

KOHLS Corp  
Form DEF 14A  
March 25, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**KOHL S CORPORATION**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**KOHL S CORPORATION**  
**N56 W17000 Ridgewood Drive**  
**Menomonee Falls, Wisconsin 53051**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD MAY 16, 2013**

To Our Shareholders:

The Annual Meeting of Shareholders of Kohl's Corporation will be held at the Pilot House at Pier Wisconsin, 500 N. Harbor Drive, Milwaukee, Wisconsin 53202, on May 16, 2013, at 1:00 p.m. local time, for the following purposes:

1. To elect the ten individuals nominated by our Board of Directors to serve as directors for a one-year term and until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2014;
3. To hold an advisory vote to approve the compensation of our named executive officers;
4. To consider and vote upon the shareholder proposals described below, if properly presented at the meeting; and
5. To consider and act upon any other business that may properly come before the meeting or any adjournment thereof.

**PLEASE NOTE: The meeting is expected to last less than 30 minutes.**

Only shareholders of record at the close of business on March 13, 2013 are entitled to notice of and to vote at the meeting.

We are pleased to once again take advantage of the Securities and Exchange Commission's rules that allow companies to furnish their proxy materials over the Internet. We believe that this e-proxy process expedites shareholders' receipt of proxy materials and has lowered the costs and reduced the environmental impact of our annual meeting of shareholders. Accordingly, we have mailed to our shareholders of record and beneficial owners a Notice of Internet Availability of Proxy Materials containing instructions on how to access the attached proxy statement and our Annual Report on Form 10-K via the Internet and how to vote online. The Notice of Internet Availability of Proxy Materials and the attached proxy statement also contain instructions on how you can receive a paper copy of the proxy materials.

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The Notice of Internet Availability of Proxy Materials will be mailed to our shareholders beginning on or about March 27, 2013.

You are cordially invited to attend the Annual Meeting in person. Your vote is important no matter how large or small your holdings may be. **Please vote as soon as possible in one of these three ways, whether or not you plan to attend the meeting:**

Visit the website shown on your Notice of Internet Availability of Proxy Materials ([www.proxyvote.com](http://www.proxyvote.com)) to vote over the Internet;

Use the toll-free telephone number provided on the voting website ([www.proxyvote.com](http://www.proxyvote.com)) to vote over the telephone; or

If you have received a printed proxy card, you may complete, sign, date and return your proxy card by mail.

If you send in your proxy card or vote by telephone or the Internet, you may still decide to attend the Annual Meeting and vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in this proxy statement.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 16, 2013:**

The 2012 Annual Report on Form 10-K and proxy statement of Kohl's Corporation are available at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors

Richard D. Schepp  
*Secretary*

Menomonee Falls, Wisconsin

March 25, 2013

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**KOHL S CORPORATION**  
**N56 W17000 Ridgewood Drive**  
**Menomonee Falls, Wisconsin 53051**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 16, 2013**

**GENERAL INFORMATION ABOUT THESE MATERIALS**

This proxy statement describes matters on which we would like you, as a shareholder, to vote at our 2013 Annual Meeting of Shareholders. It also gives you information on these matters so that you can make informed decisions. You are receiving notice because our records indicate that you owned shares of our common stock at the close of business on March 13, 2013. Our Board of Directors has chosen March 13, 2013 as the record date for the meeting, which is the date used to determine which shareholders will be able to attend and vote at the meeting.

Our Board of Directors is soliciting your proxy to be used at the meeting. When you complete the proxy, you appoint two of our officers, Richard D. Schepp and Kevin Mansell, as your representatives at the meeting. These individuals will vote your shares at the meeting as you have instructed them on the proxy card. This way, your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, it is a good idea to vote your shares in advance of the meeting just in case your plans change. The Notice of Internet Availability of Proxy Materials will be mailed to our shareholders beginning on or about March 27, 2013.

**QUESTIONS AND ANSWERS**

**ABOUT OUR 2013 ANNUAL MEETING OF SHAREHOLDERS**

**When and where will the meeting take place?**

The annual meeting will be held on Thursday, May 16, 2013, at 1:00 p.m., local time, at the Pilot House at Pier Wisconsin, 500 N. Harbor Drive, Milwaukee, Wisconsin 53202.

**How long is the meeting expected to last?**

The meeting is expected to last less than 30 minutes.

**What is the purpose of the meeting?**

At the annual meeting, you will be asked to vote on the following matters:

the election of the ten individuals nominated by our Board of Directors to serve as directors for a one-year term and until their successors are duly elected and qualified;

the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2014;

an advisory vote on the approval of the compensation of our named executive officers;

the shareholder proposals described below, if properly presented at the meeting; and

any other business that may properly come before the meeting or any adjournment of the meeting.



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**Could other matters be decided at the meeting?**

Our bylaws require prior notification of a shareholder's intent to request a vote on other matters at the meeting. The deadline for notification has passed, and we are not aware of any other matters that could be brought before the meeting. However, if any other business is properly presented at the meeting, your completed proxy gives authority to Richard D. Schepp and Kevin Mansell to vote your shares on such matters at their discretion.

**Who is entitled to attend the meeting?**

All shareholders who owned our common stock at the close of business on March 13, 2013 (which is called the record date for the meeting) or their duly appointed proxies, may attend the meeting. Registration begins at 12:30 p.m.

**Who is entitled to vote at the meeting?**

All shareholders who owned our common stock at the close of business on the record date are entitled to attend and vote at the meeting and at any adjournment of the meeting.

**How many votes do I have?**

Each share of our common stock outstanding on the record date is entitled to one vote on each of the ten director nominees and one vote on each other matter.

**How many votes must be present to hold the annual meeting?**

The presence in person or by proxy of the holders of a majority of the outstanding shares of our common stock entitled to vote at the meeting will constitute a quorum for the transaction of business at the meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining whether there is a quorum. A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have the necessary voting power for that particular item and has not received instructions from the beneficial owner. In order for us to determine that enough votes will be present to hold the meeting, we urge you to vote in advance by proxy even if you plan to attend the meeting.

**How many votes may be cast by all shareholders?**

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A total of 222,010,520 votes may be cast at the meeting, consisting of one vote for each share of our common stock outstanding on the record date.

### **How do I vote?**

You may vote in person at the meeting or vote by proxy as described below.

Whether or not you intend to attend the meeting, you can vote by proxy in three ways:

Visit the website shown on your Notice of Internet Availability of Proxy Materials ([www.proxyvote.com](http://www.proxyvote.com)) to vote over the Internet;

Use the toll-free telephone number provided on the voting website ([www.proxyvote.com](http://www.proxyvote.com)) to vote over the telephone; or

If you have received a printed proxy card, you may complete, sign, date and return your proxy card by mail.

If you vote by proxy, your shares will be voted at the meeting in the manner you indicate. If you sign and return your proxy card, but don't specify how you want your shares to be voted, they will be voted as the Board of Directors recommends.

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### **May I change or revoke my vote after I submit my proxy?**

Yes. To change your vote previously submitted by proxy, you may:

cast a new vote by mailing a new proxy card with a later date;

cast a new vote by calling the toll-free telephone number provided on the voting website ([www.proxyvote.com](http://www.proxyvote.com));

cast a new vote over the Internet by visiting the voting website ([www.proxyvote.com](http://www.proxyvote.com)); or

if you hold shares in your name, attend the annual meeting and vote in person.

If you wish to revoke rather than change your vote, written revocation must be received by our corporate Secretary prior to the meeting.

### **What are the Board's voting recommendations?**

Unless you give other instructions on your proxy, the persons named as proxy holders on the proxy will vote in accordance with the recommendations of our Board of Directors. Our Board of Directors recommends a vote:

**FOR** the election of the ten nominees named under the caption **ITEM ONE ELECTION OF DIRECTORS** to serve as directors (see page 17);

**FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2014 (see **ITEM TWO RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM** on page 64);

**FOR** the approval of the compensation of our named executive officers (see **ITEM THREE ADVISORY VOTE ON THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS** on page 65);

**AGAINST** the shareholder proposal on Policy on Animal Cruelty Related to the Sale of Products Containing Animal Fur (see **ITEM FOUR SHAREHOLDER PROPOSAL** on page 66); and

**AGAINST** the shareholder proposal on Independent Board Chairman (see **ITEM FIVE SHAREHOLDER PROPOSAL** on page 68)

### **How many votes will be required to approve each of the proposals?**

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ITEM ONE: Our Board of Directors has instituted a majority vote requirement for the election of directors in uncontested elections. This means that a director nominee will be elected if the number of votes cast for that nominee exceeds the number of votes cast against that nominee. If you return a signed proxy card or otherwise complete your voting by proxy over the Internet or over the telephone but abstain from voting on any of the nominees, your shares will be counted for purposes of determining whether there is a quorum, but will have no effect on the election of those nominees.

ITEMS TWO, THREE, FOUR, and FIVE: The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, the advisory vote on approval of the compensation of our named executive officers and each of the shareholder proposals will be approved if the number of votes cast for that proposal exceeds the number of votes cast against it. If you return a signed proxy card or otherwise complete your voting by proxy over the Internet or over the telephone but abstain from voting on any of these proposals, your shares will be counted as present for purposes of determining whether there is a quorum, but will have no effect on the outcome of such proposal or proposals.

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### **What if I do not indicate my vote for one or more of the matters on my proxy?**

If you return a signed proxy card or otherwise complete your voting by proxy over the Internet or over the telephone without indicating your vote on a matter to be considered at the annual meeting, your shares will be voted in accordance with the Board of Directors' recommendations described above. In the event any other matters are brought before the meeting, Richard D. Schepp and Kevin Mansell will vote your shares on such matters at their discretion.

### **What happens if I do not vote by proxy?**

If you do not vote by proxy, the shares held in your name will not be voted unless you vote in person at the meeting. If you hold your shares through a broker and you do not provide your broker with specific instructions, your shares may be voted with respect to certain proposals at your broker's discretion. If the broker does not vote those shares, those broker non-votes will have no effect on the outcome of any of the proposals.

### **How can I attend the annual meeting?**

Only shareholders as of the close of business on the record date, March 13, 2013, may attend the annual meeting. To be admitted to the meeting, you will be required to present photo identification and an admission ticket or proof of ownership of your shares as of the record date, such as a letter or account statement from your bank or broker.

**IF YOU DO NOT HAVE AN ADMISSION TICKET (OR PROOF OF OWNERSHIP) AND VALID PICTURE IDENTIFICATION, YOU WILL NOT BE ADMITTED TO THE MEETING.**

The use of cameras, recording devices and other electronic devices at the meeting is prohibited, and such devices will not be allowed in the meeting or any other related areas, except by credentialed media. We realize that many cellular phones have built-in digital cameras, and while you may bring these phones into the venue, you may not use the camera function at any time.

### **What happens if the annual meeting is postponed or adjourned?**

If the meeting is postponed or adjourned, your proxy will remain valid and may be voted when the meeting is convened or reconvened. You may change or revoke your proxy as set forth above under the caption "May I change or revoke my vote after I submit my proxy?"

### **Will our independent registered public accounting firm participate in the meeting?**

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Yes. Our independent registered public accounting firm is Ernst & Young LLP. A representative of Ernst & Young LLP will be present at the meeting, will be available to answer any appropriate questions you may have and will have the opportunity to make a statement.

### **Are members of the Board of Directors required to attend the meeting?**

While the Board has not adopted a formal policy regarding director attendance at annual shareholder meetings, directors are encouraged to attend. Seven of our twelve directors attended the 2012 Annual Meeting of Shareholders.

### **Who will pay the expenses incurred in connection with the solicitation of my vote?**

We pay all costs and expenses related to preparation of these proxy materials and solicitation of your vote. We also pay all annual meeting expenses. In addition to soliciting proxies by mail, we may solicit proxies by

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telephone, personal contact, and electronic means. None of our directors, officers, or employees will be specially compensated for these activities. We have hired Eagle Rock Proxy Advisors to assist with the solicitation of proxies for a fee not to exceed \$6,000 plus reimbursement for out-of-pocket expenses. We also reimburse brokers, fiduciaries, and custodians for their costs in forwarding proxy materials to beneficial owners of our common stock, but we will not pay any compensation for their services.

### **Can I view these proxy materials electronically?**

Yes. You may view our 2013 proxy materials at [www.proxyvote.com](http://www.proxyvote.com). You may also use our websites at [www.kohls.com](http://www.kohls.com) or [www.kohlscorporation.com](http://www.kohlscorporation.com) to view all of our filings with the Securities and Exchange Commission, including this proxy statement and our Annual Report on Form 10-K for the fiscal year ended February 2, 2013.

### **How can I receive copies of Kohl's year-end Securities and Exchange Commission filings?**

We will furnish without charge to any shareholder who requests in writing, a copy of this proxy statement and/or our Annual Report on Form 10-K, including financial statements, for the fiscal year ended February 2, 2013, as filed with the Securities and Exchange Commission (the Commission). Any such request should be directed to Kohl's Corporation, N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051, Attention: Investor Relations.

### **How do shareholders submit proposals for Kohl's 2014 Annual Meeting of Shareholders?**

You may present matters for consideration at our next annual meeting either by having the matter included in our proxy statement and listed on our proxy or by conducting your own proxy solicitation.

To have your proposal included in our proxy statement and listed on our proxy for the 2014 annual meeting, we must receive your proposal by November 25, 2013. You may submit your proposal in writing to: Corporate Secretary, Kohl's Corporation, N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051. You may submit a proposal only if you have continuously owned at least \$2,000 worth of our common stock for at least one year before you submit your proposal, and you must continue to hold this level of stock through the date of the 2014 annual meeting.

