

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

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

For the quarterly period ended May 4, 1996

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)

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

<u>N54 W13600 Woodale Drive, Menomonee Falls, Wisconsin</u>	<u>53051</u>
-----	-----
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (414) 783-5800

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: June 6, 1996 Common Stock, Par Value \$.01 per Share, 73,797,223 Shares Outstanding.

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

	May 4 1996 ----- (Unaudited)	February 3 1996 ----- (Audited)	April 29 1995 ----- (Unaudited)
Assets -----			
Current assets:			
Cash and cash equivalents	\$1,832	\$2,819	\$1,444
Merchandise inventories	397,190	320,325	310,709
Other	11,237	7,020	10,417
	-----	-----	-----
Total current assets	410,259	330,164	322,570
Property and equipment, at cost	542,846	502,406	393,518
Less accumulated depreciation	101,223	93,238	73,145
	-----	-----	-----
	441,623	409,168	320,373
Other assets	5,488	4,564	4,903
Favorable lease rights	20,029	20,491	23,005
Goodwill	39,238	40,538	44,438
	-----	-----	-----
Total assets	\$916,637	\$804,925	\$715,289
	=====	=====	=====

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable	\$135,109	\$68,810	\$110,001
Accrued liabilities	58,820	57,259	42,402
Income taxes payable	9,955	21,628	4,802
Deferred income taxes	7,139	5,674	8,509
Current portion of long-term debt	1,425	1,425	1,345
	-----	-----	-----
Total current liabilities	212,448	154,796	167,059
Long-term debt	225,369	187,699	155,829
Deferred income taxes	31,678	30,731	23,562
Other long-term liabilities	21,891	21,061	22,727
Shareholders' equity			
Common stock-\$0.01 par value, 200,000,000 shares authorized, 73,789,772, 73,736,670 and 73,517,662 issued at May 4, 1996, February 3, 1996 and April 29, 1995 respectively.	738	737	735
Paid-in capital	189,849	188,998	185,330
Retained earnings	234,664	220,903	160,047
	-----	-----	-----
Total shareholders' equity	425,251	410,638	346,112
	-----	-----	-----
Total liabilities and shareholders' equity	\$916,637	\$804,925	\$715,289
	=====	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements

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

	3 Months (13 Weeks) Ended May 4, 1996	3 Months (13 Weeks) Ended April 29, 1995
	-----	-----
	(In thousands except per share data)	
Sales	\$468,638	\$368,365
Cost of merchandise sold	311,836	243,987
	-----	-----
Gross margin	156,802	124,378
Operating expenses:		
Selling, general, and administrative	115,890	92,551
Depreciation and amortization	8,665	6,656
Goodwill amortization	1,300	1,300
Preopening expenses	3,639	1,492
	-----	-----
Operating income	27,308	22,379
Interest expense, net	4,102	2,453
	-----	-----
Income before income taxes	23,206	19,926
Provision for income taxes	9,445	8,130
	-----	-----
Net income	\$13,761	\$11,796
	=====	=====
Earnings per share:		
Net income	\$0.19	\$0.16
	=====	=====

Weighted average number of common shares	73,771	73,514
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Common Stock		Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
	(In thousands, except share data)				
Balance at February 3, 1996	73,736,670	\$737	\$188,998	\$220,903	\$410,638
Net income	-	-	-	13,761	13,761
Exercise of stock options	53,102	1	851	-	852
Balance at May 4, 1996	73,789,772	\$738	\$189,849	\$234,664	\$425,251

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	3 Months (13 Weeks) Ended May 4, 1996	3 Months (13 Weeks) Ended April 29, 1995
	-----	-----
	(In thousands)	
Operating activities		
Net income	\$13,761	\$11,796
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	10,010	7,976
Deferred income taxes	2,412	6,316
Other noncash charges	263	279
Changes in operating assets and liabilities	(24,328)	(72,893)
	-----	-----
Net cash (used in) provided by operating activities	2,118	(46,526)
Investing activities		
Acquisition of property and equipment, net	(40,440)	(22,624)
Other	(295)	(626)
	-----	-----
Net cash used in investing activities	(40,735)	(23,250)
Financing activities		
Net borrowings (repayments) under working capital loan	(62,000)	41,000
Proceeds from public debt offering	100,000	-
Repayments of long-term debt	(330)	(253)
Payment of financing fees on debt	(892)	-
Net proceeds from issuance of common shares (including stock options)	852	67
	-----	-----
Net cash provided by financing activities	37,630	40,814

Net decrease in cash and cash equivalents	(987)	(28,962)
Cash and cash equivalents at beginning of period	2,819	30,406
Cash and cash equivalents at end of period	\$1,832	\$1,444

See accompanying Notes to Condensed Consolidated Financial Statements

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KOHL'S CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

Shareholders' equity, share and per share amounts for all periods presented have been adjusted for the 2 for 1 stock split declared by the Company's Board of Directors on March 11, 1996 effected in the form of a stock dividend. The dilutive effect of stock options on earnings per share is immaterial.

2. INVENTORIES

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

LIFO Expense ----- Quarter -----	3 Months Ended -----	
	May 4, 1996 -----	April 29, 1995 -----
	Total -----	Total -----
First	\$1,171	\$1,104

(In Thousands)

Inventories would have been \$832,000 higher at May 4, 1996, \$339,000 lower at February 3, 1996 and \$2,163,000 at April 29, 1995 if they had been valued using the first-in, first-out (FIFO) method.

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3. CONTINGENCIES

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

The Internal Revenue Service (the "IRS") is currently auditing the Company's federal income tax returns for fiscal years ended August 1986, 1987 and 1988. In January 1994, the IRS proposed approximately \$20 million of tax consisting primarily of an adjustment to the LIFO inventory method used by the Company. The impact of the proposed adjustments before interest had previously

been substantially reflected in the Company's deferred income tax accounts. If the Company were unsuccessful on all issues asserted by the IRS, the estimated interest to date on the adjustments would be approximately \$28 million (\$17 million after tax). The Company is contesting the proposed adjustments vigorously within the administrative appeals process of the IRS and intends to litigate if necessary. The Company's management and tax advisors strongly believe that the Company's positions are correct and consistent with governing tax law and regulations, and expect the Company will prevail. Management does not believe the ultimate resolution of these issues will have a material adverse impact on the Company's results of operations or liquidity.

NEW ACCOUNTING PRONOUNCEMENT

In March 1995, the FASB issued Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, which requires impairment losses to be recorded on long-lived assets including goodwill used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement 121 also addresses the accounting for long-lived assets that are expected to be disposed. The Company adopted Statement 121 in the first quarter of 1996 and no adjustment was necessary.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

THREE MONTHS ENDED MAY 4, 1996

RESULTS OF OPERATIONS

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At May 4, 1996, the Company operated 136 stores compared with 109 stores at the same time last year. The Company successfully opened eight new stores during the quarter. In March, the Company opened four new stores: Niles, Ohio; Springfield, Missouri and two stores in Wichita, Kansas. In April, the Company opened four new stores: Jackson, Michigan; Louisville, Kentucky; and the fifth and sixth stores in the Cleveland, Ohio market.

Net sales increased \$100.2 million or 27.2% to \$468.6 million for the three months ended May 4, 1996 from \$368.4 million for the three months ended April 29, 1995. Of the increase, \$65.9 million is attributable to the inclusion of 22 new stores opened in 1995 (net of the sales of two underperforming stores closed in 1995) and eight new stores opened in 1996. The remaining \$34.3 million is attributable to comparable store sales growth of 9.6%.

Due to a shift in the fiscal accounting calendar, the fiscal quarter ending dates are one week later this year than a year ago. On a calendar basis, matching the thirteen weeks ended May 4, 1996 with the thirteen weeks ended May 6, 1995, total sales increased 23.1%. Comparable store sales increased 6.0% on this basis.

Gross margin for the three months ended May 4, 1996 was 33.5% compared to 33.8% in the three months ended April 29, 1995. This decrease is primarily attributable to clearance markdowns taken to eliminate the Company's electronics business. A low-cost operating environment and continued focus on expense control allows the Company to profitably offer value to its customers.

