

# KOHL'S

expect **great** things



*2004 Annual Report*





In 2004, we expanded our brand selection to better serve a variety of ages and interests. New brands include *apt. 9* in both mens and misses and *Urban Pipeline* for young men.

# Financial Highlights

	2004	2003*	
<b>NET SALES</b>			up 13.8%
(In millions of dollars)	<b>\$ 11,701</b>	\$ 10,282	
<b>OPERATING INCOME</b>			up 22.8%
(In millions of dollars)	<b>\$ 1,237</b>	\$ 1,007	
<b>PERCENT OF SALES</b>	<b>10.6%</b>	9.8%	
<b>NET INCOME</b>			up 25.7%
(In millions of dollars)	<b>\$ 730</b>	\$ 581	
<b>PERCENT OF SALES</b>	<b>6.2%</b>	5.6%	
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>			up 25.6%
(In millions of dollars)	<b>\$ 948</b>	\$ 754	

\* Restated



## Profile

Kohl's mission is to be the leading family-focused, value-oriented, specialty department store offering quality exclusive and national brand merchandise to the customer in an environment that is convenient, friendly and exciting.

Kohl's operates from coast to coast. At the end of fiscal 2004, we served customers in 40 states through 637 stores and Kohls.com. In fiscal 2005, we plan to open approximately 95 stores.

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# Dear Shareholders



Larry Montgomery, Arlene Meier and Kevin Mansell

**2004 GOALS** 2004 was a year in which we made considerable progress toward advancing our financial and business objectives.

Our financial goals for 2004 were to return to positive comparable store sales increases, restore the gross margin to historic levels and appropriately manage expenses, while making the investments needed to support our expansion. Achieving these objectives would return us to earnings increases of 20% per year.

Here's how we did. We achieved record sales for our thirteenth consecutive year as a public company. Net sales were \$11.7 billion, a 14% increase. Comparable store sales were up 0.3%. Net income increased 26% to a record \$730.4 million or \$2.12 per diluted share. Our sales per square foot remains among the highest in the industry and our operating margin of 10.6% is one of the highest in the department store business.

While we are pleased with our progress, we know we can do better.

**2004 ACHIEVEMENTS** We made excellent progress in 2004 in enhancing the customer shopping experience. We reduced overall inventory levels, increased inventory turns and improved our processes, enabling us to increase profitability by reducing the amount of merchandise sold on clearance.

We adjusted the number and placement of fixtures to make it easier for customers to navigate the store. New, visually strong graphics were added to better highlight our various brands and

enable shoppers to quickly find what they need. We expanded our merchandise offerings to appeal to a broader range of customers and introduced new merchandise into our stores more frequently. Seven new exclusive, private or national brands were added in 2004, with more on the horizon in 2005.

**MERCHANDISE STRATEGIES** A major initiative in 2004 was the introduction of exclusive brands that can only be found at Kohl's. We introduced *daisy fuentes* for misses and *everGirl* for young girls in 2004, and the *Oh Baby! by Motherhood* maternity collection became exclusive to Kohl's in early 2005. Through our strategic alliance with The Estée Lauder Companies Inc., we added a major category we didn't previously offer – cosmetics. Our exclusive beauty products were introduced in 288 stores in 2004 and will be rolled-out to our remaining stores in 2005. In the fall of 2005, Kohl's will become the exclusive retailer for *Candie's* apparel in juniors and young girls. More exclusive lines are planned for 2005, including *The Backyardigans*, a new toddler line based on Nickelodeon's hottest new show.

We expanded our selection of national brands by introducing *Laura Ashley Lifestyles* and *Gloria Vanderbilt* for the home, and *Bongo* for juniors in 2004. In early 2005, we added *Chaps* in both casual and dress in mens, which we believe will offer a tremendous opportunity to increase our market share in the men's business. Other new national brands in 2005 include *ROYAL VELVET* in home.

We increased our private brand offerings in 2004 with the introduction of *Urban Pipeline* for young men. We introduced *apt. 9* in both mens and misses to appeal to customers seeking today's contemporary fashions and will extend the brand further in 2005.

