and men, soft home products, such as towels, sheets and pillows, and housewares. The Company's merchandise mix is reflected by the following table:

Merchandise Mix

(percent of net sales)

	Fiscal Year		
	1998	1997	1996
Apparel..	61.5%	61.2%	60.6%
Accessories/Shoes....................................	18.5%	18.8%	19.1%
Soft Home/Housewares.................................	12.1%	12.2%	12.5%
Hardlines..	7.9%	7.8%	7.8%

The Company purchases approximately 40% of its merchandise from 20 suppliers. No individual supplier exceeds 10% of the Company's annual purchases.

Distribution

The Company receives 99% of its merchandise at three 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 Menomonee Falls, Wisconsin distribution center opened in 1981. This 500,000 square foot facility services the Company's stores in northern Illinois, Wisconsin, Minnesota, Kansas, Iowa, Missouri, Nebraska, North Dakota and South Dakota.

The Company opened a distribution center in Findlay, Ohio in August 1994. This 650,000 square foot facility services the Company's stores in central Illinois, Ohio, Michigan, Indiana, Kentucky, Tennessee and West Virginia.

The Company opened a 350,000 square foot distribution center in Winchester, Virginia in the summer of 1997. This facility is currently being expanded by approximately 50,000 square feet to increase its capacity. The facility services the Company's stores in New York, North Carolina, Pennsylvania, Virginia, Maryland, Delaware and New Jersey.

After Winchester's expansion is completed, these three facilities will be capable of supporting approximately 300 store locations. The Company plans to open its fourth distribution center in Blue Springs, Missouri by spring 2000. This 542,000 square foot facility is being built to handle 80-100 stores and will service the Company's stores in Colorado, Texas, Kansas, Missouri, Nebraska and central Iowa.

Employees

As of January 30, 1999, the Company had approximately 33,800 employees, including approximately 10,700 full-time and approximately 23,100 part-time associates. The number of associates varies during the year, peaking during the "back-to-school" and Christmas holiday seasons. None of the Company's associates is represented by a collective bargaining unit. The Company believes its relations with its associates are very good.

Competition

The retail industry is highly competitive. Management considers quality, value, merchandise mix, service and convenience to be the most significant competitive factors in the industry. The Company's primary competitors are traditional department stores, up-scale 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 realized during the last half of each fiscal year, which includes the back-to-school and holiday seasons. Approximately 17% and 30% of sales occur during the back-to-school and holiday seasons, respectively. Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. In addition, quarterly results of operations depend significantly upon the timing and amount of revenues and costs associated with the opening of new stores.

Trademarks and Service Marks

The name "Kohl's", written in its distinctive block style, is a registered service mark of the Company, and the Company considers this mark and the accompanying name recognition to be valuable to its business. The Company has approximately 40 additional trademarks, trade names and service marks, most of which are used in its private label program.

Item 2. Properties

As of January 30, 1999, the Company operated 213 stores in 22 states. The Company owned 51 stores, owned 37 stores with ground leases and leased 125 stores under operating leases. The typical ground lease has an initial term of between 15 and 25 years, with 2 to 6 renewal periods of 5 to 10 years each, exercisable at the Company's option. The typical operating lease has an initial term of between 15 and 20 years, with 2 to 6 renewal periods of 5 to 10 years each, exercisable at the Company's option.

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 56% of the leases provide for additional rent based on a percentage of sales to be paid when designated sales levels are achieved. At January 30, 1999, the average minimum annual rent of the 125 leased stores was $6.25 per square foot, and the average minimum annual rent of the 37 stores operated under ground leases was $2.71 per square foot.

The Company's stores are located in strip shopping centers (130), community and regional malls (43), and as free standing units (40). Of the Company's stores, 183 are one story facilities and 30 are two story facilities.

	Number of Stores at January 30, 1999
Illinois	33
Ohio	31
Wisconsin	27
Pennsylvania	17
Michigan	16
Indiana	15
Minnesota	13
Virginia	9
Maryland	8
North Carolina	8
Kansas	7
New Jersey	6
Iowa	4
Kentucky	3
Missouri	3
Nebraska	3
Tennessee	3
Delaware	2
West Virginia	2
New York	1
North Dakota	1
South Dakota	1
Total	213

The Company owns its distribution centers in Menomonee Falls, Wisconsin; Findlay, Ohio and Winchester, Virginia. The Company also owns its corporate headquarters in Menomonee Falls, Wisconsin.

Item 3. Legal Proceedings

See Note 9 to the Company's Consolidated Financial Statements concerning routine legal matters.

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 1998.

Part II

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

(a) Market information

The Common Stock has been traded on the New York Stock Exchange since May 19, 1992, under the symbol "KSS." On March 9, 1998, the Company's Board of Directors declared a 2 for 1 stock split effected in the form of a stock dividend on the Company's common stock. The record date for the stock split was April 10, 1998. The prices in the table set forth below indicate the high and low prices of the Common Stock for each quarter in fiscal 1998 and 1997, adjusted by the Company to give effect retroactively to the stock split.

	Price Range	
	High	Low
Fiscal 1998		
First Quarter	$43 15/32	$34 11/16
Second Quarter	57 5/8	40 1/2
Third Quarter	58 15/16	34 1/16
Fourth Quarter	67 3/4	45 1/8
Fiscal 1997		
First Quarter	$25 9/16	$19 7/16
Second Quarter	31 19/32	24 7/8
Third Quarter	37 3/8	29
Fourth Quarter	37 11/16	31 5/16

(b) Holders

At April 5, 1999, there were 5,643 holders of record of the Common Stock.

(c) Dividends

The Company has never paid a cash dividend, has no current plans to pay dividends on its Common Stock and intends to retain all earnings for investment in and growth of the Company's business. In addition, financial covenants and other restrictions in the Company's financing agreements limit the payment of dividends on the Common Stock. The payment of future dividends, if any, will be determined by the Board of Directors in light of existing conditions, including the Company's earnings, financial condition and requirements, restrictions in financing agreements, business conditions 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				
January 30, 1999	January 31, 1998	February 1, 1997	February 3, 1996 (a)	January 28, 1995
(Dollars in Thousands, Except Per Share and Per Square Foot Data)				

Statement of Operations Data:					
Net sales	$3,681,763	$3,060,065	$2,388,221	$1,925,669	$1,554,100
Cost of merchandise sold	2,447,301	2,046,468	1,608,688	1,294,653	1,037,740
Gross margin	1,234,462	1,013,597	779,533	631,016	516,360
Selling, general and administrative expenses	810,162	678,793	536,226	436,442	356,893
Depreciation and amortization	70,049	57,380	44,015	33,931	27,402
Preopening expenses	16,388	18,589	10,302	10,712	8,190
Credit operations, non-recurring(b)	--	--	--	14,052	--
Operating income	337,863	258,835	188,990	135,879	123,875
Interest expense, net	21,114	23,772	17,622	13,150	6,424
Income before income taxes	316,749	235,063	171,368	122,729	117,451
Provision for income taxes	124,483	93,790	68,890	50,077	48,939
Net income	$ 192,266	$ 141,273	$ 102,478	$ 72,652	$ 68,512
Per share(c):					
Basic	$ 1.22	$ 0.93	$ 0.69	$ 0.49	$ 0.47
Diluted	$ 1.18	$ 0.91	$ 0.68	$ 0.49	$ 0.46
Operating Data:					
Comparable store sales growth(d)	7.9%	10.0%	11.3%	5.9%	6.1%
Net sales per selling square foot(e)	$ 265	$ 267	$ 261	$ 257	$ 258
Total square feet of selling space (in thousands; end of period)	15,111	12,533	10,064	8,378	6,824
Number of stores open (end of period)	213	182	150	128	108
Capital expenditures including capitalized leases	$ 248,878	$ 202,735	$ 223,423	$ 138,797	$ 132,800
Balance Sheet Data (end of period):					
Working capital	$ 559,207	$ 525,251	$ 229,339	$ 175,368	$ 114,637
Property and equipment, net	933,011	749,649	596,227	409,168	298,737
Total assets	1,936,095	1,619,721	1,122,483	805,385	658,717
Total long-term debt	310,912	310,366	312,031	187,699	108,777
Shareholders' equity	1,162,779	954,782	517,471	410,638	334,249

See footnotes on next page

(footnotes for Selected Consolidated Financial Data)

(a) Fiscal 1995 contained 53 weeks.