If you decide to conduct your own proxy solicitation, you must provide us with written notice of your intent to present your proposal at the 2014 annual meeting in accordance with our bylaws, and the written notice must be received by us by January 16, 2014. If you submit a proposal for the 2014 annual meeting after that date, your proposal cannot be considered at the annual meeting.

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**QUESTIONS AND ANSWERS**

**ABOUT OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE MATTERS**

**What is the makeup of the Board of Directors and how often are members elected?**

Our Board of Directors currently has twelve members. Each director stands for election every year. Mr. Herma and Mr. Kellogg will not be standing for re-election to the Board of Directors at the 2013 annual meeting. The Board of Directors has determined that following the 2013 annual meeting, the size of the Board will be reduced to ten members. We thank Mr. Herma and Mr. Kellogg for their combined 80 years of service as executive officers and directors.

**How often did the Board of Directors meet in fiscal 2012?**

The full Board of Directors formally met five times during fiscal 2012 and otherwise accomplished its business through the work of the committees described below or otherwise without formal meetings. Each incumbent director attended at least 75% of the meetings of the Board and of the standing committees for which he or she was a member during fiscal 2012.

**Do the non-management directors meet in regularly scheduled executive sessions?**

Yes. The non-management members of our Board of Directors meet in regularly scheduled executive sessions without any members of management present. Our Board of Directors, upon the recommendation of the Governance & Nominating Committee, appointed Mr. Watson as the independent Lead Director for fiscal 2012. In this capacity, Mr. Watson presided over the meetings of non-management Directors.

**Has the Board of Directors adopted written Corporate Governance Guidelines?**

Yes. Our Board has adopted written Corporate Governance Guidelines. To view these guidelines, access [www.kohlscorporation.com](http://www.kohlscorporation.com), then Investor Relations, then Corporate Governance, then Corporate Governance Guidelines. Paper copies will be provided to any shareholder upon written request.

**How does the Board determine which directors are independent?**

Our Board of Directors has established independence guidelines that are described in our Corporate Governance Guidelines. The independence guidelines require a finding that the individual director satisfies all of the independence standards of the New York Stock Exchange, as such standards may be amended from time to time, and also that the director has no material relationships with us (either directly or as a partner, shareholder or officer of any entity) which would be inconsistent with a finding of independence.



**Which directors have been designated as independent?**

Based on the analysis described below on page 21 under the caption Independence Determinations & Related Person Transactions, the Board affirmatively determined that eight of the ten directors that will continue to serve on the Board following the annual meeting are independent: Peter Boneparth, Steven A. Burd, Dale E. Jones, John E. Schlifske, Frank V. Sica, Stephanie A. Streeter, Nina G. Vaca and Stephen E. Watson. The Board has determined that Peter M. Sommerhauser is not an independent director because he is a shareholder with the law firm Godfrey & Kahn, S.C. which provides legal services to us. Kevin Mansell is not an independent director because of his employment as our Chairman, President and Chief Executive Officer.

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**Does the Board of Directors Have a Process for Reviewing and Approving Related Party Transactions?**

Yes. The Board of Directors recognizes that related party transactions can present a heightened risk of conflicts of interest. Accordingly, as a general matter, and consistent with our written code of ethics, our directors, senior officers and their respective immediate family members are to avoid any activity, interest, or relationship that would create, or might appear to others to create, a conflict with the interests of Kohl's. The Governance & Nominating Committee, which is comprised solely of independent directors, reviews all related-party transactions and relationships involving a director or any senior officer. To help identify related-party transactions and relationships, each director and senior officer completes an annual questionnaire that requires the disclosure of any transaction or relationship that the person, or any member of his or her immediate family, has or will have with Kohl's. The General Counsel also conducts a review of our financial records to determine if a director or executive officer, or a company with which a director or executive officer is affiliated, received any payments from Kohl's or made any payments to Kohl's that could have arisen as a result of a related party transaction during the fiscal year. On an annual basis, or as circumstances may otherwise warrant, the Governance & Nominating Committee reviews and approves, ratifies or rejects any transaction or relationship with a related party that is identified. In approving, ratifying or rejecting a related-party transaction or relationship, the Governance & Nominating Committee considers such information as it deems important to determine whether the transaction is on reasonable and competitive terms and is fair to Kohl's. Transactions and relationships that are determined to be directly or indirectly material to Kohl's or a related person are disclosed in Kohl's proxy statement.

The Board of Directors' processes with respect to review and approval or ratification of related-party transactions are in writing and have been incorporated into the Charter of the Governance & Nominating Committee of the Board of Directors.

**What are the standing committees of the Board?**

Our Board of Directors has three standing committees: the Audit Committee, the Governance & Nominating Committee and the Compensation Committee.

**Who are the members of the standing committees?**

As of February 2, 2013, the members of our Board of Directors' standing committees were:

<b>Committee</b>	<b>Members</b>	<b>Chairperson</b>
Audit Committee	John F. Herma  John Schlifske  Stephanie A. Streeter  Nina G. Vaca  Stephen E. Watson	Stephen E. Watson
Governance & Nominating Committee	Peter Boneparth	Stephanie A. Streeter

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Steven A. Burd

John F. Herma

Dale E. Jones

John E. Schlifske

Frank V. Sica

Stephanie A. Streeter

Nina G. Vaca

Stephen E. Watson

Compensation Committee

Peter Boneparth

Frank V. Sica

Steven A. Burd

Dale E. Jones

Frank V. Sica

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### **Are all of the members of the standing committees independent?**

Yes. All members of each of the standing committees have been deemed independent by the Board of Directors.

### **Do all of the standing committees operate under a written charter?**

Yes. The charters of each of the standing committees are available for viewing by accessing our website at [www.kohlscorporation.com](http://www.kohlscorporation.com), then Investor Relations, then Corporate Governance. Paper copies will be provided to any shareholder upon written request.

### **What are the functions of the standing committees?**

#### *Audit Committee*

It is the responsibility of the Audit Committee to assist the Board of Directors in its oversight of our financial accounting and reporting practices. The specific duties of the Audit Committee include:

monitoring the integrity of our financial process and systems of internal controls regarding finance, accounting and legal compliance;

selecting our independent registered public accounting firm;

monitoring the independence and performance of our independent registered public accounting firm and internal auditing functions;

providing oversight and guidance to management with respect to management's enterprise risk assessment and risk mitigation processes; and

providing an avenue of communication among the independent registered public accounting firm, management, the internal auditing functions and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent registered public accounting firm as well as any of our employees. The Audit Committee has the ability to retain, at our expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Board has determined that each member of the Audit Committee is financially literate, as that term is defined under New York Stock Exchange rules, and qualified to review and assess financial statements. The Board has also determined that more than one member of the Audit Committee qualifies as an audit committee financial expert, as defined by the SEC, and has specifically designated Stephen E. Watson, Chairman of the Audit Committee, as an audit committee financial expert. Each member of the Audit Committee is also independent as that term is defined under the rules of both the Commission and the New York Stock Exchange.

*Governance & Nominating Committee*

The duties of the Governance & Nominating Committee are to provide assistance to the Board of Directors in the selection of candidates for election and re-election to the Board and its committees; advise the Board on corporate governance matters and practices, including developing, recommending, and thereafter periodically reviewing the Corporate Governance Guidelines and principles applicable to us; and coordinate an annual evaluation of the performance of the Board and each of its standing committees.

*Compensation Committee*

The duties of the Compensation Committee are to discharge the Board's responsibilities related to compensation of our directors and officers, as well as those with respect to our general employee compensation and benefit policies and practices to ensure that they meet corporate objectives. The Compensation Committee has overall responsibility for evaluating and approving our executive officer benefits, incentive compensation, equity based or other compensation plans, policies and programs. The Compensation Committee also approves

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goals for incentive plans and evaluates performance against these goals. Furthermore, the Compensation Committee regularly and actively reviews and evaluates our executive management succession plans and makes recommendations to the Board with respect to succession planning issues. The Compensation Committee has the ability to retain, at our expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. Further information regarding the Compensation Committee's processes and procedures for the consideration of executive and director compensation is included in the Compensation Discussion & Analysis section of this proxy statement.

### **How many times did each standing committee meet in fiscal 2012?**

During fiscal 2012, the Audit Committee formally met eight times. The Compensation Committee formally met four times. The Governance & Nominating Committee formally met two times. Each of the committees otherwise accomplished their business without formal meetings.

### **Are there currently any other committees of the Board of Directors?**

The Board of Directors has also established an Executive Committee, the primary function of which is to act on behalf of the Board of Directors in the intervals between the Board's meetings. The Executive Committee may not, however, take any actions that: (a) are prohibited by applicable law or our Articles of Incorporation or Bylaws, or (b) are required by law or by rule of the New York Stock Exchange to be performed by a committee of independent directors, unless the composition of the Executive Committee complies with such law or rule. As of February 2, 2013, the members of the Executive Committee were:

Steven A. Burd

William S. Kellogg

Kevin Mansell

Frank V. Sica

Peter M. Sommerhauser

Stephen E. Watson

### **What is the leadership structure of Kohl's Board of Directors and why has this structure been chosen?**

The Board of Directors has no formal policy on separation of the position of Chairman of the Board and Chief Executive Officer, but generally believes that separation of the roles is unnecessary under normal circumstances. The Board currently combines the role of Chairman of the

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Board with the role of Chief Executive Officer. The Board believes that it should be permitted to use its business judgment to decide who is the best person to serve as Chairman of the Board, based on what is in the best interests of Kohl's and our shareholders on a case-by-case basis.

To further strengthen the Board's governance structure, our Corporate Governance Guidelines provide for an independent Lead Director to be elected annually by the independent directors. The role of our Lead Director closely parallels the role of an independent chairman. Specifically, our independent Lead Director:

presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management directors;

serves as liaison between the Chairman and the independent directors;

approves information sent to the Board;

approves meeting agendas for the Board;

approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;

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has the authority to call meetings of the independent directors; and

is available for consultation and direct communication with major shareholders upon request.

We believe that the existence of an independent Lead Director with this scope of responsibilities supports strong corporate governance principles and allows the Board to effectively fulfill its fiduciary responsibilities to our shareholders.

Moreover, we have adopted strong and effective corporate governance policies and procedures to promote effective and independent corporate governance. Among these policies and procedures are the following:

The Board is composed of a majority of independent directors, as determined under the standards of the New York Stock Exchange;

The Board's Audit Committee, Compensation Committee and Governance & Nominating Committee are composed solely of independent directors;

Non-management directors meet privately in executive sessions presided over by the Lead Director in conjunction with each regular Board meeting. Following these executive sessions, the Lead Director provides the Board's guidance and feedback to the Chairman;

Independent directors communicate regularly with the Lead Director and the Chairman regarding appropriate Board agenda topics and other Board related matters; and

All Board members have complete access to management and outside advisors, so the Chairman is not the sole source of information for the Board.

## **How Does Kohl's Manage Risk and What is the Board's Role in the Risk Management Processes?**

We have developed a robust enterprise risk management program that is driven by management and overseen by the Board's Audit Committee, with progress reports given periodically to the full Board. Our enterprise risk management program was designed to monitor Kohl's ongoing progress in managing the potential impact of key regulatory, operational, financial and reputational risks across the organization. Management has compiled a comprehensive list of enterprise risks. These risks have been prioritized based upon the potential financial and reputational damage posed by each risk. A member of senior management has been assigned as the owner of each risk based upon who is most likely to be able to impact the effects of that particular risk. Each risk owner has been required to develop action plans to reduce, mitigate or eliminate the risk, identify barriers to risk reduction efforts, and establish key metrics to objectively measure the impacts of risk management efforts. A risk management committee has been formed among key senior managers from across our company to actively review each risk owner's progress toward reduction, mitigation or elimination of each particular risk. The risk management committee meets regularly to review the status of risk management efforts directed toward each identified risk element. Our principal officers are periodically updated on the status of all risk management efforts, and are regularly consulted for additional direction.

Pursuant to its charter, the Board's Audit Committee actively oversees and monitors our enterprise risk management program. The Board receives a full annual status report on all of our risk management activities. Between these annual reports, the Audit Committee receives regular updates from members of senior management on various elements of material risk. Some of these reports are scheduled because of their



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particular significance, and others may be scheduled at the request of any Audit Committee member for any reason. These reports are given by the appropriate risk owner within the organization to enable the Audit Committee members to understand our risk identification, risk management and risk mitigation strategies, and to provide regular feedback and general direction to management. Following each of these updates, the Audit Committee Chairman reports on the discussion to the full Board during the committee reports portion of the next full Board meeting. On an annual basis, the full Board also receives a comprehensive update on our current risk profile and our activities related to the enterprise risk management program. This enables all members of the Board to understand our overall risk profile and efforts being made to reduce, mitigate or eliminate each element of risk.

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### **How does the Board identify and evaluate nominees for director?**

The Governance & Nominating Committee regularly assesses the appropriate size of the Board, whether any vacancies on the Board are expected due to retirement or otherwise, and whether the Board is comprised of individuals with the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively. To assist in these considerations, the Board periodically performs a comprehensive skills assessment to determine which particular skills or areas of expertise would most help the Board of Directors carry out its significant responsibilities. In the event that vacancies are anticipated or otherwise arise, the Governance & Nominating Committee utilizes a variety of methods for identifying and evaluating director candidates that would best satisfy areas of opportunity identified during the course of the skills assessment. Candidates may come to the attention of the Committee through current directors, members of management, eligible shareholders or other persons. From time to time, the Governance & Nominating Committee may also engage a search firm to assist in identifying potential Board candidates, although such a firm was not used to identify any of the nominees for director proposed for election at the 2013 annual meeting. Once the Committee has identified a prospective nominee, the Committee carefully evaluates the nominee's potential contributions in providing advice and guidance to the Board and management.