We will continue our focus on developing new exclusive and private brands that add excitement and variety to our stores, as well as adding national brands our customers know and trust.

**CAPITAL INVESTMENTS** In 2004, we invested \$890 million in capital projects to expand our presence, remodel existing stores, support our future growth and enhance productivity.

We added 95 stores in 2004, increasing our store base from 542 to 637 stores. California became our largest state with 62 stores, as we entered five new markets: San Francisco, Sacramento, San

Diego, Fresno and Bakersfield. Other new markets in 2004 included Salt Lake City, Utah; Memphis, Tennessee; and Rochester, New York. We also continued to open additional stores in established markets.

In 2005, we will open approximately 95 new stores, increasing square footage by 15%. Kohl's will enter the state of Florida with stores opening in Orlando and Jacksonville in the fall. Consistent with our expansion in other regions, we will open a new distribution center in Macon, Georgia, to support our growth in the Southeast. We will also continue to expand our presence in our existing markets in order to increase market share.

Our capital structure is well positioned to continue to support our expansion plans. Capital expenditures in 2004 were funded entirely through internally generated cash and we expect to fund our future expansion in the same manner.

**DIFFERENTIATING KOHL'S** In 2004, we continued to build the Kohl's brand to maximize our customer base and attract new customers. The foundation for our success is our well-established concept of brands, value and convenience. We are focused on our core customer – a busy mom shopping for herself, her home and her family. We offer the national brands she wants, along with strong private brands. Our new exclusive brands further differentiate Kohl's in the marketplace.

One of our biggest competitive advantages is convenience. From our commitment to being in-stock in a broad variety of merchandise categories to our neighborhood locations with easy in-out parking, wide aisles, quick checkout and hassle-free returns, the Kohl's concept is designed with our core customer in mind. Our strong credit card loyalty program, values every day throughout the store and friendly Associates further enhance the Kohl's shopping experience.

**EXPECT GREAT THINGS** In 2005, we will begin moving Kohl's to the next level as a company. Our new positioning statement, **expect great things**, is a commitment to our customers, our Associates, our business partners and our shareholders. We want to provide a great shopping experience for our customers, with the best possible brands, prices and selections in the nation. Our Associates should expect a work environment that inspires, supports and rewards them. Our business partners will truly be partners and, together, we will create the best products in the marketplace. Finally, we will be prudent stewards of our shareholders' investment in the company.

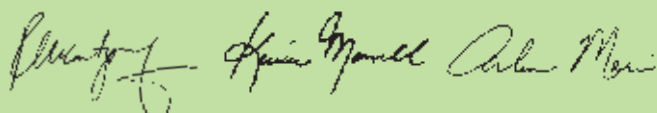
The key to **expect great things** is our people. We strengthened our executive team in 2004 by increasing the number of senior level positions in merchandising, planning and allocation and product development to help us improve our merchandise content and set Kohl's apart from the competition. Some of the positions were filled by outside hires, while others were filled through internal promotions.

We welcomed over 15,000 new Associates to Kohl's in 2004. We are committed to attracting and retaining the best talent in retail. Our Associates are an outstanding team that did a great job of helping to restore the attributes that make Kohl's special to our customers.

We remain committed to managing our business both ethically and responsibly and to representing the best interest of our shareholders through good corporate governance. After thorough review by its Governance and Nominating Committee, the Board of Directors believes Kohl's is in full compliance with all applicable corporate governance rules of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE). Accordingly, in 2004, Kohl's provided the NYSE with an unqualified Annual CEO Certification of compliance, and has filed with the SEC, as an exhibit to our Annual Reports on Form 10-K for fiscal years 2003 and 2004, the Sarbanes-Oxley Act Section 302 certification regarding the quality of the company's public disclosure.

**2005 AND BEYOND** Our accomplishments in 2004 have set the stage to deliver a great 2005. We look ahead to 2005 as a year to return to mid-single digit comparable store sales increases through the infusion of new, innovative merchandise and marketing enhancements that revolve around the promise of **expect great things**. We will continue our commitment to 20% earnings growth and to providing brands, value and convenience to our customers. We'll use our financial strength to continue our steady expansion into both new and existing markets and to improve our processes and productivity.