(b) Effective September 1, 1995, the Company terminated its agreement with Citicorp Retail Services (CRS) under which it sold its private label credit card receivables to CRS and established its own credit operation. In connection with this transaction, the Company incurred a one-time charge of $14.1 million ($8.3 million after-tax).

(c) All per share data has been adjusted to reflect the 2 for 1 stock splits effected in April 1998 and April 1996.

(d) Comparable store sales for each period are based on sales of stores (including relocated or expanded stores) open throughout the full period and throughout the full prior period. Comparable store sales growth for fiscal 1996 compares the 52 weeks of fiscal 1996 versus the same 52 week calendar in fiscal 1995 and excludes the discontinued electronics business. Comparable store sales growth for fiscal 1995 has been adjusted to reflect the elimination of the 53rd week in fiscal 1995.

(e) Net sales per selling square foot is calculated using net sales of stores

that have been open for the full year, divided by their square footage of selling space.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
Item 7. FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Net Sales

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

	Fiscal Year		
	1998	1997	1996
Net sales (in thousands)	$3,681,763	$3,060,065	$2,388,221
Number of stores open (end of period)	213	182	150
Sales growth--all stores	20.3%	28.1%	24.0%
Sales growth--comparable stores(a)	7.9%	10.0%	11.3%
Net sales per selling square foot(b)	$ 265	$ 267	$ 261

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(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 period. Comparable sales growth for fiscal 1996 compares the 52 weeks of fiscal 1996 versus the same 52 week calendar in fiscal 1995 and excludes the discontinued electronics business.
(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. Net sales increased $621.7 million, or 20.3%, from $3,060.1 million in fiscal 1997 to $3,681.8 million in fiscal 1998. Of the increase, $408.6 million is attributable to the opening of 32 new stores in fiscal 1998 and to the inclusion of a full year of operating results for 32 stores opened in fiscal 1997. The remaining $213.1 million is attributable to the increase in comparable store sales.

Net sales increased $671.8 million, or 28.1%, from $2,388.2 million in fiscal 1996 to $3,060.1 million in fiscal 1997. Of the increase, $455.8 million is attributable to the opening of 32 new stores in fiscal 1997 and to the inclusion of a full year of operating results for 22 stores opened in fiscal 1996. The remaining $216.0 million is attributable to the increase in comparable stores sales.

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		
	1998	1997	1996
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	66.5	66.9	67.4
Gross margin	33.5	33.1	32.6
Selling, general and administrative expenses	22.0	22.2	22.5
Depreciation and amortization	1.9	1.8	1.8
Preopening expenses	.4	.6	.4

Operating income	9.2	8.5	7.9
Interest expense, net	.6	.8	.7
Income before income taxes	8.6	7.7	7.2
Income taxes	3.4	3.1	2.9
Net income	5.2%	4.6%	4.3%

Gross Margin. The Company's gross margin has increased from 32.6% in fiscal 1996 to 33.5% in fiscal 1998. This increase is primarily attributable to a change in merchandise mix and improvements related to inventory management.

Selling, General and Administrative Expenses. Selling, general and administrative 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 headquarters functions, but exclude depreciation and amortization. Although the total amount of selling, general, and administrative expenses increased from fiscal 1996 to fiscal 1998 due to the addition of new stores, such expenses decreased as a percent of net sales. Selling, general and administrative expenses decreased from 22.5% in fiscal 1996 to 22.0% in fiscal 1998. This decline reflects the leveraging of store payroll, distribution and headquarters expenses as a result of the increased sales.

Depreciation and Amortization. The total amount of depreciation and amortization increased from fiscal 1996 to fiscal 1998 due to the addition of new stores, the remodeling of existing stores, the opening of the distribution center in Winchester, Virginia and the opening of the new corporate office. Depreciation and amortization increased as a percentage of net sales from 1.8% in fiscal 1996 to 1.9% in fiscal 1998.

Preopening Expenses. Effective January 30, 1999, the Company wrote-off all previously deferred preopening costs ($1.0 million) and pursuant to SOP 98-5, "Reporting on the Costs of Start-Up Activities", will expense all future preopening costs as incurred. The Company incurred $16.4 million of preopening expenses in fiscal 1998. Approximately $15.4 million related to the opening of 32 stores in fiscal 1998. The remaining $1.0 million is associated with the opening of eighteen stores in the spring of 1999. The Company incurred $18.6 million with the opening of 32 stores in fiscal 1997 and $10.3 million with the opening of 22 stores in fiscal 1996. These expenses relate to the costs associated with new store openings, including hiring and training costs for new employees, Kohl's charge account solicitation and processing and transporting initial merchandise.

Operating Income. Operating income increased $79.0 million, or 30.5%, in fiscal 1998, $69.8 million, or 37.0%, in fiscal 1997 and increased $53.1 million, or 39.1% in fiscal 1996 due to the factors described above.

Interest Expense. Net interest expense decreased $2.7 million to $21.1 million in fiscal 1998. The decrease was primarily due to a reduction in borrowings under its revolving credit facility and increased interest income on short-term investments. Net interest expense increased $6.2 million to $23.8 million in fiscal 1997 and increased $4.5 million to $17.6 million in fiscal 1996. The increase in fiscal 1997 was due primarily to the $100 million non-callable 7.375% unsecured senior notes issued in October 1996. Interest expense on the $60 million senior notes issued in March 1994, the $200 million non-callable senior notes issued in 1996 and $48.4 million capital lease debt is fixed and known until maturity.

Income Taxes. The Company's effective tax rate was 39.3% in fiscal 1998, 39.9% in fiscal 1997 and 40.2% in fiscal 1996. The overall decline in the effective tax rates in fiscal 1998 and fiscal 1997 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.

Impact of Year 2000

The Company currently has a Year 2000 Readiness Plan implemented. Detailed in the plan are compliance definitions and testing guidelines for in-house

developed applications and computer hardware platforms. The plan defines a methodology for assessing in-house developed applications and provides a means for documentation. Team members and their responsibilities are defined including senior executives that participate on the Year 2000

steering committee. The plan includes three phases to address the Year 2000 issue and a status of these key milestones is summarized below:

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

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

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

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

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

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

The Company has initiated formal communications with all significant suppliers to determine the extent to which the Company's interface systems are vulnerable to those parties' failure to remediate their own Year 2000 issues. The Company is currently unit testing merchandise vendor EDI transactions and non-IS systems and is 50% complete. The Company continues to refine its contingency plans and is enhancing and adding to the plans for each business area. The Company has identified that it may experience certain inconveniences or inefficiencies as a result of a supplier's failure to remediate its Year 2000 issues. The Company believes however, the vast majority of the Company's business will proceed without any significant interruption.

The Company's total Year 2000 project costs and estimates to complete

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

The total cost of the Year 2000 project is estimated at $10 million and is being funded through operating cash flows. Of the total project cost, approximately $6 million is attributable to the purchase of new software and hardware that will be capitalized. The remaining $4 million of programming and testing costs will be

expensed as incurred and is not expected to have a material effect on the results of the operations. Of the capitalized portion, approximately $4 million is for a new financial system. The new financial system was a previously planned project that supports the Company's growth, provides significant business enablement and eliminates a substantial Year 2000 effort. To date, the Company has incurred approximately $5.4 million ($1.8 million expensed and $3.6 million capitalized) related to the assessment of, and preliminary efforts on, its Year 2000 project and the development of a modification plan, purchase of new systems and systems modifications.

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

Inflation

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

Liquidity and Capital Resources

The Company's primary ongoing cash requirements are for inventory purchases, capital expenditures in connection with expansion and remodeling programs and preopening expenses. The Company's primary sources of funds for its business activities are cash flow from operations, sale of its proprietary accounts receivable, borrowings under its revolving credit facility and short-term trade credit. Short-term trade credit, in the form of extended payment terms for inventory purchases or third-party factor financing, represents a significant source of financing for merchandise inventories. The Company's working capital and inventory levels typically build throughout the fall, peaking during the holiday selling season.

The Company's working capital increased to $559.2 million at January 30, 1999 from $525.3 million at January 31, 1998. Of this increase, $31.1 million is attributable to higher credit card receivables as the Company internally financed a larger balance of receivables in fiscal 1998. The remaining increase was primarily the result of higher merchandise levels required to support existing stores and incremental new store locations offset in part by increased accounts payable.

