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

(Mark One)

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

For the quarterly period ended May 5, 2007

OR

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

For the transition period from to

Commission file number 1-11084

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: June 5, 2007 Common Stock, Par Value $0.01 per Share, 322,625,936 shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	May 5, 2007 (Unaudited)	February 3, 2007 (Audited)	April 29, 2006 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	**$ 250,889**	$ 189,170	$ 195,202
Short-term investments	**252,741**	431,230	1,401,136
Merchandise inventories	**2,713,646**	2,588,099	2,347,891
Deferred income taxes	**11,590**	40,190	—
Other	**169,555**	152,351	185,228
Total current assets	**3,398,421**	3,401,040	4,129,457
Property and equipment, net	**5,576,938**	5,352,974	4,791,447
Favorable lease rights, net	**216,420**	219,286	209,225
Goodwill	**9,338**	9,338	9,338
Other assets	**60,301**	58,539	52,500
Total assets	**$ 9,261,418**	$ 9,041,177	$9,191,967
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	**$ 1,022,304**	$ 934,376	$ 868,691
Accrued liabilities	**651,688**	732,178	672,053
Income taxes payable	**122,201**	233,263	94,158
Deferred income taxes	**—**	—	3,210
Current portion of long-term debt and capital leases	**9,921**	18,841	8,440
Total current liabilities	**1,806,114**	1,918,658	1,646,552
Long-term debt and capital leases	**1,040,915**	1,040,057	1,043,952
Deferred income taxes	**255,270**	243,530	210,623
Other long-term liabilities	**248,705**	235,537	211,457
Shareholders' equity:			
Common stock	**3,503**	3,485	3,458
Paid-in capital	**1,847,744**	1,748,792	1,615,074
Treasury stock at cost	**(1,629,320)**	(1,628,416)	(77,247)
Retained earnings	**5,688,487**	5,479,534	4,538,098
Total shareholders' equity	**5,910,414**	5,603,395	6,079,383
Total liabilities and shareholders' equity	**$ 9,261,418**	$ 9,041,177	$9,191,967

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months (13 Weeks) Ended	
	May 5, 2007	April 29, 2006
Net sales	**$ 3,572,040**	$ 3,196,337
Cost of merchandise sold	**2,255,719**	2,040,965
Gross margin	**1,316,321**	1,155,372
Operating expenses:		
Selling, general, and administrative	**856,959**	768,888
Depreciation and amortization	**104,688**	93,272
Preopening expenses	**8,589**	10,997
Operating income	**346,085**	282,215
Interest expense, net	**10,147**	14,195
Income before income taxes	**335,938**	268,020
Provision for income taxes	**126,985**	100,775
Net income	**$ 208,953**	$ 167,245
Net income per share:		
Basic		
Basic	**$ 0.65**	$ 0.48
Average number of shares	**321,775**	345,277
Diluted		
Diluted	**$ 0.64**	$ 0.48
Average number of shares	**325,068**	347,285

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Common Stock		Paid-In	Treasury	Retained	
	Shares	Amount	Capital	Stock	Earnings	Total
Balance at February 3, 2007	348,502	$3,485	$1,748,792	$(1,628,416)	$5,479,534	$5,603,395
Exercise of stock options	1,810	18	82,537	—	—	82,555
Excess income tax benefit from exercise of stock options	—	—	6,856	—	—	6,856
Share-based compensation expense	—	—	9,559	—	—	9,559
Treasury stock purchases	—	—	—	(904)	—	(904)
Net income	—	—	—	—	208,953	208,953
Balance at May 5, 2007	**350,312**	**$3,503**	**$1,847,744**	**$(1,629,320)**	**$5,688,487**	**$5,910,414**

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months (13 Weeks) Ended	
	May 5, 2007	April 29, 2006
Operating activities		
Net income	$ 208,953	$ 167,245
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	104,821	93,407
Amortization of debt discount	53	36
Share-based compensation	9,100	9,918
Excess tax benefits from share-based compensation	(6,856)	(6,952)
Deferred income taxes	40,340	19,709
Changes in operating assets and liabilities:		
Accounts receivable, net	—	1,652,065
Merchandise inventories	(125,547)	(110,323)
Other current and long-term assets	(43,561)	(104,538)
Accounts payable	87,928	38,720
Accrued and other long-term liabilities	(67,406)	56,096
Income taxes	(104,206)	(65,798)
Net cash provided by operating activities	103,619	1,749,585
Investing activities		
Acquisition of property and equipment and favorable lease rights	(322,295)	(280,635)
Purchases of short-term investments	(1,856,719)	(3,588,105)
Sales of short-term investments	2,035,208	2,347,046
Proceeds from sale of property, plant and equipment	25,400	—
Other	(411)	(2,576)
Net cash used in investing activities	(118,817)	(1,524,270)
Financing activities		
Excess tax benefits from share-based compensation	6,856	6,952
Payments of other long-term debt	(11,590)	(101,689)
Treasury stock purchases	(904)	(77,247)
Proceeds from stock option exercises	82,555	15,032
Net cash provided by (used in) financing activities	76,917	(156,952)
Net increase in cash and cash equivalents	61,719	68,363
Cash and cash equivalents at beginning of period	189,170	126,839
Cash and cash equivalents at end of period	$ 250,889	$ 195,202
Supplemental information:		
Interest paid, net of capitalized interest	$ 13,305	$ 18,768
Income taxes paid	$ 190,848	$ 147,481

See accompanying Notes to Condensed Consolidated Financial Statements

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

1. Basis of Presentation

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

Due to 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 sales and costs associated with the opening of new stores.