We want to thank all of our Associates across the country for helping Kohl's to get back on track in 2004. We remain committed to all of our Associates, our customers, our partners, our shareholders and our communities. We believe our future has never been brighter. You can **expect great things** from Kohl's.



Larry Montgomery  
Chairman and  
Chief Executive Officer

Kevin Mansell  
President

Arlene Meier  
Chief Operating Officer





In 2005, the signature look of *Chaps* casual clothes debuted in the men's department. Kohl's own *Sonoma* brand complements our brand-name merchandise throughout the store.

# Expect Great Things: Customers

**TO OUR CUSTOMER:** *expect great things* means a great shopping experience. We're dedicated to providing our customers with the best selection of brands, at the best value – all in one easy trip.

In 2004, we focused on bringing newness into our stores – new styles, new brands and new merchandising initiatives – to further differentiate us from the competition. We made Kohl's an easier place to shop, with an increased emphasis on fashion. Our successful combination of national, private and exclusive brands gives our current customers a wider spectrum of styles to choose from and encourages new customers to see what all the excitement is about.

**EXPECT GREAT BRANDS** In 2004, we added exclusive brands for the first time. New national and private brands broadened our fashion appeal with increased emphasis on the total lifestyle concept of how our customers live, work and play.

Our exciting alliance with The Estée Lauder Companies Inc. brought beauty into our stores for the first time with three new, exclusive brands of makeup and skin care products – *American Beauty*, *Flirt!* and *good skin*.



This new category provides value and convenience for customers who want to add high-quality beauty items to their Kohl's shopping cart. Our beauty department is bright and cheerful, with open-sell product displays filled with over 400 shades of makeup and skin care products for every complexion type. A trained beauty Associate is available to provide expert advice and customers are invited to "try before they buy."

For misses, our exclusive new fashion line by Daisy Fuentes, a popular fashion model and TV personality, showcases everyday style solutions in contemporary designs, colors and fabrics priced to appeal to Kohl's core customer. The exciting *daisy fuentes* line went from 188 stores to all stores in October 2004. In 2005, the line will be extended to accessories, loungewear, shoes and special sizes. For young girls and their parents, *everGirl*, a new lifestyle brand created by Nickelodeon, offers another great option for the newest trends in clothing and accessories.

We further expanded our private brand selection with *Urban Pipeline* for young men. Our newest private brand, *apt. 9*, was introduced in both mens and misses and quickly became a strong performer. In 2005, we will extend *apt. 9* into special sizes, as well as into swimwear, sleepwear, jewelry and accessories for women. In mens, we will add *apt. 9* in sportswear, outerwear, dress shirts, ties and dress slacks.

In national brands, we added *Bongo* for juniors, and will extend it into girls in 2005, to broaden our customer base and better serve a variety of ages and interests. The *Laura Ashley Lifestyles* and *Gloria Vanderbilt* brands arrived in our bath and bedding department in 2004, with initial merchandise including comforter sets, sheets, bath towels and bath rugs. We also added *ROYAL VELVET* towels and accessories to our extensive bath offerings in 2005.







The exciting addition of new exclusive brands, such as *daisy fuentes* in misses and national brands including classic *Chaps* dress clothes in mens, broadens our appeal to fashion conscious customers.



# Expect Great Things: Customers

**MORE GREAT BRANDS IN 2005** More exciting brands are debuting in Kohl's stores in 2005. To address the fashion demands of today's male shopper, we introduced *Chaps* in all stores at the beginning of the year. The signature look of *Chaps* is uniquely American and its classic styling, like its popularity, is timeless. We currently offer *Chaps* woven and knit tops, casual and dress pants, dress shirts, suits, sport coats and ties.

Moms-to-be now have another great reason to shop at Kohl's. The bold, bright and beautiful *Oh Baby! by Motherhood* collection also rolled into Kohl's stores in early 2005.

Exclusive to Kohl's, this collection from the world's leading designer and retailer of maternity wear features a contemporary assortment of sportswear, intimate apparel and sleepwear.