In conjunction with the adoption of SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", the Company established Kohl's Receivable Corporation (KRC), a wholly owned subsidiary of the Company. KRC is a special purpose entity and its assets are legally isolated from the Company. KRC entered into an agreement with a bank, renewable at KRC's request and bank's option, under which it periodically sells, generally with recourse, an undivided interest in a revolving pool of the Company's private label credit card receivables up to a maximum of $225 million. At January 30, 1999, a $113 million interest had been sold under this agreement and reflected as a reduction of accounts receivable as this sale met the requirements of SFAS No. 125.

Cash provided by operating activities was $230.7 million for fiscal 1998 as compared to cash used in operating activities of $50.2 million for fiscal 1997.

Cash provided by operating activities was $103.9 million for fiscal 1996. Excluding changes in operating assets and liabilities, cash provided by operating activities was $265.8 million for fiscal 1998, $199.0 million for fiscal 1997 and $153.4 million for fiscal 1996.

The Company's capital expenditures were $248.9 during fiscal 1998, $202.7 during fiscal 1997 and $223.4 million during fiscal 1996. The increase in capital expenditures in 1998 is primarily attributable to the Company's remodeling program and new store spending in fiscal 1998. The decrease in expenditures from fiscal 1996 to fiscal 1997 is primarily attributable to the amount of spending for 1997's new stores incurred in 1996 and to the completion of its corporate office construction in 1996.

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

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

The Company plans to open approximately 40-45 new stores in fiscal 1999. The total cash outlay required for a newly constructed leased store, including capital expenditures, preopening expenses and net working capital, is approximately $5.0 million. The additional cash outlay required for new owned stores will vary depending upon land and sitework costs, but is expected to be approximately $7.5 million per location. The Company does not anticipate that its planned expansion will be limited by any restrictive covenants in its financing agreements.

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

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

Item 7A Quantitative and Qualitative Disclosures About Market Risk

The Company's primary exposure to market risk consists of changes in interest rates on borrowings. At January 30, 1999, the Company's long-term debt excluding capital leases was $264.1 million. Of this amount, $260 million is fixed rate debt.

Long-term fixed rate debt is utilized as a primary source of capital. When these debt instruments mature, the Company intends to refinance such debt at then-existing market interest rates which may be more or less than the interest rates on the maturing debt. If interest rates on the existing fixed rate debt outstanding at January 30, 1999, declined by 100 basis points for fiscal 1999, the Company's interest expense would be reduced by $2.6 million.

During fiscal 1998, average borrowings under the Company's variable rate revolving credit facility were $10 million. If market interest rates (including LIBOR and commercial paper) on average fiscal 1998 variable rate

debt changed by 100 basis points for fiscal 1999, the Company's interest expense would change by $.1 million.

Item 8. Financial Statements and Supplementary Data

The financial statements are included in this report beginning on page F-1.

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

None

Part III.

Item 10. Executive Officers of Registrant

The information set forth under "Election of Directors" on pages 1-2 and under "Compliance with Sec. 16(a) of the Exchange Act" on page 5 of Registrant's Proxy Statement dated April 19, 1999 is incorporated herein by reference. The executive officers of the Company are as follows:

Name	Age	Position
Jay H. Baker	64	Director
Caryn Blanc	41	Executive Vice President--Merchandise Planning and Logistics
John F. Herma	51	Chief Operating Officer, Secretary and Director
William S. Kellogg	55	Chairman and Director
John Lesko	46	Executive Vice President--Chief Information Officer
Richard Leto	47	Executive Vice President--General Merchandise Manager and Product Development
Kevin Mansell	46	President and Director
Arlene Meier	47	Executive Vice President--Chief Financial Officer
R. Lawrence Montgomery	50	Vice Chairman, Chief Executive Officer and Director
Jack Moore	44	Executive Vice President--General Merchandise Manager
Jeffrey Rusinow	44	Executive Vice President--Regional Director of Stores and Store Administration
Don Sharpin	50	Executive Vice President--Human Resources
Gary Vasques	51	Executive Vice President--Marketing

Mr. Baker served as President from 1986-1998. Mr. Baker has announced that he plans to retire on December 31, 1999. During 1999, he will assist in the transition of leadership in merchandising and marketing to Mr. Mansell. Mr. Baker has 36 years of experience in the retail industry.

Ms. Blanc has served as Executive Vice President--Logistics since 1991 and added Merchandise Planning to her existing responsibilities in February 1999. Ms. Blanc has served in other management positions with the Company since 1988. Ms. Blanc joined the Company in 1978, and has 21 years of experience in the retail industry.

Mr. Herma has served as Chief Operating Officer since 1986. Mr. Herma joined the Company as Director of Human Resources in 1980 and has 28 years of experience in the retail industry.

Mr. Kellogg has served as Chairman since 1979 and served as Chief Executive Officer from 1979 to 1998. Mr. Kellogg joined the Company in 1967, and has 32 years of experience in the retail industry.

Mr. Lesko joined the Company in November 1997. From January 1997 to November 1997, Mr. Lesko served as Senior Vice President, Information Systems of Jack Eckerd Corporation, a division of the J.C. Penney Company. Prior to 1997, Mr. Lesko served as Executive Vice President, Marketing and Information Systems for Thrift Drug, a wholly owned subsidiary of J.C. Penney Company. Mr. Lesko has 24 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. Prior to joining the Company, Mr. Leto served as Executive Vice President, Merchandising for the R. H. Macy Corporation. Mr. Leto has 26 years of experience in the retail industry.

Mr. Mansell was promoted to President and Director in February 1999. Mr. Mansell has 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 24 years of experience in the retail industry.

Ms. Meier has served as Executive Vice President--Chief Financial Officer since October 1994. Ms. Meier joined the Company as Vice President--Controller in 1989. Ms. Meier has 23 years of experience in the retail industry.

Mr. Montgomery was promoted to Chief Executive Officer in February 1999 and has served as Vice Chairman since March 1996. Mr. Montgomery served as Executive Vice President of Stores from February 1993 to February 1996. Mr. Montgomery joined the Company as Senior Vice President--Director of Stores in 1988. Mr. Montgomery has 28 years of experience in the retail industry.

Mr. Moore was promoted to Executive Vice President--General Merchandise Manager in February 1999. Mr. Moore joined the Company in 1997 as a Vice President--Divisional Merchandise Manager. Mr. Moore also served as Senior Vice President of Merchandise Planning and Allocation. Prior to joining the Company, Mr. Moore served in various management positions at Dayton Hudson Department Stores. Mr. Moore has 22 years of experience in the retail industry.

Mr. Rusinow has served as Executive Vice President--Regional Manager of Stores since January 1998 and added Store Administration to his existing responsibilities in February 1999. Mr. Rusinow has served in other management positions with the Company since joining the Company in 1994. Prior to joining the Company, Mr. Rusinow served as Executive Vice President, Stores and Merchandising for the department store division of Hudson's Bay Company, based in Toronto, Canada. Mr. Rusinow has 21 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 with the Company since joining the Company in 1988. Mr. Sharpin has 20 years of experience in the retail industry.

Mr. Vasques has served as Executive Vice President--Marketing since December 1995. Prior to joining the Company, Mr. Vasques served as Senior Vice President--Marketing of Caldor from 1991 to November 1995. Mr. Vasques has 29 years of experience in the retail industry.

Item 11. Executive Compensation

The information set forth under "Executive Compensation" on pages 6-9 of Registrant's Proxy Statement dated April 19, 1999 is incorporated herein by reference. Compensation of directors as set forth under "Director Committees and Compensation" on page 3 of Registrant's Proxy Statement dated April 19, 1999 is incorporated herein by reference.

Item 12. Beneficial Ownership of Stock

The information set forth under "Beneficial Ownership of Shares" on pages 4-5 of Registrant's Proxy Statement dated April 19, 1999 is incorporated

herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under "Compensation Committee Interlocks and Insider Participation" on page 3, and "Other Agreements" on page 9 of Registrant's Proxy Statement dated April 19, 1999 is incorporated herein by reference.