Operating income for the three months ended May 4, 1996 increased \$4.9 million or 22.0% over the three months ended April 29, 1995. This increase resulted primarily from the increased sales and the Company's ability to leverage its selling, general and administrative expenses as net sales increased. Selling, general and administrative expenses declined to 24.7% of net sales for the three months ended May 4, 1996 from 25.1% of net sales for the three months ended April 29, 1995.

The Company incurred \$3.6 million of preopening expenses associated with the opening of eight stores in the three months ended May 4, 1996 compared to \$1.5 million for three stores opened in the three months ended April 29, 1995. These expenses relate to the costs associated with new store openings, including

hiring and training costs for new employees, opening new charge accounts, processing and transporting initial merchandise and advertising of the Kohl's name and retailing concept.

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Net interest expense for the three months ended May 4, 1996 increased \$1.6 million from the three months ended April 29, 1995. This increase was due to interest associated with an initial \$100 million of non-callable 6.7% unsecured senior notes (Notes) the Company issued on February 6, 1996 under the Company's \$250 million shelf registration of January 25, 1996. Although the Company expects interest expense to increase in fiscal 1996, the exact effect cannot be quantified because it will depend on a number of factors, including the number of stores opened, the Company's cash flow, interest rates and whether new stores are leased or owned by the Company.

For the three months ended May 4, 1996, net income increased 16.7% to \$13.8 million from \$11.8 million in the three months ended April 29, 1995. Earnings were \$.19 per share for the three months ended May 4, 1996 compared to \$.16 per share for the three months ended April 29, 1995.

Seasonality & Inflation

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The Company's business is seasonal, reflecting increased consumer buying in the "back-to-school" and Christmas seasons. The Company's financial position and operations are also affected by the timing of new store openings. Inflation did not materially affect the Company's net income during the periods presented.

Financial Condition and Liquidity

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The Company's primary ongoing cash requirements are for inventory purchases, capital expenditures in connection with the Company's expansion and remodeling programs and preopening expenses. The Company's primary sources of funds for its business activities are cash flow from operations, borrowings under its revolving credit facility, the availability of the shelf offering 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 Christmas selling season.

At May 4, 1996, the Company's merchandise inventories had increased \$76.9 million over the February 3, 1996 balance and \$86.5 million over the April 29, 1995 balance. These increases reflect the purchase of summer inventory as well as inventory for new stores. The Company's working capital increased to \$197.8 million at May 4, 1996 from \$175.4 million at February 3, 1996 and \$155.5 million at April 29, 1995. The increase is due primarily to higher inventory levels offset in part by increased accounts payable. The Company expects working capital levels to continue to grow as new stores are opened.

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Cash provided from operating activities was \$2.1 million for the three months ended May 4, 1996 compared to cash used of \$46.5 million for the three months ended April 29, 1995. Excluding changes in operating assets and liabilities, cash provided by operating activities was \$26.5 million for the three months ended May 4, 1996 compared to \$26.4 million for the three months ended April 29, 1995.

Capital expenditures for the three months ended May 4, 1996 were \$40.4 million (no additional assets under capital lease) compared to \$29.0 million (including \$6.4 million of assets under capital leases) for the same period a year ago. The increase in expenditures in 1996 is primarily attributable to the opening of eight new stores for the three months ended May 4, 1996 compared to three new stores for the three months ended April 29, 1996 and the relocation of the Company's corporate headquarters within Menomonee Falls in the summer of 1996 to an owned facility.

The Company's long-term debt increased from \$187.7 million at February 3,

1996 to \$225.4 million at May 4, 1996. On February 6, 1996 the Company issued \$100 million non-callable 6.70% unsecured senior notes under the Company's \$250 million shelf registration statement of January 25, 1996. The proceeds were used to repay borrowings under its \$200 million unsecured revolving credit facility and will support future Company growth. The notes mature on February 1, 2006.

Total capital expenditures for fiscal 1996 are currently expected to be approximately \$200.0 million (excluding assets under capital leases). On May 6, 1996 the Company announced plans to enter the Philadelphia market in the spring of 1997. The Company will lease up to eleven former Clover stores. This opportunity has increased the estimated 1996 capital spending from approximately \$160 million to \$200 million. 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 anticipates that it will be able to satisfy its current operating needs, planned capital expenditures and debt service requirements with current working capital, cash flows from operations, seasonal borrowings under its revolving credit facility, short-term trade credit and other lending facilities.

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

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PART II OTHER INFORMATION

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

The Annual Meeting of Stockholders of Kohl's Corporation was held on May 29, 1996:

1. To elect two directors to serve for a three-year term.
2. To ratify the appointment of Ernst & Young LLP as independent auditors.
3. To amend the Company's Articles of Incorporation to increase the number of shares of Common Stock authorized for issuance.
4. To amend the Company's 1994 Long-Term Compensation Plan to increase the number of shares of Common Stock reserved for issuance.

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

The results of the voting were as follows:

1. Election of directors

William S. Kellogg

For - 32,311,911 shares
Withheld - 553,142 shares

R. Elton White

For - 32,396,929 shares
Withheld - 468,124 shares

2. Ratification of Ernst & Young LLP as independent auditors

For - 32,849,646 shares
Against - 5,241 shares
Abstain - 10,166 shares

3. To amend the Company's Articles of Incorporation to increase the number of

shares of Common Stock authorized for issuance from 200,000,000 shares to 400,000,000 shares.

For - 30,555,661 shares
Against - 2,284,308 shares
Abstain - 25,084 shares

4. To amend the Company's 1994 Long-Term Compensation Plan to increase the number of shares of Common Stock reserved for issuance from 3,000,000 shares to 6,000,000 shares.

For - 24,673,351 shares
Against - 6,915,556 shares
Abstain - 41,186 shares

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Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

- 10.10 Amendment No. 2 dated April 16, 1996 and Amendment No. 3 dated May 17, 1996 to the Receivables Purchase Agreement dated as of September 1, 1995 by and among Kohl's Department Stores, Inc., Preferred Receivables Funding Corporation and The First National Bank of Chicago as agent, incorporated herein by reference.
- 10.14 Bylaws
- 10.15 Kohl's Corporation 1994 Long-Term Compensation Plan
- 12.1 Statement regarding calculation of ratio of earnings to fixed charges.

b) Reports on Form 8-K

There were no reports on Form 8-K filed for three months ended May 4, 1996

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SIGNATURES

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

Kohl's Corporation
(Registrant)

Date: June 12, 1996 /s/ William Kellogg

William Kellogg
Chairman, Chief Executive Officer

Date: June 12, 1996 /s/ Arlene Meier

Arlene Meier
Senior Vice President - Finance
Chief Financial Officer

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AMENDMENT NO. 2 TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 2 (this "AMENDMENT"), is entered into as of April 16, 1996, by and among KOHL'S DEPARTMENT STORES, INC., a Delaware corporation (the "SELLER"), the INVESTORS, PREFERRED RECEIVABLES FUNDING CORPORATION ("PREFCO"), and THE FIRST NATIONAL BANK OF CHICAGO, as Agent (in such capacity, the "AGENT"), with respect to the RECEIVABLES PURCHASE AGREEMENT, dated as of September 1, 1995, by and among the Seller, the Investors, PREFCO and the Agent (the "RECEIVABLES PURCHASE AGREEMENT"). Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meaning assigned to such terms in the Receivables Purchase Agreement.

PRELIMINARY STATEMENT

The parties desire to amend the Receivables Purchase Agreement to decrease the Purchase Limit thereunder to \$175,000,000.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to as follows:

SECTION 1. AMENDMENTS. Subject to the terms and conditions hereinafter set forth, and in reliance on the representations and warranties set forth in Section 2 hereof, each of the parties hereby agrees to amend the Receivables Purchase Agreement as follows:

1.1. The cover page of the Receivables Purchase Agreement is hereby amended to delete "\$200,000,000" where it appears and to substitute in lieu thereof "\$175,000,000".

1.2. Each of (a) the Commitment of First Chicago and (b) the Purchase Limit is hereby decreased to \$175,000,000.

SECTION 2. REPRESENTATION AND WARRANTIES.

2.1. Seller Representations. As of the date hereof, the Seller represents and warrants to the Agent and the Purchasers that:

(a) Corporate Existence and Power. The Seller is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except for such failures which will not, individually or in the aggregate, have a Material Adverse Effect.