Adding momentum to our merchandise offerings will be the addition of the *Candie's* brand in our juniors' and girls' departments in the fall of 2005. *Candie's* is known for its innovative marketing and trendy fashions for young shoppers. Kohl's will become the exclusive provider of *Candie's* apparel in 2005 and at the end of fiscal 2006, we

will be the exclusive retailer for *Candie's* footwear and handbags. Building on the success of the *everGirl* brand by Nickelodeon, we will introduce

*The Backyardigans* line for toddlers in 2005. Based on Nickelodeon's hottest new show, the line will include playwear, tees and sleepwear, all exclusive to Kohl's.

**EXPECT A GREAT IN-STORE EXPERIENCE** Brands, value and convenience define the Kohl's shopping experience. In 2004, we focused on making our stores easier to shop. We reduced in-aisle programs to make aisles wider and increased spacing standards between fixtures to make it easier to move within a department. We added large, bright graphics and photos so our customer can quickly find the brands she's looking for.

Our credit card program continues to recognize and reward our most loyal customers with special offers. For customers who prefer to shop at home, our exciting brands and great value are always available on [Kohls.com](http://Kohls.com). Extended store hours and hassle-free returns further define convenience at Kohl's.

In 2005, we will further enhance our merchandise presentation to make it more fashion-focused and easier to put outfits together. From the look of our merchandise to the appeal of our visual presentation, our 2005 initiatives are designed to create a more fun and exciting shopping environment. With constantly evolving brands and an emphasis on new trends throughout the store, we're well positioned to meet the changing needs of our customers.

From the parking lot into the store, through the checkout and out the door, Kohl's customers can expect a great shopping experience. That means great brands, great value and great convenience – the key elements that make Kohl's unique.



# Expect Great Things: Partners

**TO OUR BUSINESS PARTNERS:** *expect great things* is a pledge in partnership with our suppliers. We will work collectively to create the best products in the market, and as a result, profitably grow our businesses.

A significant contributor to Kohl's success is the strong relationships we have with our vendor partners. Our brand assortment is continually evolving in response to new trends and styles and the changing needs of our customers. Kohl's was built on the concept of offering national brands that our customers know and trust. Our exclusive and private brands further enhance our merchandise selection.

**EXCLUSIVE BRANDS** In addition to our great national brand partners, in 2004 and early 2005 we differentiated Kohl's even further, introducing a number of exciting new exclusive brands. The Estée Lauder Companies Inc., one of the most famous names in beauty, developed three new exclusive lines of cosmetics and skin care products just for Kohl's. Also new at Kohl's are *daisy fuentes*, *everGirl*, *Candie's* and *Oh Baby!* by Motherhood. These widely recognized, trend-setting fashions can only be found in our stores and on Kohls.com, giving customers one more great reason to shop at Kohl's.

**PROFITABLE GROWTH** Sharing information with our vendors is the foundation of strong partnerships and successfully growing our businesses together. In 2004, we established a vendor Intranet that gives our top 100 partners real-time access to information including sales, inventories, deliveries and other data. This information enables our vendor partners to provide us with a continual flow of high-quality merchandise and helps us to maintain desirable inventory levels.

The newest element in our ongoing commitment to have the very best store-level inventory and assortment is our partnership with SAS, the world leader in business analytics software. Through SAS, we will have a single end-to-end system that helps us to accurately predict, analyze, optimize and support life-cycle merchandising. This will allow us to increase revenue through better allocation of products, reduced markdowns and flowing goods into our stores more often and closer to sales. In 2005, we will continue to improve our supply chain to bring the latest new merchandise into our stores throughout the year.

Kohl's and our partners are committed to growing our businesses together. From creating new on-trend merchandise to having the right products in the right markets at the right time, our goal is to offer the brands, quality and assortments our customers expect and desire from Kohl's.



Our beauty department features three new exclusive brands of makeup and skin care products, *American Beauty*, *Flirt!* and *good skin*, developed by The Estée Lauder Companies Inc. exclusively for Kohl's.



# Expect Great Things: Shareholders

**TO OUR SHAREHOLDERS:** expect great things is a commitment to grow the company and increase its profitability. We will continue to be committed to becoming the number one family-focused, value-oriented specialty department store.