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

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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 January 30, 1999 and January 31, 1998, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended January 30, 1999. 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 generally accepted auditing standards. 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 January 30, 1999 and January 31, 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 30, 1999, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
March 5, 1999, except for
Note 12 for which the date is
March 18, 1999

KOHL'S CORPORATION

CONSOLIDATED BALANCE SHEETS

	January 30, 1999	January 31, 1998
	(In Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,858	$ 44,161
Short-term investments	26,736	--
Accounts receivable trade, net	270,704	239,617
Merchandise inventories	617,362	515,790
Deferred income taxes	14,412	6,615
Other	7,366	5,259
Total current assets	939,438	811,442
Property and equipment, net	933,011	749,649
Other assets	25,027	12,643
Favorable lease rights	13,681	15,849
Goodwill	24,938	30,138
Total assets	$1,936,095	$1,619,721
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 212,926	$ 150,679
Accrued liabilities	117,200	95,185
Income taxes payable	48,572	38,482
Current portion of long-term debt	1,533	1,845
Total current liabilities	380,231	286,191
Long-term debt	310,912	310,366
Deferred income taxes	53,787	45,104
Other long-term liabilities	28,386	23,278
Shareholders' equity:		
Common stock--$.01 par value, 400,000,000 shares authorized, 158,394,735 and 157,757,956 shares issued at January 30, 1999 and January 31, 1998, respectively	1,584	1,578
Paid-in capital	504,275	488,550
Retained earnings	656,920	464,654
Total shareholders' equity	1,162,779	954,782
Total liabilities and shareholders' equity	$1,936,095	$1,619,721

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Year Ended		
	January 30, 1999	January 31, 1998	February 1, 1997
	(In Thousands, Except Per Share Data)		
Net sales	$3,681,763	$3,060,065	$2,388,221
Cost of merchandise sold	2,447,301	2,046,468	1,608,688
Gross margin	1,234,462	1,013,597	779,533
Operating expenses:			
Selling, general and administrative	810,162	678,793	536,226
Depreciation and amortization	64,849	52,180	38,815
Goodwill amortization	5,200	5,200	5,200
Preopening expenses	16,388	18,589	10,302
Total operating expenses	896,599	754,762	590,543
Operating income	337,863	258,835	188,990
Other (income) expense:			
Interest expense	22,672	24,261	17,745
Amortization of deferred financing costs	200	344	201
Interest income	(1,758)	(833)	(324)
Income before income taxes	316,749	235,063	171,368
Provision for income taxes	124,483	93,790	68,890
Net income	$ 192,266	$ 141,273	$ 102,478
Net income per share:			
Basic	$ 1.22	$ 0.93	$ 0.69
Diluted	$ 1.18	$ 0.91	$ 0.68

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
	(In Thousands)				
Balance at February 3, 1996	147,473	$1,475	$188,260	$220,903	$ 410,638
Exercise of stock options	367	3	3,102	--	3,105
Income tax benefits of stock options	--	--	1,250	--	1,250
Net income	--	--	--	102,478	102,478
Balance at February 1, 1997	147,840	1,478	192,612	323,381	517,471
Issuance of common shares	9,141	92	282,776	--	282,868
Exercise of stock options	777	8	7,062	--	7,070
Income tax benefit of stock options	--	--	6,100	--	6,100
Net income	--	--	--	141,273	141,273

Balance at January 31, 1998	157,758	1,578	488,550	464,654	954,782
Exercise of stock options	637	6	5,880	--	5,886
Income tax benefit of stock options	--	--	9,845	--	9,845
Net income	--	--	--	192,266	192,266
Balance at January 30, 1999	158,395	$1,584	$504,275	$656,920	$1,162,779

See accompanying notes

KOHL'S CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	January 30, 1999	January 31, 1998	February 1, 1997
	(In Thousands)		
Operating activities			
Net income	$ 192,266	$ 141,273	$ 102,478
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	70,249	57,724	44,216
Deferred income taxes	886	(2,786)	4,870
Other noncash charges	2,353	2,784	1,843
Changes in operating assets and liabilities:			
Accounts receivable trade	(31,087)	(212,906)	(26,181)
Merchandise inventories	(101,572)	(92,583)	(102,635)
Other current assets	(2,107)	1,144	231
Accounts payable	62,247	24,318	56,904
Accrued and other long-term liabilities	27,366	17,795	18,339
Income taxes payable	10,090	13,012	3,842
Net cash provided by (used in) operating activities	230,691	(50,225)	103,907
Investing activities			
Acquisition of property and equipment	(248,878)	(202,735)	(223,423)
Proceeds from sale of property and equipment	1,292	295	752
Purchase of short-term investments, net	(26,736)	--	--
Other	(14,587)	(6,534)	(2,063)
Net cash used in investing activities	(288,909)	(208,974)	(224,734)
Financing activities			
Proceeds from public debt offering	--	--	200,000
Net borrowings (repayments) under credit facilities	1,600	--	(74,000)
Payment of financing fees on debt	--	(101)	(2,011)
Repayment of other long-term debt, net	(416)	(1,483)	(1,430)
Net proceeds from issuance of common shares	15,731	296,038	4,355
Net cash provided by financing activities	16,915	294,454	126,914
Net increase (decrease) in cash and cash and equivalents	(41,303)	35,255	6,087
Cash and cash equivalents at beginning of period	44,161	8,906	2,819
Cash and cash equivalents at end of			

period................................	$ 2,858	$ 44,161	$ 8,906
	=========	=========	=========

See accompanying notes

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 30, 1999

1. Business and Summary of Accounting Policies

Business

Kohl's Corporation (the Company) operates family oriented, specialty department stores primarily in the Midwest and Mid-Atlantic areas of the United 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 wholly owned subsidiaries. All significant 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 January 30, 1999 (fiscal 1998), January 31, 1998 (fiscal 1997) and February 1, 1997 (fiscal 1996), which all include 52 weeks.

Cash Equivalents

Cash equivalents represent debt securities with an original maturity of three months or less, which are held to maturity. Debt securities 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 debt instruments. These securities 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.

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 $1,921,000 higher at January 30, 1999, and $4,783,000 higher at January 31, 1998 if they had been valued using the first-in, first-out (FIFO) method.

Property and Equipment

The cost of property and equipment is 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 assets, whichever is less. The annual provisions for depreciation and amortization have been principally computed using the following ranges of useful lives:

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

Construction in progress includes land and improvements for locations not

yet opened at the end of each fiscal year.

1. Business and Summary of Accounting Policies (continued)

Favorable Lease Rights

Favorable lease rights are being amortized over a composite average life, including options, of 20 years and reflect accumulated amortization of $18,820,000 at January 30, 1999 and $17,350,000 at January 31, 1998.

Goodwill

Goodwill is being amortized on a straight-line basis over 15 years. Accumulated amortization was $52,466,000 at January 30, 1999 and $47,266,000 at January 31, 1998.

Long-Lived Assets

The Company annually considers whether indicators of impairment of long-lived assets held for use (including favorable leasehold rights and goodwill) are present and determines that if such indicators are present whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amounts. The Company evaluated the ongoing value of its property and equipment and other long-lived assets as of January 30, 1999 and January 31, 1998, and determined that there was no significant impact on the Company's results of operations.

Preopening Costs

Costs associated with the opening of new stores have been accumulated for the period prior to opening and expensed in conjunction with the grand opening period. The expenses relate to the costs associated with new store openings, including hiring and training costs for new employees, Kohl's charge account solicitation and processing and transporting initial store merchandise. Effective January 30, 1999, the Company wrote off all previously deferred pre-opening costs ($1.0 million) and, pursuant to Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities", will expense all future pre-opening costs as incurred.

Advertising

Advertising costs are expensed as incurred and totaled $147,619,000, $117,879,000 and $90,660,000 in fiscal 1998, 1997 and 1996, respectively.

Income Taxes

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

Net Income Per Share

The numerator for the calculation of basic and diluted net income per share is net income. The denominator is summarized as follows (in thousands):

	Fiscal Year		
	1998	1997	1996
Denominator for basic earnings per share-- weighted average shares	158,067	152,471	147,705
Employee stock options	4,566	3,606	2,300
Denominator for diluted earnings per share	162,633	156,077	150,005

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1. Business and Summary of Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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.

Comprehensive Income

In 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." Net income for the fiscal years 1998, 1997 and 1996 is the same as comprehensive income defined pursuant to SFAS 130.