The Company operates as a single business unit.

Certain reclassifications have been made to prior year's financial information to conform to the current year presentation.

2. Net Sales

Revenue from the sale of the Company's merchandise at its stores is recognized at the time of sale, net of any returns. E-commerce sales are recorded upon the shipment of merchandise. Net sales do not include sales tax as the Company considers itself a pass-through conduit for collecting and remitting sales taxes. Revenue from gift card sales is recognized when the gift card is redeemed.

Gift card breakage revenue is based on historical redemption patterns and represents the balance of gift cards for which the Company believes the likelihood of redemption by a customer is remote.

3. Income Taxes

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes.

The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The only periods subject to examination for the Company's federal return are the 2003 through 2006 tax years. The audits of the tax years 2001 and 2002 have been completed without material adjustment. The periods subject to examination for the Company's state returns are generally years 2002 through 2006. Certain states have proposed adjustments. The Company is currently appealing the proposed adjustments. If it does not prevail on its appeals, the Company does not anticipate that the adjustments would result in a material change in its financial position.

The Company adopted the provisions of FIN 48 on February 4, 2007. As a result of the implementation of FIN 48, the Company recognized no change in the liability for unrecognized tax benefits. At the time of adoption of FIN 48, the Company had $52,603,000 of unrecognized tax benefits recorded on its financial statements, net of any federal tax impact related to state taxes, all of which, if recognized, would impact the effective tax rate.

The Company recognizes interest and penalty expense related to unrecognized tax benefits in its provision for income tax expense. As of February 4, 2007, the Company had $8,158,000 of accrued interest and penalities included in the amount of unrecognized tax benefits.

4. Stock Based Compensation

As of May 5, 2007, the Company has three long-term compensation plans pursuant to which stock-based compensation may be granted. The Company's 1994 and 2003 long-term compensation plans provide for the granting of various forms of equity-based awards, including nonvested stock and options to purchase shares of the Company's common stock, to officers and key employees. The 1997 Stock Option Plan for Outside Directors provides for granting of equity-based awards to outside directors.

The majority of stock options granted to employees vest in four equal annual installments. Remaining stock options granted vest in five to ten year annual installments. Outside directors' stock options are typically granted upon a director's election or reelection to the Company's Board of Directors. The vesting periods for outside directors' options are one to three years, depending on the length of the term to which the director is elected. Options that are surrendered or terminated without issuance of shares are available for future grants. All stock options have an exercise price equal to the fair market value of the common stock on the date of grant.

Share-based compensation transactions are accounted for in accordance with the provisions of SFAS No. 123(R), "Share-based Payment," requiring the Company to recognize expense related to the fair value of its employee stock option awards. The fair value of all share-based awards is estimated on the date of grant, which is defined as the date the award is approved by the Board of Directors (or management with the appropriate authority) for ongoing employees.

Stock compensation cost is recognized for new, modified and unvested stock option awards, measured at fair value and recognized as compensation cost over the vesting period. The Black-Scholes option valuation model was used to estimate the fair value of each option award based on the following assumptions:

	2007	2006
Dividend yield	0%	0%
Volatility	0.304	0.311
Risk-free interest rate	4.7%	4.7%
Expected life in years	5.2	5.2
Weighted average fair value at grant date	$27.62	$18.91

The total compensation cost recognized related to options for the quarters ended May 5, 2007 and April 29, 2006 was $8.3 million and $9.0 million, respectively.

The Company has awarded nonvested shares of common stock to eligible key employees. All awards have restriction periods tied primarily to employment and/or service. The awards vest over three to four years. The awards are expensed on a straight-line basis over the vesting period.

Unearned compensation cost related to the nonvested stock granted under the plan as of May 5, 2007 was $13.1 million and was $7.4 million as of April 29, 2006. That cost is expected to be recognized over a weighted-average period of 1.7 years. The total compensation cost recognized related to nonvested stock during the quarter ended May 5, 2007 was $1.2 million and was $0.9 million for the quarter ended April 29, 2006.

5. Short-term Investments

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

6. 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 consolidated financial statements.

7. Net Income Per Share

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

	Three Months Ended	
	May 5, 2007	April 29, 2006
	(In Thousands)	
Numerator for basic and diluted earnings per share-net income	$208,953	$ 167,245
Denominator for basic earnings per share – weighted average shares	321,775	345,277
Impact of dilutive employee stock options and non vested stock (a)	3,293	2,008
Denominator for diluted earnings per share	325,068	347,285

(a) For the three months ended May 5, 2007 and April 29, 2006, 4,295,000 and 8,803,000 options, respectively, were not included in the earnings per share calculation as the impact of such options was antidilutive.

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

Executive Summary

Fiscal 2007 has started very well from both a sales and earnings perspective. The Company earned $209.0 million in net income during the three months ended May 5, 2007, an increase of 24.9% over last year. The Company's net sales increased 11.8% while comparable store sales increased 3.9%. The Company's gross margin rate improved by approximately 70 basis points from 36.1% last year to 36.9% this year. The Company leveraged S,G&A expenses by approximately 6 basis points, decreasing from 24.1% last year to 24.0% this year.

The comparable store sales growth for the quarter was achieved through consistent sales performance from all regions of the country and all six lines of business. The men's and footwear lines of business had the strongest comparable store sales. Men's strong performance was led by the active, suit separates and sportswear categories. The footwear business was driven by the customer responding to fashion, especially in juniors and women's.