### **What are the minimum required qualifications for directors?**

Members of the Board and director nominees must share with the other directors the following attributes:

Unquestionable ethics and integrity;

A demonstrated record of success, leadership and solid business judgment;

Intellectual curiosity;

Strong reasoning skills;

Strong strategic aptitude;

Independence and objectivity – willingness to challenge the status quo;

A demonstrated record of social responsibility;

A commitment to enhancing long-term shareholder value;

A willingness to represent the interests of all of our shareholders;

A willingness and ability to spend sufficient time to carry out their duties; and

A good cultural fit with Kohl's and the Board.

**Does Kohl's have a formal diversity policy for directors?**

The Board is committed to an inclusive membership, embracing diversity with respect to background, experience, skills, education, special training, race, age, gender, national origin and viewpoints.

**How does the Board evaluate director candidates recommended by shareholders?**

The Governance & Nominating Committee evaluates shareholder nominees in the same manner as any other nominee. Pursuant to procedures set forth in our Bylaws, our Governance & Nominating Committee will consider shareholder nominations for directors if we receive timely written notice, in proper form, of the intent to make a nomination at a meeting of shareholders. To be timely for the 2014 annual meeting of shareholders, the notice must be received within the time frame discussed above on page 5 under the heading "How do shareholders submit proposals for Kohl's 2014 Annual Meeting of Shareholders?" To be in proper form, the notice must, among other things, include each nominee's written consent to serve as a director if elected, a description of all arrangements or understandings between the nominating shareholder and each nominee and information about the nominating shareholder and each nominee. Among other things, a shareholder proposing a

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director nomination must disclose any hedging, derivative or other complex transactions involving our common stock to which the shareholder is a party. These requirements are detailed in our Bylaws, a copy of which will be provided to you upon written request.

**How are directors compensated?**

Pursuant to our Non-Employee Director Compensation Program, directors who are not our employees or employees of our subsidiaries received an annual retainer fee of \$100,000. The independent Lead Director received an additional retainer fee of \$15,000. Chairpersons of the Compensation Committee and the Audit Committee received an additional \$20,000 retainer fee, and the Chairperson of the Governance & Nominating Committee received an additional \$10,000 retainer fee. Non-employee directors also received retainer fees for membership on the Compensation, Audit and Executive Committees. Committee member retainers are \$10,000 for Compensation Committee members and \$15,000 for Audit Committee and Executive Committee members. Directors received no additional compensation for participation in Board of Directors or committee meetings. Directors are, however, reimbursed for travel and other expenses related to attendance at these meetings as well as travel and other expenses related to attendance at educational seminars approved in advance by the Governance & Nominating Committee.

Stock options and restricted shares are granted to non-employee directors from time to time pursuant to our 2010 Long Term Compensation Plan. These grants are typically made following a director's initial election to the Board and each time the director is re-elected by the shareholders to serve a new term. The annual awards, which are comprised of 50 percent stock options and 50 percent restricted shares, typically have a grant date fair value of approximately \$100,000, calculated in accordance with FASB ASC Topic 718 (formerly FAS 123R). Accordingly, each of the non-employee directors that were re-elected to the Board at the 2012 Annual Meeting of Shareholders received a grant of 1,028 restricted shares and 3,969 ten-year stock options at the strike price of \$48.66 per share. All stock options granted to non-employee directors in 2012 were at the closing market price on the date of grant and vest on the first anniversary of the date of grant. The restricted shares also vest on the first anniversary of the date of grant. Prior to the vesting of the restricted shares, the recipients have the right to vote the shares, to receive and retain all regular dividends paid or distributed in respect of the shares (paid in dividend units that vest with the underlying shares), and have all other rights as a holder of outstanding shares of our stock.

*Director Compensation Table*

The following table provides each element of compensation paid or granted to each non-employee director for services rendered during fiscal 2012. Retainer fees are paid on a quarterly basis in arrears, so some of the retainer fees in this table may have been paid in the first quarter of fiscal 2013 for services rendered in fiscal 2012.

	Fees Earned or Paid in	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Cash \$	\$ <sup>(1)</sup>	\$ <sup>(1)</sup>	\$	\$	\$	\$
Peter Boneparth	\$ 111,250	\$ 50,022	\$ 50,001				\$ 211,273
Steven A. Burd	\$ 128,750	\$ 50,022	\$ 50,001				\$ 228,773
John F. Herma	\$ 115,000	\$ 50,022	\$ 50,001				\$ 215,023

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Dale E. Jones	\$ 110,000	\$ 50,022	\$ 50,001	\$ 210,023
William S. Kellogg	\$ 115,000	\$ 50,022	\$ 50,001	\$ 215,023
John E. Schlifske	\$ 111,250	\$ 50,022	\$ 50,001	\$ 211,273
Frank V. Sica	\$ 145,000	\$ 50,022	\$ 50,001	\$ 245,023
Peter M. Sommerhauser	\$ 115,000	\$ 50,022	\$ 50,001	\$ 215,023
Stephanie A. Streeter	\$ 122,500	\$ 50,022	\$ 50,001	\$ 222,523
Nina G. Vaca	\$ 115,000	\$ 50,022	\$ 50,001	\$ 215,023
Stephen E. Watson	\$ 163,750	\$ 50,022	\$ 50,001	\$ 263,773

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- (1) The amounts shown represent the aggregate grant date fair value for awards granted in 2012, computed in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). Each Director who was re-elected to the Board of Directors at the 2012 Annual Meeting of Shareholders was awarded 3,969 stock options and 1,028 restricted shares. For a discussion of the valuation assumptions used for all stock-based awards, see Note 7 to our fiscal 2012 audited financial statements included in our Annual Report on Form 10-K.

As of February 2, 2013, the aggregate number of vested and unvested stock options and unvested shares of restricted stock held by each incumbent non-employee director were as follows:

	Number of Securities Underlying Unexercised Options		Number of Unvested Shares of Restricted Stock <sup>(1)</sup>
	Vested	Unvested	
	Mr. Boneparth	13,957	3,969
Mr. Burd	24,157	3,969	1,050
Mr. Herma	20,657	3,969	1,050
Mr. Jones	13,957	3,969	1,050
Mr. Kellogg	25,157	3,969	1,050
Mr. Schlifske	3,815	3,969	1,050
Mr. Sica	20,657	3,969	1,050
Mr. Sommerhauser	24,157	3,969	1,050
Ms. Streeter	17,657	3,969	1,050
Ms. Vaca	9,784	3,969	1,050
Mr. Watson	25,157	3,969	1,050

- (1) Includes accrued but unvested dividend equivalent shares.

**Are directors required to own Kohl's stock?**

We believe that director stock ownership is important to align the interests of our directors with those of our shareholders. Each non-management member of the Board of Directors is expected to hold a minimum of 7,300 shares of Kohl's stock, including shares of restricted stock, but not including any vested or unvested stock options. This ownership level is to be achieved by the later of:

- (a) November 10, 2013, which is the third anniversary of the date the Board of Directors adopted these ownership guidelines; or
- (b) the fifth anniversary of the director's initial election to the Board.

The number of shares set forth above will be revisited from time to time by the Governance & Nominating Committee, with the intention of requiring Directors to own Company stock with a value of approximately three times the amount of the Directors' average annual cash retainer. A Director is not permitted to sell any stock, either through the exercise of stock options or otherwise, until he or she attains the above-referenced ownership level.

**Do you have a written Code of Ethics?**

Yes. Our Board of Directors, through its Governance & Nominating Committee, has adopted a code of ethical standards that describes the ethical and legal responsibilities of all of our employees and, to the extent applicable, members of our Board of Directors. This code includes (but is not limited to) the requirements of the Sarbanes-Oxley Act of 2002 pertaining to codes of ethics for chief executives and senior financial and accounting officers. We provide educational seminars with respect to the code for all of our employees, and all employees agree in writing to comply with the code at the time they are hired and periodically thereafter. Our employees are encouraged to report suspected violations of the code through various means, including through the use of an

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anonymous toll-free hotline. This code, known as Kohl's Ethical Standards and Responsibilities can be viewed on our website by accessing [www.kohlscorporation.com](http://www.kohlscorporation.com), then Investor Relations, then Corporate Governance, then Code of Ethics. We intend to satisfy our disclosure requirements under Item 5.05 of Form 8-K, regarding any amendments to, or waiver of, a provision of our Code of Ethics that applies to our principal executive officer, principal financial officer or our Directors by posting such information at this location on our website. Paper copies of the code of ethics will be provided to any shareholder upon written request.

### **How can I obtain copies of your corporate governance documents?**

You may obtain a copy of our Corporate Governance Guidelines, our Code of Ethics and the charters for each of the committees of our Board of Directors on our website at [www.kohlscorporation.com](http://www.kohlscorporation.com), under the section entitled Investor Relations, or by contacting our Investor Relations staff by e-mail at [investor.relations@kohls.com](mailto:investor.relations@kohls.com) or by mail at N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051.

### **How can I communicate with members of the Board of Directors?**

You may contact any member of the Board of Directors, including the independent Lead Director, as follows (these instructions are also available on our website):

**Write** to our Board of Directors or Lead Director Stephen E. Watson:

Kohl's Board of Directors

c/o Richard D. Schepp, Senior Executive Vice President, General Counsel and Secretary

N56 W17000 Ridgewood Drive

Menomonee Falls, WI 53051

Or

**E-mail** our Board of Directors or Lead Director Stephen E. Watson:

[directors@kohls.com](mailto:directors@kohls.com)

Questions or concerns related to financial reporting, internal accounting or auditing matters may be sent to [governance@kohls.com](mailto:governance@kohls.com).



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All questions or concerns will be forwarded to the appropriate members of management or the Board of Directors. Correspondence related to accounting, internal controls or auditing matters is immediately brought to the attention of our Internal Audit Department and, if appropriate, to the Audit Committee of the Board of Directors. The Audit Committee receives a quarterly recap of all communications received through any of the above-referenced channels.

All such communications are treated confidentially. You can remain anonymous when communicating your concerns.

### **When do your fiscal years end?**

References in this proxy statement to a fiscal year are to the calendar year in which the fiscal year begins. For example, the fiscal year ended February 2, 2013 is referred to as fiscal 2012 .

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND MANAGEMENT**

The following table presents information concerning the beneficial ownership of the shares of our common stock as of February 2, 2013 (unless otherwise noted) by:

each of our directors and nominees;

each of our named executive officers;

all of our executive officers, directors and nominees as a group; and

each person who is known by us to beneficially own more than 5% of our common stock.

Unless otherwise indicated, beneficial ownership is direct and the person indicated has sole voting and investment power. The beneficial ownership includes shares owned by the individual in his or her 401(k) Plan and our Employee Stock Ownership Plan. Indicated options are all exercisable within sixty days of February 2, 2013.

Name of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Peter Boneparth	22,859 <sup>(1)</sup>	*
Steven A. Burd	42,004 <sup>(2)</sup>	*
John F. Herma	815,751 <sup>(3)</sup>	*
Dale E. Jones	17,859 <sup>(4)</sup>	*
William S. Kellogg	411,402 <sup>(5)</sup>	*
John E. Schlifske	5,957 <sup>(6)</sup>	*
Frank V. Sica	54,187 <sup>(7)</sup>	*
Peter M. Sommerhauser	11,419,273 <sup>(8)</sup>	5.1%
Stephanie A. Streeter	21,559 <sup>(9)</sup>	*
Nina G. Vaca	12,686 <sup>(10)</sup>	*
Stephen E. Watson	30,559 <sup>(11)</sup>	*
Kevin Mansell	1,667,535 <sup>(12)</sup>	*
Donald A. Brennan	675,112 <sup>(13)</sup>	*
John Worthington	434,324 <sup>(14)</sup>	*
Wesley S. McDonald	278,721 <sup>(15)</sup>	*
Peggy Eskenasi	122,029 <sup>(16)</sup>	*
All directors and executive officers as a group (18 persons)	16,759,795 <sup>(17)</sup>	7.5%
Blackrock, Inc.	14,037,385 <sup>(18)</sup>	6.3%

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40 East 52<sup>nd</sup> Street

New York, NY 10022

T. Rowe Price Associates, Inc.

27,055,107<sup>(19)</sup>

12.2%

100 E. Pratt Street

Baltimore, MD 21202

\* Less than 1%.

(1) Includes 1,050 unvested restricted shares and 13,957 shares represented by stock options.

(2) Includes 1,050 unvested restricted shares and 24,157 shares represented by stock options.

(3) Includes 2,800 shares held jointly with Mr. Herma's spouse, 1,050 unvested restricted shares and 20,657 shares represented by stock options.