In 2004, we achieved our goal to return to 20% earnings growth. Net income increased 26% in 2004 and over the past five years our net income has grown at a compounded annual growth rate of 23%. These increases were achieved through a combination of comparable store sales increases, square footage growth and gross margin expansion. We continued to concentrate on profitable growth, ending the year with 637 stores in 40 states, compared with 542 stores in 36 states at the same time last year.

**EXPANDING THE COMPANY** In 2004, we opened 95 stores. Of these, 53 were in new markets and 42 were fill-in stores in existing markets. We extended our presence in California with entries into San Francisco with 11 stores, Sacramento with seven stores, San Diego with five stores, Fresno with three stores and Bakersfield with two stores. Other new market entries include Salt Lake City, Utah, with five stores, and Rochester, New York, and Memphis, Tennessee, with three stores each.

We plan to open approximately 95 stores in fiscal 2005, with approximately 33 stores opening in the spring and the balance in the fall. The fall openings include our entry into Florida, with seven stores in Orlando and three in Jacksonville. We plan to fund all of this expansion through our strong cash flow.

We also continue to keep our established stores looking fresh and current. We remodeled stores in the Minneapolis and Kansas City markets in 2004. In 2005, we will remodel stores in Cleveland and Philadelphia.

**SMALL STORE TEST** In 2002, we initiated a small-store test to serve trade areas of 100,000 or less in population. The test consisted of one store each in Wisconsin, Iowa, Michigan and North Carolina. At approximately 68,000



square feet, the stores have a layout that is similar to our larger prototype stores and include all departments, but with an edited merchandise selection. Over the past two years, we have evaluated and refined all aspects of these four test locations and are pleased with the development of the concept and the performance of these stores. We will continue to refine the concept and plan to open four additional stores in 2005. The small-store concept is a growth vehicle that will bring our great shopping experience to many more customers and communities across the country. The small stores will be a part of our expansion every year going forward.

As we look to 2005 and beyond, our shareholders can expect us to continue to open stores across the country and maintain our commitment to 20% earnings growth.

# Expect Great Things: Associates

**TO OUR ASSOCIATES:** expect great things is a commitment to provide a work environment that inspires, supports and rewards extraordinary Associates.

Everything our Associates do, from buying quality merchandise and negotiating competitive prices to effectively advertising and selling these products to our customers, requires an outstanding team. Every day, in every location, Kohl's Associates are the great people behind our growth and success.

**SUPPORTING OUR ASSOCIATES** Associates like joining the Kohl's team because of opportunities for growth at every level in the organization. As we continue to grow, our store management bench strength continues to deepen. The focus on management development efforts across our organization enables us to attract and retain the people who drive our success.

In 2004, we introduced Kohl's University to our Associates. With "Kohl's U" in place, we've further expanded our array of courses that educate and develop the capabilities of our Associates. Associates can select classroom or computer-based training offerings depending upon the way they prefer to learn. All of our courses are related to our strategic management competencies, focusing our development efforts on the key drivers of business effectiveness for today and tomorrow.

**STRENGTHENING OUR EXECUTIVE TEAM** In 2004, we identified merchandising as an area we needed to strengthen in order to deliver exciting merchandise to every market we serve. We created the position of executive vice president – product

development to support our exclusive and private brand initiatives and provide trend direction to the entire organization. We reorganized our planning and allocation team and promoted our chief information officer to executive vice president of planning and allocation to bring his systems analysis expertise to the team. We promoted three executives into newly created senior vice president positions that support planning and allocation. Seasoned retail executives were also added to the merchandise team. We increased our general merchandise manager positions from two to three and increased our number of department merchandise managers from eight to 11.

**REWARDING OUR ASSOCIATES** Kohl's growth provides numerous opportunities for our Associates. In 2004, we added 15,000 new Associates, bringing the total number of Kohl's Associates to over 100,000. Our college recruitment program on 45 campuses continues to bring talented graduates into our store and corporate training programs.

