Kohl's Corporation
1998 Annual Report

is on the move.
Profile
As of April 1999, Kohl's Corporation operates 226 family-oriented, specialty department stores across the Midwest and mid-Atlantic that feature quality, national brand merchandise priced to provide exceptional value to customers. The company's stores sell moderately-priced apparel, shoes, accessories and home products targeted to middle income customers shopping for their families and homes.

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Financial Highlights

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<tr>
<th></th>
<th>1997</th>
<th>Up  (%)</th>
<th>1998</th>
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<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>$3,060.1</td>
<td></td>
<td>$3,681.8</td>
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<tr>
<td></td>
<td>Up 20%</td>
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<tr>
<td><strong>Operating Income</strong></td>
<td>$258.8</td>
<td></td>
<td>$337.9</td>
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<td></td>
<td>Up 31%</td>
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<tr>
<td><strong>Net Income</strong></td>
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<td>$192.3</td>
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<td></td>
<td>Up 36%</td>
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<tr>
<td><strong>Diluted Net Income Per Share</strong></td>
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<td>$1.18</td>
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<td></td>
<td>Up 30%</td>
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<td><strong>Number of Stores</strong></td>
<td>182</td>
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<td>213</td>
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<td>Up 17%</td>
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<tr>
<td><strong>Total Square Feet of Selling Space</strong></td>
<td>12,533</td>
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<td>15,111</td>
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<td>Up 21%</td>
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Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (in millions of dollars)</th>
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<tbody>
<tr>
<td>1994</td>
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<tr>
<td>1995</td>
<td>$1,926</td>
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<td>1996</td>
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<td>1997</td>
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<td>1998</td>
<td>$3,682</td>
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Operating Income

<table>
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<tr>
<th>Year</th>
<th>Operating Income (in millions of dollars)</th>
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<tr>
<td>1994</td>
<td>$124</td>
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<td>1995</td>
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<td>1996</td>
<td>$189</td>
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<td>1998</td>
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Net Income

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Diluted Net Income Per Share

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<td>1997</td>
<td>$0.91</td>
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<td>1998</td>
<td>$1.18</td>
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*Compounded annual growth rate

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Dear Shareholders,

We are pleased to report another outstanding year for Kohl’s. We can all take pride in our many accomplishments in 1998 as Kohl’s continued to grow in size and scope, in the number of satisfied customers and in superior financial performance.

For the year ended January 30, 1999, net sales rose 20 percent to approximately $3.7 billion. Comparable store sales rose eight percent for the year. Net income increased 36 percent to $192.3 million or $1.18 per share. Selling, general and administrative (SG&A) expenses declined 0.2 percent to 22.0 percent of sales. For the fourth quarter, net income rose 20 percent, increasing our total to 233 stores in 22 states, compared to 182 stores in 21 states at the end of 1997.

While our fast-paced growth is a great story, it takes a well-developed management team to continue our successful expansion strategy. As you’ll see throughout this report, we’ve continued the steps we have been taking over the last few years to build the infrastructure that will carry out our long-term growth strategy. This infrastructure is comprised of our people, our technology and our distribution systems.

Developing an Experienced Team

Because Kohl’s Associates are the key to our future, developing a strong management team has been critical. Our Associate growth and development program is a comprehensive, detailed initiative that involves evaluation of every manager twice each year. Our goal is twofold: to plan for our future growth and to assure that our Associates find their jobs both challenging and rewarding.

Our significant growth provides opportunities for development and advancement for all Associates. For example, in 1998, we created over 4,500 new store jobs; over 60 percent of all new executive jobs were promotions of Associates from within the company. And of the 100 Associates who successfully completed our Executive Training Program, over 40 percent came from inside the Kohl’s organization.

With the growth and geographic expansion of our company, the demands placed upon each of us have grown dramatically. Over the last few years, we have developed a very strong and talented group of senior executives. The stage is set for the next generation of management to begin to lead our company.