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- (4) Includes 1,050 unvested restricted shares and 13,957 shares represented by stock options.
- (5) Includes 1,050 unvested restricted shares and 25,157 shares represented by stock options.
- (6) Includes 1,050 unvested restricted shares and 3,815 shares represented by stock options.
- (7) Includes 19,628 shares held by Mr. Sica's spouse, individually and as trustee of a trust for the benefit of Mr. Sica's children, 1,050 unvested restricted shares and 20,657 shares represented by stock options.
- (8) Includes 951,953 shares held in trust for the benefit of the families of current and former directors and executive officers of Kohl's or in charitable foundations established by executive officers of Kohl's for which Mr. Sommerhauser has sole or shared voting and investment power but no pecuniary interest. Includes 60,286 shares held in trusts for the benefit of Mr. Sommerhauser's family as to which Mr. Sommerhauser has no voting or investment power. Includes 3,150 shares held by a charitable foundation for which Mr. Sommerhauser acts as president and a director, 39,679 shares held in trust for the benefit of Mr. Sommerhauser's spouse, 1,050 unvested restricted shares and 24,157 shares represented by stock options. Also includes 10,310,531 shares held in trusts for the benefit of the families of current and former directors and executive officers of Kohl's for which Hampshire Trust LLC ( Hampshire ) serves as the trustee. Mr. Sommerhauser serves as an officer of Hampshire and shares voting and investment power over such shares with the other three officers of Hampshire.
- (9) Includes 1,050 unvested restricted shares and 17,657 shares represented by stock options.
- (10) Includes 1,050 unvested restricted shares and 9,784 shares represented by stock options.
- (11) Includes 1,050 unvested restricted shares and 25,157 shares represented by stock options.
- (12) Includes 84,574 shares held in trusts for the benefit of Mr. Mansell and his spouse, as to which Mr. Mansell or his spouse serves as co-trustee and have shared voting and investment power with Mr. Sommerhauser, 1,543 shares held by Mr. Mansell's children, 135,807 unvested restricted shares, and 1,445,609 shares represented by stock options.
- (13) Includes 142,206 unvested restricted shares and 496,981 shares represented by stock options.
- (14) Includes 142,206 unvested restricted shares and 290,071 shares represented by stock options.
- (15) Includes 98,682 unvested restricted shares and 154,285 shares represented by stock options.
- (16) Includes 73,908 unvested restricted shares and 48,121 shares represented by stock options.
- (17) Includes 3,131,749 shares represented by stock options.
- (18) According to the Schedule 13G filed January 30, 2013 by Blackrock, Inc. ( Blackrock ). Blackrock was the beneficial owner of 14,037,385 shares of Kohl's common stock as of December 31, 2012. The filing indicates that Blackrock has sole voting power and sole dispositive power with respect to all 14,037,385 shares.
- (19) According to the Schedule 13G filed February 7, 2013 by T. Rowe Price Associates, Inc. ( T. Rowe ). T. Rowe was the beneficial owner of 27,055,107 shares of Kohl's common stock as of December 31, 2012. The filing indicates that T. Rowe has sole voting power with respect to 9,129,020 shares and sole dispositive power with respect to 27,016,407 shares.

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**ITEM ONE**

**ELECTION OF DIRECTORS**

Our Articles of Incorporation provide that our Board of Directors shall consist of five to fifteen members. Our Board of Directors currently consists of twelve members. Mr. Herma and Mr. Kellogg will not be standing for re-election at the Annual Meeting, and the Board has determined that, at that time, the size of the Board will be reduced to ten members. We thank Mr. Herma and Mr. Kellogg for their combined 80 years of service as executive officers and directors.

Under our Articles of Incorporation, our Board of Directors is elected annually to serve until the next annual meeting of shareholders and until the directors' successors are duly elected and shall qualify. **OUR BOARD OF DIRECTORS HAS INSTITUTED A MAJORITY VOTE REQUIREMENT FOR THE ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS. THIS MEANS THAT A DIRECTOR NOMINEE WILL BE ELECTED IF THE NUMBER OF VOTES CAST FOR THAT NOMINEE EXCEEDS THE NUMBER OF VOTES CAST AGAINST THAT NOMINEE.** If you abstain from voting on any of the nominees, your shares will be counted for purposes of determining whether there is a quorum, but will have no effect on the election of those nominees.

You may vote for all, some or none of the ten nominees to be elected to the Board. However, you may not vote for more individuals than the number nominated. Unless you direct otherwise, your proxy will be voted for the election of the ten nominees described below. The Board of Directors has no reason to believe that any nominee is not available or will not serve if elected. If for any reason a nominee becomes unavailable for election, the Board of Directors may reduce the size of the Board or may designate a substitute nominee, in which event the shares represented by your signed proxy will be voted for any such substitute nominee, unless you have given different instructions on the proxy.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS**

**VOTE FOR THE ELECTION OF THE NOMINEES TO SERVE AS DIRECTORS.**

**IF NO INSTRUCTIONS ARE SPECIFIED ON YOUR OTHERWISE PROPERLY COMPLETED**

**PROXY, THAT PROXY WILL BE VOTED TO ELECT ALL OF THE NOMINEES.**

**Table of Contents****Information about Director Nominees**

The Board of Directors and particularly its Governance & Nominating Committee regularly considers whether the Board is comprised of individuals with the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively. In making these considerations, the Board of Directors and its Governance & Nominating Committee has focused primarily on the information in each of the nominee's individual biographies set forth below. These biographies are based upon information provided by each of the nominees. There are no family relationships between the nominees. Unless otherwise indicated, the nominees have had the indicated principal occupation for at least the past five years. The directorships listed for each nominee are those public company directorships that have been held by the nominee at any time during the past five years.

	Age	Director Since
<b>Peter Boneparth</b>	53	2008

Senior Advisor, Irving Capital Partners, a private equity group, since February 2009. Former President and Chief Executive Officer of Jones Apparel Group, a designer and marketer of apparel and footwear, from March 2002 to July 2007. Mr. Boneparth was a director of McNaughton Apparel Group, a producer of apparel, from April 1997 to July 2001 and of Jones Apparel Group a provider of apparel and footwear, from July 2001 to July 2007. He is currently a director of JetBlue Airways Corporation, a commercial airline.

The Governance & Nominating Committee believes Mr. Boneparth's qualifications to serve on our Board of Directors include his experience as President and Chief Executive Officer of several large companies that specialize in the production and sale of apparel and footwear, his experience as a director of other public companies and his broad-based knowledge in the areas of retail sales, corporate finance, consumer products, and the design and manufacture of apparel and other products.

<b>Steven A. Burd</b>	63	2001
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Chairman and Chief Executive Officer of Safeway Inc., an operator of grocery store chains. Mr. Burd has served as Safeway's Chairman of the Board of Directors since 1998, Chief Executive Officer since 1993 and previously served as President from 1992 to 2012.

The Governance & Nominating Committee believes Mr. Burd's qualifications to serve on our Board of Directors include his experience as President, Chief Executive Officer and Chairman of the board of directors of a large retail company and his broad-based knowledge in the areas of retail operations, corporate finance, accounting and marketing.

<b>Dale E. Jones</b>	53	2008
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Vice Chairman and partner of the CEO and Board Practice in the Americas at Heidrick and Struggles, an executive development and search firm, since January 2009. Chief Executive Officer of PlayPumps International, a provider of children's play equipment that also pumps water for African communities, from September 2007 to January 2009. During that same period, Mr. Jones also served as Executive Vice President of Revolution LLC, a venture capital firm. Mr. Jones held several executive leadership positions at Heidrick and Struggles from 1999 to 2007. Mr. Jones also serves on the Board of Trustees of the Northwestern Mutual Life Insurance Company.

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	Age	Director Since
<p>The Governance &amp; Nominating Committee believes Mr. Jones' qualifications to serve on our Board of Directors include his extensive experience as a senior advisor to chief executives and boards of directors in the areas of executive recruiting, succession planning and talent management, his experience as a director of another public company and his broad-based knowledge in the areas of consumer products, executive compensation and general human resources.</p>		
<b>Kevin Mansell</b>	60	1999
<p>Our President since February 1999, our Chief Executive Officer since August 2008, and Chairman of the Board of Directors since September 2009. Mr. Mansell served as Executive Vice President General Merchandise Manager from 1987 to 1998. He joined us in 1982.</p>		
<p>The Governance &amp; Nominating Committee believes Mr. Mansell's qualifications to serve on our Board of Directors include his 37 years of retail experience, including 30 years with Kohl's and 13 years as our President. His insight and direct knowledge of Kohl's current operations and strategic opportunities within the retail industry is also invaluable.</p>		
<b>John E. Schlifske</b>	53	2011
<p>Chairman and Chief Executive Officer of Northwestern Mutual Life Insurance Company since 2010. Mr. Schlifske held a number of executive management positions at Northwestern Mutual Life Insurance Company since 1987, including President from March 2009 through July 2010, interim President and Chief Executive Officer of Frank Russell Investment Company (a subsidiary of Northwestern Mutual Life Insurance Company) from June 2008 to February 2009, Executive Vice President Investment Products and Services from June 2006 through June 2008 and Senior Vice President Investment Products and Services from January 2004 through May 2006. He also serves on the Board of Trustees of the Northwestern Mutual Life Insurance Company.</p>		
<p>The Governance &amp; Nominating Committee believes Mr. Schlifske's qualifications to serve on our Board of Directors include his experience as Chairman and Chief Executive Officer of a major company and his broad-based financial expertise.</p>		
<b>Frank V. Sica</b>	62	1988
<p>Managing Partner, Tailwind Capital, a private investment firm, since 2006. Senior Advisor to Soros Private Funds Management from 2003 to 2006. President of Soros Private Funds Management from 2000 to 2003. Managing Director of Soros Funds Management from 1998 to 2000. From 1998 through February 2007, Mr. Sica was a director of Emmis Communications Corporation, a radio broadcasting company. From September 2004 through February 2010, he was a director of NorthStar Realty Finance Corporation, a real estate finance company. Mr. Sica is currently a director of CSG Systems International, an account management and billing software company for communication industries, and JetBlue Airways Corporation, a commercial airline.</p>		

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	Age	Director Since
<p>The Governance &amp; Nominating Committee believes Mr. Sica's qualifications to serve on our Board of Directors include his years of executive experience in the investment banking and private equity field, his experience as a director and as an advisor to the boards of many other public companies, and his broad-based knowledge in the areas of corporate finance, executive compensation, information technology and real estate.</p>		
<b>Peter M. Sommerhauser</b>	70	1988
<p>Shareholder of the law firm of Godfrey &amp; Kahn, S.C., Milwaukee, Wisconsin. Mr. Sommerhauser also serves on the Board of Trustees of The Northwestern Mutual Life Insurance Company.</p>		
<p>The Governance &amp; Nominating Committee believes Mr. Sommerhauser's qualifications to serve on our Board of Directors include his many years of experience as an attorney who has represented corporate clients in a wide variety of corporate and financial matters, his experience as a director and as an advisor to the boards of many other public companies, and his broad-based knowledge in the areas of corporate finance, consumer financial services, and executive compensation issues.</p>		
<b>Stephanie A. Streeter</b>	55	2007
<p>Chief Executive Officer and Director of Libbey, Inc., a producer of glass tableware and other tabletop products, since August 2011. Former Interim Chief Executive Officer, United States Olympic Committee from March 2009 to January 2010. Former Chairman, President, and Chief Executive Officer of Banta Corporation, a global technology, printing and supply-chain management company from 2004 until 2007. Ms. Streeter served as Banta Corporation's President and Chief Executive Officer from 2002 to 2004 and President and Chief Operating Officer from 2001 to 2002. From 2001 to 2007, she was a director of Banta Corporation and she is currently a director of Goodyear Tire &amp; Rubber Company, a manufacturer and distributor of tires and related products and services.</p>		
<p>The Governance &amp; Nominating Committee believes Ms. Streeter's qualifications to serve on our Board of Directors include her experience as President, Chief Executive Officer and Chairman of the board of directors of complex businesses with worldwide operations; her experience as a director of other public companies and her broad-based knowledge in the areas of marketing, consumer products, information technology and e-commerce.</p>		
<b>Nina G. Vaca<sup>(1)</sup></b>	41	2010
<p>Chairman and Chief Executive Officer of Pinnacle Technical Resources, Inc., a staffing, vendor management and information technology services firm, since October 1996. She also has been Chairman and Chief Executive Officer of Vaca Industries Inc., a management company, since April 1999. Ms. Vaca is also a director of Comerica Incorporated, a banking and financial services company.</p>		
<p>The Governance &amp; Nominating Committee believes Ms. Vaca's qualifications to serve on our Board of Directors include her experience as Chief Executive Officer, Chairman of the Board of Directors and founder of a rapidly-growing business; her experience as a director of another public company; and her broad-based knowledge in the areas of information technology, human resources, marketing and e-commerce.</p>		



<sup>(1)</sup> Professional name of Ximena G. Humrichouse.

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	Age	Director Since
<b>Stephen E. Watson</b>	68	2006

Former President and Chief Executive Officer of Gander Mountain, L.L.C., a private specialty retailer, from 1997 until his retirement in 2002. Mr. Watson held various executive officer positions with Dayton-Hudson Corporation from 1972 until his retirement in 1996, including President, Chairman/Chief Executive Officer of the Department Store Division. From 2004 through May 2007, he was a director of Smart & Final, Inc., an operator of grocery stores. From 2005 through 2009, Mr. Watson was a director of Eddie Bauer Holdings, Inc., an apparel retailer. He is currently a director of Regis Corporation, an operator of beauty salons, and Chico's FAS Inc., a specialty retailer.

The Governance & Nominating Committee believes Mr. Watson's qualifications to serve on our Board of Directors include his experience as the leading senior executive officer of several complex retail businesses; his experience as a director of other retail-oriented public companies; and his broad-based knowledge in the areas of retail operations, corporate finance, accounting, marketing and merchandise procurement.

**Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee is or has been one of our officers or employees.

**Independence Determinations & Related Person Transactions**

Our Board of Directors has established independence guidelines that are described in our Corporate Governance Guidelines. The independence guidelines require a finding that the individual director satisfies all of the independence standards of the New York Stock Exchange, as such standards may be amended from time to time, and also that the director has no material relationships with us (either directly or as a partner, shareholder or officer of any entity) which would be inconsistent with a finding of independence. In accordance with its written charter, the Governance & Nominating Committee is charged with the ongoing review of transactions that could affect a director's independence.