The Company continues to see strong performance from new exclusive brand initiatives during the first quarter including the expansion of Chaps into plus sizes in apparel and Tony Hawk in footwear. The Company also experienced positive performance from Stamp 10 in women's as well as Casa Cristina in home. In addition, the launch of the Elle exclusive brand has been very successful and plans have been made to accelerate its rollout to additional stores later this fall.

The Company will continue to focus on introducing new brands and extending successful brands into additional areas of the store. The Company will add two new brands, Daisy Fuentes and Moments, in intimate apparel in June. During fall 2007, the Company's two most important initiatives will be its partnership with Vera Wang for merchandise categories across the store and the Food Network alliance in the home area.

The Company's marketing initiatives are focusing on trying to increase the Company's share of wallet with both existing and new customers by encouraging her to shop other areas of the store. During the second quarter, the Company will launch that effort under an "Explore the Store" advertising campaign. In addition, the Company will continue to support private and exclusive brand growth through its "Only at Kohl's" marketing effort. Direct mail will be used to target customers in newly remodeled stores to encourage them to see the changes made as the Company adopts some of its innovation initiatives in older stores. In addition, the Company will continue to focus on opportunities provided by its credit partnership with JPMorgan Chase to reach new customers.

The Company continues to concentrate on profitable expansion. The Company's future growth plans are to increase its presence in all of the regions it currently serves and to expand into new markets. During the first quarter of fiscal 2007, the Company opened seventeen new stores in a blend of new and fill-in markets, which brings the Company's total store count to 834.

The Company remains on track to meet the goal of opening 415 stores over the next four years, including the seventeen stores which opened during the first quarter of 2007. The Company continues to expect to open 110 to 115 stores in 2007, with the majority of them opening in the third quarter. The Company will open the majority of the Mervyn's locations it previously acquired in the Pacific Northwest in the fall of 2007, giving the Company a greater presence in the Portland and Seattle markets.

Results of Operations

Expansion Update

At May 5, 2007, the Company operated 834 stores in 46 states compared with 749 stores in 43 states at the same time last year. Total square feet of selling space increased 9.8% from 57.9 million at April 29, 2006 to 63.5 million at May 5, 2007.

The Company successfully opened 17 stores during the first quarter, including its initial entry into the state of Idaho with three stores. In addition, the Company added three stores in both the Northeast region and Southeast region, two stores each in the Mid-Atlantic region, the South Central region, and the Southwest region, and one store each in the Midwest and Northwest regions.

Net Sales

Net sales increased $375.7 million or 11.8% to $3,572.0 million for the three months ended May 5, 2007, from $3,196.3 million for the three months ended April 29, 2006. Net sales increased $253.0 million due to the opening of 17 new stores in the first quarter and the inclusion of 85 new stores opened in fiscal 2006 and other revenue growth. The remaining $122.7 million increase is attributable to an increase in comparable store sales of 3.9%. Comparable store sales growth for the period is based on the sales of stores (including e-commerce sales and relocated or expanded stores) open throughout the full period and throughout the full prior fiscal year. The 3.9% comparable store sales increase was a result of an increase in average transaction value of 4.0% offset by a 0.1% decrease in number of transactions per store. All lines of business posted positive comparable sales increases for the quarter. The men's and footwear businesses led the Company for the quarter. All regions delivered a positive comparable sales increase for the quarter, with the Southwest region having the strongest performance for the quarter. E-commerce sales increased 65.6% to $52.5 million for the three months ended May 5, 2007 as the Company continues to expand the selections offered on-line.

Gross Margin

Gross margin increased $160.9 million to $1,316.3 million for the three months ended May 5, 2007, from $1,155.4 million for the three months ended April 29, 2006. Gross margin increased $82.1 million due to the opening of 17 new stores in the first quarter of 2007 and the inclusion of 85 new stores opened in fiscal 2006 and other revenue growth. Comparable store gross margin increased $78.8 million. The Company's gross margin as a percent of net sales was 36.9% for the three months ended May 5, 2007 compared to 36.1% for the three months ended April 29, 2006. The improvement in gross margin was driven by better merchandise content, improved inventory flow and better inventory shortage results. Gross margin was also helped by increased penetration of private and exclusive brands. Private and exclusive brands increased to 35.9% of sales for the three months ended May 5, 2007 compared to 32.6% of sales for the three months ended April 29, 2006.

Operating Expenses

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

S,G&A expenses increased $88.1 million or 11.5% to $857.0 million for the three months ended May 5, 2007, from $768.9 million for the three months ended April 29, 2006. The S,G&A expenses decreased to 24.0% of net sales for the three months ended May 5, 2007, from 24.1% of net sales for the three months ended April 29, 2006, a decrease of 6 basis points. The Company achieved leverage in advertising, credit, distribution center and corporate costs for the quarter offset by the store operating expenses deleveraging for the quarter. The increase in store operating expenses was primarily driven by the incremental expenses associated with the increased number of store remodels completed during the three months ended May 5, 2007 compared to the three months ended April 29, 2006. The Company completed 29 store remodels during the three months ended May 5, 2007 compared to 5 store remodels during the three months ended April 29, 2006.

Depreciation and amortization for the three months ended May 5, 2007, was $104.7 million compared to $93.3 million for the three months ended April 29, 2006. The increase is primarily attributable to the addition of new stores and the mix of owned compared to leased stores.