(b) No Conflict. The execution, delivery and performance by the Seller of this Amendment, and the Seller's use of the proceeds of purchases made under the Receivables Purchase Agreement, as amended hereby, are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Seller (except created under the Receivables Purchase Agreement); and no transaction contemplated by the Receivables Purchase Agreement, as amended hereby, requires compliance with any bulk sales act or similar law. This Amendment, and each of the Transaction Documents to which the Seller is a party, have been duly executed and delivered by the Seller.

(c) Governmental Authorization. Other than the filing of the financing statements required under the Receivables Purchase Agreement, all of which filings have previously been made, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Seller of the Receivables Purchase Agreement, as amended hereby.

(d) Binding Effect. The Receivables Purchase Agreement, as amended hereby, constitute the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or general equitable principles.

(e) Absence of Certain Events. No Servicer Default, Potential Servicer Default, Termination Event or Potential Termination Event exists and is continuing as of the date hereof.

2.2. Investors Representation. As of the date hereof, each of the Investors represents and warrants to the other parties hereto that:

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(a) Due Execution. This Amendment has been duly executed and delivered by such Investor.

(b) Binding Effect. The Receivables Purchase Agreement, as amended hereby, constitutes the legal, valid and binding obligation of such Investor, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or general equitable principles.

SECTION 3. CONDITIONS PRECEDENT. This Amendment shall become effective as of the date first above written when the Agent receives counterparts of this Amendment duly executed by each of the parties hereto.

SECTION 4. MISCELLANEOUS.

4.1. Choice of Law. This Amendment shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois.

4.2. Counterparts; Severability. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

4.3. Ratification. Except as expressly amended hereby, each of the Transaction Documents shall remain unaltered and in full force and effect and is hereby ratified and confirmed.

[signature pages to follow]

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

KOHL'S DEPARTMENT STORES, INC.

By: /s/ Arlene Meier

Name: Arlene Meier

Title: CFO

PREFERRED RECEIVABLES FUNDING
CORPORATION

By: /s/ Mark R. Matthews

Authorized Signatory

INVESTORS:

Commitment

\$175,000,000

THE FIRST NATIONAL BANK OF CHICAGO
as an Investor and as Agent

By: /s/ Mark R. Matthews

Title: Authorized Agent

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EXHIBIT 10.10

AMENDMENT NO. 3 TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 (this "AMENDMENT"), is entered into as of May 17, 1996, by and among KOHL'S DEPARTMENT STORES, INC., a Delaware corporation (the "SELLER"), the INVESTORS, PREFERRED RECEIVABLES FUNDING CORPORATION ("PREFCO"), and THE FIRST NATIONAL BANK OF CHICAGO, as Agent (in such capacity, the "AGENT"), with respect to the RECEIVABLES PURCHASE AGREEMENT, dated as of September 1, 1995, by and among the Seller, the Investors, PREFCO and the Agent (the "RECEIVABLES PURCHASE AGREEMENT"). Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meaning assigned to such terms in the Receivables Purchase Agreement.

PRELIMINARY STATEMENT

The parties desire to amend the Receivables Purchase Agreement to extend the Liquidity Termination Date to May 31, 1997.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to as follows:

SECTION 1. AMENDMENT. Subject to the terms and conditions hereinafter set forth, and in reliance on the representations and warranties set forth in Section 2 hereof, each of the parties hereby agrees to amend the Receivables Purchase Agreement as follows:

1.1. The Definition of "LIQUIDITY TERMINATION DATE" is hereby amended by deleting the date "August 27, 1996" where it appears therein and by inserting the date "May 31, 1997" in lieu thereof.

SECTION 2. REPRESENTATION AND WARRANTIES.

2.1. Seller Representations. As of the date hereof, the Seller represents and warrants to the Agent and the Purchasers that:

(a) Corporate Existence and Power. The Seller is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except for such failures which will not, individually or in the aggregate, have a Material Adverse Effect.

(b) No Conflict. The execution, delivery and performance by the Seller of this Amendment, and the Seller's use of the proceeds of purchases made under the Receivables Purchase Agreement, as amended hereby, are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of the Seller (except created under the Receivables Purchase Agreement); and no transaction contemplated by the Receivables Purchase Agreement, as amended hereby, requires compliance with any bulk sales act or similar law. This Amendment, and each of the Transaction Documents to which the Seller is a party, have been duly executed and delivered by the Seller.

(c) Governmental Authorization. Other than the filing of the financing statements required under the Receivables Purchase Agreement, all of which filings have previously been made, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Seller of the Receivables Purchase Agreement, as amended hereby.

(d) Binding Effect. The Receivables Purchase Agreement, as amended hereby, constitute the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or general equitable principles.

(e) Absence of Certain Events. No Servicer Default, Potential Servicer Default, Termination Event or Potential Termination Event exists and is continuing as of the date hereof.

2.2. Investors Representation. As of the date hereof, each of the Investors represents and warrants to the other parties hereto that:

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(a) Due Execution. This Amendment has been duly executed and delivered by such Investor.

(b) Binding Effect. The Receivables Purchase Agreement, as amended hereby, constitutes the legal, valid and binding obligation of such Investor, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or general equitable principles.

SECTION 3. CONDITIONS PRECEDENT. This Amendment shall become effective as of the date first above written when the Agent receives counterparts of this Amendment duly executed by each of the parties hereto.

SECTION 4. MISCELLANEOUS.

4.1. Choice of Law. This Amendment shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois.

4.2. Counterparts; Severability. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

4.3. Ratification. Except as expressly amended hereby, each of the Transaction Documents shall remain unaltered and in full force and effect and is hereby ratified and confirmed.

[signature pages to follow]

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

KOHL'S DEPARTMENT STORES, INC.

By: /s/ Arlene Meier

Name: Arlene Meier

Title: CFO

PREFERRED RECEIVABLES FUNDING
CORPORATION

By: /s/ Mark R. Matthews

Authorized Signatory

INVESTORS:

Commitment

\$175,000,000

THE FIRST NATIONAL BANK OF CHICAGO
as an Investor and as Agent

By: /s/ Mark R. Matthews

Title: Authorized Agent

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BYLAWS
OF
KOHL'S CORPORATION

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BYLAWS
OF
KOHL'S CORPORATION

ARTICLE I.

OFFICES; RECORDS

1.01. Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin. The address of the registered office may be changed from time to time by any officer or by the registered agent. The office of the registered agent of the corporation shall be identical to such registered office.

1.03. Corporate Records. The following documents and records shall be kept at the corporation's principal office or at such other reasonable location as may be specified by the corporation:

- (a) Minutes of shareholders' and Board of Directors' meetings and any written notices thereof.
- (b) Records of actions taken by the shareholders or directors without a meeting.
- (c) Records of actions taken by committees of the Board of Directors.
- (d) Accounting records.
- (e) Records of its shareholders.
- (f) Current Bylaws.
- (g) Written waivers of notice by shareholders or directors (if any).
- (h) Written consents by shareholders or directors for actions without a meeting (if any).
- (i) Voting trust agreements (if any).
- (j) Stock transfer agreements to which the corporation is a party or of which it has notice (if any).

ARTICLE II.

SHAREHOLDERS

2.01. Annual Meeting. The annual meeting of the shareholders (an "Annual Meeting") shall be held on such date and at such time as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day fixed as herein provided for any annual meeting of the shareholders, or at any adjournment

thereof, the Board of Directors shall cause the election to be held at a meeting of the shareholders as soon thereafter as may be convenient.

At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors; (b) otherwise brought before the meeting by or at the direction of the Board of Directors; or (c) brought before the meeting by a shareholder pursuant to this Section 2.01.

Only persons who are nominated in accordance with the procedures set forth in this Section 2.01 shall be eligible for election as directors, except as may otherwise be provided by the terms of the corporation's Articles

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of Incorporation with respect to the rights of holders of any series of Preferred Stock to elect directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of shareholders by or at the direction of the Board of Directors or by any shareholder of the corporation entitled to vote for the election of directors at the meeting who complies with the procedures set forth in this bylaw.