In February 2013, the Governance & Nominating Committee reviewed a summary of directors' responses to a questionnaire asking about their relationships with us (and those of their immediate family members) and other potential conflicts of interest, as well as material provided by management related to transactions, relationships, or arrangements between us and the directors or parties related to the directors. During the course of this review, the Committee broadly considered all relevant facts and circumstances, recognizing that material relationships can include commercial, banking, consulting, legal, accounting, charitable and familial relationships, among others. Based on this review, the Committee affirmatively determined that the following continuing directors are independent: Peter Boneparth, Steven A. Burd, Dale E. Jones, Frank V. Sica, John E. Schlifske, Stephanie A. Streeter, Nina G. Vaca and Stephen E. Watson. The Committee also determined that all of the members of the Audit, Compensation, and Governance & Nominating Committees meet our independence requirements.

The Committee determined that Kevin Mansell is not considered an independent director because of his employment as our Chairman, President and Chief Executive Officer. The Committee also determined that Mr. Sommerhauser is not an independent director because he is a shareholder with the law firm Godfrey & Kahn, S.C., which provides legal services to us.



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The following transactions were reviewed and considered by the Committee, but were not deemed to affect the independence of the applicable director or directors:

### Blackhawk Agreements.

In 2004, Kohl's entered into an agreement with Blackhawk Marketing Services, Inc. (now known as Blackhawk Network, Inc.), pursuant to which Blackhawk distributes Kohl's gift cards for sale in various retail outlets across the country. This agreement was subsequently amended and restated in 2012. Blackhawk is a subsidiary of Safeway Inc. Mr. Burd is Chairman and Chief Executive Officer of Safeway. He holds a small minority ownership interest in Blackhawk and serves on Blackhawk's Board of Directors, but is not an employee or officer of that entity. The agreement provides that in return for its services, Blackhawk receives a fee that is calculated as a percentage of the gift card sales volume. Blackhawk's compensation under the agreement was approximately \$14.3 million for fiscal 2012.

In 2007, Blackhawk and Kohl's entered into a Blackhawk Network Gift Card Alliance Partners Agreement, pursuant to which we sell gift cards of other retailers in our stores. This agreement was subsequently amended and restated in 2012. Blackhawk provides services to facilitate these sales, and we receive a commission for each card sold at our stores. The commissions we earned under this agreement for gift cards were approximately \$3.3 million in fiscal 2012.

The agreements described above were entered into at arms length and Mr. Burd was not involved in any of the negotiations. Blackhawk is a leading provider of these services in the retail industry, and Safeway Inc. has confirmed that the terms of our agreements with Blackhawk are substantially similar to those of agreements Blackhawk has entered into with similarly situated retailers.

Several of our directors or their family members serve as non-employee directors of non-profit organizations that receive charitable contributions from us. All of these charitable contributions were made in the ordinary course of our charitable contribution programs.

Several of our directors serve on the boards of directors of companies with which we may do relatively small amounts of ordinary course business from time to time. The Governance & Nominating Committee has reviewed each of these instances and has determined that in each case, the amount of business involved was immaterial to both companies, all such transactions were entered into at arms length, and that our directors were not in any way involved in the negotiations or discussions leading up to the business relationships.

The Committee recommended all of the above-described conclusions to the full Board of Directors and explained the basis for its decisions. Upon discussion and further consideration, these conclusions were adopted by the full Board.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion & Analysis included in this proxy statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion & Analysis be included in this proxy statement.

Compensation Committee:

Frank V. Sica, Chairman

Peter Boneparth

Steven A. Burd

Dale E. Jones

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**COMPENSATION DISCUSSION & ANALYSIS**

**Executive Summary**

The Compensation Committee ( Committee ) fulfills the Board of Directors responsibilities related to our Directors and Named Executive Officers ( NEOs ) compensation, ensuring our executive compensation program meets our corporate objectives. This Compensation Discussion & Analysis ( CD&A ) provides insight into the Committee s process for determining this compensation. Specifically, it discusses and analyzes the Committee s philosophy, objectives, policies, programs, practices and decisions.

Our NEOs for fiscal 2012 were: Kevin Mansell (Chairman, President and Chief Executive Officer), Wesley S. McDonald (Senior Executive Vice President, Chief Financial Officer), Donald A. Brennan (Chief Merchandising Officer), John M. Worthington (Chief Administrative Officer), and Peggy Eskenasi (Senior Executive Vice President). Our top officers in 2012, who we refer to as principal officers, were Messrs. Mansell, Brennan, and Worthington.

The Committee has designed our program to reflect its philosophy that executive compensation should be directly linked to performance with the ultimate objective of increasing long-term shareholder value. In fact, each primary element of our executive compensation program is tied to Company performance. Additionally, the Committee s policies, practices and our executive compensation program are consistent with market practice. In each of the first two years of advisory voting on our compensation programs, over 95% of the votes cast by our shareholders were in favor of our executive compensation. Based on this strong support, the Committee believes that our policies, practices, and programs are very much in line with our shareholders expectations.

Our executive compensation program consists primarily of three elements of pay: salary, annual cash incentive awards, and long-term equity incentive awards. Each of these elements is linked to our performance and long-term shareholder value. The size of the salary increases, annual incentives and long-term incentives is determined in large part by achievement of specific financial goals, including but not limited to net income and return on investment, established by the Committee at the beginning of each year. These goals are intended to be difficult to achieve. No long-term equity awards are granted to NEOs who do not achieve a satisfactory individual performance rating based on the prior year s performance. For example, because the Company failed to achieve acceptable financial results in 2012, our principal officers did not achieve a satisfactory rating for the year and therefore did not receive any stock options, restricted shares or any other form of equity awards in 2013 based on 2012 performance. Furthermore, the vesting of equity awards occurs over a multi-year period, and since 2011, all restricted stock granted to our NEOs is subject to performance-based vesting conditions.

From a financial results perspective, fiscal 2012 was a disappointing year for our company. While sales grew for the year in total and we exceeded the blended performance of our core peer group, as measured by our Peer Performance Index described below, there were a number of categories within which we did not grow at the rate we had planned. Just as importantly, our growth came at a higher cost to profitability than is acceptable to us. As a result:

the Committee s performance rating of each of our principal officers for 2012 was inconsistent;

the performance rating of our other NEOs was satisfactory;

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2013 salary increases for each of the principal officers were less than 1% of their current base salaries;

our other NEOs were each granted salary increases of just 1.5% of their current base salaries;

the Committee did not grant any long-term incentives to our principal officers in 2013 based on 2012 performance;

the Committee granted long-term incentives to our other NEOs at the threshold level, which is the lowest level on such officers' long-term equity opportunity chart described below; and

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the Committee awarded annual incentives to the NEOs pursuant to our Annual Incentive Plan at the lowest level for 2012, in recognition of the fact that our sales and operating margin results exceeded the blended results of our core peer group, as described below in this report. This payout was significantly less than the annual incentives paid based on our performance in each of the three prior years.

The Committee believes all of these actions were appropriate and in line with its philosophy.

## **Say on Pay**

The Committee is pleased with our shareholders' strong support of our NEO compensation program. Each year at our annual shareholder meeting, we hold an advisory vote on the compensation of our NEOs. In each of the first two years of holding this vote, our shareholders have shown strong support for our NEO compensation, with over 95% of the votes cast by our shareholders being in favor of this compensation. In accordance with its charter, the Committee reviewed these vote results and has considered whether any adjustments were warranted based on these results. The Committee values our shareholders' input and is always looking for ways to improve alignment between executive compensation and our objective of increasing long-term shareholder value.

## **Philosophy and Objectives**

The Committee believes executive compensation should be directly linked to corporate performance with the ultimate objective of increasing long-term shareholder value. The utilization of performance measurements that include net income, return on investment, and other financial measurements establishes this critical linkage and alignment between the interests of our executives and our shareholders.

Our executive compensation program has been designed to achieve the following objectives:

Providing a competitive total compensation package that enables us to attract and retain key personnel;

Providing short-term opportunities through our annual incentive program that are directly linked to corporate performance goals that drive long-term performance;

Providing long-term opportunities through equity awards that align executive compensation with value received by our shareholders;

Ensuring compensation awarded to our executives is linked to our performance during the fiscal year; and

Promoting ownership of our stock by our executive officers in order to align the economic interests of our executive officers more closely with those of our shareholders.

Our executive compensation program is comprised of three primary elements:



Base salary;

Annual incentive compensation; and

Long-term incentive compensation.

The Committee has the flexibility to use these elements, along with certain benefits and perquisites, in proportions that will most effectively accomplish its objectives. For instance, the Committee may decide to realign the total compensation package to place greater emphasis on annual or long-term incentive compensation, depending on the focus of the business and the market cycle. Each of the elements of our executive compensation program is discussed in more detail below.

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### **Risk Assessment**

Each year, we review and analyze whether our compensation plans, policies and practices create material risks to Kohl's. As part of this analysis, we reviewed all of our compensation plans, policies and practices. We also considered the potential impact of each of our compensation plans, policies and practices on all of the risk factors we have identified in our public filings. Management engaged a third party compensation consultant to assist in this process and give a separate risk assessment. Following these analyses, the Committee and the consultant agreed with management's conclusion that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

The Committee believes our compensation plans, policies and practices are designed to reward individual performance that contributes to overall Company performance and the achievement of long-term and short-term Company goals. These plans, policies and practices do not encourage or incentivize individuals to take actions that expose the Company to risks that are inconsistent with the Company's strategic plan. The amount of each type of compensation awarded to or earned by our management team is determined either solely by reference to Company-wide performance (e.g., annual incentive payments and the value of long-term incentive awards) or a combination of Company-wide performance and individual performance (e.g., salary increases, the size of long-term incentive awards and, beginning in 2011, the vesting of long-term incentive awards).

Our long-term compensation is typically paid in the form of equity and the Committee has adopted share ownership guidelines, which require our NEOs to continuously own a substantial amount of equity during their employment. Equity based long-term incentives align our executives' long-term interests with those of our shareholders and discourage excessive risk taking intended to drive short-term results at the expense of long-term shareholder value enhancement. The Committee believes our long-term compensation program motivates and rewards our executives for decisions that may not produce short-term results but will likely have a positive long-term effect, such as those related to investments in our infrastructure and increasing our market share. Our executives are not compensated for discrete decisions or actions.

### **Determining Executive Compensation**

Our Committee oversees the compensation programs of our directors and officers. Those programs are administered by management in accordance with the policies developed by the Committee. Information concerning the structure, roles and responsibilities of the Committee can be found in the "Questions and Answers about our Board of Directors and Corporate Governance Matters" section of this proxy statement.

### **Compensation Committee Meetings**

The Committee meets several times during the course of a fiscal year to review issues with respect to executive compensation matters. Prior to each meeting, the Chairman of the Compensation Committee prepares and/or approves the agenda. In the first quarter of each year, the Committee grants salary increases and considers annual and long-term incentive awards based on individual and Company performance in the prior year. At this meeting, the Committee also establishes salary increase opportunities and award opportunities under our annual and long-term incentive programs and the goals that must be achieved or the factors that will be considered in the current fiscal year to earn these increases and awards in the following fiscal year. The Chairman of the Committee may, but is not required to, invite members of management or other members of our Board of Directors to attend portions of meetings as deemed appropriate. The Chief Executive Officer, Corporate Secretary and our Human Resources executives typically attend Committee meetings, but do not attend executive sessions unless invited by the Committee for a specific purpose. During 2012, the Committee held several executive sessions without management present to make compensation related decisions.

The Committee retains an independent outside compensation advisor. This advisor also participates in Committee meetings as directed by the Chairman. The Committee's independent outside adviser is Steven Hall & Partners ( SH&P ) who works at its direction and works with management as directed by the Committee.

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The Committee is directly responsible for the appointment, compensation and oversight of SH&P. SH&P does not provide any other services to Kohl's and Mr. Hall does not have any business or professional relationships with any member of Kohl's management or the Committee. SH&P's retention and associated fees are reconsidered by the Committee on an annual basis.

## **Compensation Reports**

While the Committee reviews information throughout the year, the Committee receives two principal reports during the year related to compensation levels paid to our NEOs. The first report is a tally sheet on each NEO. The second report is a benchmarking analysis for our top executives.

### *Tally Sheets*

The Committee annually reviews tally sheets for each of our NEOs, which present a comprehensive summary of the executive's compensation, including the following information:

1. The total compensation paid to each executive during the prior fiscal year, including base salary, annual cash incentives, long-term incentive awards, health and welfare benefits, and perquisites;
2. The fair market value of stock holdings, including the value of in-the-money stock option awards; and
3. A summary of the potential severance benefits payable to the executive upon certain employment termination events.

Tally sheets provide the Committee with an overview of our compensation programs. While not used explicitly for determining compensation levels, they are useful in several other ways. Tally sheets inform the Committee about the relationship between different components of pay. They also show the Committee the level of wealth creation available and the retention value that exists from unvested equity. Finally, tally sheets provide context for decisions about compensation arrangements and the level of benefits they provide (e.g., severance benefits).

### *Benchmarking Analysis*

The Committee considers all aspects of compensation for the NEOs and other senior officers. The Committee reviews each component of executive compensation independently and it reviews aggregate compensation levels paid to the senior officers against that paid by retail competitors in an effort to design the executive compensation program to result in a competitive pay package. In general, the Committee believes that target total direct compensation between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of compensation levels paid by its retail competitors is appropriate, given the generally greater responsibilities that our executives have relative to comparable positions at other retail competitors.

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The Committee and its independent advisor review numerous data sources to ensure the Committee considers the most relevant compensation information available. The primary sources of industry compensation information used are our competitors' SEC filings and the Hay Group Retail Industry Survey. We are confident that these sources of competitive compensation information are the best available at this time. The market data reviewed by the Committee in 2012 consisted of newly available data from the Hay Group's 2012 Retail Industry Survey and information prepared by SH&P from publicly available proxy statements, Forms 8-K, and Forms 4 of our peer group companies.