Preopening expenses are expensed as incurred and relate to the costs associated with new store openings including advertising, hiring and training costs for new employees, processing and transporting initial merchandise and rent expenses. The average cost per store fluctuates based on the mix of stores opened in new markets compared to existing markets, with new markets being more expensive. Preopening expense for the three months ended May 5, 2007, was $8.6 million compared to $11.0 million for the three months ended April 29, 2006. The Company opened 17 new stores during each of the three months ended May 5, 2007 and April 29, 2006. The decrease in the average cost to open a store for the three months ended May 5, 2007 compared to the three months ended April 29, 2006 was due to shifting more advertising to the post-grand opening period.

Operating Income

As a result of the above factors, operating income for the three months ended May 5, 2007, was $346.1 million or 9.7% of net sales compared to $282.2 million or 8.8% of net sales for the three months ended April 29, 2006, an increase of 22.6% from last year.

Net Interest Expense

Net interest expense for the three months ended May 5, 2007 was $10.1 million compared to $14.2 million for the three months ended April 29, 2006. The decrease in net interest expense was primarily due to an increase in interest income and an increase in capitalized interest.

Provision for Income Taxes

The Company's effective tax rate was 37.8% for the three months ended May 5, 2007 compared to 37.6% for the three months ended April 29, 2006. The increase in effective tax rate is due to the mix of new stores in certain jurisdictions.

Net Income

Net income for the three months ended May 5, 2007 was $209.0 million compared to $167.2 million for the three months ended April 29, 2006, an increase of 24.9% from last year. Net income per diluted share was $0.64 for the three months ended May 5, 2007, compared to $0.48 per diluted share for the three months ended April 29, 2006, an increase of 33.5% over last year.

Seasonality & Inflation

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

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

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Financial Condition and Liquidity

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

Operating Activities. Cash flow provided by operations was $103.6 million for the three months ended May 5, 2007, compared to $1.7 billion for the three months ended April 29, 2006. The decrease in cash flow provided by operations was due to the cash proceeds of $1.6 billion received by the Company in conjunction with the sale of the proprietary credit card accounts on April 21, 2006. The primary use of cash flow for the three months ended May 5, 2007, was an increase of merchandise inventory of $125.5 million. The primary sources of cash flow for the three months ended May 5, 2007, were an increase in accounts payable of $87.9 million and a 24.9% increase in net income. Short-term trade credit, in the form of extended payment terms for inventory purchases, represents a significant source of financing for merchandise inventories.

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

	May 5, 2007	February 3, 2007	April 29, 2006
Working Capital (In Thousands)	$1,592,307	$1,482,382	$2,482,905
Current Ratio	1.88:1	1.77:1	2.51:1
Debt/Capitalization	15.1%	15.9%	14.8%

The reduction in working capital and the current ratio and the related increase in the debt/capitalization ratio as of May 5, 2007 compared to April 29, 2006, was due to the $1.6 billion of share repurchases made during fiscal 2006.

The Company’s merchandise inventories increased $365.8 million, or 15.6% from the April 29, 2006 balance due to the increase in the number of stores. On an average per store basis, the inventory at May 5, 2007 increased 3.8% from the April 29, 2006 balance. The Company’s merchandise inventories increased $125.5 million, or 4.9% from the February 3, 2007 balance due to normal business seasonality and the opening of 17 new stores. Accounts payable at May 5, 2007, increased $153.6 million from April 29, 2006, and increased $87.9 million from February 3, 2007. Accounts payable as a percent of inventory at May 5, 2007, was 37.7%, compared to 37.0% at April 29, 2006. The increase in accounts payable as a percent of inventory reflects the benefits of executing the Company’s strategy to flow goods closer to point of sale.

Investing Activities. Net cash used in investing activities was $118.8 million in the first quarter of 2007 compared to $1.5 billion in the first quarter of 2006. Investing activities in 2007 included the net sales of $178.5 million of short-term investments and $322.3 million of capital expenditures. Capital expenditures include costs for new store openings, store remodels, distribution center openings and other base capital needs.

The decrease in cash used in investing activities from April 29, 2006 was due to investment of the proceeds received from the private label credit card transaction on April 21, 2006 in excess of the cash used to repurchase common stock during the first quarter last year.

Total capital expenditures for fiscal 2007 are expected to be approximately $1.6 billion. This estimate includes new store spending as well as remodeling and base capital needs. The actual amount of the Company's future annual capital expenditures will depend primarily on the number of new stores opened, the mix of owned, leased or acquired stores, the number of stores remodeled and the timing of opening distribution centers.

Financing Activities. The Company expects to fund growth with available cash and short-term investments, proceeds from cash flows from operations, short-term trade credit, seasonal borrowings under its revolving credit facilities and other sources of financing. The Company believes it has sufficient lines of credit, cash and short-term investments and expects to generate adequate cash flows from operating activities to sustain current levels of operations. The Company has a $900 million senior unsecured revolving facility ("revolver") in which no amounts were outstanding at May 5, 2007. The Company had a $532 million unsecured revolving facility ("previous revolver") in which no amounts were outstanding at April 29, 2006. In addition, the Company has two demand notes with availability totaling $50.0 million. No amounts were outstanding under these notes at May 5, 2007 and April 29, 2006.