2. Selected Balance Sheet Information

Property and equipment consist of the following:

	January 30, 1999	January 31, 1998
	(In Thousands)	
Land	$ 98,491	$ 78,332
Buildings and improvements	505,475	389,665
Store fixtures and equipment	377,772	334,068
Property under capital leases	55,700	58,569
Construction in progress	104,042	65,900
Property and equipment, at cost	1,141,480	926,534
Less accumulated depreciation	208,469	176,885
	$ 933,011	$749,649

Accrued liabilities consist of the following:

	January 30, 1999	January 31, 1998
	(In Thousands)	
Payroll and related fringe benefits	$ 24,565	$22,007
Sales and property taxes	33,761	30,717
Other accruals	58,874	42,461
	$117,200	$95,185

3. Accounts Receivable Financing

In 1996, the Company had an agreement with a bank under which it periodically sold, generally with recourse, an undivided interest in a revolving pool of its private label credit card receivables. The income and expense on the entire pool of receivables was recorded in selling, general and administrative expenses when earned or incurred.

Effective for all transactions occurring after December 31, 1996, the Financial Accounting Standards Board ("FASB") issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", which provides accounting and reporting standards for sales, securitizations and

3. Accounts Receivable Financing (continued)
servicing of receivables and other financial assets. The adoption of SFAS No. 125 did not have a material effect on the Company.

In conjunction with the adoption of SFAS No. 125, the Company established Kohl's Receivable Corporation (KRC), a wholly owned subsidiary of the Company. KRC is a special purpose entity as defined in SFAS No. 125, and its assets are legally isolated from the Company. On January 30, 1997, the Company repurchased the private label credit card receivables previously sold to a bank. The Company then sold or contributed all of its receivables to KRC. The Company continues to sell all of its receivables to KRC without recourse as defined in SFAS No. 125. Similar to the agreement the Company previously had with a bank, KRC entered into a one year agreement with the same bank, renewable at KRC's request and bank's option, under which KRC periodically sells, generally with recourse, an undivided interest in the revolving pool of the Company's private label credit card receivables up to a maximum of $225 million. The agreement contains certain covenants which require KRC to maintain a minimum portfolio quality. Based on this two-tier structure of selling receivables by the Company to KRC and from KRC to the bank, and a supporting legal opinion, the true sale requirements of SFAS No. 125 were met.

At January 30, 1999 and January 31, 1998, a $113.0 million and $43.5 million interest, respectively, had been sold under this agreement and reflected as a reduction of accounts receivable as the respective sales met the requirements of SFAS No. 125. The Company maintains an allowance for doubtful accounts for retained receivables based upon management's estimates of the Company's risk of credit loss which totaled $4.1 million and $4.7 million at January 30, 1999 and January 31, 1998, respectively.

The revenue from the credit program, net of expenses is summarized below and is included in selling, general and administrative expenses in the accompanying consolidated statements of income. In fiscal 1996, the Company has reflected the income and expense for all receivables (sold and unsold) in the schedule. Subsequent to January 30, 1997, this income and expense is presented only for receivables not sold by KRC to the bank. Pursuant to SFAS No. 125 requirements and the new structure put in place, once the receivables are sold to the bank, the Company retains no rights in bad debts or finance charge income for financial statement purposes. As this income and expense is no longer an income or expense item of the Company, it has not been presented as part of the Company's results of operations.

	Fiscal Year		
	1998	1997	1996
	(In Thousands)		
Finance charges and other income	$38,744	$16,528	$33,859
Operating expenses:			
Cost of financing program	--	--	10,816
Provision for doubtful accounts	7,831	4,502	11,493
Other credit and collection expenses	10,740	5,477	11,375
Total operating expenses	18,571	9,979	33,684
Net revenue of credit program included in selling, general and administrative expenses	$20,173	$ 6,549	$ 175

For fiscal years 1998, 1997 and 1996, the average interest in receivables sold to the bank was $120 million, $154 million and $168 million, respectively. This represents 37%, 64% and 88% of the average receivables outstanding during the respective periods.

4. Debt

Debt consists of the following:

	January 30, 1999	January 31, 1998
	(In Thousands)	
Senior notes	$ 60,000	$ 60,000
Public offered debt	200,000	200,000
Capital leases	48,392	50,827
Other	4,053	1,384
Total debt	312,445	312,211
Less current portion	1,533	1,845
Total long-term debt	$310,912	$310,366

The Company has issued $60 million of 6.57% unsecured senior notes. The notes will mature in 2004, with required prepayments due each year beginning March 31, 2000. The notes contain various covenants that limit, among other things, additional indebtedness and payment of dividends, as well as requiring the Company to meet certain financial tests.

The public offered debt consists of $100 million of non-callable 6.70% unsecured senior notes which mature on February 1, 2006 and $100 million of non-callable 7.375% unsecured senior notes which mature on October 15, 2011.

The Company, using discounted cash flow analyses, based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements, estimates the fair value of the senior notes and the publicly offered debt to be approximately $62 million and $217 million, respectively, at January 30, 1999.

The Company has a $300 million unsecured revolving bank credit facility (the Credit Facility) which matures on June 13, 2003. The Credit Facility can be extended each year for an additional one year with the banks' consents provided that the Company meets certain financial covenants. Depending on the type of advance, amounts borrowed bear interest at competitive bid rates; the LIBOR plus a margin, depending on the Company's long-term unsecured debt rating; or the agent bank's base rate. A facility fee of 0.07% to 0.225%, depending on the Company's long-term unsecured debt rating, is charged on the entire commitment. As of January 30, 1999, the facility fee was 0.09%. The Credit Facility contains various covenants that limit, among other things, additional indebtedness and payment of dividends, as well as requiring the Company to meet certain financial tests. No amounts were outstanding under this facility at January 30, 1999 or January 31, 1998.

Interest payments were $22,950,000, $24,158,000, $11,754,000 in fiscal 1998, 1997 and 1996, respectively.

Annual maturates of long-term debt, excluding capital lease obligations, for the next five years are: $301,000 in 1999; $10,412,000 in 2000; $15,333,000 in 2001, $15,340,000 in 2002 and $11,740,000 in 2003.

5. Commitments

The Company leases property and equipment. Many of the store leases obligate the Company to pay real estate taxes, insurance and maintenance costs, and contain multiple renewal options, exercisable at the Company's option, that range from two additional five-year periods to eight ten-year periods.

5. Commitments (Continued)

Rent expense charged to operations was $89,508,000, $72,286,000 and $52,848,000 in fiscal 1998, 1997 and 1996, respectively. Rent expense includes contingent rents, based on sales, of $4,209,000, $3,847,000 and $3,485,000 in fiscal 1998, 1997 and 1996, respectively.

Rent expense incurred on store leases with various entities owned by a director of the Company and his affiliates, which is included in the total rent expense above, was $4,323,000, $3,789,000, and $3,741,000 in fiscal 1998, 1997 and 1996, respectively.

Leased property under capital leases consists of the following:

	January 30, 1999	January 31, 1998
	(In Thousands)	
Buildings and improvements	$55,700	$58,569
Less accumulated depreciation	15,177	14,750
	$40,523	$43,819

Future minimum lease payments at January 30, 1999, under leases that have initial or remaining noncancellable terms in excess of one year, are as follows:

	Capital Leases	Operating Leases
	(In Thousands)	
Fiscal year:		
1999	$ 6,558	$ 94,143
2000	6,641	99,902
2001	6,613	96,327
2002	6,631	94,575
2003	6,525	94,839
Thereafter	87,102	1,295,168
	120,070	$1,774,954
Less amount representing interest	71,678	
Present value of minimum lease payments	$ 48,392	

Included in the operating lease schedule above is $453,635,000 of minimum lease payments for stores that will open in 1999 and 2000.

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 $3,300,000, $2,610,000 and $1,734,000 in fiscal 1998, 1997 and 1996, respectively. Shares of Company common stock held by the ESOP are included as shares outstanding for purposes of the 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. Total expense was $2,531,000, $2,221,000 and $1,755,000 in fiscal 1998, 1997 and 1996, respectively. In addition, beginning in 1996 the Company made defined annual contributions to the

6. Benefit Plans (Continued)

savings plan on the behalf of all qualifying full-time and part-time associates based on a percentage of qualifying payroll earnings. Total expense was $3,629,000, $2,978,000 and $2,395,000 in fiscal 1998, 1997 and 1996, respectively.