Together with SH&P, the Committee performs an annual analysis to ensure that the peer group of companies used for compensation benchmarking purposes continues to reflect the most appropriate comparative companies. In considering which companies should be included in the Company's peer group, the Committee considers many criteria, including the following:

Whether the proposed comparator company is in the same or a similar industry as Kohl's;

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Whether the proposed comparator company is similar to Kohl's in terms of size, including revenues, total assets and market capitalization;

The complexity and scope of the proposed comparator company's business;

Whether the proposed comparator company competes with Kohl's for profits and talent; and

Other characteristics unique to Kohl's or the retail industry, which could include things like same store sales, growth trajectory and corporate strategies.

Following a detailed analysis in 2011, the Committee's peer group was determined to be the following:

Bed, Bath & Beyond Inc.

The Gap, Inc.

J.C. Penney Company, Inc.

Limited Brands, Inc.

Macy's, Inc.

Nordstrom, Inc.

Ross Stores, Inc.

Sears Holdings Corporation

Staples, Inc.

Target Corporation

The TJX Companies, Inc.

Following its annual assessment of the peer group in 2012, the Committee removed Target Corporation from the Company's peer group because Target is considerably larger than the Company from a revenue and market capitalization standpoint. Similarly, in early 2013, the Committee removed Staples, Inc. from the peer group because the merchandise sold by Staples is in significantly different categories than those sold by

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Kohl's, and therefore was not directly competing with Kohl's for profits or talent. Following these adjustments, the Committee determined that the peer group to be used for the 2013 compensation analysis would be:

	<b>2012 Year End Market Capitalization (\$ Billions)*</b>	<b>2012 Revenue (\$ Billions)*</b>
Bed, Bath & Beyond Inc.	12.83	9.50
The Gap, Inc.	15.81	15.65
J.C Penney Company, Inc.	4.36	12.98
Limited Brands, Inc.	13.63	10.46
Macy's, Inc.	15.32	27.69
Nordstrom, Inc.	11.44	12.15
Ross Stores, Inc.	13.28	9.72
Sears Holding Corporation	5.06	39.85
The TJX Companies, Inc.	33.43	25.88
<b>Median</b>	<b>13.28</b>	<b>12.98</b>
<b>Kohl's Corporation</b>	<b>10.24</b>	<b>19.28</b>

\*All market capitalization & revenue data is as of February 2, 2013, except: revenues for Bed Bath & Beyond Inc. are for the fiscal year ended February 25, 2012 and the market capitalization for Ross Stores, Inc. was calculated as the ending stock price on February 2, 2013 times the outstanding shares as of October 27, 2012.

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The Committee believes this peer group includes well-run retail companies with similar business concepts to ours and should provide a stable group of companies representing an appropriate range of revenue and market capitalization against which to compare our pay practices in the future. The Committee will continue to monitor the appropriateness of our comparators and make adjustments as necessary.

We also measure our performance against a more targeted set of peers for purposes of annual performance reviews, annual incentive plan awards and the vesting of certain equity-based awards. For 2012, this subset consisted of J.C. Penney Company, Inc., Macy's, Inc., The Gap, Inc., Target Corporation and Sears Holdings Corporation. We refer to this set of peers as our core peer group. We use the core peer group because the Committee believes in certain instances, elements of compensation should be contingent upon our performance relative to our closest competitors. Although Target Corporation was removed from our executive compensation benchmarking peer group because of its comparatively large revenues and market capitalization, Target continues to be a part of our core peer group for comparing operating metrics.

Following its annual assessment of the core peer group in early 2013, the Committee determined that it would be appropriate to broaden this group to include The TJX Companies, Inc., Bed, Bath & Beyond Inc. and Ross Stores, Inc., as these companies compete with Kohl's for market share in various categories of business. These companies will be added to the core peer group for comparisons made for fiscal 2013. The Committee will continue to monitor the appropriateness of our core peer group and make adjustments as necessary.

At a meeting in November 2012, the Committee reviewed a detailed benchmarking report prepared by SH&P. This report included detailed information on the following components of compensation for the NEOs:

Base Salaries;

Target Annual Incentives;

Actual Annual Incentives paid in Fiscal 2012 based on Fiscal 2011 performance;

Target Annual Compensation;

Long-Term Incentives; and

Target Total Compensation.

This benchmarking data indicated:

That the Committee's 2011 and 2012 actions to increase Mr. Mansell's target total compensation to a level that is closer to the median of our peer group have improved his relative positioning among his peers. However, Mr. Mansell's target total compensation, including the amortized value of the equity awards made to him at the time of his promotions to Chief Executive Officer and Chairman, is still below the market median, primarily due to below market long-term incentive awards.



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That the total compensation of Messrs. Brennan, Worthington, McDonald, and Ms. Eskenasi, including the amortized value of all outstanding equity compensation awards, were consistent with the Committee's philosophies and objectives.

The Committee took all of the above information into consideration in evaluating each of the NEOs' compensation for 2013.

### **Pay-for-Performance**

The Committee believes it is important that a significant portion of our NEOs' compensation is tied to our future performance both on an absolute basis and relative to other companies in the retail industry in order to maximize long-term shareholder value creation. Accordingly, the aggregate compensation paid to our NEOs is heavily weighted towards annual and long-term incentive compensation that is based upon Kohl's absolute and relative performance.

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The following graphs illustrate the weighting of performance based compensation in our NEOs total target direct compensation:

The Committee believes that stock options are performance based compensation not only because the value of this compensation is completely dependent upon growth in our stock price, but also because the size of stock option awards, like our other equity awards, is determined based upon the Company's and the executives' performance in the prior year. This is best demonstrated by the fact that our principal officers did not receive any stock options or other equity awards in 2013 based upon their 2012 performance ratings, which in turn were largely driven by Kohl's 2012 financial performance.

The Committee sets difficult goals that must be met in order for the NEOs to maximize their compensation:

Each year, the Committee sets individual performance criteria for each NEO that includes both quantitative goals, such as corporate net income, return on investment, and business specific objectives, and qualitative goals, such as leadership effectiveness and strategic planning that must be achieved for the NEOs to be eligible for various levels of base salary increases and long-term incentive awards.

The Committee sets goals based on the Company's absolute performance and the Company's performance relative to the core peer group for various levels of annual incentive payouts.

The Committee has established corporate performance goals that must be met in order for any of the NEOs' performance-vested restricted share awards to vest.

Moreover, the value of any long-term incentive award, including stock options, is dependent upon the future performance of our stock price.

The specifics of each of these performance criteria are discussed in greater detail below.

While the compensation of our NEOs is largely driven by the Company's performance, the individual performance of each NEO is taken into account in varying degrees in determining their performance ratings which serve as a guideline for annual base salary increases and equity grants. Individual roles and performance are also periodically taken into account in granting compensation increases or awards that are different than or in addition to those suggested by the guidelines. For example, annual salary increases and the size of long-term equity awards may be adjusted based upon factors other than or in addition to their performance ratings, including, among other things, promotions, new roles and responsibilities and previous compensation increases.

## **Performance Evaluation Process**

The Committee's primary consideration when setting compensation is the performance of our NEOs against pre-established performance objectives, which the Committee feels will increase long-term shareholder value. The Committee uses a disciplined process to assess

performance. This detailed process attempts to ensure that we reward and retain top talent while aligning those executives' interests with those of our shareholders.

**Table of Contents****Chairman, President and CEO**

The factors considered by the Committee to evaluate the performance of Mr. Mansell for fiscal years 2011 and 2012 included: (i) corporate net income for the prior fiscal year, weighted 50%; (ii) corporate return on investment for the prior fiscal year (as calculated and reported in our Annual Report on Form 10-K), weighted 30%; and (iii) other qualitative criteria, including leadership and vision, long-term strategic planning, succession planning, keeping our Board of Directors informed, enhancing our diversity, and social responsibility, collectively weighted 20%. As such, 80% of Mr. Mansell's evaluation is and has been tied directly to our corporate performance, subject to adjustment where the Committee deems appropriate.

The Committee awards Mr. Mansell points in the three categories described above based upon corporate performance and his individual performance with respect to the qualitative criteria. Depending on the total points awarded, Mr. Mansell may receive one of the following ratings: (1) unsatisfactory, (2) inconsistent, (3) satisfactory, (4) effective, (5) highly effective, or (6) outstanding. The total points awarded to Mr. Mansell equals the sum of the points awarded based on actual performance relative to the two quantitative corporate performance objectives and the Committee's subjective assessment of Mr. Mansell's performance relative to the qualitative individual performance criteria. The maximum number of points that can be awarded with respect to each performance objective is based on the weighting of that performance objective. The performance rating is based on a six point system. For each performance objective, there are six levels of performance corresponding to the six ratings above, where an unsatisfactory rating would earn zero points and a rating of outstanding would earn up to six points. Therefore, achievement of the net income goal, which was weighted at 50% for the 2011 and 2012 reviews, may result in an award of up to three points. Similarly, achievement of the return on investment goal, which was weighted at 30%, may result in an award of up to 1.8 points. Within each category, there is a range of performance and a range of points that can be awarded.

For the qualitative performance criteria, no numerical targets are established and Mr. Mansell's actual performance is assessed with respect to the criteria as a whole. The level of Mr. Mansell's actual performance with respect to the criteria is based on the Committee's subjective review of Mr. Mansell's performance. This subjective review was based on the deliberations of the Board of Directors with respect to Mr. Mansell's performance that occurred throughout the prior year and in which each of the Committee members participated. The Committee did not attempt to identify specific contributions or achievements in making this assessment, but instead made its determination based on the totality of these deliberations and the related information considered in connection with those deliberations, and the judgment of individual members of the Committee may have been influenced to a greater or lesser degree by different aspects of these deliberations or information.

In February 2011, the Committee established the corporate performance objectives in the following ranges for fiscal 2011 that were used in February 2012 to evaluate Mr. Mansell:

Performance Objective	Threshold (Inconsistent)	Maximum (Outstanding)	Objective Weighting
Net Income (in millions)	<\$ 1,115	> \$ 1,275	50%
Return on Investment	<18.00%	> 19.50%	30%
Company Exceeds Peer Performance Index	Yes		
Qualitative Objectives			20%

The Company's 2011 net income performance was \$1,167 million after the effects of adjustments related to the previously reported corrections of errors in our accounting for leases. These adjustments negatively affected net income by \$29 million. Therefore, the Company's adjusted net income was \$1,196 million, which exceeded the requirements for Mr. Mansell to earn an effective rating. Similarly, the Company's ROI performance was 18.84%, which also exceeded the requirements for Mr. Mansell to earn an effective rating. Regarding the qualitative criteria, the Committee concluded Mr. Mansell had earned an effective rating. In total, Mr. Mansell earned a rating of effective for fiscal 2011.



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In February 2012, the Committee established the corporate performance objectives in the following ranges for fiscal 2012 that were used in February 2013 to evaluate Mr. Mansell:

<b>Performance Objective</b>	<b>Threshold (Inconsistent)</b>	<b>Maximum (Outstanding)</b>	<b>Objective Weighting</b>
Net Income (in millions)	<\$ 1,080	> \$ 1,225	50%
Return on Investment	<18.00%	> 19.4%	30%
Company Exceeds Peer Performance Index	Yes	N/A	
Qualitative Objectives	TBD	TBD	20%

The lower net income ranges for 2012 compared to 2011 reflect the Company's strategy to focus on driving sales, which was expected to impact margins and therefore reduce net income.

In February 2013, the Committee assessed Mr. Mansell's 2012 performance against these objectives. The Company's net income in 2012 was \$986 million, which fell within the Inconsistent rating range. Similarly, ROI performance was 16.8%, which also fell within the Inconsistent range. The Committee assessed Mr. Mansell's performance on the qualitative criteria as Effective. Overall, Mr. Mansell earned a rating of Inconsistent for fiscal 2012.

Also in February 2013, the Committee determined that Mr. Mansell's performance in fiscal year 2013 will again be based upon the following criteria: (i) corporate net income for fiscal 2013, weighted 50%; (ii) corporate return on investment for fiscal 2013 (as calculated and reported in our Annual Report on Form 10-K), weighted 30%; and (iii) the same qualitative criteria, namely leadership and vision, long-term strategic planning, succession planning, keeping our Board of Directors informed, enhancing our diversity, and social responsibility, collectively weighted 20%. As such, 80% of Mr. Mansell's evaluation for 2013 performance will again be tied directly to our corporate performance, subject to adjustment where the Committee deems appropriate. In March 2013, following the filing of these proxy materials, the Committee will be establishing the specific 2013 performance targets for the corporate performance criteria.

**Other NEOs**

The Committee approves the general performance objectives and the relative weighting of each of these objectives for Kohl's most senior officers. The Committee delegates to Mr. Mansell the authority to establish the performance criteria underlying each of the factors, which are generally expected to align with the Company's financial plan for that year. While preliminary quantitative guidelines are presented to the Committee at the beginning of the fiscal year when it approves the performance measures and their weightings, the Committee has granted to Mr. Mansell the authority to modify these guidelines in his discretion, subject to the Committee's review of the performance ratings assigned to each of these individuals at the end of the fiscal year. The Committee also delegates to Mr. Mansell the authority to assess the performance of Messrs. Brennan, Worthington, McDonald and Ms. Eskenasi at the end of the fiscal year in accordance with the methodology approved by the Committee.