Contractual Obligations

The Company has aggregate contractual obligations at May 5, 2007, of $15,313.3 million related to debt repayments, capital leases, operating leases, royalties and purchase obligations as follows:

	Fiscal Year						
	Remaining 2007	2008	2009	2010	2011	Thereafter	Total
				(In Thousands)			
Recorded contractual obligations:							
Long-term debt, net of discount	$ 4	$ —	$ —	$ —	$400,000	$ 495,881	$ 895,885
Capital leases	7,347	10,540	9,783	7,286	7,200	112,795	154,951
Other (b)	652	930	238	—	—	—	1,820
	$ 8,003	$ 11,470	$ 10,021	$ 7,286	$407,200	$ 608,676	$ 1,052,656
Unrecorded contractual obligations:							
Interest payments on long-term debt	$ 58,775	$ 58,775	$ 58,775	$ 58,775	$ 49,325	$ 801,850	$ 1,086,275
Interest payments on capital leases	9,013	12,306	11,568	10,900	10,255	78,031	132,073
Operating leases	284,227	388,780	383,686	375,388	373,504	7,322,797	9,128,382
Royalties	12,327	26,731	31,092	36,118	19,082	18,395	143,745
Purchase obligations (a)	3,729,705	1,042	—	—	—	—	3,730,747
Other (b)	21,799	304	328	354	381	16,268	39,434
	$4,115,846	$487,938	$485,449	$481,535	$452,547	$8,237,341	$14,260,656
Total	$4,123,849	$499,408	$495,470	$488,821	$859,747	$8,846,017	$15,313,312

(a) The Company's purchase obligations consist mainly of purchase orders for merchandise. Amounts committed under open purchase orders for merchandise are cancelable without penalty prior to a date that precedes the vendors' scheduled shipment date.
(b) The other category above includes commitments for stores to be opened in fiscal 2007 and 2008.

The Company has adopted the provisions of FIN 48, on February 4, 2007 and the related liability for unrecognized tax benefits was $52.6 million. Although payment of such amounts in future periods could affect our liquidity and cash flows, we are currently unable to reasonably estimate the period of cash settlement.

The Company also has outstanding letters of credit and stand-by letters of credit that total approximately $52.5 million at May 5, 2007. If certain conditions were met under these arrangements, the Company would be required to satisfy the obligations in cash. Due to the nature of these arrangements and based on historical experience, the Company does not expect to make any significant payments. Therefore, they have been excluded from the preceding table.

The various debt agreements contain certain covenants that limit, among other things, additional indebtedness, as well as require the Company to meet certain financial tests. As of May 5, 2007, the Company was in compliance with all financial covenants of the debt agreements and expects to remain in compliance for the upcoming year.

Off-Balance Sheet Arrangements

The Company has not provided any financial guarantees as of May 5, 2007.

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

Critical Accounting Policies and Estimates

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

Retail Inventory Method and Inventory Valuation

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

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

Vendor Allowances

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

Insurance Reserve Estimates

The Company uses a combination of insurance and self-insurance for a number of risks including workers’ compensation, general liability and employee-related health care benefits, a portion of which is paid by its associates. The Company determines the estimates for the liabilities associated with these risks by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. A change in claims frequency and severity of claims from historical experience as well as changes in state statutes and the mix of states in which the Company operates could result in a change to the required reserve levels. Under its workers’ compensation and general liability insurance policies, the Company retains the initial risk of $500,000 and $250,000, respectively, per occurrence. The Company also has a lifetime medical payment limit of $1.5 million.

Impairment of Assets and Closed Store Reserves

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

Income Taxes

The Company pays income taxes based on tax statutes, regulations and case law of the various jurisdictions in which it operates. At any one time, multiple tax years are subject to audit by the various taxing authorities. The Company's effective income tax rate was 37.8% for the quarter ended May 5, 2007, and 37.6% for the quarter ended April 29, 2006. The effective rate is impacted by changes in law, location of new stores, level of earnings and the result of tax audits.

Operating Leases

The Company leases retail stores under operating leases. Many lease agreements contain rent holidays, rent escalation clauses and/or contingent rent provisions. The Company recognizes rent expense on a straight-line basis over the expected lease term, including cancelable option periods where failure to exercise such options would result in an economic penalty. The Company uses a time period for its straight-line rent expense calculation that equals or exceeds the time period used for depreciation. In addition, the commencement date of the lease term is the earlier of the date when the Company becomes legally obligated for the rent payments or the date when the Company takes possession of the land or the building for initial setup of fixtures and merchandise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary exposure to market risk consists of changes in interest rates or borrowings. At May 5, 2007, the Company's fixed rate long-term debt, excluding capital leases, was $895.9 million.

Fixed rate long-term debt is utilized as a primary source of capital. When these debt instruments mature, the Company may refinance such debt at then existing market interest rates, which may be more or less than interest rates on the maturing debt. If interest rates on the existing fixed rate debt outstanding at May 5, 2007, changed by 100 basis points, the Company's annual interest expense would change by $9.0 million.

During the three months ended May 5, 2007, average borrowings under the Company's variable rate credit facilities and the revolver, were $5.8 million. If interest rates on the average fiscal 2007 variable rate debt changed by 100 basis points, the Company's interest expense would change by $58,000 assuming comparable borrowing levels.

Item 4. Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1A Risk Factors

There have been no material changes in the Corporation's risk factors from those disclosed in our 2006 Annual Report on Form 10-K.