In February 1999, Kevin Mansell was promoted to president, succeeding Jack Baker who will retire at the end of this year. Until then, Jay will assist in our executive transitions as well as concentrate on specific merchandising initiatives for our new geographic markets. In his new position, Kevin draws on his 16 years of experience with Kohl’s and has responsibility for merchandising, marketing, planning and allocation and distribution. His new responsibilities bring the entire merchandising effort, including the crucial supply chain, under one organization for added focus and efficiency. Kevin will also join our Board.

Kevin has a great team working with him. Jack Moore was promoted to executive vice president and general merchandise manager of children’s, footwear and home. Rick Leto continues as executive vice president and general manager of apparel and accessories with added responsibility for product development. Caryn Blanc has been appointed executive vice president of merchandise planning and logistics. Gary Vaqués continues in his position as executive vice president of marketing.

We also strengthened our executive team in other areas during 1998. Don Sharpin was promoted to executive vice president of human resources, bringing over 10 years of experience with Kohl’s to this important position. Jeff Rusinow, our executive vice president and regional director of stores, added responsibility for store administration to his position. In addition, three senior executives will continue to serve Kohl’s with their exceptional leadership. They are John Herma, our chief operating officer; J. John Lesko, our executive vice president-chief information officer; and Arlene Meier, our executive vice president-chief financial officer.

It is with a great deal of pride that we discuss these promotions. This is a continuation of all of the steps we have been taking to ensure strong operations and a well-developed senior management team. This team is the successful combination of people who have grown with Kohl’s and talented individuals who have come to us from other retailers, strengthening our organization with their experience and knowledge. Together they give us the skills we need to carry out our growth strategy.

Infrastructure for Future Growth

The second building block for our infrastructure is technology. We continue to invest in integrated, company-wide systems and solutions as well as the technological skills of our Associates to support our growth. Our objective is cost-effective use of technology that enables us to improve sales and profitability and better serve our customers. As an example, Kohl’s supply chain model links merchandising, planning and allocation, buying, logistics, distribution and point-of-sale to maximize the value we pass along to our customers.

The third component of our infrastructure is our distribution system. New store openings in new markets are big news, but solid support in the form of new distribution centers in these new markets is critical to ensuring that we always have the items and brands customers expect to find at Kohl’s. We are expanding our distribution center in Winchester, Virginia, and our fourth distribution center will open in Blue Springs, Missouri, by early Spring 2000 to serve our stores in the western states. In addition, new planning and allocation systems are helping our buyers put the right items in the right quantities in the right stores at the right time.

This is an exciting time for Kohl’s, as we continue to grow and plan for our future. As always, we want to take this opportunity to recognize and thank our talented and dedicated Associates for another tremendous year. We could never have achieved our position as one of the top performing retailers in the country without your hard work and commitment.

We’d also like to extend our appreciation to our vendors and suppliers for their great partnerships, as well as our customers and shareholders for their continued loyalty.

Thanks to all of you, Kohl’s truly is on the move.

We’ve laid the groundwork.

Strong Management Team

Kohl’s experienced management team has the skills and talent to continue the company’s successful growth strategy.

Left photo

From left: Jack Moore, Caryn Blanc, Gary Vaqués, J. John Lesko and Rick Leto.

Right photo


J. John Lesko, our executive vice president-chief information officer; and Arlene Meier, our executive vice president-chief financial officer.
Associates are the key to our success.

In 1998, our Associates completed an amazing 77 million sales transactions and processed 293 million pieces of merchandise through our distribution centers. Over 30,000 Associates participated in Kohl’s training programs and 175 new assistant store managers participated in conferences designed to promote best practices within the organization. And, 1,100 Kohl’s Associates made up one of the largest single city teams in the United States for the 1998 Juvenile Diabetes Fund Walk, raising $130,000 to help cure juvenile diabetes. Kohl’s Associates, in partnership with the company, also supported our local communities through donations to United Way exceeding $750,000 in 1998. Kohl’s is proud to be represented by such caring and generous Associates.