In February 2011, the 2011 performance objectives of Messrs. Brennan, Worthington and McDonald, and Ms. Eskenasi were established. These objectives were designed to create alignment amongst our senior executives while reflecting key business-specific objectives for each. The objectives and weightings for fiscal 2011 are indicated below:

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<b>Performance Objective</b>	<b>Mr. Brennan</b>	<b>Mr. Worthington</b>	<b>Mr. McDonald</b>	<b>Ms. Eskenasi</b>
Net Income	40%	40%	40%	40%
ROI	20%	20%	20%	20%
Business Specific Objective 1	10%	10%	10%	10%
Business Specific Objective 2	10%	10%	10%	10%
Leadership and Vision	20%	20%	20%	20%

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Net income and ROI targets were the same as Mr. Mansell's, as described above. The Leadership and Vision objective is a subjective assessment of the executive's managerial performance over the course of the year. The basis for each executive's business-specific objectives is described in the following table:

Performance Objective	Brennan	Worthington	McDonald	Eskenasi
Business Specific Objective 1	Percentage increase or decrease in Sales compared to plan, as adjusted from time to time throughout the year.	Store payroll expenses	Credit Profitability	Gross Margin
Business Specific Objective 2	Gross Margin	Customer Service	SG&A Expense	Brand Penetration

In February 2012, the Committee reviewed the 2011 performance ratings of Messrs. Brennan, Worthington and McDonald and Ms. Eskenasi applying these objectives. Ratings for each executive's 2011 performance objectives are detailed in the chart below.

Performance Objective	Mr. Brennan	Mr. Worthington	Mr. McDonald	Ms. Eskenasi
Net Income	Effective	Effective	Effective	Effective
ROI	Effective	Effective	Effective	Effective
Business Specific Objective 1	Inconsistent	Outstanding	Outstanding	Highly Effective
Business Specific Objective 2	Unsatisfactory	Effective	Outstanding	Effective
Leadership and Vision	Effective	Effective	Effective	Effective
<b>Overall Rating:</b>	<b>Effective</b>	<b>Effective</b>	<b>Effective</b>	<b>Effective</b>

In March 2012, the Committee established the following 2012 performance objectives and weightings:

Performance Objective	Mr. Brennan	Mr. Worthington	Mr. McDonald	Ms. Eskenasi
Net Income	40%	40%	40%	40%
ROI	20%	20%	20%	20%
Business Specific Objective 1	10%	10%	10%	10%
Business Specific Objective 2	10%	10%	10%	10%
Leadership and Vision	20%	20%	20%	20%

The 2012 net income and ROI targets were again established at the same levels as Mr. Mansell's, as described above. The Leadership and Vision objective was again a subjective assessment of the executive's managerial performance over the course of the year. The basis for each executive's business-specific objective is described in the following table:

Performance Objective	Brennan	Worthington	McDonald	Eskenasi
Business Specific Objective 1	Increase in comparable store sales	Payroll Leverage	Credit Profitability	Private Brands Sales
Business Specific Objective 2	Gross Margin	Customer Service	SG&A Expense	Organizational Development





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In February 2013, the Committee reviewed the 2012 performance ratings of Messrs. Brennan, Worthington and McDonald and Ms. Eskenasi applying these objectives. Ratings for each executive's 2012 performance objectives are detailed in the chart below.

Performance Objective	Mr. Brennan	Mr. Worthington	Mr. McDonald	Ms. Eskenasi
Net Income	Inconsistent	Inconsistent	Inconsistent	Inconsistent
ROI	Inconsistent	Inconsistent	Inconsistent	Inconsistent
Business Specific Objective 1	Satisfactory	Highly Effective	Outstanding	Satisfactory
Business Specific Objective 2	Inconsistent	Inconsistent	Outstanding	Effective
Leadership and Vision	Effective	Satisfactory	Effective	Effective
<b>Overall Rating:</b>	<b>Inconsistent</b>	<b>Inconsistent</b>	<b>Satisfactory</b>	<b>Satisfactory</b>

**Elements of Executive Compensation**

As described earlier, the aggregate compensation paid to our senior officers is comprised of three primary components each of which is directly linked to Company performance: salary, annual incentive compensation, and long-term compensation. The amount of each of these compensation components is determined based largely upon corporate performance against pre-established performance goals. Additionally, individual performance factors are included in the analysis to ensure we attract and retain our executive officers as well as align their interests with the interests of our shareholders.

The Committee believes it is important that a significant portion of our NEOs' compensation be tied to our corporate performance in order to align the interests of our NEOs with those of our shareholders and to emphasize the importance of maximizing shareholder value. Accordingly, aggregate compensation paid to our NEOs is heavily weighted towards annual incentive and long-term compensation, both of which are at risk if we do not achieve our financial and strategic objectives. Additionally, our NEOs' salary increases are determined based in large part on Company performance. This strategy reflects the Committee's pay-for-performance philosophy.

**Salary**

Salaries provide our NEOs with a regular source of income to compensate them for their day-to-day efforts in managing our Company. Salaries vary depending on the executive's experience, responsibilities, the importance of the position to the Company, and/or changes in the competitive marketplace. The Committee reviews and adjusts salaries annually at the beginning of the fiscal year. Any increases in salary for our NEOs are based upon individual performance ratings for that year, and calculated in relation to the percentage merit adjustment budgeted for the remainder of the Company's management team. The Committee has the right, however, to deviate from those guidelines in order to address other factors, including the officer's responsibilities and experience, competitive market data for that officer's position and retention concerns. Also at the beginning of each fiscal year, the Committee sets guidelines for salary increases to take effect in the following fiscal year based on individual performance in the current fiscal year and the percentage merit adjustment budgeted for the remainder of the Company's management team.

Salary adjustments are closely tied to Kohl's performance, as each NEO's individual performance rating is heavily influenced by Kohl's performance metrics. As detailed above, 80% of Mr. Mansell's performance rating is based upon Kohl's net income and return on investment. Likewise, net income and return on investment comprise 60% of the other NEOs' performance objectives.

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Annual base salary adjustments for the NEOs in any given year are closely aligned with adjustments given to the remainder of the Company's management team. To accomplish this objective, the Committee ties the NEOs' annual salary adjustment opportunities to the budgeted annual merit increase for the overall management team.

**Table of Contents****Committee Decisions and Analysis***Fiscal 2012 Actions*

At its February 2012 meeting, the Committee considered base salary increases for each of our NEOs. The Committee reviewed each NEO's fiscal 2011 performance rating against the merit increase opportunity grid that had been established in February 2011:

	Unsatisfactory	Inconsistent	Satisfactory	Effective (Target)	Highly Effective	Outstanding
Base Salary Increase as a Percent of Budgeted Increase for all exempt Associates	0%	25%	50%	75%	100%	133%
Example: Increase assuming 3% budgeted for all exempt associates	0%	0.75%	1.50%	2.25%	3.00%	4.00%

Based on their effective ratings, each NEO was determined to have earned a 2.25% salary increase, which was 75% of the 3% budgeted increase for all of the Company's management. Accordingly, Mr. Mansell's salary was increased to \$1,329,300. Messrs. Brennan and Worthington's base salaries were each increased to \$920,250, and Mr. McDonald's and Ms. Eskenasi's base salaries were each increased to \$818,000.

Also at the February 2012 meeting, the Committee decided to use the same salary increase opportunity chart for fiscal 2012 salary adjustments, which were approved in February 2013 based on the NEOs' fiscal 2012 performance ratings.

*Fiscal 2013 Actions*

At its February 2013 meeting, the Committee considered base salary increases for each of our NEOs. The Committee reviewed each NEO's fiscal 2012 performance rating against the merit increase opportunity grid that had been established in February 2012. Based on their Inconsistent ratings, Messrs. Mansell, Brennan and Worthington were determined to have earned a 0.75% salary increase, which was 25% of the 3% budgeted increase for all of the Company's management. Accordingly, Mr. Mansell's salary was increased to \$1,339,300. Messrs. Brennan and Worthington's base salaries were each increased to \$927,200. Based on their Satisfactory ratings, Mr. McDonald and Ms. Eskenasi were determined to have earned a 1.50% salary increase, which was 50% of the 3% budgeted increase for all of the Company's management. Accordingly, Mr. McDonald's and Ms. Eskenasi's salaries were each increased to \$830,300.

Also at the February 2013 meeting, the Committee decided to use the same salary increase opportunity chart for salary adjustments based on the NEOs' fiscal 2013 performance ratings, which will be considered in February 2014.

**Annual Incentive Compensation**

Annual incentive compensation is a key component of the Committee's pay-for-performance strategy. All five of our NEOs have annual incentive award opportunities pursuant to our Annual Incentive Plan.

*Annual Incentive Plan*

The purpose of the Annual Incentive Plan is to provide eligible executives, including the NEOs, with a financial incentive that encourages them to perform in a manner which will enable Kohl's to meet or exceed its profitability plans each fiscal year. Over 2,500 of our management associates participate in this Plan. In order for bonuses to be granted at threshold levels or higher under the Plan, Kohl's performance for a fiscal year must

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equal or exceed net income goals established by the Committee at the beginning of the year. The Committee directly ties such awards to performance tiers based on our net income being above certain levels and to the peer performance index described below, providing incentives to our executives to maximize shareholder value. These bonus tiers reflect our financial goals and strategic plan for the fiscal year. Target performance levels are intended to be reasonably attainable, taking into account market conditions and industry trends. The Committee considers the top tier a significant, meaningful, and realistic challenge to the management team to increase our earnings. The threshold tier requires we achieve a level of earnings that is minimally acceptable, but more likely to be attained based on our business plans.

If Kohl's does not achieve the pre-established threshold net income level in any year, a minimal bonus is still payable if Kohl's performance for the year exceeds that of a peer performance index, which is a weighted average of sales and operating margin metrics of a pre-established group of similarly situated retailers. For example, for 2011 and 2012, the group of retailers used for comparison purposes was our core peer group. The blended performance of this core peer group, calculated as a weighted average of each member of the core peer group's growth in Total Sales, Comparable Store Sales, and Operating Margin was used as the peer performance index.

Following certification by the Committee of the Company's year-end results, Annual Incentive Plan participants are granted a bonus based on a percentage of their base pay. The earned percentage is based on their level within the organization.

**Committee Decisions and Analysis****Fiscal 2012 Actions**

In February 2012, the Committee assessed Kohl's performance against the 2011 Annual Incentive Plan targets that had been approved at the February 2011 Committee meeting. In accordance with the terms of the Annual Incentive Plan, the Committee had approved net income levels for various tiers of incentive awards. For purposes of calculating the annual incentive award level, Kohl's net income performance was to be adjusted to exclude the effects of extraordinary items, discontinued operations, restructurings, acquisitions or divestitures of any division, business segment, subsidiary or affiliate, acquisition or divestiture of assets that are significant otherwise than in the ordinary course of business, other unusual or non-recurring items, impairment charges and the cumulative effect of tax or accounting changes as determined in accordance with generally accepted accounting principles, as applicable. The following net income objectives and corresponding annual incentive opportunities for fiscal 2011 had been established in February 2011:

	<b>Peer Performance Index Tier</b>	<b>Threshold Tier</b>	<b>Target Tier</b>	<b>Top Tier</b>
Chairman and CEO Net Income Goal (in millions)	Below \$ 1,115 <sup>(1)</sup>	\$ 1,115	\$ 1,175	\$ 1,275
Other NEO Net Income Goal (in millions)	Below \$ 1,115 <sup>(1)</sup>	\$ 1,115	\$ 1,175	\$ 1,250
Award Opportunity (as a percent of base salary):				
CEO and Chairman	30%	50%	150%	200%
Other NEOs	20%	40%	100%	175%

<sup>(1)</sup> Assumes Kohl's performance exceeded that of the peer performance index.

The Company's reported net income in 2011 was \$1.167 billion after the effects of adjustments related to the previously reported corrections of errors in our accounting for leases. These adjustments negatively affected net income by \$29 million. Therefore, for purposes of determining the

correct payout tier under the Annual

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Incentive Plan, the Company's adjusted net income was \$1.196 billion. Based on this performance, the Committee approved Annual Incentive Plan payouts to the NEOs in the following amounts:

	<b>Annual Incentive Plan Payout</b>
Mr. Mansell	\$ 2,145,000
Mr. Brennan	1,035,000
Mr. Worthington	1,035,000
Ms. Eskenasi	920,000
Mr. McDonald	920,000

The Committee approved certain changes to the Annual Incentive Plan award opportunities for the principal officers beginning with awards made in 2013 based upon fiscal 2012 performance. First, Mr. Mansell's threshold, target, and maximum net income hurdles will be the same as those that apply to the other NEOs. Additionally, in an effort to address the shortfall in Mr. Mansell's target annual incentive compensation in comparison to his peers as identified by the Committee's compensation consultant, and to distinguish between award opportunities for Messrs. Brennan and Worthington versus those of Ms. Eskenasi and Mr. McDonald, the Committee approved increasing all tiers of award opportunities for the principal officers for fiscal 2012. The award opportunities for Mr. McDonald and Ms. Eskenasi have not been changed. Following the Board of Director's extensive review of the Company's 2012 business plans, the following net income objectives and corresponding annual incentive opportunities for each of the NEOs for fiscal 2012 were established:

	<b>Peer Performance Index Tier</b>	<b>Threshold Tier</b>	<b>Target Tier</b>	<b>Top Tier</b>
Net Income Goal (in millions)	Below \$ 1,080 <sup>(1)</sup>	\$ 1,080	\$ 1,140	\$ 1,225
Award Opportunity (as a percent of each NEO's base salary):				
CEO and Chairman	40%	65%	175%	250%
Messrs. Brennan and Worthington	30%	55%	150%	200%
Ms. Eskenasi and Mr. McDonald	20%	40%	100%	175%

<sup>(1)</sup> Assumes Kohl's performance exceeded that of the peer performance index.