For business to be properly brought before an annual meeting by a shareholder, and for nominations by shareholders for the election of directors, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. All notices given pursuant to this Section shall be in writing and must be received by the Secretary of the corporation not later than ninety days prior to the anniversary date of the annual meeting of shareholders in the immediately preceding year. All such notices shall include (i) a representation that the person sending the notice is a shareholder of record and will remain such through the Meeting Record Date (defined in Section 2.05); (ii) the name and address, as they appear on the corporation's books, of such shareholder; (iii) the class and number of the corporation's shares which are owned beneficially and of record by such shareholder; and (iv) a representation that such shareholder intends to appear in person or by proxy at such meeting to make the nomination or move the consideration of other business set forth in the notice. Notice as to proposals with respect to any business to be brought before the meeting other than election of directors shall also set forth the text of the proposal and may set forth any statement in support thereof that the shareholder wishes to bring to the attention of the corporation, and shall specify any material interest of such shareholder in such business. The person providing the notice shall also be required to provide such further information as may be requested by the corporation to comply with federal securities laws, rules and regulations. Notice as to nominations shall set forth the name(s) of the nominee(s), address and principal occupation or employment of each, a description of all arrangements or understandings between the shareholder and each nominee and any person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder, the written consent of each nominee to serve as a director if so elected and such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominee(s) of such shareholder.

The chairman of the meeting shall refuse to acknowledge the nomination of any person or the consideration of any business not made in compliance with the foregoing procedures.

2.02. Special Meetings. (a) A special meeting of shareholders (a "Special Meeting") may be called only by the Board of Directors pursuant to a resolution adopted by three-quarters (3/4) of the entire Board of Directors and shall be called by the Board of Directors upon the demand, in accordance with this Section 2.02, of the holders of record of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting.

(b) In order that the corporation may determine the shareholders entitled to demand a Special Meeting, the Board of Directors may fix a record date to determine the shareholders entitled to make such a demand (the "Demand Record Date"). The Demand Record Date shall not precede the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors and shall not be more than 10 days after the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors. Any

shareholder of record seeking to have shareholders demand a Special Meeting shall, by sending written notice to the Secretary of the corporation by hand or by certified or registered mail, return receipt requested, request the Board of Directors to fix a Demand Record Date. The Board of Directors shall promptly, but in all events within 30 days after the date on which a valid request to fix a Demand Record Date is received, adopt a resolution fixing the Demand Record Date and shall make a public announcement of such Demand Record Date. If no Demand Record Date has been fixed by the Board of Directors within 30 days after the date on which such request is received by the Secretary, the Demand Record Date shall be the 30th day after the first day on which a valid written request to set a Demand Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the Special Meeting is to be held, shall be signed by one or more shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative) and shall set forth all information about each such shareholder and about the beneficial

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owner or owners, if any, on whose behalf the request is made that would be required to be set forth in a shareholder's notice described in Section 2.01. Any business proposed to be brought before the meeting must be a subject for which a special meeting must be called under Wisconsin law upon the demand of a 10% shareholder.

(c) In order for a shareholder or shareholders to demand a Special Meeting, a written demand or demands for a Special Meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting must be delivered to the corporation. To be valid, each written demand by a shareholder for a Special Meeting shall set forth the specific purpose or purposes for which the Special Meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the corporation pursuant to paragraph (b) of this Section 2.02), shall be signed by one or more persons who as of the Demand Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), and shall set forth the name and address, as they appear in the corporation's books, of each shareholder signing such demand and the class or series and number of shares of the corporation which are owned of record and beneficially by each such shareholder, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary not before and within 70 days after the Demand Record Date.

(d) The corporation shall not be required to call a Special Meeting upon shareholder demand unless, in addition to the documents required by paragraph (c) of this Section 2.02, the Secretary receives a written agreement signed by each Soliciting Shareholder (as defined herein), pursuant to which each Soliciting Shareholder, jointly and severally, agrees to pay the corporation's costs of holding the Special Meeting, including the costs of preparing and mailing proxy materials for the corporation's own solicitation, provided that if each of the resolutions introduced by any Soliciting Shareholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Soliciting Shareholder for election as director at such meeting is elected, then the Soliciting Shareholders shall not be required to pay such costs. For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Affiliate" shall have the meaning assigned to such term in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(ii) "Participant in a Solicitation" shall have the meaning assigned to such term in Item 4 of Schedule 14A promulgated under the Exchange Act.

(iii) "Person" shall mean any individual, firm, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(iv) "Proxy" shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.

(v) "Solicitation" shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.

(vi) "Soliciting Shareholder" shall mean, with respect to any Special Meeting demanded by a shareholder or shareholders, any of the following Persons:

(A) each shareholder signing any such demand;

(B) if the number of shareholders signing the demand or demands for a meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.02 is more than 10, each Person who is or intends to be a Participant in a Solicitation in connection with the Special Meeting (other than a Solicitation of Proxies on behalf of the corporation); or

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(C) any Affiliate of a Soliciting Shareholder, if a majority of the directors then in office determine, in good faith, that such Affiliate should be required to sign the written notice described in paragraph (c) of this Section 2.02 and/or the written agreement described in this paragraph (d) in order to prevent the purposes of this Section 2.02 from being evaded.

(e) Except as provided in the following sentence, any Special Meeting shall be held at such hour and day as may be designated by the Board of Directors. In the case of any Special Meeting called by the Board of Directors upon the demand of shareholders (a "Demand Special Meeting"), the date of the Demand Special Meeting shall be not more than 70 days after the Meeting Record Date (as defined in Section 2.05 of these Bylaws); provided that in the event that the directors then in office fail to designate an hour and date for a Demand Special Meeting within 30 days after the date that valid written demands for such meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting, as well as the agreement described in paragraph (d), are delivered to the corporation (the "Delivery Date"), then such meeting shall be held at 2:00 p.m. (local time) on the 100th day after the Delivery Date or, if such 100th day is not a Business Day (as defined below), on the first preceding Business Day. In fixing a meeting date for any Special Meeting, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any demand for such meeting, and any plan of the Board of Directors to call an Annual Meeting or a Special Meeting.

(f) The corporation may engage independent inspectors of elections to act as an agent of the corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a Special Meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the corporation until the earlier of (i) 5 Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the corporation that the valid demands received by the Secretary represent at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting. Nothing contained in this paragraph shall in any way be construed to limit the ability of the Board of Directors or any shareholder to contest the validity of any demand, whether during or after such 5 Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

(g) Only business within the purpose described in the meeting notice given in accordance with Section 2.04 of these Bylaws may be conducted at a Special Meeting.

(h) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Wisconsin are authorized or obligated by law or executive order to close.

2.03. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual meeting or any special meeting. If no designation is made, the place of meeting shall be the principal office of the corporation. Any meeting may be

adjourned to reconvene at any place designated by vote of the Board of Directors.

2.04. Notices to Shareholders.

(a) Required Notice. Written notice stating the place, day and hour of the meeting and, in case of a Special Meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than seventy (70) days before the date of the meeting (unless a different time is provided by law or the Articles of Incorporation), by or at the direction of the Chairman of the Board, the President, the Chief Operating Officer, the Vice Chairman or the Secretary, to each shareholder entitled to vote at such meeting or, for the fundamental transactions described in subsections (e) (1) to (4) below (for which the

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Wisconsin Business Corporation Law requires that notice be given to shareholders not entitled to vote), to all shareholders. If mailed, such notice is effective when deposited in the United States mail, and shall be addressed to the shareholder's address shown in the current record of shareholders of the corporation, with postage thereon prepaid. At least twenty (20) days' notice shall be provided if the purpose, or one of the purposes, of the meeting is to consider a plan of merger or share exchange for which shareholder approval is required by law, or the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business.

(b) Adjourned Meeting. Except as provided in the next sentence, if any shareholder meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place, if the new date, time, and place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed, then notice must be given pursuant to the requirements of paragraph (a) of this Section 2.04, to those persons who are shareholders as of the new record date.

(c) Waiver of Notice. A shareholder may waive notice in accordance with Article VI of these Bylaws.