These are just a few of the statistics that show that Kohl’s Associates are exceptional individuals who come together to make one exceptional team. At Kohl’s, we never lose sight of the fact that our Associates are the key to our success. Their hard work and dedication ensure that Kohl’s continues to move ahead. This calls for a high level of commitment on our part — and we strive to meet that challenge every day.

Commitment to Our Associates

Supporting our Associates and helping them to grow both personally and professionally is just one way we show this commitment. 1998 saw an increased emphasis on training and development programs and Associate retention, along with enhanced benefits we offer our Associates.

Computer-based training is one example of a number of new initiatives being developed to more efficiently train our Associates. Through customized, computer-based modules, we will help new Associates master basic transaction applications at their store location, even during new store roll-outs. This method of Associate training will offer a variety of benefits for all including flexibility to allow the Associate to work at his or her own pace, the ability to track performance and assess the training itself, and significant time and cost savings.

Developing future managers is another one of Kohl’s commitments to our Associates. Our college-hiring program was expanded in 1998 at the store, corporate and distribution center levels. Kohl’s now actively recruits on 33 university and college campuses across the country. And Kohl’s senior executives are taking a proactive approach to college recruitment by taking leadership roles at some universities and helping to shape student curriculum.

A Great Place to Work

Associate retention continues to be a priority at Kohl’s, even though statistics show Kohl’s is ahead of the competition in this area. In 1998, a task force was initiated to enhance Kohl’s reputation as a great place to work, focusing on creative ways to increase productivity and reduce costs through improved selection, better initial orientation, enhanced supervision and an improved work environment. As a result, we expect our retention of Associates to be even better in 1999.

Our corporate day care center, The Learning Lodge, is growing right along with Kohl’s. The center is expanding and administration has been brought in-house, resulting in reduced costs and improved quality. But the most exciting news is that in 1999 The Learning Lodge achieved accreditation by the National Association for the Education of Young Children. Only seven percent of childhood centers nationwide have attained accreditation and we are extremely proud of our teachers and Associates for achieving this special recognition.

Other recent changes include a new provider for our 401(k) program which will greatly enhance this Associate benefit. Further, Kohl’s outstanding success continues to make our Employee Stock Ownership Plan (ESOP) a significant benefit for our Associates. In 1998, Kohl’s contributed approximately $60,000 shares to the ESOP. At fiscal year end, the ESOP had a market value approaching $50 million, making it a great source of added financial security for many Associates and their families.

Thanks for a Great Year!

This annual report would not be complete without a sincere thank you to the people who made our successful year possible — our Associates.

From our stores to our distribution centers to our corporate headquarters, our Associates are the driving force behind our reputation as one of the country’s best-performing retailers.

While the financial community looks at the numbers, we know it’s our people who have made Kohl’s the success it is today. As we celebrate the completion of another outstanding year, we can look forward to even more growth opportunities for our company and for our Associates. Every day, each and every one of our Associates helps to bring the Kohl’s concept to thousands of customers across the country. At Kohl’s, our Associates are our greatest asset!
strategically located distribution center in Denver, is supported by new stores, like this one. Construction of new stores, like this one, continues in existing markets as well as growth in contiguous markets. New stores typically experience low double-digit increases in comparable store sales in years two through four of operation. Due to our fast-paced growth, currently over 81 percent of our stores were new or remodeled in the last five years.

Opening this many new stores is a major undertaking, involving a multitude of details from advertising to staffing to merchandising. A number of new initiatives are under way to continue to streamline the opening process to reduce costs and increase efficiency.

Maintaining Freshness
To ensure that our existing stores convey the same vitality and excitement as our new stores, 10 stores were remodeled and expanded in 1998 and more stores are scheduled for makeovers in 1999. In addition, three stores were moved to new locations in 1998 and two more are planned for relocation in 1999. As each store is remodeled, it is updated to reflect our latest prototype design. In total, over 81 percent of our stores were new or remodeled in the last five years.

In 2000, we plan to open 50-55 stores. This includes our entry into the Northeast region, as we take over and renovate 33 stores previously operated by Caldor Corporation. These stores are scheduled to be open in the first quarter of 2000.