Forward Looking Statements

This report contains statements that may constitute forward-looking statements within the meaning of the safe harbor provisions for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. Those statements relate to developments, results, conditions or other events the Company expects or anticipates will occur in the future. The Company intends words such as "believes," "anticipates," "plans," "expects" and similar expressions to identify forward-looking statements. Without limiting the foregoing, these statements may relate to future outlook, revenues, earnings, store openings, planned capital expenditures, market conditions, new strategies and the competitive environment. Forward-looking statements are based on management's then current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Any such forward-looking statements are qualified by the important risk factors, described in Item 1A of the Company's Annual Report on Form 10-K filed with the SEC on March 23, 2007, that could cause actual results to differ materially from those predicted by the forward-looking statements. Forward looking statements relate to the date initially made, and the Company undertakes no obligation to update them. An investment in the Company's common stock or other securities carries certain risks. Investors should carefully consider the risks as stated in the Company's Form 10-K and other risks which may be disclosed from time to time in the Company's filings with the SEC before investing in the Company's securities.

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

During the quarter ended May 5, 2007, the Company did not sell any securities which were not registered under the Securities Act or repurchase any of its equity securities.

c. Issuer Purchases of Securities

On March 6, 2006, the Company announced that its Board of Directors authorized a $2.0 billion share repurchase program. Purchases under the repurchase program may be made in the open market, through block trades and other negotiated transactions. The Company expects to execute the share repurchase program primarily in open market transactions, subject to market conditions. The Company expects to complete the program over the next 12 to 18 months. There is no fixed termination date for the repurchase program, and the program may be suspended, discontinued or accelerated at any time. No purchases were made pursuant to this repurchase plan during the three fiscal months ended May 5, 2007.

The following table contains information for shares withheld from employees to satisfy minimum tax withholding requirements upon the vesting of the employees' restricted stock during the three fiscal months ended May 5, 2007:

Period	Total Number of Shares Purchased During Period	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
February 4, 2007 – March 3, 2007	11,092	$70.54	0	$373,000,000
March 4, 2007 – April 7, 2007	1,201	$73.62	0	$373,000,000
April 8, 2007 – May 5, 2007	431	$76.89	0	$373,000,000
Total	**12,724**	**$71.04**	**0**	**$373,000,000**

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

The Annual Meeting of Shareholders of Kohl's Corporation was held on May 2, 2007:

1. To elect eleven directors to serve on our Board of Directors for a one-year term and until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending February 2, 2008;
3. To vote on a proposal to amend our 2003 Long Term Compensation Plan;
4. To vote on a proposal to approve our Executive Bonus Plan;
5. To vote on a proposal to amend our Articles of Incorporation to allow the Board of Directors to institute a majority vote requirement for the election of directors;
6. To vote on the shareholder proposal, if properly presented at the meeting; and
7. To act upon any other business that may properly come before the meeting or any adjournment thereof.

Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934 and there was no solicitation in opposition to management's solicitation.

The results of the voting were as follows:

1. Election of directors:

Steven A. Burd
For – 279,942,689 shares
Withheld – 13,879,541 shares

Wayne Embry
For – 280,193,393 shares
Withheld – 13,628,837 shares

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James D. Ericson
For – 279,945,347 shares
Withheld – 13,876,883 shares

John F. Herma
For – 274,516,749 shares
Withheld – 19,305,481 shares

William S. Kellogg
For – 274,753,585 shares
Withheld – 19,068,645 shares

Kevin Mansell
For – 274,597,086 shares
Withheld – 19,225,144 shares

Lawrence Montgomery
For – 274,957,595 shares
Withheld – 18,864,635 shares

Frank V. Sica
For – 274,321,534 shares
Withheld – 19,500,696 shares

Peter M. Sommerhauser
For – 264,171,320 shares
Withheld – 29,650,910 shares

Stephen E. Watson
For – 280,228,549 shares
Withheld – 13,593,681 shares

R. Elton White
For – 274,964,605 shares
Withheld – 18,857,625 shares

2. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm:

For – 286,683,980 shares
Against – 5,566,950 shares
Abstain – 1,571,300 shares

3. Management proposal to amend the Company's 2003 Long Term Compensation Plan:

For – 241,622,885 shares
Against – 31,774,184 shares
Abstain – 1,859,593 shares
Broker Non-Vote – 18,565,568

4. Management proposal to approve the Company’s Executive Bonus Plan:

   For – 277,876,834 shares
   Against – 13,994,202 shares
   Abstain – 1,951,194 shares

5. Management proposal to amend the Company’s Articles of Incorporation to allow the Board of Directors to institute a majority vote requirement for the election of directors:

   For – 266,893,424 shares
   Against – 25,137,714 shares
   Abstain – 1,791,092 shares

6. Shareholder proposal to initiate the appropriate process to amend the Company’s Articles of Incorporation to institute a majority voting requirement for the election of directors:

   For – 55,544,561 shares
   Against – 214,153,616 shares
   Abstain – 5,558,485 shares
   Broker Non-Vote – 18,565,568

Item 6. Exhibits

3.1	Articles of Amendment, dated May 2, 2007
3.2	Composite Articles of Incorporation, as amended through May 2, 2007
10.1	2003 Long-Term Compensation Plan, as amended through May 2, 2007. Incorporated herein by reference to Annex A to the Company's definitive proxy statement filed with Schedule 14A on March 27, 2007.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Periodic Report by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Periodic Report by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

	Kohl's Corporation (Registrant)
Date: June 6, 2007	/s/ R. Lawrence Montgomery R. Lawrence Montgomery Chief Executive Officer and Director
Date: June 6, 2007	/s/ Wesley S. McDonald Wesley S. McDonald Chief Financial Officer

Exhibit 3.1

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
KOHL'S CORPORATION

These Articles of Amendment to the Articles of Incorporation of Kohl's Corporation, a corporation organized under Chapter 180 of the Wisconsin Statutes (the "Corporation"), are executed by the Executive Vice President, General Counsel and Secretary of the Corporation for the purpose of amending the Corporation's Articles of Incorporation.