(d) Contents of Notice. The notice of each Special Meeting shall include a description of the purpose or purposes for which the meeting is called. Except as otherwise provided in these Bylaws, in the Articles of Incorporation, or in the Wisconsin Business Corporation Law, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

(e) Fundamental Transactions. If a purpose of any shareholder meeting is to consider either: (1) a proposed amendment to the Articles of Incorporation (including any restated articles); (2) a plan of merger or share exchange for which shareholder approval is required by law; (3) the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and in cases (1), (2) and (3) above must be accompanied by, respectively, a copy or summary of the: (1) proposed articles of amendment or a copy of the restated articles that identifies any amendment or other change; (2) proposed plan of merger or share exchange; or (3) proposed transaction for disposition of all or substantially all of the corporation's property. If the proposed corporate action creates dissenters' rights, the notice must state that shareholders and beneficial shareholders are or may be entitled to assert dissenters' rights, and must be accompanied by a copy of Sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law.

2.05. Fixing of Record Date. (a) Meetings. The Board of Directors may fix in advance a date as the record date for any determination of shareholders entitled to notice of, and to vote at, a shareholders' meeting, such date in any case to be not more than seventy (70) days prior to the meeting (the "Meeting Record Date"). In the case of any Demand Special Meeting, (i) the Meeting Record Date shall be not later than the 30th day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within 30 days after the Delivery Date, then the close of business on such

30th day shall be the Meeting Record Date. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in these Bylaws, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date and except as otherwise required by law. A new record date must be set if a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

(b) Distributions. The Board may also fix in advance a date as the record date for determining shareholders entitled to receive a dividend or distribution. If no record date is fixed for the determination of shareholders entitled to receive a share dividend or distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares), the close of business on the day on which the resolution of the Board of Directors is adopted declaring the dividend or distribution shall be the record date.

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2.06. Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall, before each meeting of shareholders, make a complete record of the shareholders entitled to notice of such meeting, arranged by class or series of shares and showing the address of and the number of shares held by each shareholder. The shareholder list shall be available at the meeting and may be inspected by any shareholder or his or her agent or attorney at any time during the meeting or any adjournment. Any shareholder or his or her agent or attorney may inspect the shareholder list beginning two (2) business days after the notice of the meeting is given and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held and, subject to Section 180.1602(2)(b) 3 to 5 of the Wisconsin Business Corporation Law, may copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection hereunder. The original stock transfer books and nominee certificates on file with the corporation (if any) shall be prima facie evidence as to who are the shareholders entitled to inspect the shareholder list or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum. Except as otherwise provided in the Articles of Incorporation or in the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast by shares entitled to vote as a separate voting group on a matter, represented in person or by proxy, shall constitute a quorum of that voting group for action on that matter at a meeting of shareholders. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that meeting.

2.08. Conduct of Meetings. The Chairman of the Board or, in his or her absence, any Officer or Director chosen by the Board of Directors shall call the meeting of the shareholders to order and shall act as Chairman of the meeting, and the Secretary shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of shareholders, a shareholder entitled to vote may vote in person or by proxy appointed in writing by the shareholder or by his or her duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary or other officer or agent of the corporation authorized to tabulate votes before or at the time of the meeting. Unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, a proxy appointment may be revoked at any time. The presence of a shareholder who has filed a proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise expressly provided in the appointment form. The Board of Directors shall have the power and authority to make rules that are not inconsistent with the Wisconsin Business Corporation Law as to the validity and sufficiency of proxy appointments.

2.10. Voting of Shares. Each outstanding share shall be entitled to one (1)

vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares are enlarged, limited or denied by the Articles of Incorporation or the Wisconsin Business Corporation Law. Shares of this corporation owned directly or indirectly by another corporation are not entitled to vote if this corporation owns, directly or indirectly, sufficient shares to elect a majority of the directors of such other corporation. However, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

2.11. No Nominee Procedures. The corporation has not established, and nothing in these Bylaws shall be deemed to establish, any procedure by which a beneficial owner of the corporation's shares that are registered in the name of a nominee is recognized by the corporation as the shareholder under Section 180.0723 of the Wisconsin Business Corporation Law.

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ARTICLE III.

BOARD OF DIRECTORS

3.01. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its Board of Directors.

3.02. Resignations and Qualifications. A director may resign at any time by delivering a written resignation to the Board of Directors, to the Chairman of the Board, or to the corporation through the Secretary or otherwise. Directors need not be residents of the State of Wisconsin or shareholders of the corporation.

3.03. Regular Meetings. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board or any two (2) directors. Special meetings of any committee may be called by or at the request of the foregoing persons or the Chairman of the committee. The persons calling any special meeting of the Board of Directors or committee may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting called by them, and if no other place is fixed the place of meeting shall be the principal office of the corporation in the State of Wisconsin.

3.05. Meetings By Telephone or Other Communication Technology. (a) Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (i) all participating directors may simultaneously hear each other during the meeting or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

(b) If a meeting will be conducted through the use of any means described in paragraph (a), all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in paragraph (a) is deemed to be present in person at the meeting.

3.06. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation or the Wisconsin Business Corporation Law, notice of the date, time and place of any special meeting of the Board of Directors and of any special meeting of a committee of the Board shall be given orally or in writing to each director or committee member at least 48 hours prior to the meeting. The notice need not describe the purpose of the meeting. Notice may be communicated in person, by telephone, telegraph or facsimile, or by mail or private carrier. Oral notice is effective when communicated to the director or to any person answering the director's business or home telephone, or when left on the director's answering machine or voice-mail system at home or place of business. Written notice is effective at the earliest of the following: (a) when received; (b) five days after its deposit in the U.S. Mail, if mailed

postpaid and correctly addressed; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; (d) at the time a facsimile transmission is completed, if sent by facsimile to the director's home or place of business.

3.07. Quorum. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors specified in accordance with the Articles of Incorporation shall constitute a quorum of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors appointed to serve on a committee shall constitute a quorum of the committee.

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3.08. Manner of Acting. Except as otherwise provided by the Wisconsin Business Corporation Law or the Articles of Incorporation, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors or any committee thereof.

3.09. Conduct of Meetings. The Chairman of the Board, or in his or her absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall chair the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any assistant secretary or any director or other person present to act as secretary of the meeting.

3.10. Vacancies. Any vacancy occurring in the Board of Directors shall be filled in the manner provided in the Articles of Incorporation.

3.11. Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may fix the compensation of directors.

3.12. Presumption of Assent. A director who is present and is announced as present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting; or (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (iii) the director delivers his or her written dissent or abstention to the presiding officer of the meeting before the adjournment thereof or to the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.13. Committees. Unless the Articles of Incorporation otherwise provide, the Board of Directors, by resolution adopted by the affirmative vote of a majority of all the directors then in office, may create one (1) or more committees, each committee to consist of two (2) or more directors as members, which to the extent provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, may exercise the authority of the Board of Directors, except that no committee may: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders; (c) fill vacancies on the Board of Directors or any of its committees, except that the Board of Directors may provide by resolution that any vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members; (d) amend the Articles of Incorporation; (e) adopt, amend or repeal Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except within limits prescribed by the Board of Directors. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Chairman of the Board or the Chairman of such meeting. Each such committee shall fix its own rules (consistent with the Wisconsin Business Corporation Law, the Articles of Incorporation and these Bylaws) governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Unless otherwise provided by

the Board of Directors in creating a committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of authority.

ARTICLE IV.

OFFICERS

4.01. Appointment. The principal officers may include a Chairman of the Board, a President, a Chief Operating Officer, Vice Chairman, a Secretary, a Treasurer and such other officers if any, as may be deemed necessary by the Board of Directors, each of whom shall be appointed by the Board of Directors. The officers may also include one or more Vice Presidents who may be appointed and have such designations as are determined by or at the direction of the Board of Directors or the Chairman of the Board, President, Chief Operating Officer or Vice Chairman. Any two or more offices may be held by the same person.

4.02. Resignation and Removal. An officer shall hold office until he or she resigns, dies, is removed hereunder, or a different person is appointed to the office. An officer may resign at any time by delivering an appropriate written notice to the corporation. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date. Any officer may be removed by the Board of Directors with or without cause and notwithstanding the contract rights, if any, of the person removed. The Chairman of the Board, President, Chief Operating Officer or Vice Chairman may also remove any of the other officers with or without cause and notwithstanding the contract rights, if any, of the person removed. Except as provided in the preceding sentence, the resignation or removal is subject to any remedies provided by any contract between the officer and the corporation or otherwise provided by law. Appointment shall not of itself create contract rights.