On April 12, 1996, the Company terminated a defined benefit pension plan, and subsequently settled the accumulated benefit obligation. Employees were offered the choice of transferring the lump sum value of pension benefits to the Kohl's savings plan or having a nonparticipant annuity contract purchased for them. Defined benefits are not provided under any successor plan and the plan ceased to exist as an entity. As a result of the termination, the Company recognized a gain of $1,540,000 in fiscal 1996. Pension expense, exclusive of the gain on termination, totaled $470,000.

7. Income Taxes

Deferred income taxes consist of the following:

	January 30, 1999	January 31, 1998
	(In Thousands)	
Deferred tax liabilities--		
Property and equipment	$65,773	$53,034
Deferred tax assets:		
Merchandise inventories	9,684	1,013
Accrued and other liabilities	11,360	9,138
Accrued rent liability	5,354	4,394
	26,398	14,545
Net deferred tax liability	$39,375	$38,489

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

	Fiscal Year		
	1998	1997	1996
	(In Thousands)		
Current Federal	$104,336	$82,184	$53,105
Current State	19,261	14,392	10,915
Deferred	886	(2,786)	4,870
	$124,483	$93,790	$68,890

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		
	1998	1997	1996
Provision at statutory rate.................	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit....................................	3.9	4.2	4.5
Goodwill amortization.......................	0.6	0.8	1.1
Other.......................................	(.2)	(.1)	(.4)
Provision for income taxes..................	39.3%	39.9%	40.2%
Amounts paid for income taxes (In Thousands).	$103,628	$74,826	$58,230

8. Preferred and Common Stock

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

On March 9, 1998, the Company's Board of Directors declared a 2 for 1 stock split effected in the form of a stock dividend on the Company's common stock. Shareholders' equity, and all share and per share amounts have been retroactively adjusted to reflect this dividend.

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

	1992 Plan	1994 Plan	1997 Plan	Total
Options initially authorized..............	11,400,000	12,000,000	200,000	23,600,000
Options available for grant:				
January 31, 1998........	235,548	9,089,050	160,000	9,484,598
January 30, 1999........	52,739	7,727,525	160,000	7,940,264

Generally, 25% of the options become exercisable one year after their respective grant date and another 25% becomes exercisable each succeeding year. Options which are surrendered or terminated without issuance of shares are available for future grants.

The following table summarizes the Company's stock options at January 30, 1999, January 31, 1998 and February 1, 1997 and the changes for the years then ended:

	Number of Options	Weighted Average Exercise Price
Balance at February 3, 1996	8,920,852	$ 9.56
Granted	2,828,450	17.11
Surrendered	(439,512)	9.43
Exercised	(367,214)	8.49
Balance at February 1, 1997	10,942,576	11.57
Granted	2,225,910	33.12
Surrendered	(279,310)	14.63
Exercised	(776,802)	9.37
Balance at January 31, 1998	12,112,374	15.58
Granted	1,709,125	57.70
Surrendered	(164,791)	26.55
Exercised	(636,779)	10.01
Balance at January 30, 1999	13,019,929	$21.28

Options exercisable:

	Shares	Weighted Average Exercise Price
January 30, 1999	7,014,805	$12.11
January 31, 1998	5,522,000	$ 9.71
February 1, 1997	4,281,000	$ 8.21

8. Preferred and Common Stock (continued)

Exercise prices for options outstanding at January 30, 1999, ranged from $3.50-$61.75. Additional information related to these options segregated by exercise price range is as follows:

	Exercise Price Range		
	$3.50 to $11.99	$12.00 to $29.99	$30.00 to $61.75
Options outstanding	4,296,263	5,060,941	3,662,725
Weighted average exercise price of options outstanding	$8.15	$15.24	$45.01
Weighted average remaining contractual life of options outstanding	4.7	7.0	14.3
Options exercisable	3,780,413	2,810,056	424,336
Weighted average exercise price of options exercisable	$8.03	$14.30	$34.00

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

As required by SFAS No. 123, Accounting for Stock-Based Compensation, the Company did calculate the pro forma effect on net income and net income per share of accounting for employee stock options under the fair value method proscribed by SFAS No. 123 in the table below. The weighted-average fair values of options granted during fiscal 1998, 1997 and 1996 were estimated using a Black-Scholes option pricing model to be $26.83, $15.19, and $7.42, respectively. The model used the following assumptions for all years: risk free interest rate of 5.0%; dividend yield of 0%; volatility factors of the Company's common stock of 30%; and a 7-8 year expected life of the option.

	Fiscal Year		
	1998	1997	1996
Pro forma net income	$183,785	$137,320	$100,814
Pro forma net income per share:			
Basic	$ 1.16	$ 0.90	$ 0.68
Diluted	$ 1.14	$ 0.89	$ 0.68

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

9. Contingencies

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

10. Quarterly Financial Information (Unaudited)

	Fiscal Year 1998				
	First	Second	Third	Fourth	Total
	(In Thousands, Except Per Share Data)				
Net sales	$744,571	$758,747	$888,897	$1,289,548	$3,681,763
Gross margin	253,469	256,577	299,622	424,794	1,234,462
Net income	26,848	31,348	40,008	94,062	192,266
Basic net income per share	.17	.20	.25	.59	1.22
Diluted net income per share	.17	.19	.25	.58	1.18

	Fiscal Year 1997				
	First	Second	Third	Fourth	Total
	(In Thousands, Except Per Share Data)				
Net sales	$600,547	$623,937	$757,773	$1,077,808	$3,060,065
Gross margin	203,170	208,085	253,881	348,461	1,013,597
Net income	15,308	20,841	32,526	72,598	141,273
Basic net income per share	.10	.14	.21	.46	.93
Diluted net income per share	.10	.14	.20	.45	.91

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.

The Company uses the LIFO method of accounting for merchandise inventory 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.

LIFO (Credit) Expense	Fiscal Year 1998	Fiscal Year 1997
	(In Thousands)	
Quarter		
First	$ 1,861	$ 1,501
Second	1,896	1,560
Third	1,900	1,895
Fourth	(8,519)	(5,049)
Total year	$(2,862)	$ (93)

The Company estimates its LIFO provision throughout the year based on expected inflation. The provision is adjusted to actual inflation indices at year-end.

11. Related Parties

A director of the Company is also a shareholder of a law firm which performs legal services for the Company. Legal fees incurred with this law firm totaled approximately $657,000, $505,000 and $920,000 in fiscal 1998, 1997 and 1996, respectively.

Another director was previously affiliated with an investment banker which has performed services for the Company. Investment banker fees incurred with this investment banker totaled approximately $8.8 million and $1.3 million in fiscal 1997 and 1996, respectively. No fees were paid in fiscal 1998.

12. Subsequent Events

In March 1999, the Company purchased the right to occupy 33 store locations previously operated by Caldor Corporation. The Company plans to take possession of the stores after Caldor completes its going out of business sale, and expects that the stores will be open for business in spring 2000. The Company paid $142 million for the rights to occupy the stores and expects to invest approximately $165 million more to renovate and refixture the stores. To fund the renovation and refixturing of the former Caldor stores, the Company issued 2,800,000 shares of its common stock to the public in March 1999 for net proceeds of approximately $199 million.