1. The name of the Corporation is Kohl's Corporation.

2. The following amendment to the Corporation's Articles of Incorporation was adopted by the directors of the Corporation on November 8, 2006 and by the shareholders of the Corporation on May 2, 2007, in accordance with section 180.1003 of the Wisconsin Statutes:

   Article V of the Articles of Incorporation is amended by adding subparagraph (g) to read as follows:

   (g) Voting for Directors. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Notwithstanding the foregoing, the Board of Directors may determine for any uncontested election of directors that a director shall be elected to a new term only if the director receives the affirmative vote of a majority of the votes cast. If any incumbent director fails to receive such required vote, he or she shall continue to serve until his or her successor is elected and, if necessary, qualifies or until there is a decrease in the number of directors, subject to such director's earlier death, resignation, disqualification or removal from office.

3. The amendment does not provide for an exchange, reclassification, or cancellation of issued shares.

Executed this 2nd day of May, 2007.

KOHL'S CORPORATION

/s/ Richard D. Schepp
Richard D. Schepp
Executive Vice President, General
Counsel and Secretary

This instrument was drafted by
Larry D. Lieberman
Godfrey & Kahn, S.C.
780 North Water Street
Milwaukee, Wisconsin 53202

EXHIBIT 3.2

ARTICLES OF INCORPORATION
OF
KOHL'S CORPORATION

(Composite provided pursuant to Item 601(b)(3)(i) of Regulation S-K)

The undersigned incorporator, acting as incorporator of a corporation under the Wisconsin Business Corporation Law Chapter 180 of the Wisconsin Statutes (the "WBCL"), adopts the following Articles of Incorporation, for such corporation:

ARTICLE I

Name

The name of the corporation is Kohl's Corporation.

ARTICLE II

Purposes

The purposes for which the corporation is organized are to engage in any lawful activity within the purposes for which a corporation may be organized under the WBCL.

ARTICLE III

Capital Stock

The aggregate number of shares which the corporation shall have the authority to issue, the designation of each class of shares, the authorized number of shares of each class and the par value thereof per share shall be as follows:

Designation Class	Par Value Per Share	Authorized Number of Shares
Common Shares	$ .01	800,000,000
Preferred Shares	$ .01	10,000,000

The preferences, limitations and relative rights of shares of each class of stock shall be as follows:

A. *Common Shares.*

(1) *Voting.* Except as otherwise provided by law and subject to the rights of holders of any series of Preferred Shares, only the holders of Common Shares shall be entitled to vote for the election of directors of the corporation and for all other corporate purposes. Except as otherwise provided by law, upon any such vote, each holder of Common Shares shall be entitled to one vote for each Common Share held of record by such shareholder.

(2) *Dividends.* Subject to the rights of holders of any series of Preferred Shares, the holders of Common Shares shall be entitled to receive such dividends as may be declared thereon from time to time by the Board of Directors, in its discretion, out of any funds of the corporation at the time legally available for payment of dividends on Common Shares.

(3) *Liquidation.* In the event of the voluntary or involuntary dissolution, liquidation or winding up of the corporation, after there have been paid to or set aside for the holders of any series of Preferred Shares the full preferential amounts, if any, to which they are entitled, the holders of outstanding Common Shares shall be entitled to share ratably, according to the number of shares held by each, in the remaining assets of the corporation available for distribution.

B. *Preferred Shares.*

The Preferred Shares may be issued from time to time in one or more series in any manner permitted by law and the provisions of the Articles of Incorporation of the corporation, as determined from time to time by the Board of Directors and stated in the resolution or resolutions providing for the issuances thereof, prior to the issuances of any shares thereof. Unless otherwise provided in the resolution establishing a series of Preferred Shares, prior to the issue of any shares of a series so established or to be established, the Board of Directors may, by resolution, amend the relative rights and preferences of the shares of such series.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each series of Preferred Shares shall be governed by the following provisions:

(i) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of Preferred Shares in one or more series, with such voting powers, full or limited, or without voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, including (but not limiting the generality thereof) the following:

(A) The number of shares to constitute each such series, and the designation of each such series.

(B) The dividend rate of each such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes or on any other series of any class or classes of stock, and whether such dividends shall be cumulative, noncumulative or partially cumulative.

(C) Whether the shares of each such series shall be subject to redemption by the corporation and if made subject to such redemption, the times, prices and other terms and conditions of such redemption.

(D) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of each such series.

(E) Whether or not the shares of each such series shall be convertible into or exchangeable for any other securities of the corporation, including shares of any other class, classes or series of any other class or classes of stock of the corporation, or any debt securities of the corporation, and, if provision be made for conversion or exchange, the times, prices, rates of exchange, adjustments, and other terms and conditions of such conversion or exchange.

(F) The extent, if any, to which the holders of the shares of each such series shall be entitled to vote with respect to the election of directors or otherwise.

(G) The restrictions, if any, on the issue or reissue of any additional Preferred Shares.

(H) The rights of the holders of the shares of each such series upon the dissolution of, or upon the distribution of the assets of, the corporation.

(ii) Except as otherwise required by law and except for such voting powers with respect to the election of directors or other matters as may be stated in the resolutions of the Board of Directors creating any series of Preferred Shares, the holders of any such series shall have no voting powers whatsoever.