4.03. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the corporation; he shall preside at all meetings of the shareholders, Board of Directors and Executive Committee of the Board of Directors, if any; he shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect.

4.04. President. The President shall have charge of the Kohl's Department Stores, Inc. general merchandising and marketing functions. He shall, in the absence of the Chairman of the Board, preside at all meetings of shareholders, Board of Directors and the Executive Committee of the Board of Directors, if any. During the absence of the Chairman of the Board, he shall exercise the functions of the chief executive officer of the corporation. He shall have the authority, subject to such rules, directions or orders as may be prescribed by the Chairman of the Board or the Board of Directors, to appoint and terminate the appointment of such agents and employees of the corporation as he shall deem necessary, to prescribe their power, duties and compensation and to delegate authority to them. He shall perform such other duties as may be prescribed from time to time by the Chairman of the Board or the Board of Directors.

4.05. Chief Operating Officer. The Chief Operating Officer shall be the chief operating officer of the corporation. He shall supervise the day to day operations of the corporation's business, manage the administrative and operating affairs of the corporation, and direct and assign duties to those officers and agents of the corporation who are engaged in the administrative and operating affairs of the corporation. He shall have the authority, subject to such rules, directions or orders as may be prescribed by the Chairman of the Board or the Board of Directors, to appoint and terminate the appointment of such agents and employees of the corporation as he shall deem necessary, to prescribe their power, duties and compensation and to delegate authority to them. The Chief Operating Officer shall perform such other duties as may be prescribed from time to time by the Chairman of the Board or the Board of Directors.

4.6. Vice Chairman. The Vice Chairman shall have charge of the operations of the Kohl's Department Stores, Inc. department stores and human resources department. He shall have the authority, subject to such rules, directions or orders as may be prescribed by the Chairman of the Board or the Board of Directors, to appoint and terminate the appointment of such agents and employees of the corporation as he shall deem necessary, to prescribe

their power, duties and compensation and to delegate authority to them. He shall perform such other duties as may be prescribed from time to time by the Chairman of the Board or the Board of Directors.

4.07. Shared Duties of Chairman of the Board, President, Chief Operating Officer and Vice Chairman. The Chairman of the Board, President, Chief Operating Officer and Vice Chairman are each severally authorized to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or directed by the Board of Directors, the Chairman of the Board, President, Chief Operating Officer and Vice Chairman may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead.

4.08. Vice Presidents. Any Vice President (including any Executive Vice President, Senior Vice President or other Vice President, however designated) may sign, with the Secretary, certificates for shares of the corporation; and shall have charge of such divisions or departments of the corporation and perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the Chairman of the Board, President, Chief Operating Officer, Vice Chairman or the Board of Directors. The execution of any instrument of the corporation by any Vice President shall be conclusive evidence, as to third parties, of the Vice President's authority to act in the stead of the Chairman of the Board, President or Chief Operating Officer or Vice Chairman.

4.09. Secretary. The Secretary shall: (a) keep (or cause to be kept) regular minutes of all meetings of the shareholders, the Board of Directors and any committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation, if any, and see that the seal of the corporation, if any, is affixed to all documents which are authorized to be executed on behalf of the corporation under its seal; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him or her by the Chairman of the Board or the Board of Directors.

4.10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the corporation; and (c) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned to him or her by the Chairman of the Board, President, Chief Operating Officer or by the Board of Directors.

4.11. Assistants and Acting Officers. The Board of Directors and the Chairman of the Board, President, Chief Operating Officer and Vice Chairman shall each have the power to appoint any person to act as assistant to any officer, or as agent for the corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed shall have the power to perform all the duties of the office to which that person is so appointed to be assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors, Chairman of the Board, President, Chief Operating Officer or Vice Chairman.

4.12. Salaries. The salaries of the Chairman of the Board, President, Chief Operating Officer and Vice Chairman shall be fixed from time to time by the

Board of Directors or by a duly authorized committee thereof,

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and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the corporation.

ARTICLE V.

CERTIFICATES FOR SHARES AND THEIR TRANSFER

5.01. Certificates for Shares. All shares of this corporation shall be represented by certificates. Certificates representing shares of the corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. Such certificates shall be signed, either manually or in facsimile, by any one or more of the Chairman of the Board, the President, the Chief Operating Officer, the Vice Chairman or a Vice President. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 5.05.

5.02. Signature by Former Officer, Transfer Agent or Registrar. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any certificate for shares has ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if that person were still an officer, transfer agent or registrar at the date of its issue.

5.03. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer, and unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the shareholder, the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. The corporation may require reasonable assurance that all transfer endorsements are genuine and effective and in compliance with all regulations prescribed by or under the authority of the Board of Directors.

5.04. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction upon the transfer of such shares imposed by the corporation.

5.05. Lost, Destroyed or Stolen Certificates. Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser; and (b) if required by the corporation, files with the corporation a sufficient indemnity bond; and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

5.06. Consideration for Shares. The shares of the corporation may be issued for such consideration as shall be fixed from time to time and determined to be adequate by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration may consist of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be deemed to be fully paid and nonassessable.

5.07. Stock Regulations. The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the

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issue, transfer and registration of certificates representing shares of the corporation, including the appointment or designation of one or more stock transfer agents and one or more registrars.

ARTICLE VI.

WAIVER OF NOTICE

6.01. Shareholder Written Waiver. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, shall contain the same information that would have been required in the notice under the Wisconsin Business Corporation Law except that the time and place of meeting need not be stated, and shall be delivered to the corporation for inclusion in the corporate records.

6.02. Shareholder Waiver by Attendance. A shareholder's attendance at a meeting, in person or by proxy, waives objection to both of the following:

(a) Lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

6.03. Director Written Waiver. A director may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the corporation.

6.04. Director Waiver by Attendance. A director's attendance at or participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII.

ACTION WITHOUT MEETINGS

7.01. Director Action Without Meeting. Unless the Articles of Incorporation provide otherwise, action required or permitted by the Wisconsin Business Corporation Law to be taken at a Board of Directors meeting or committee meeting may be taken without a meeting if the action is taken by all members of the Board or committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the corporation. Action taken hereunder is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed hereunder has the effect of a unanimous vote taken at a meeting at which all directors or committee members were present, and may be described as such in any document.

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ARTICLE VIII.

INDEMNIFICATION

8.01. Indemnification for Successful Defense. Within twenty (20) days after receipt of a written request pursuant to Section 8.03, the corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the corporation.

8.02. Other Indemnification. (a) In cases not included under Section 8.01, the corporation shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the corporation, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the corporation and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest.

(2) A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.

(3) A transaction from which the director or officer derived an improper personal profit.

(4) Willful misconduct.

(b) Determination of whether indemnification is required under this Section shall be made pursuant to Section 8.05.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

8.03. Written Request. A director or officer who seeks indemnification under Sections 8.01 or 8.02 shall make a written request to the corporation.

8.04. Nonduplication. The corporation shall not indemnify a director or officer under Sections 8.01 or 8.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

8.05. Determination of Right to Indemnification. (a) Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the corporation, the director or officer seeking indemnification under Section 8.02 shall select one of the following means for determining his or her right to indemnification:

(1) By a majority vote of a quorum of the Board of Directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting solely of two (2) or more directors who are not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

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(2) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in sub. (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings.

(3) By a panel of three (3) arbitrators consisting of one arbitrator selected by those directors entitled under sub. (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the two (2) arbitrators previously selected.

(4) By an affirmative vote of shares represented at a meeting of shareholders at which a quorum of the voting group entitled to vote thereon is present. Shares owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under Section 8.08.

(6) By any other method provided for in any additional right to indemnification permitted under Section 8.07.

(b) In any determination under (a), the burden of proof is on the corporation to prove by clear and convincing evidence that indemnification under Section 8.02 should not be allowed.

(c) A written determination as to a director's or officer's indemnification under Section 8.02 shall be submitted to both the corporation and the director or officer within 60 days of the selection made under (a).

(d) If it is determined that indemnification is required under Section 8.02, the corporation shall pay all liabilities and expenses not prohibited by Section 8.04 within ten (10) days after receipt of the written determination under (c). The corporation shall also pay all expenses incurred by the director or officer in the determination process under (a).