To reward and retain outstanding Associates, we offer competitive benefit packages. In 2004, we added an Employee Assistance Program to our benefits program to provide Associates with work-life support, and began offering a drug discount card for part-time Associates. In 2004, Associates in our Employee Stock Ownership Plan owned more than two million shares of Kohl's stock, continuing to make this one of our most significant benefits.



## Kohl's executive vice presidents and their areas of responsibility are (from left):

Ken Bonning, logistics;  
John Lesko, administration;  
Wes McDonald, chief financial officer;  
Don Brennan, general merchandise manager;  
Rick Schepp, general counsel and secretary;  
Jon Nordeen, planning and allocation;  
Peggy Eskenasi, product development;  
Gary Vasques, marketing;  
Chris Capuano, general merchandise manager; and  
Telvin Jeffries, human resources.



# Expect Great Things: Communities

**TO THE COMMUNITIES WE SERVE:** expect great things is a continuing commitment to improving health and educational opportunities for children.

Kohl's is a strong partner in our communities through programs involving our company and our Associates. In 2004, numerous programs enabled us to give nearly \$20 million back to our communities.

**IMPROVING HEALTH** The Kohl's Cares for Kids® Children's Hospital program is a community involvement initiative that emphasizes our focus on families by partnering with children's hospitals in the communities we serve. In 2004, Kohl's Cares for Kids® supported programs at 57 children's hospitals in 35 states, through the sale of special items. We donate 100% of the net profits of our Kohl's Cares for Kids® merchandise to designated children's hospitals.

In addition to the one-time funding of the purchase of medical equipment or facilities, we've extended our commitment beyond the walls of the hospitals with multi-year grants to community outreach programs. For example, in 2004 we awarded a five-year grant to Children's Memorial Hospital in Chicago to establish the Kohl's Cares for Kids® Safety Network. This program is designed to confront the problems that threaten the safety of children in their homes, in their neighborhoods and in their communities.

**SUPPORTING EDUCATION** Our national Kohl's Kids Who Care® program recognizes and rewards local kids who make a difference in their communities through volunteerism. In 2004, the program honored over 1,000 young volunteers with scholarships, gift cards and donations.

Our Kohl's Cares for Kids® Fundraising Card program continues to grow as more schools and nonprofit organizations recognize how easy it is to raise money with help from Kohl's. Groups purchase the gift cards at a discount, resell them at face value and use the profits for items such as equipment, uniforms and



Norman Bridwell (third from left), creator of the "Clifford the Big Red Dog™" series, participates in the check presentation ceremony at Children's Hospital Boston. The popular children's books and plush toys were one of the Kohl's Cares for Kids® Children's Hospital items in 2004.

trips. In 2004, we helped over 2,700 schools and nonprofit organizations raise money to support their programs.

**VOLUNTEERING IN OUR COMMUNITIES** Through the Kohl's A-Team, Associates volunteer their time to support various youth-focused charities. Their participation is matched with corporate grants that are given directly to the charities. One special A-Team effort called "Operation: Connect Kids" raised money to purchase prepaid satellite cell phone cards that allow children to connect with their parents serving in the military.

With Kohl's in the community, children and families can expect great support, great family-focused programs and great volunteers.