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Supporting Our Growth
The expansion of our Winchester, Virginia, distribution center will be completed in 1999, enabling the center to service up to 100 stores in seven states. And, construction has begun on our fourth distribution center, an all-new, 542,000-square foot facility in Blue Springs, Missouri, which will open by Spring 2000. This new distribution center will support our stores in the states of Kansas, Nebraska, Colorado, Missouri and Texas, ultimately serving up to 100 stores.

Exploiting our supply chain opportunities is one of the keys to supporting our rapid growth. As we continue to grow, we are realigning our planning and allocation function to meet customer needs in a variety of markets and climates. By integrating our organizational strategies with technology enhancements, we are realizing a wealth of efficiencies in our supply chain as well as ensuring that our customers always find the items they need and the value they demand.

At the same time, we are tying together the technology of our merchandising, planning and allocation, logistics and distribution functions. Examples of this include our comprehensive planning and allocation system to facilitate planning for inventory, forecasting with vendors, allocation of seasonal merchandise and continued replenishment of our stock of basic items.

Another example of our effective use of technology is our merchandising and customer data warehouses. The data warehouses include detailed, historical information on sales transactions, inventory position, customer purchases, promotional results and more. With this information we continue to increase the accuracy of planning and allocation of merchandise. We can also study customer purchasing information to develop and evaluate direct marketing programs. With so much important data, the possibilities are endless. All of this ultimately results in the value we pass along to our customers.
Customers love our name brands and value.

The typical Kohl's customer is a woman shopping for herself, her family and her home. With today's hectic pace, we know what our customers want from their department store. We strive to offer them the quality name brands they prefer with basic items always in stock. Our customers can always find the items they need easily and check out quickly, saving them valuable time. Kohl's is well-known for its customer service, which we see as an underdeveloped business opportunity.

Major Growth in Women's Wear

Dresses saw the biggest comparable store increases of any area at Kohl's in 1998. Our women's career lines were also strong performers as is Genuine Sonoma Jean Company, our private label brand that complements this broad selection. Our typical Kohl's customer is a busy woman shopping for herself, her family and her home. With today's hectic pace, we know what our customers want from their department store. We strive to offer them the quality name brands they prefer with basic items always in stock. Our customers can always find the items they need easily and check out quickly, saving them valuable time. Kohl's is well-known for its customer service, which we see as an underdeveloped business opportunity.

Women's casual and weekend wear brands continue to experience growth. Dockers, Levi, Lee and Gloria Vanderbilt are all strong performers as is Genuine Sonoma Jean Company, our private label brand that complements this broad selection. Our wide assortment of women's intimate apparel continues to appeal to our customers and it's expected to grow even more in 1999. Kohl's carries all major national brands in this area including: Jockey, Warner's, Olga, Maidenform, Vanity Fair and Playtex and in 1999, Lily of France.

jewelry and watches; as well as our footwear area with high growth in both casual and dress styling. Increased emphasis on our youth business, including young men's and juniors, will help to boost 1999 sales. Fashion news and attention to trends are critical here. Name brands such as Union Bay are also important, as well as fashion-based sub-brands such as Pipes by Lee and Levi L2.

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Brand Name Leader

Kohl's continues to be the market leader for children's denim and khaki, carrying the best in fashion and basic styling from the major brands: Lee, Levi, Dockers, Union Bay, Mud and our own Genuine Sonoma Jean Company. We are expanding our girls' dress assortment to meet strong customer demand, especially in our warmer climate stores. We're also expanding our offerings from Carter's for infants, toddlers and small children, including Carter's for little boys (4-7). Our Healthtex line will also grow in 1999 to include items from infant to big girl sizes.

We remain committed to our sports apparel business, with brands like Adidas, Nike and Champion. Kohl's focus on this area extends to the whole family. Last fall, we added the Russell Athletic brand into men's apparel with great success. In 1999, Russell will expand into women's and children's apparel. 1999 will also see expansion of our Nike shops with exciting new displays and items for men, women and children.