8.06. Advance of Expenses. Within ten (10) days after receipt of a written request by a director or officer who is a party to a proceeding, the corporation shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the corporation with all of the following:

(1) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

(2) A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under Section 8.05 that indemnification under Section 8.02 is not required and that indemnification is not ordered by a court. The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be unsecured.

8.07. Nonexclusivity. (a) Except as provided in (b), Sections 8.01, 8.02 and 8.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

(1) The Articles of Incorporation.

(2) A written agreement between the director or officer and the corporation.

(3) A resolution of the Board of Directors.

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(4) A resolution, after notice, adopted by a majority vote of all of the corporation's voting shares then issued and outstanding.

(b) Regardless of the existence of an additional right under (a), the corporation shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the corporation that the director or officer did not breach or fail to perform a duty he or she owes to the corporation which constitutes conduct under Section 8.02(a)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceedings for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

(c) Sections 8.01 to 8.14 do not affect the corporation's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances.

(1) As a witness in a proceeding to which he or she is not a party.

(2) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the corporation.

8.08. Court-Ordered Indemnification. (a) Except as provided otherwise by written agreement between the director or officer and the corporation, a director or officer who is a party to a proceeding may apply for indemnification

to the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under Section 8.05(a)(5) or for review by the court of an adverse determination under Section 8.05(a)(1), (2), (3), (4) or (6).

(b) If the court determines that the director or officer is entitled to indemnification, the corporation shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

8.09. Indemnification and Allowance of Expenses of Employees and Agents. The corporation shall indemnify an employee of the corporation who is not a director or officer of the corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the corporation. In addition, the corporation may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer of the corporation to the extent provided by the Articles of Incorporation or these Bylaws, by general or specific action of the Board of Directors or by contract.

8.10. Insurance. The corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under Sections 8.01, 8.02, 8.06, 8.07 and 8.09.

8.11. Securities Law Claims.

(a) Pursuant to the public policy of the State of Wisconsin, the corporation shall provide indemnification and allowance of expenses and may insure for any liability incurred in connection with a proceeding involving securities regulation described under (b) to the extent required or permitted under Sections 8.01 to 8.10.

(b) Sections 8.01 to 8.10 apply, to the extent applicable to any other proceeding, to any proceeding involving a federal or state statute, rule or regulation regulating the offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

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8.12. Liberal Construction. In order for the corporation to obtain and retain qualified directors, officers and employees, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors, officers and, where Section 8.09 of these Bylaws applies, employees. The indemnification above provided for shall be granted in all applicable cases unless to do so would clearly contravene law, controlling precedent or public policy.

8.13. Definitions Applicable to this Article. For purposes of this Article:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the corporation.

(b) "Corporation" means this corporation and any domestic or foreign predecessor of this corporation where the predecessor corporation's existence ceased upon the consummation of a merger or other transaction.

(c) "Director or officer" means any of the following:

(1) An individual who is or was a director or officer of this corporation.

(2) An individual who, while a director or officer of this corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

(3) An individual who, while a director or officer of this corporation, is or was serving an employee benefit plan because his or her duties to the corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(4) Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an affiliate shall be so serving at the request of the corporation.

(d) "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

(e) "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(f) "Party" includes an individual who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the corporation or by any other person.

ARTICLE IX.

SEAL

9.01. Seal. The Board of Directors may provide a corporate seal which may be circular in form and have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE X.

AMENDMENTS

10.01. By Shareholders. These Bylaws may be amended or repealed and new Bylaws may be adopted by the shareholders.

10.02. By Directors. Except as the Articles of Incorporation may otherwise provide, these Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors by the vote provided in Section 3.08, but (a) no Bylaw adopted by the shareholders shall be amended, repealed or readopted by the Board of Directors if the Bylaw so adopted so provides and (b) a Bylaw adopted or amended by the shareholders that fixes a greater or lower quorum requirement or a greater voting requirement for the Board of Directors than otherwise is provided in the Wisconsin Business Corporation Law may not be amended or repealed by the Board of Directors unless the Bylaw expressly provides that it may be amended or repealed by a specified vote of the Board of Directors. Action by the Board of Directors to adopt or amend a Bylaw that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect, unless a different voting requirement is specified as provided by the preceding sentence. A Bylaw that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than otherwise is provided in the Wisconsin Business Corporation Law may not be adopted, amended or repealed by the Board of Directors.

10.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by a vote that would be sufficient to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the

specific action so taken or authorized.

KOHL'S CORPORATION

1994 LONG-TERM COMPENSATION PLAN

1. PURPOSE

The purpose of the Plan is to provide motivation to Key Employees of the Company and its Subsidiaries to put forth maximum efforts toward the continued growth, profitability, and success of the Company and its Subsidiaries by providing incentives to such Key Employees through the ownership and performance of the Common Stock of the Company. Toward this objective, the Committee may grant stock options, stock appreciation rights, Stock Awards, performance units, performance shares, and/or other incentive awards to Key Employees on the terms and subject to the conditions set forth in the Plan.

2. DEFINITIONS

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

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

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

2.4. "Cause" means (a) the failure by a Key Employee to perform his duties for his employer, or (b) the engaging by a Key Employee in illegal conduct which is injurious to the Company or a Subsidiary.

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

2.6. "Committee" means the Compensation Committee of the Board, or such other committee of directors designated by the Board, authorized to administer the Plan under Paragraph 3 hereof. The Committee shall consist of not less than two (2) directors and shall be constituted so as to permit the Plan to comply with both Rule 16b-3 and Code Section 162(m).

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

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

2.9. "Disability" means the inability of a Participant to perform his normal duties as a full-time employee of the Company or a Subsidiary for a continuous period of ninety (90) days by reason of physical or mental illness or incapacity. If there is any dispute as to whether the termination of the Participant's employment was due to his physical or mental illness or incapacity, such question shall be submitted to a licensed physician for the purpose of making such determination. An examination of the Participant shall be made within thirty (30) days after written notice by the Committee or the Participant by a licensed physician selected by the Committee. The Participant shall submit to such examination and provide such information as such physician may request and the determination of such physician as to the question of the Participant's physical or mental condition shall be binding and conclusive on all parties concerned for purposes of this Plan. The disability shall be deemed to be continuing unless the Participant performs his regular duties for his employer for a continuous period of ninety (90) days.

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

2.11. "Key Employee" means an employee of the Company or a Subsidiary chosen by the Committee to receive an Award hereunder.

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

2.13. "Participant" means any individual to whom an Award has been granted by the Committee under this Plan.

2.14. "Plan" means the Kohl's Corporation 1994 Long-Term Compensation Plan.

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

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

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

2.18. "Subsidiary" means a corporation or other business entity in which the Company directly or indirectly has an ownership interest of 80% or more.

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

3. ADMINISTRATION

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

conditions and/or limitations as the Committee may establish; provided, however, that only the Committee may select and grant Awards to Participants who are subject to Section 16 of the Exchange Act.

4. ELIGIBILITY

Any Key Employee is eligible to become a Participant of the Plan.

5. SHARES AVAILABLE

The maximum number of shares of Common Stock of the Company which shall be available for grant of Awards under the Plan (including incentive stock options) during its term shall not exceed 6,000,000 (such amount shall be subject to adjustment as provided in Paragraph 20). No Participant shall receive a grant or grants of Awards aggregating more than 300,000 shares of Common Stock in any twelve-month period; and no Participant, in any twelve-month period, shall receive a grant or grants of Awards which are not based on, or paid in, Common Stock, with an aggregate fair market value at the time of grant, equal to more than 300% of such Participant's base salary. Any shares of Common Stock related to Awards which (a) terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares, (b) are settled in cash in lieu of Common Stock, or (c) are exchanged with the Committee's permission for Awards not involving Common Stock, shall be available again for grant under the Plan, provided the Participant received no other benefits of ownership of such Award other than voting rights, if any. Notwithstanding the foregoing, no shares of Common Stock which are used by a Participant for the full or partial payment to the Company of the purchase price of shares of Common Stock upon exercise of a stock option, or for any withholding taxes due as a result of such exercise, may become available for Awards under the Plan. Shares of Common Stock with respect to which a stock appreciation right has been exercised and paid in cash shall again be available for grant under the Plan. The shares of Common Stock available for issuance under the Plan may be authorized and unissued shares or treasury shares.