KOHL'S CORPORATION

SCHEDULE II

Valuation and Qualifying Accounts
(Dollars in Thousands)

Years Ended

	January 30, 1999	January 31, 1998	February 1, 1997
Accounts Receivable--Allowances:			
Balance at Beginning of Period..........	$ 4,669	$ 700	$ 4,513
Charged to Costs and Expenses...........	7,831	4,502	11,493
Deductions--Bad Debts Written off, Net of Recoveries and Other Allowances.........	(7,668)	(4,357)	(10,908)
Other (1)..............................	(763)	3,824	(4,398)
Balance at End of Period..................	$ 4,069	$ 4,669	$ 700

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned,

Kohl's Corporation

By: /s/ William S. Kellogg

William S. Kellogg
Chairman of the Board

Dated: April 19, 1999

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/ William S. Kellogg
William S. Kellogg
Chairman and Director

/s/ Jay H. Baker
Jay H. Baker
Director

/s/ John F. Herma
John F. Herma
Chief Operating Officer and Director

/s/ R. Lawrence Montgomery
R. Lawrence Montgomery
Vice Chairman, Chief Executive Officer and Director

/s/ Kevin Mansell
Kevin Mansell
President and Director

/s/ Arlene Meier
Arlene Meier
Chief Financial Officer (Principal

/s/ Frank Sica
Frank Sica
Director

/s/ Herbert Simon
Herbert Simon
Director

/s/ Peter M. Sommerhauser
Peter M. Sommerhauser
Director

/s/ R. Elton White
R. Elton White
Director

/s/ James Ericson
James Ericson
Director

Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation of the Company, as amended, incorporated herein by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 1996.
3.2	Bylaws of the Company, incorporated herein by reference to Exhibit 10.14 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 1996.
4.1	Revolving Credit Agreement dated as of June 13, 1997 among Kohl's Corporation, Kohl's Department Stores, Inc., various commercial banking institutions, The Bank of New York, as Administrative Agent, and The First National Bank of Chicago, as Syndication Agent, incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 1997.
4.2	Amendment to Revolving Credit Agreement dated as of June 5, 1998, incorporated herein by reference to Exhibit 4.1 of the Company's registration statement on Form S-3 (File No. 333-73257).
4.3	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	Employment Agreement between the Company and William S. Kellogg, incorporated herein by reference to Exhibit 10.6 of the Company's registration statement on Form S-1 (File No. 33-46883).*
10.2	Employment Agreement between the Company and Jay H. Baker, incorporated herein by reference to Exhibit 10.7 of the Company's registration statement on Form S-1 (File No. 33-46883).*
10.3	Employment Agreement between the Company and John F. Herma, incorporated herein by reference to Exhibit 10.8 of the Company's registration statement on Form S-1 (File No. 33-46883).*
10.4	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.*
10.5	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).*
10.6	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).*
10.7	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).*
10.8	Executive Committee Bonus Plan, incorporated herein by reference to Exhibit 10.12 of the Company's registration statement on Form S-1 (File No. 33-46883).*

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* A management contract or compensatory plan or arrangement.

EXHIBIT

NUMBER	DESCRIPTION
10.9	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).*
10.10	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.*
10.11	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 Ms. Blanc.*
10.13	Amended and Restated Agreements dated December 10, 1998 between the Company and Mr. Mansell.*
10.14	Amended and Restated Agreements dated December 10, 1998 between the Company and Mr. Montgomery.*
10.15	Receivables Sale Agreement dated as of January 31, 1997 by and between Kohl's Department Stores, Inc. and Kohl's Receivables Corporation, incorporated herein by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997.
10.16	Receivables Purchase Agreement dated as of January 31, 1997 by and among Kohl's Receivables Corporation, Preferred Receivables Funding Corporation and The First National Bank of Chicago, as agent, incorporated herein by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997.
10.17	Amendment 2 to Receivables Purchase Agreement, dated as of May 3, 1997, incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 1997.
10.18	Amendment 3 to Receivables Purchase Agreement, dated as of July 24, 1997, incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 1997.
10.19	Amendment 4 to Receivables Purchase Agreement, dated as of January 29, 1998, incorporated herein by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998.
10.20	Amendment 5 to Receivables Purchase Agreement, dated as of January 28, 1999.
12.1	Statement regarding calculation of ratio of earnings to fixed charges.
13.1	1998 Annual Report.
21.1	Subsidiaries of the Registrant.
24.1	Consent of Ernst & Young LLP.
27.	Financial Data Schedules - Article 5 of Regulation S-X, 12 months ended January 30, 1999.

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* A management contract or compensatory plan or arrangement.

EXHIBIT 10.12

[LETTERHEAD OF KOHL'S APPEARS HERE]

December 10, 1998

Ms. Caryn Blanc
Kohl's Corporation
N56 W17000 Ridgewood Drive
Menomonee Falls, WI 53051

Re: Kohl's Corporation

Dear Ms. Blanc:

You and Kohl's Department Stores, Inc. (the "Company") entered into a letter agreement dated May 4, 1992 relating to the Company's agreement to lend you sufficient funds to enable you to pay a portion of your tax arising from the termination of restrictions applying to your stock in Kohl's Corporation ("Kohl's"), which letter agreement was amended and restated by letter agreements dated December 10, 1992 and December 10, 1995 (collectively "the "Prior Agreements"). This agreement further amends and restates the Prior Agreements and the promissory note and pledge agreement executed in connection therewith such that they read in their entirety as set forth herein and in the documents attached hereto.

In consideration of your agreement not to make an election under Section 83(b) of the Internal Revenue Code, the Company has loaned you the principal amount of $182,948.00 pursuant to the Prior Agreements, to enable you to pay your personal income tax arising from the termination of restrictions that applied to your Kohl's stock under the now-terminated Kohl's Stockholder Agreement dated November 21, 1988.

The loan shall be evidenced by the promissory note (the "Note") and secured by a pledge agreement in the forms of the attached documents. The Note bears interest at 4.33% per annum. During the term of the loan, so long as you are employed by the Company, the Company will pay you additional compensation in an amount such that the after-tax proceeds of such additional compensation will enable you to pay interest due on the loan (other than interest accruing on any principal not paid when due). Your taxes will be computed taking into account, in an equitable manner, the anticipated tax benefit for such portion of the interest that will be deductible by you. It will be your obligation each year to provide the Company with documentation related to your income and tax liability for such year.

The unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable on the Maturity Date (defined below); provided, however, that:

(a) In the event of your Retirement, as such term is defined in Kohl's 1992 Long Term Compensation Plan (the "Plan"), or your employment with the Company is terminated for any reason, whether voluntarily or involuntarily, by you or the Company other than a termination for Disability, as such term is defined in the Plan, or death, the unpaid principal balance of the loan together with interest accrued thereon, shall be due and payable on the termination of your employment;

(b) In the event your employment with the Company is terminated due to Disability or death, the unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable the earlier of one year after the termination of such employment or the Maturity Date; and

(c) In the event you, members of your family or trusts established for

your or their benefit (the "Family Group") sells, disposes of or otherwise transfers (voluntarily or involuntarily) outside of the Family Group any shares of Kohl's stock owned by your Family Group (which would include any Kohl's stock your Family Group may subsequently acquire whether upon exercise of stock options or otherwise), for each such share of Kohl's stock so transferred, $1.18 of principal amount of the loan (appropriately adjusted for any stock split, reverse stock split, stock dividend or similar transaction affecting the capitalization of Kohl's), together with interest accrued thereon, shall be immediately due and payable.

The Maturity Date shall be December 9, 2001. The Company does not anticipate extending the Maturity Date thereafter.

You shall have the right at any time or from time to time to prepay all or any portion of the unpaid principal of the loan, provided any such prepayment includes interest through the date or prepayment.

This agreement sets forth the full understanding of the parties and supersedes all prior agreements relating to the subject matter hereof. It may be amended only by an agreement in writing. This agreement shall be governed and constructed in accordance with the laws of the State of Wisconsin.

If the foregoing correctly sets forth our understanding, please so acknowledge by executing one copy of this letter in the space provided below and return it to the undersigned.

Very truly yours,

KOHL'S DEPARTMENT STORES, INC.

By: /s/ William S. Kellogg,

William S. Kellogg,
Chief Executive Officer

Accepted and agreed to this
1 /st/ day of December, 1998.
- ------

/s/ Caryn Blanc
- --------------------
Caryn Blanc

EXHIBIT 10.13

[LETTERHEAD OF KOHL'S APPEARS HERE]

December 10, 1998

Mr. Kevin Mansell
Kohl's Corporation
N54 W13600 Woodale Drive
Menomonee Falls, WI 53051

Re: Kohl's Corporation

Dear Mr. Mansell:

You and Kohl's Department Stores, Inc. (the "Company") entered into a letter agreement dated May 4, 1992 relating to the Company's agreement to lend you sufficient funds to enable you to pay a portion of your tax arising from the termination of restrictions applying to your stock in Kohl's Corporation ("Kohl's"), which letter agreement was amended and restated by letter agreements dated December 10, 1992 and December 10, 1995 (collectively "the "Prior Agreements"). This agreement further amends and restates the Prior Agreements and the promissory note and pledge agreement executed in connection therewith such that they read in their entirety as set forth herein and in the documents attached hereto.

In consideration of your agreement not to make an election under Section 83(b) of the Internal Revenue Code, the Company has loaned you the principal amount of $399,369.00 pursuant to the Prior Agreements, to enable you to pay your personal income tax arising from the termination of restrictions that applied to your Kohl's stock under the now-terminated Kohl's Stockholder Agreement dated November 21, 1988.