Home is another one of our customers' favorite areas at Kohl's as they look for new ideas and accessories for their living space. Our new fashion-driven frame styles are very popular all year round, and customers like our wide selection of "top brand names in small appliances. Both our bed and bath areas are experiencing healthy growth in fashion and basic items. Here too, our brand selection is wide, featuring Fieldcrest and Springmaid.

While it is still a very new program, early indicators are that the Kohl's MVC program is a hit with customers. Our successful 1998 holiday season sales were due in part to increased purchases by our MVCs, indicating the excellent growth potential of this new program.

Customer Card

Once customers experience the Kohl's concept firsthand, their loyalty is strong. To recognize this support and strengthen our relationship with our best customers, Kohl's introduced the Most Valued Customer Card (MVC) in 1998 and it has been a resounding success. Kohl's Most Valued Customer Card

While all Kohl's customers benefit from exceptional value, Kohl's MVCs get a little bit more. Designed to thank our best customers, the MVC program offers specialized savings and targeted promotions. All Kohl's MVCs receive a gold Kohl's credit card, indicating their MVC status, as well as advance notice of certain new items and special offers. There will even be a quarterly newsletter targeted to each MVC's location and buying preferences. And that's just the beginning.

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Our growth in women's dresses reflects our target customer increasingly shopping for herself and her family.

Consistently Strong Financial Performance

Kohl's ranks as one of the top performing retailers in the country. Since our initial public offering in 1992, Kohl's has grown at compounded annual growth rates of 22.4 percent per year for sales and 30.4 percent for earnings. Kohl's stock price has increased more than 19 times, making a $100 investment in company stock at the time of IPO worth over $1,900 at the end of the fiscal year. With our aggressive growth strategy and strong financial performance, Kohl's has been an excellent investment for long-term shareholders.

### Summary of Operations

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<tr>
<td>Non-recurring charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,052 (b)</td>
<td>-</td>
<td>-</td>
<td>17,735 (a)</td>
</tr>
<tr>
<td>Preopening expenses</td>
<td>16,388</td>
<td>23,772</td>
<td>17,622</td>
<td>13,150</td>
<td>6,424</td>
<td>5,711</td>
<td>14,393</td>
</tr>
<tr>
<td>Gross margin</td>
<td>1,234,462</td>
<td>1,013,597</td>
<td>779,533</td>
<td>631,016</td>
<td>516,360</td>
<td>436,510</td>
<td>374,246</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>21,114</td>
<td>23,772</td>
<td>17,622</td>
<td>13,150</td>
<td>6,424</td>
<td>5,711</td>
<td>14,393</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>316,749</td>
<td>235,063</td>
<td>171,368</td>
<td>117,451</td>
<td>66,691</td>
<td>50,134</td>
<td>29,692</td>
</tr>
<tr>
<td>Net Income before extraordinary items</td>
<td>192,266</td>
<td>141,273</td>
<td>102,478</td>
<td>76,652</td>
<td>68,512</td>
<td>55,662</td>
<td>28,692</td>
</tr>
</tbody>
</table>

### Earnings Per Share

- Income before extraordinary items – basic
  - $1.22
  - $0.93
  - $0.69
  - $0.49 (b)
  - $0.47
  - $0.38
  - $0.22 (a)
- Income before extraordinary items – diluted
  - $1.18
  - $0.91
  - $0.68
  - $0.49 (b)
  - $0.46
  - $0.38
  - $0.22 (a)

### Financial Position Data

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital</td>
<td>559,207</td>
<td>525,251</td>
<td>229,339</td>
<td>114,367</td>
<td>86,856</td>
<td>50,134</td>
<td>28,692</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>933,011</td>
<td>749,649</td>
<td>596,227</td>
<td>409,168</td>
<td>298,737</td>
<td>186,626</td>
<td>141,196</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,936,095</td>
<td>1,619,721</td>
<td>1,122,483</td>
<td>805,385</td>
<td>658,717</td>
<td>469,289</td>
<td>444,797</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,936,095</td>
<td>1,619,721</td>
<td>1,122,483</td>
<td>805,385</td>
<td>658,717</td>
<td>469,289</td>
<td>444,797</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,162,779</td>
<td>933,011</td>
<td>749,649</td>
<td>596,227</td>
<td>409,168</td>
<td>298,737</td>
<td>186,626</td>
</tr>
<tr>
<td>Return on average shareholders’ equity</td>
<td>18.2 %</td>
<td>19.2 %</td>
<td>21.1 %</td>
<td>23.0 %</td>
<td>23.7 %</td>
<td>N/A</td>
<td>23.7 %</td>
</tr>
</tbody>
</table>