6. TERM

The Plan shall become effective as of the date of its approval by the Company's shareholders. Awards shall not be granted pursuant to the Plan after May 24, 2004.

7. PARTICIPATION

The Committee shall select, from time to time, Participants from those Key Employees who, in the opinion of the Committee, can further the Plan's purposes. Once a Participant is so selected, the Committee shall determine the type or types of Awards to be

made to the Participant and shall establish in the related Award Notices the terms, conditions, restrictions and/or limitations, if any, applicable to the Awards in addition to those set forth in this Plan and the administrative rules and regulations issued by the Committee.

8. STOCK OPTIONS

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

(b) Terms and Conditions of Options. An option shall be exercisable in whole or in such installments and at such times as may be determined by the Committee. The price at which a share of Common Stock may be purchased upon exercise of a stock option shall be established by the Committee, but shall be no less than 50% of the fair market value of a share of Common Stock, as determined by the Committee, on the date of grant.

(c) Restrictions Relating to Incentive Stock Options. Stock options issued in the form of incentive stock options shall, in addition to

being subject to all applicable terms, conditions, restrictions and/or limitations established by the Committee, comply with Section 422 of the Code. Further, the per share option price of an incentive stock option shall not be less than 100% (or 110% in the case of a 10% or more shareholder) of the fair market value of a share of Common Stock, as determined by the Committee, on the date of the grant. Also, each option shall expire not later than ten years (or five years in the case of a 10% or more shareholder) from its date of grant; and if an incentive stock option granted under the Plan is first exercisable in any calendar year to obtain Common Stock having a fair market value (determined at the time of grant) in excess of \$100,000, the option shall be treated as an incentive stock option for Common Stock having a fair market value (determined at the time of grant) equal to \$100,000, and as a nonqualified stock option for the remaining Common Stock. The number of shares of Common Stock that shall be available for incentive stock options granted under the Plan is 1,500,000.

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

(e) Exercise Payment. At the option of the Committee, upon exercise, the option price of a stock option may be paid in cash, shares of Common Stock, a combination of the foregoing, or such other consideration as the Committee may deem

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appropriate. The Committee shall establish appropriate methods for accepting Common Stock and may impose such conditions as it deems appropriate on the use of such Common Stock to exercise a stock option.

9. STOCK APPRECIATION RIGHTS

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

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

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

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

(e) Additional Terms and Conditions. The Committee may, by way of the Award Notice or otherwise, determine such other terms, conditions,

restrictions

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and/or limitations, if any, of any SAR Award, provided they are not inconsistent with the Plan.

10. STOCK AWARDS

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

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

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

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

11. PERFORMANCE UNITS

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

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

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

12. PERFORMANCE SHARES

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

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

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

13. PERFORMANCE GOALS

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

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period, the Committee shall certify in writing prior to payment of the Award that the relevant performance goals and any other material terms of the Award were in fact satisfied.

14. PAYMENT OF AWARDS

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

15. DIVIDENDS AND DIVIDEND EQUIVALENTS

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

16. DEFERRAL OF AWARDS

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

determined by the Committee, on cash payments that are deferred and credit dividends or dividend equivalents on deferred payments denominated in the form of Common Stock.

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17. TERMINATION OF EMPLOYMENT

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

18. CHANGE OF CONTROL

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

(i) All Awards outstanding on the date such Change of Control is determined to have occurred shall become immediately vested and fully exercisable as if all applicable performance goals, if any, had been attained at the level of 100% or the equivalent thereof;

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

(iii) The Committee may, in its discretion, make such other provision relating to any Award, any unpaid dividend or dividend equivalent and all interest accrued thereon, any performance goal, or any Award deferred under Paragraph 16 hereof which the Committee may deem equitable, including, but not limited to, adjusting the terms of an Award to reflect the Change of Control or causing the Award to be assumed, or new rights to be substituted therefor, by another entity.

(b) Definitions.

(i) "Change of Control" means the occurrence of (1) the acquisition (other than from the Company) by any person, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than the Company, a subsidiary of the Company, or any employee benefit plan or plans sponsored by the Company or any subsidiary of the Company, directly or indirectly, of beneficial ownership (within the meaning of Exchange

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Act Rule 13d-3) of 20% or more of the then outstanding shares of common stock of the Company or voting securities representing 20% or more of the combined voting power of the Company's then outstanding voting securities ordinarily entitled to vote in the election of directors unless the Incumbent Board (as defined below), before such acquisition or within 30 days thereafter, deems such acquisition not to be a Change of Control; or (2) individuals who, as of the date this Plan is adopted by the Board, constitute the Board (as of such date, the "Incumbent Board") ceasing for any reason to constitute at least a majority of such Board; provided, however, that any person becoming a director subsequent to the date this Plan is adopted by the Board whose election, or nomination for election by the shareholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be for purposes of the Plan, considered as though such person were a member of the Incumbent Board but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest which was (or, if threatened, would have been) subject to

Exchange Act Rule 14a-11.

(ii) "Change of Control Price" means, as determined by the Committee, (1) the highest Market Value at any time within the 60-day period immediately preceding the date of determination of the Change of Control Price by the Committee, (2) the highest price paid or offered per share of Common Stock, as determined by the Committee, in any bona fide transaction or bona fide offer related to the Change of Control of the Company at any time within such 60-day period, or (3) some lower price as the Committee, in its discretion, determines to be a reasonable estimate of the fair market value of a share of Common Stock.

19. NONASSIGNABILITY

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

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20. ADJUSTMENT PROVISIONS

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

21. WITHHOLDING TAXES

The Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a Participant to pay the amount of taxes required by law to be withheld from an Award by withholding from any payment of Common Stock due as a result of such Award, or by permitting the Participant to deliver to the Company, shares of Common Stock having a fair market value, as determined by the Committee, equal to the amount of such required withholding taxes.

22. NONCOMPETITION PROVISION

Unless the Award Notice specifies otherwise, a Participant shall forfeit all unexercised, unearned, and/or unpaid Awards, including, but not by way of limitation, Awards

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

23. AMENDMENTS TO AWARDS

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

24. REGULATORY APPROVALS AND LISTINGS

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

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25. NO RIGHTS TO CONTINUED EMPLOYMENT OR GRANTS

Participation in the Plan shall not give any Key Employee any right to remain in the employ of the Company or any Subsidiary. The Company or, in the case of employment with a Subsidiary, the Subsidiary, reserves the right to terminate any Key Employee at any time. Further, the adoption of this Plan shall not be deemed to give any Key Employee or any other individual any right to be selected as a Participant or to be granted an Award.

26. AMENDMENT

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

27. GOVERNING LAW

The Plan shall be governed by and construed in accordance with the laws of the State of Wisconsin.

28. NO RIGHT, TITLE, OR INTEREST IN COMPANY ASSETS

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

29. GENDER

Throughout this Plan, the masculine gender shall include the feminine.

Exhibit 12.1

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

	Fiscal Quarter Ended		Fiscal Year (1)				
	May 4, 1996	April 29, 1995	1995	1994	1993	1992	1991
Earnings							
Income before income taxes and extraordinary items	\$23,206	\$19,926	\$122,729	\$117,451	\$ 96,691	\$50,134	\$33,413
Fixed charges	9,377	6,335	30,770	19,758	16,144	21,503	30,922
Less interest capitalized during period	(176)	(327)	(1,287)	(603)	(376)	0	0
	\$32,407	\$25,934	\$152,212	\$136,606	\$112,459	\$71,637	\$64,335
Fixed Charges							
Interest (expensed or capitalized)	\$4,443	\$2,845	\$14,895	\$7,911	\$6,253	\$13,648	\$24,797
Portion of rent expense representative of interest	4,889	3,470	15,798	11,777	9,113	6,794	4,531
Amortization of deferred financing fees	45	20	77	70	778	1,061	1,594
	\$9,377	\$6,335	\$30,770	\$19,758	\$16,144	\$21,503	\$30,922
Ratio of earnings to fixed charges	3.46	4.09	4.95(2)	6.91	6.97	3.33	2.08

(1) Fiscal 1994, 1993 and 1992 are 52 week years and fiscal 1995 and 1991 are 53 week years.

(2) Excluding the credit operations non-recurring expense of \$14,052, the ratio of earnings to fixed charges would be 5.40.

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