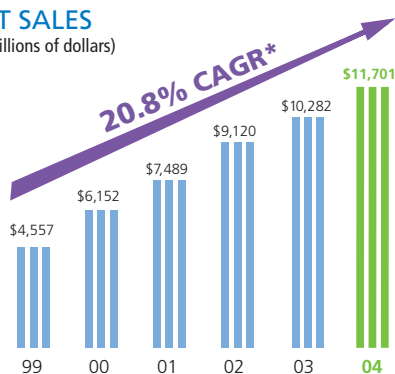
# Financial Summary

FISCAL YEAR	2004	2003 <sup>(a)</sup>	2002 <sup>(a)</sup>	2001 <sup>(a)</sup>	2000 <sup>(a)</sup>	1999 <sup>(a)</sup>
<b>SUMMARY OF OPERATIONS</b> (In millions)						
Net sales	\$11,701	\$ 10,282	\$ 9,120	\$ 7,489	\$ 6,152	\$ 4,557
Gross margin	4,114	3,395	3,139	2,565	2,096	1,543
Selling, general & administrative expenses	2,540	2,102	1,827	1,535	1,289	977
Preopening expenses	49	47	41	33	36	33
Depreciation and amortization	288	239	193	159	128	89
Operating income	1,237	1,007	1,078	838	643	444
Interest expense, net	63	73	56	50	46	27
Income before income taxes	1,174	934	1,022	788	597	417
Net income	730	581	635	488	367	255
<b>DILUTED EARNINGS PER SHARE</b> <sup>(b)</sup>	<b>\$ 2.12</b>	<b>\$ 1.69</b>	<b>\$ 1.85</b>	<b>\$ 1.43</b>	<b>\$ 1.09</b>	<b>\$ .76</b>
<b>FINANCIAL POSITION DATA</b> (Dollars in millions)						
Working capital	\$2,187	\$ 1,902	\$ 1,776	\$ 1,584	\$ 1,199	\$ 732
Property and equipment, net	3,988	3,316	2,734	2,196	1,725	1,352
Total assets	7,979	6,691	6,311	4,927	3,853	2,930
Long-term debt	1,103	1,076	1,059	1,095	803	495
Shareholders' equity	4,967	4,149	3,479	2,767	2,185	1,673
Return on average shareholders' equity	16.0%	15.2%	20.3%	19.7%	19.0%	18.1%
<b>OTHER DATA</b>						
Comparable store sales growth	0.3%	(1.6)%	5.3%	6.8%	9.0%	7.9%
Net sales per selling square foot	\$ 255	\$ 268	\$ 284	\$ 283	\$ 281	\$ 270
Stores open at year end	637	542	457	382	320	259
Total square feet of selling space (In thousands)	49,201	41,447	34,507	28,576	23,610	18,757

(a) Results for the 1999-2003 fiscal years have been restated to correct the Company's method of accounting for leases.  
(b) Adjusted for stock split in 2000.

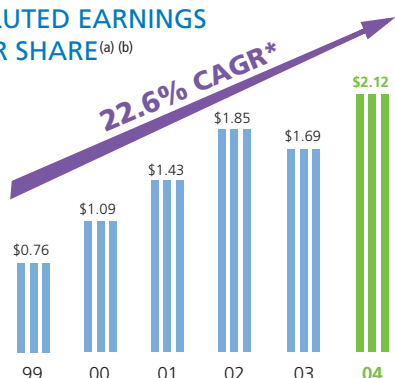
## NET SALES

(In millions of dollars)



## DILUTED EARNINGS PER SHARE

<sup>(a) (b)</sup>



(a) 1999-2003 restated.  
(b) Adjusted for stock split in 2000.  
\* Compounded annual growth rate.

## REPORT OF MANAGEMENT

The management of Kohl's Corporation is responsible for the integrity and objectivity of the financial and operating information contained in this Annual Report, including the consolidated financial statements covered by the Report of the Independent Registered Public Accounting Firm. These statements were prepared in conformity with generally accepted accounting principles and include amounts that are based on the best estimates and judgments of management.

The consolidated financial statements and related notes have been audited by Ernst & Young LLP, independent registered public accounting firm, whose report is based on audits conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States). As part of its audit, the firm performed a review of the Company's system of internal controls and conducted such tests and employed such procedures as considered necessary to render its opinion on the consolidated financial statements. The Company's consolidated financial statements including the Report of the Independent Registered Public Accounting Firm are included in the Company's Form 10-K for the year ended January 29, 2005.

The Audit Committee of the Board of Directors is composed of three independent Directors. The Committee is responsible for assisting the Board in its oversight of Kohl's financial accounting and reporting practices. The Audit Committee is directly responsible for the compensation, appointment and oversight of the Company's independent registered public accounting firm. The Audit Committee meets periodically with the independent registered public accounting firm, as well as with management, to review accounting, auditing, internal accounting control and financial reporting matters. The independent registered public accounting firm has unrestricted access to the Audit Committee.