### Other Data

- Comparable store sales growth
  - 7.9 %
  - 10.0 %
  - 11.3 %
  - 5.9 %
  - 6.1 %
  - 8.3 %
  - 10.5 %

- Net sales per selling square foot
  - $265
  - $267
  - $261
  - $257
  - $258
  - $255
  - $239

- Stores open at year end
  - 213
  - 182
  - 150
  - 128
  - 108
  - 90
  - 79

- Total square feet of selling space at year end (in thousands)
  - 15,111
  - 12,533
  - 10,064
  - 8,378
  - 6,824
  - 5,523
  - 4,771

- Capital expenditures, including capitalized leases (in thousands)
  - $248,878
  - $202,735
  - $223,423
  - $138,797
  - $132,800
  - $64,813
  - $46,337

### Financial and Operating Data Summary

- Income before extraordinary items
  - Excludes non-recurring charges and extraordinary items.

- Operating income
  - Excludes non-recurring charges.

- Net Income before extraordinary items
  - Excludes non-recurring charges and extraordinary items.

- Diluted Income Per Share
  - Excludes non-recurring charges and extraordinary items.

- Capital expenditures, including capitalized leases
  - Excludes non-recurring charges and extraordinary items.

### CAGR

- **Stock Price at Fiscal Year End**
  - Compounded annual growth rate

- **Selling Square Feet**
  - Compounded annual growth rate

- **Income**
  - Compounded annual growth rate

- **Diluted Income Per Share**
  - Compounded annual growth rate

(1) The year ended January 30, 1993, includes a non-recurring incentive compensation charge of $17.7 million ($10.6 million after-tax) or $.08 per share.

(2) The year ended February 3, 1996, includes a non-recurring credit operations charge of $14.1 million ($8.3 million after-tax) or $.06 per share.
**Kohl's is on the Move**

1998 was a tremendous year for Kohl's and 1999 promises to be a year of continuing growth and success. With a solid infrastructure, a strong commitment to our Associates, customers and vendors and an aggressive growth strategy, Kohl's is on the move!

**Corporate Headquarters**
Kohl's Corporation
N56 W17000 Ridgedwood Drive
Menomonee Falls, Wisconsin 53051-5660
(414) 703-7000
Web Site: www.kohls.com

**Transfer Agent and Registrar**
The Bank of New York
Shareholder Relations Dept. 11-E
P.O. Box 11258
Church Street Station
New York, New York 10286
(800) 524-4458

**Independent Auditors**
Ernst & Young LLP
Milwaukee, Wisconsin

**Corporate Counsel**
Godfrey & Kahn, S.C.
Milwaukee, Wisconsin

**Annual Meeting**
The 1999 Kohl's Annual Meeting of Shareholders will be held on Tuesday, May 25, at 10:00 a.m. at the Four Points Sheraton Hotel, Milwaukee, Wisconsin.

**Investor Contact**
Shareholders, prospective investors and securities analysts seeking information about Kohl's should direct their inquiries to the company. Attention: Shareholder Relations.

**Form 10-K**
Parts III and IV of Kohl's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, are included with this report for all shareholders.

**Common Stock**
Kohl's common stock is listed on the New York Stock Exchange under the symbol KSS.

**Common Stock Price Range**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>$43 3/16</td>
<td>$34 3/16</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>$57 7/8</td>
<td>$40 9/16</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>$60 15/16</td>
<td>$43 15/32</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>$67 3/4</td>
<td>$50 1/16</td>
</tr>
</tbody>
</table>

**Shraders**
As of March 24, 1999, there were 5,670 holders of record of Kohl's common stock.

**Dividends**
Kohl's has never paid a cash dividend. It has no current plans to pay dividends on its common stock and intends to retain all earnings for investment in and growth of its business.