The loan shall be evidenced by the promissory note (the "Note") and secured by a pledge agreement in the forms of the attached documents. The Note bears interest at 4.33% per annum. During the term of the loan, so long as you are employed by the Company, the Company will pay you additional compensation in an amount such that the after-tax proceeds of such additional compensation will enable you to pay interest due on the loan (other than interest accruing on any principal not paid when due). Your taxes will be computed taking into account, in an equitable manner, the anticipated tax benefit for such portion of the interest that will be deductible by you. It will be your obligation each year to provide the Company with documentation related to your income and tax liability for such year.

The unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable on the Maturity Date (defined below); provided, however, that:

(a) In the event of your Retirement, as such term is defined in Kohl's 1992 Long Term Compensation Plan (the "Plan"), or your employment with the Company is terminated for any reason, whether voluntarily or involuntarily, by you or the Company other than a termination for Disability, as such term is defined in the Plan, or death, the unpaid principal balance of the loan together with interest accrued thereon, shall be due and payable on the termination of your employment;

(b) In the event your employment with the Company is terminated due to Disability or death, the unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable the earlier of one year after the termination of such employment or the Maturity Date; and

(c) In the event you, members of your family or trusts established for your or their benefit (the "Family Group") sells, disposes of or otherwise transfers (voluntarily or involuntarily) outside of the Family Group any shares of Kohl's stock owned by your Family Group (which would include any Kohl's stock

your Family Group may subsequently acquire whether upon exercise of stock options or otherwise), for each such share of Kohl's stock so transferred, $1.29 of principal amount of the loan (appropriately adjusted for any stock split, reverse stock split, stock dividend or similar transaction affecting the capitalization of Kohl's), together with interest accrued thereon, shall be immediately due and payable.

The Maturity Date shall be December 9, 2001. The Company does not anticipate extending the Maturity Date thereafter.

You shall have the right at any time or from time to time to prepay all or any portion of the unpaid principal of the loan, provided any such prepayment includes interest through the date or prepayment.

This agreement sets forth the full understanding of the parties and supersedes all prior agreements relating to the subject matter hereof. It may be amended only by an agreement in writing. This agreement shall be governed and constructed in accordance with the laws of the State of Wisconsin.

If the foregoing correctly sets forth our understanding, please so acknowledge by executing one copy of this letter in the space provided below and return it to the undersigned.

Very truly yours,

KOHL'S DEPARTMENT STORES, INC.

By: /s/ William S. Kellogg

William S. Kellogg, Chief Executive Officer

Accepted and agreed to this
______ day of December, 1998.

/s/ Kevin Mansell
- --------------------------
Kevin Mansell

EXHIBIT 10.14

[LETTERHEAD OF KOHL'S APPEARS HERE]

December 10, 1998

Mr. R. Lawrence Montgomery
Kohl's Corporation
N54 W13600 Woodale Drive
Menomonee Falls, WI 53051

Re: Kohl's Corporation

Dear Mr. Montgomery:

You and Kohl's Department Stores, Inc. (the "Company") entered into a letter agreement dated May 4, 1992 relating to the Company's agreement to lend you sufficient funds to enable you to pay a portion of your tax arising from the termination of restrictions applying to your stock in Kohl's Corporation ("Kohl's"), which letter agreement was amended and restated by letter agreements dated December 10, 1992 and December 10, 1995 (collectively "the "Prior Agreements"). This agreement further amends and restates the Prior Agreements and the promissory note and pledge agreement executed in connection therewith such that they read in their entirety as set forth herein and in the documents attached hereto.

In consideration of your agreement not to make an election under Section 83(b) of the Internal Revenue Code, the Company has loaned you the principal amount of $380,628.00 pursuant to the Prior Agreements, to enable you to pay your personal income tax arising from the termination of restrictions that applied to your Kohl's stock under the now-terminated Kohl's Stockholder Agreement dated November 21, 1988.

The loan shall be evidenced by the promissory note (the "Note") and secured by a pledge agreement in the forms of the attached documents. The Note bears interest at 4.33% per annum. During the term of the loan, so long as you are employed by the Company, the Company will pay you additional compensation in an amount such that the after-tax proceeds of such additional compensation will enable you to pay interest due on the loan (other than interest accruing on any principal not paid when due). Your taxes will be computed taking into account, in an equitable manner, the anticipated tax benefit for such portion of the interest that will be deductible by you. It will be your obligation each year to provide the Company with documentation related to your income and tax liability for such year.

The unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable on the Maturity Date (defined below); provided, however, that:

(a) In the event of your Retirement, as such term is defined in Kohl's 1992 Long Term Compensation Plan (the "Plan"), or your employment with the Company is terminated for any reason, whether voluntarily or involuntarily, by you or the Company other than a termination for Disability, as such term is defined in the Plan, or death, the unpaid principal balance of the loan together with interest accrued thereon, shall be due and payable on the termination of your employment;

(b) In the event your employment with the Company is terminated due to Disability or death, the unpaid principal balance of the loan, together with interest accrued thereon, shall be due and payable the earlier of one year after the termination of such employment or the Maturity Date; and

(c) In the event you, members of your family or trusts established for your or their benefit (the "Family Group") sells, disposes of or otherwise transfers (voluntarily or involuntarily) outside of the Family Group any shares

of Kohl's stock owned by your Family Group (which would include any Kohl's stock your Family Group may subsequently acquire whether upon exercise of stock options or otherwise), for each such share of Kohl's stock so transferred, $1.29 of principal amount of the loan (appropriately adjusted for any stock split, reverse stock split, stock dividend or similar transaction affecting the capitalization of Kohl's), together with interest accrued thereon, shall be immediately due and payable.

The Maturity Date shall be December 9, 2001. The Company does not anticipate extending the Maturity Date thereafter.

You shall have the right at any time or from time to time to prepay all or any portion of the unpaid principal of the loan, provided any such prepayment includes interest through the date or prepayment.

This agreement sets forth the full understanding of the parties and supersedes all prior agreements relating to the subject matter hereof. It may be amended only by an agreement in writing. This agreement shall be governed and constructed in accordance with the laws of the State of Wisconsin.

If the foregoing correctly sets forth our understanding, please so acknowledge by executing one copy of this letter in the space provided below and return it to the undersigned.

Very truly yours,

KOHL'S DEPARTMENT STORES, INC.

By: /s/ William S. Kellogg

William S. Kellogg,
Chief Executive Officer

Accepted and agreed to this
______ day of December, 1998.

/s/ R. Lawrence Montgomery
- -------------------------------
R. Lawrence Montgomery

Exhibit 12.1

KOHL'S CORPORATION
RATIO OF EARNINGS TO FIXED CHARGES
($000s)

	Fiscal Year (1)				
	1998	1997	1996	1995	1994
Earnings					
Income before income taxes	$316,749	$235,063	$171,368	$122,729	$117,451
Fixed charges (3)	63,135	57,446	42,806	30,649	19,758
Less interest capitalized during period	(1,878)	(2,043)	(2,829)	(1,287)	(603)
	$378,006	$290,466	$211,345	$152,091	$136,606
Fixed Charges					
Interest (expensed or capitalized) (3)	$ 24,550	$ 26,304	$ 20,574	$ 14,774	$ 7,911
Portion of rent expense representative of interest	38,385	30,798	22,031	15,798	11,777
Amortization of deferred financing fees	200	344	201	77	70
	$ 63,135	$ 57,446	$ 42,806	$ 30,649	$ 19,758
Ratio of earnings to fixed charges	5.99	5.06	4.94	4.96 (2)	6.91

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

EXHIBIT 21.1

Subsidiaries

Name	State of Incorporation
Kohl's Department Stores, Inc.	Delaware
Kohl's Investment Corporation	Delaware
Kohl's Illinois Corporation*	Nevada
Kohl's Receivables Corporation*	Wisconsin
Kohl's Pennsylvania, Inc.*	Pennsylvania

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

EXHIBIT 24.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 #33-46883) 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 and in the Registration Statement (Form S-3 #33-80323) pertaining to the Debt Offering of Kohl's Corporation of our report dated March 5, 1999, 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 January 30, 1999.

Milwaukee, Wisconsin   ERNST & YOUNG LLP
April 16, 1999

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