ARTICLE IV

Preemptive Rights

No holder of any capital stock of the corporation shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of the corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into such shares.

ARTICLE V

Board of Directors

(a) Number of Directors, Tenure and Qualifications. Except as provided pursuant to subparagraph (d) of this Article V, the number of directors constituting the Board of Directors of the corporation shall be such number, not less than 5 nor more than 15, as from time to time shall be determined by the then authorized number of directors; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. The term of office of all directors who are in office immediately prior to the closing of the polls for the election of directors at the 2007 annual meeting of shareholders shall expire at such time. From and after the election of directors at the 2007 annual meeting of shareholders, the directors shall be elected to hold office until the next annual meeting of shareholders and until such director's successor shall be elected and qualified, subject, however, to such director's earlier death, resignation, disqualification or removal from office.

(b) <u>Vacancies</u>. Any vacancy on the Board of Directors, whether resulting from an increase in the number of directors or resulting from death, resignation, disqualification, removal or otherwise, other than a vacancy with respect to a director elected as provided pursuant to subparagraph (d) of this Article V, shall be filled by the vote of the majority of the directors then in office (excluding directors, if any, elected as provided pursuant to subparagraph (d) of this Article V), even if less than a quorum, or by a sole remaining director. If no director remains in office, any vacancy may be filled by the shareholders. Any director so elected to fill any vacancy on the Board of Directors, including a vacancy created by an increase in the number of directors, shall hold office until the next annual meeting of shareholders and until such director's successor shall be elected and qualified, subject, however, to such director's earlier death, resignation, disqualification or removal from office.

(c) <u>Removal of Directors</u>. Exclusive of directors, if any, elected as provided pursuant to subparagraph (d) of this Article V, a director of the corporation may be removed from office prior to the expiration of his term of office at any time, but only for cause and only by the affirmative vote of a majority of the outstanding shares of capital stock of the corporation entitled to vote with respect to the election of such director at a meeting of the shareholders duly called for such purpose.

(d) <u>Directors Elected by Preferred Shares</u>. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Shares issued by the corporation shall have the right, voting pursuant to the terms of such Preferred Shares, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of such Preferred Shares. Unless expressly provided by such terms, directors so elected shall not be divided into classes and, during the prescribed terms of office of such directors, the Board of Directors shall consist of such number of directors determined as provided in subparagraph (a) of this Article V plus the number of directors determined as provided in this subparagraph (d) of this Article V.

(e) Shareholder Nominations. Advance notice of shareholder nominations for the election of directors shall be given in the manner provided in the Bylaws of the corporation.

(f) Amendment or Repeal. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the Bylaws of the corporation), the affirmative vote of the holders of 80% or more of the combined voting power of the then outstanding shares of stock entitled to vote on the matter, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with, or repeal this Article V.

(g) Voting for Directors. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Notwithstanding the foregoing, the Board of Directors may determine for any uncontested election of directors that a director shall be elected to a new term only if the director receives the affirmative vote of a majority of the votes cast. If any incumbent director fails to receive such required vote, he or she shall continue to serve until his or her successor is elected and, if necessary, qualifies or until there is a decrease in the number of directors, subject to such director's earlier death, resignation, disqualification or removal from office.

ARTICLE VI

Shareholder Action

The shareholders shall not be entitled to take action without a meeting by less than unanimous consent. Except as otherwise required by law and subject to the express rights of the holders of any class or series of stock having a preference over the Common Shares as to dividends or upon liquidation, annual and special meetings of the shareholders shall be called, the record date or dates shall be determined and notice shall be sent as set forth in the Bylaws of the corporation. Notwithstanding any other provisions of these Articles of Incorporation or the Bylaws of the corporation (and notwithstanding the fact that a lesser affirmative vote may be specified by law, these Articles of Incorporation or the Bylaws of the corporation), the affirmative vote of the holders of 80% or more of the combined voting power of the then outstanding shares of stock entitled to vote on the matter, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with, or repeal Articles II or VIII of the Bylaws, or this Article VI or any provision thereof or hereof; provided, however, that the Board of Directors may alter, amend, or adopt any provision inconsistent with, or repeal Articles II or VIII of the Bylaws, or any provision thereof, without a vote of shareholders.

ARTICLE VII

Registered Office and Agent

The address of the initial registered office of the corporation is 44 East Mifflin Street, Madison, Dane County, Wisconsin 53703 and the name of its initial registered agent at such address is C T Corporation System.

ARTICLE VIII

Incorporator

The name and address of the incorporator is Peter M. Sommerhauser, 780 North Water Street, Milwaukee, Wisconsin 53202.

Executed this 19th day of May, 1993.

/s/Peter M. Sommerhauser
Peter M. Sommerhauser

This instrument was drafted by Larry D. Lieberman, Godfrey & Kahn, S.C., 780 N. Water Street, Milwaukee, Wisconsin 53202.

Exhibit 31.1

CERTIFICATIONS

I, R. Lawrence Montgomery, certify that:

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

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

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

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

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

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: June 6, 2007

/s/ R. Lawrence Montgomery

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

Exhibit 31.2

I, Wesley S. McDonald, certify that:

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

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

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

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

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: June 6, 2007

/s/ Wesley S. McDonald

Wesley S. McDonald
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

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

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 5, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: June 6, 2007

/s/ R. Lawrence Montgomery

R. Lawrence Montgomery
Chief Executive Officer and Director

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

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

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 5, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: June 6, 2007

/s/ Wesley S. McDonald

Wesley S. McDonald
Chief Financial Officer