**About Our Models**
All of the people pictured in this report are current or former Kohl's Associates from Wisconsin, the Menomonee Falls, Wisconsin, distribution center and the corporate headquarters, along with some family members. Special thanks to these Associates for participating in this year’s annual report.

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**Directors**
- Jay H. Baker—Retiring President, Kohl's Corporation
- James D. Ericson—President and Chief Executive Officer, Northwestern Mutual Life Insurance Company (b)
- John F. Herna—Chief Operating Officer and Secretary, Kohl's Corporation
- William S. Kellogg—Chairman, Kohl's Corporation
- Kevin Mansell—President, Kohl's Corporation
- R. Lawrence Montgomery—Vice Chairman and Chief Executive Officer, Kohl's Corporation
- Frank V. Sica—Director, CSG Systems International, Inc. (a) and Sita Telecommunications Holdings, N.V. (a)
- Herbert Simon—Co-Chairman, Board of Directors, Simon DeBartolo Group, Inc., a real estate investment trust; and Co-Chairman, Melvin Simon & Associates, a real estate developer

**Executive Officers**
- Jay H. Baker—Retiring President
- Caryn A. Blane—Executive Vice President—Merchandise Planning and Logistics
- John F. Herna—Chief Operating Officer
- William S. Kellogg—Chairman
- John J. Lesko—Executive Vice President—Chief Information Officer
- Rick Lento—Executive Vice President—General Merchandise and Product Development Manager
- Kevin Mansell—President
- Arlene Meier—Executive Vice President—Chief Financial Officer
- R. Lawrence Montgomery—Vice Chairman and Chief Executive Officer
- Jack E. Moons, Jr.—Executive Vice President—General Merchandise Manager
- Jeff Rusinow—Executive Vice President—Regional Director of Stores and Store Administration
- Don Sharpin—Executive Vice President—Human Resources
- Gary Vasques—Executive Vice President—Marketing

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**Fiscal 1997**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>$25 7/8</td>
<td>$19 15/32</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>$31 15/16</td>
<td>$24 15/32</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>$37 5/16</td>
<td>$32 5/16</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>$37 15/16</td>
<td>$31 15/16</td>
</tr>
</tbody>
</table>

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As more women take time to pamper themselves, Kohl’s Bodysource personal care, spa and aromatherapy products are becoming very popular.

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**Models**
Cover: from left: Zulf Ali from corporate headquarters, Tina Baker from the Oak Creek store, Quintin White, son of Tony White from corporate headquarters. Thanks to James from corporate headquarters and Shelby Mayhew from corporate headquarters with her daughter, Nicole.

Inside front cover large photo, from left: Haumen J. Shamji and Nicole Conlin from the Oak Creek store, Sue Boyd from the Waukesha store and Gail Novara from the Oak Creek store.

Page 8: Sheraton Hotel, Milwaukee, for participating in this year’s annual report.

Page 9: from left: Simon DeBartolo and Jennifer Cramer from corporate headquarters.

Page 9: from left: Cheryl Secor from the Southridge store and Kyle Judds from the Brown Deer store, Chris Pedersen from the Delafield store and Michelle Underwood from the Point Loomis store.

Page 10: from left: Ted Porter, son of Tiffany Porter from corporate headquarters and Yvette Willis from corporate headquarters.

Page 11: from left: Wendy Alston from the Southridge store and Mary Galenka and Roseanna Heusdens from the Oak Creek store.

Page 12: from left: Lisa Worklan, daughter of Mike Worklan from the Southridge store, Jennifer Cannon from corporate headquarters with her daughter, Michelle.

Page 13: from left: David Dudley from the Southridge store, Zulfi Amjad from corporate headquarters and Staci Housner from the Point Loomis store.