Larry Montgomery  
Chairman and Chief Executive Officer

Wesley S. McDonald  
Executive Vice President - Chief Financial Officer



# Corporate Information

## CORPORATE HEADQUARTERS

Kohl's Corporation  
N56 W17000 Ridgewood Drive  
Menomonee Falls, WI 53051-5660  
(262) 703-7000  
Web site: [www.kohls.com](http://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  
Web site: [www.stockbny.com](http://www.stockbny.com)

## ANNUAL MEETING

The Kohl's 2005 Annual Meeting of Shareholders will be held on Wednesday, April 27, 2005 at 10:00 a.m. at the Midwest Airlines Center, Milwaukee, Wisconsin.

## INVESTOR INFORMATION/ QUARTERLY REPORTS

For quarterly earnings reports and other investor information, please visit our Web site at [www.kohls.com](http://www.kohls.com) or direct your inquiries to the company, Attention: Investor Relations.

## FORM 10-K

Parts I-III 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.

## DIRECTORS

### JAY H. BAKER

Retired President, Kohl's Corporation

### STEVEN A. BURD

Chairman, President and Chief Executive Officer,  
Safeway Inc. (b) (c)

### WAYNE EMBRY

Senior Advisor to the General Manager of the Toronto Raptors (a) (c)

### JAMES D. ERICSON

Retired Chairman, President and Chief Executive Officer,  
Northwestern Mutual Life Insurance Company (b) (c)

### JOHN F. HERMA

Retired Chief Operating Officer, Kohl's Corporation

### WILLIAM S. KELLOGG

Retired Chief Executive Officer, Kohl's Corporation

### KEVIN MANSELL

President, Kohl's Corporation

### ARLENE MEIER

Chief Operating Officer, Kohl's Corporation

### R. LAWRENCE MONTGOMERY

Chairman and Chief Executive Officer, Kohl's Corporation

### FRANK V. SICA

President, Quantum Industrial Holdings (b) (c)

### PETER M. SOMMERHAUSER

Shareholder in the law firm of Godfrey & Kahn, S.C.

### JUDITH SPIESER

Chief Executive Officer, Transora, Inc. (a) (c)

### R. ELTON WHITE

Retired President, NCR Corporation (a) (c)

(a) 2004 Audit Committee (b) 2004 Compensation and Stock Option Committee  
(c) 2004 Governance and Nominating Committee

## EXECUTIVE OFFICERS

### KEN BONNING

Executive Vice President - Logistics

### DONALD A. BRENNAN

Executive Vice President - General Merchandise Manager

### CHRIS CAPUANO

Executive Vice President - General Merchandise Manager

### PEGGY ESKENASI

Executive Vice President - Product Development

### TELVIN JEFFRIES

Executive Vice President - Human Resources

### JOHN J. LESKO

Executive Vice President - Administration

### KEVIN MANSELL

President

### WESLEY S. MCDONALD

Executive Vice President - Chief Financial Officer

### ARLENE MEIER

Chief Operating Officer

### R. LAWRENCE MONTGOMERY

Chairman and Chief Executive Officer

### JON NORDEEN

Executive Vice President - Planning and Allocation

### RICHARD D. SCHEPP

Executive Vice President - General Counsel and Secretary

### GARY VASQUES

Executive Vice President - Marketing

## COMMON STOCK PRICE RANGE

Fiscal 2004	High	Low	Fiscal 2003	High	Low
First Quarter	\$54.10	\$39.59	First Quarter	\$60.55	\$46.18
Second Quarter	48.83	40.10	Second Quarter	60.26	48.04
Third Quarter	52.86	43.70	Third Quarter	65.44	50.49
Fourth Quarter	53.24	45.40	Fourth Quarter	56.30	40.83

## STOCK LISTING/SHAREHOLDERS

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

As of March 2, 2005, there were 5,794 holders of record of Kohl's common stock.

## FORWARD-LOOKING STATEMENTS

Certain statements made within this report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect management's current views of future events and financial performance. These statements are subject to certain risks and uncertainties which could cause Kohl's actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Exhibit 99.1 to Kohl's annual report on Form 10-K and other factors as may periodically be described in Kohl's filings with the SEC.



KOHL'S CORPORATION  
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