For purposes of applying these net income levels, Kohl's net income shall be adjusted to exclude the effects of extraordinary items, discontinued operations, restructurings, acquisitions or divestitures of any division, business segment, subsidiary or affiliate, acquisition or divestiture of assets that are significant otherwise than in the ordinary course of business, other unusual or non-recurring items, impairment charges and the cumulative effect of tax or accounting changes as determined in accordance with generally accepted accounting principles, as applicable.

*Fiscal 2013 Actions*

In February 2013, the Committee assessed Kohl's performance against the 2012 Annual Incentive Plan targets that had been approved at the February 2012 Committee meeting. In accordance with the terms of the Annual Incentive Plan, the Committee had approved net income levels for various tiers of incentive awards. Kohl's did not achieve the threshold net income level in 2012. However, as noted above, the Committee had previously determined that if Kohl's does not achieve the pre-established threshold net income level in any year, a minimal bonus is still payable if Kohl's performance for the year exceeds that of a peer performance index, which is a weighted average of sales and operating margin metrics of a pre-established group of similarly situated retailers. In 2012, the group of retailers used for comparison purposes was our core peer group.



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The Company's 2012 results, calculated as a weighted average of total sales, comparable store sales, and operating

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margin, exceeded that of the weighted average of the core peer group. Accordingly, the Committee approved Annual Incentive Plan payouts to the NEOs in the following amounts:

	<b>Annual Incentive Plan Payout</b>
Mr. Mansell	\$ 531,720
Mr. Brennan	276,075
Mr. Worthington	276,075
Ms. Eskenasi	163,600
Mr. McDonald	163,600

In February 2013, the Committee discussed changing the methodology used to calculate awards to our executive-level managers under the Annual Incentive Plan. Specifically, the Committee discussed adding comparable store sales growth as a second objective, in addition to net income growth. The purpose of this change would be to provide our most senior leaders with a financial incentive to perform in a manner which will enable Kohl's to meet or exceed its profitability and sales plans each fiscal year. During the first quarter of 2013, but after the printing of these proxy materials, the Committee will meet again to determine the methodology and specific performance targets for the Annual Incentive Plan in 2013.

**Long-Term Compensation**

The Committee grants long-term compensation awards to our NEOs under our 2010 Long-Term Compensation Plan to reward past performance, create an incentive for future performance, and create a retention incentive. The Committee has the flexibility to choose between a number of forms of long-term equity incentive awards available pursuant to the 2010 Plan, including stock options, stock appreciation rights, stock awards, performance units, performance shares, and other incentive awards. Historically, the Committee has primarily used stock options and restricted stock.

On a quarterly basis, the Committee reviews our share overhang (the grants outstanding, plus remaining equity that may be granted, as a percentage of our total outstanding shares) and our run rate (the number of stock options and restricted shares granted each year as a percentage of our total outstanding shares) to monitor how our share pool is being utilized.

Long-term equity incentive awards to our NEOs are typically considered on an annual basis. The size of each award is based upon a targeted award value, which is tied to the individual's performance rating in the prior year. These long-term equity incentives are typically in the form of 50% time-vested stock options and 50% performance-vested restricted shares and vest ratably over five years. In addition to time-based vesting requirements, vesting of the performance-vested restricted shares is contingent upon Kohl's achieving specific performance targets that are established by the Committee at the time the award is granted. NEOs who do not achieve an annual performance rating of at least satisfactory are not eligible for a long-term equity incentive award.

The Committee determines the grant-date value of annual long-term incentives to be awarded to our NEOs using the same methodology that it uses for awarding base salary increases. The points received by the officer in each category are totaled and used to determine the size of the annual long-term incentive award pursuant to pre-determined guidelines. The Committee retains the right, however, to deviate from those guidelines where appropriate.



**Table of Contents*****Committee Decisions and Analysis******Fiscal 2012 Actions***

The following table illustrates the long-term incentive program award opportunities approved by the Committee in March 2011, which were to be based upon each executive's fiscal 2011 performance:

	Grant Date Dollar Value of Award (in thousands)		
	Satisfactory (Threshold)	Effective (Target)	Outstanding (Maximum)
Chief Executive Officer and Chairman	\$ 1,400	\$ 2,800	\$ 5,600
Other Principal Officers	\$ 875	\$ 1,750	\$ 3,000
Sr. Executive Vice Presidents	\$ 500	\$ 1,000	\$ 2,000

In February, 2012, the Committee considered annual equity incentive awards for the NEOs, based on this previously approved matrix. As noted above, Ms. Eskenasi and Messrs. Brennan, Worthington and McDonald all received Effective performance ratings in 2011. Based on this performance, Messrs. Brennan and Worthington each received equity grants of \$1.750 million, and Mr. McDonald and Ms. Eskenasi each received a grant of \$1.0 million. In consultation with its compensation consultant, the Committee determined to partially address Mr. Mansell's total compensation shortfall to the median of the Company's peer group by increasing the value of his long-term compensation award to \$5.6 million. All of these awards vest ratably over 5 years and are split evenly between stock options and performance-vested restricted shares. In addition to the time-vesting requirements, vesting of the performance-vested restricted shares was further made contingent upon the Company's total and comparable store sales performance exceeding that of a blended average of Kohl's core peer group in either fiscal 2012 or 2013.

Also at its February 2012 meeting, the Committee certified the Company's achievement of certain performance criteria to allow performance-vested restricted shares granted to the NEOs in 2011 to vest. It first certified that total and comparable store sales performance exceeded that of our core peer group in fiscal 2011, so the performance-vested restricted shares granted to the NEOs in 2011 will now vest in accordance with the time-vesting schedule described above. The Committee also certified Kohl's net income in fiscal 2011 exceeded \$1.0 billion and therefore the career shares granted to Messrs. Brennan, Worthington, McDonald and Ms. Eskenasi will vest in accordance with the time-vesting schedule described above.

At the same meeting, the Committee also reviewed and approved a proposal from its outside compensation advisor regarding Mr. Mansell's annual long-term incentive opportunities. Following a review of competitive compensation data, as well as tally sheets which presented a comprehensive summary of Mr. Mansell's total compensation, the Committee concluded, as it did at its November 2011 meeting, that Mr. Mansell's total compensation, including the amortized value of his promotion equity awards, is below the market median, primarily due to shortfalls in the target annual incentive and long-term incentive awards. Accordingly, Mr. Mansell's long-term incentive award opportunities were increased.

The following table illustrates the long-term incentive program award opportunities approved by the Committee in March 2012, which were to be based upon each executive's fiscal 2012 performance:

	Grant Date Dollar Value of Award (in thousands)		
	Satisfactory (Threshold)	Effective (Target)	Outstanding (Maximum)
Chief Executive Officer and Chairman	\$ 2,800	\$ 4,200	\$ 8,000
Other Principal Officers	\$ 875	\$ 1,750	\$ 3,000
Sr. Executive Vice Presidents	\$ 500	\$ 1,000	\$ 2,000

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### *Fiscal 2013 Actions*

In February, 2013, the Committee considered annual equity incentive awards for the NEOs, based upon this previously approved matrix. As noted above, Messrs. Mansell, Brennan and Worthington received Inconsistent performance ratings for 2012. Based on this performance, none of these individuals received an equity grant based on 2012 performance. Also as noted above, Mr. McDonald and Ms. Eskenasi each received Satisfactory performance ratings for 2012. Accordingly, Mr. McDonald and Ms. Eskenasi will each receive a threshold level grant of \$500,000 during the first quarter of 2013. All of these awards vest evenly over five years and are split evenly between stock options and performance-vested restricted shares. In addition to the time-vesting requirements, vesting of the performance-vested restricted shares will be made contingent upon the Company's achievement of a specific performance objective, to be determined by the Committee during the first quarter of 2013, but after the printing of these proxy materials.

The Committee also certified that Kohl's total and comparable store sales performance exceeded that of our core peer group in fiscal 2012, so the performance-vested restricted shares granted to the NEOs in 2012 will now vest in accordance with the time-vesting schedule described above.

Also in February 2013, the Committee discussed various methodologies for granting long-term incentive awards to its senior executives. During the first quarter of 2013, but after the printing of these proxy materials, the Committee will determine the methodology, award opportunities and specific performance targets for long-term incentive program awards to be made based on fiscal 2013 performance.

### **Perquisites**

We provide our NEOs with certain perquisites in order to provide a competitive total rewards package that supports retention of key talent. These include automobile expense reimbursement, with no fixed limit; personal financial advisory services having a value of up to \$3,500 and tax-related advisory services with no fixed limit; a supplemental health care plan, covering up to \$50,000 for medical expenses not covered by insurance; and supplemental Company-paid life and disability insurance coverage. Mr. Mansell has been permitted to use the Company's aircraft for personal flights as well as business flights. This benefit increases the efficiency of Mr. Mansell's travel. We believe these perquisites are reasonable based upon the relatively small expense in relation to both executive pay and our total benefit expenditures. Details regarding these benefits are disclosed in the Summary Compensation Table and the accompanying schedule elsewhere in this proxy statement.

### **Deferred Compensation**

We maintain non-qualified deferred compensation plans for approximately 500 of our executives, including our NEOs. Details regarding the contributions and benefits of these non-qualified plans are disclosed in the Non-Qualified Deferred Compensation table and the accompanying narrative contained elsewhere in this proxy statement.

### **Stock Ownership and Stock Sale Guidelines**

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The Committee believes that executive stock ownership is important to align the interests of our executives with those of our shareholders. At its February 2011 meeting, the Committee reviewed and revised its stock ownership and stock sale guidelines to require Mr. Mansell to maintain ownership equal to five times his base salary. Other principal officers and Senior Executive Vice Presidents are required to maintain Kohl's stock ownership that is equal to three times their base salary. Executive Vice Presidents are required to maintain stock ownership that is equal to their base salary. Each executive has five years from the time the executive becomes subject to the particular requirement to comply. For the purposes of calculating stock ownership, the Committee will not consider vested or unvested stock options, but will consider shares of Kohl's common stock owned outright, shares held in employee benefit accounts, and unvested restricted stock.

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The guidelines adopted by the Committee also prohibit our NEOs from selling more than 20% of their vested stock options and shares of Kohl's common stock owned outright in any one fiscal year.

From time to time, our principal officers will engage in sales of Kohl's common stock in accordance with our executive stock ownership guidelines. These sales may be accomplished pursuant to SEC Rule 144 during our scheduled insider trading window periods or pursuant to pre-arranged trading plans adopted in accordance with Rule 10b5-1 of the Exchange Act. Compliance with our executive stock sale guidelines is monitored by the Committee and exceptions are granted by the Committee only in extraordinary circumstances.

Our executives and directors are also prohibited from entering into transactions designed to result in a financial benefit if our stock price declines, or any hedging transaction involving our securities, including but not limited to the use of financial derivatives such as puts and calls, short sales or any similar transactions.

## **Other Material Tax and Accounting Implications of the Program**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over \$1,000,000 for any fiscal year paid to a company's Chief Executive Officer and three most highly compensated executive officers in service as of the end of any fiscal year (other than the Chief Executive Officer and Chief Financial Officer). However, Section 162(m) also provides that qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Committee does not have a policy requiring aggregate compensation to meet the requirements for deductibility under Section 162(m). Where compensation is awarded in excess of the limits established by Section 162(m), the Committee encourages, but does not require, deferral of such excess amounts by the officer.

## **Employment Agreements**

We have entered into employment agreements with each of our NEOs. The terms of these agreements are similar to those of employment agreements of similarly situated retail industry executives. Our executives' employment agreements do not include any provisions for tax gross-up payments.

The Committee believes that employment agreements are important to both our executives and to us in that the executive benefits from clarity of the terms of his or her employment, as well as protection from wrongful termination, while we benefit from nondisclosure and non-competition protection, enhancing our ability to retain the services of our executives. The Committee periodically reviews the terms of the employment agreements and amends them as necessary to remain competitive and to carry out its objectives. Details of the terms of the specific employment agreements are discussed below.



**Table of Contents****SUMMARY COMPENSATION TABLE**

The table below summarizes information concerning compensation for fiscal 2012 of those persons who were at February 2, 2013: (i) our Chief Executive Officer, (ii) our Chief Financial Officer and (iii) our three other most highly compensated executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(2)</sup>	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Kevin Mansell Chairman, President, Chief Executive Officer	2012	\$ 1,329,300		\$ 2,800,011	\$ 2,800,003	\$ 531,720		\$ 355,758	\$ 7,816,792
	2011	1,300,000		2,799,984	2,806,198	2,145,000		371,261	9,422,443
	2010	1,300,000			2,530,476	2,600,000		223,193	6,653,669
Donald A. Brennan Chief Merchandising Officer	2012	\$ 920,250		\$ 875,016	\$ 875,002	\$ 276,075		\$ 111,340	\$ 3,057,683
	2011	900,000		7,312,523	1,315,403	1,035,000		95,507	10,658,433
	2010	900,833			1,251,612	1,575,000		84,499	3,811,944
John Worthington Chief Administrative Officer	2012	\$ 920,250		\$ 875,016	\$ 875,002	\$ 276,075		\$ 99,468	\$ 3,045,811
	2011	900,000		7,312,523	1,315,403	1,035,000		103,797	10,666,723
	2010	900,833			1,251,612	1,647,000		91,639	3,891,084
Wesley McDonald Sr. Executive Vice President, Chief Financial Officer	2012	\$ 818,000		\$ 500,023	\$ 499,994	\$ 163,600		\$ 106,270	\$ 2,087,887
	2011	800,000		3,750,008	751,663	920,000		114,897	6,336,568
	2010	787,530		740,617		1,464,000		93,615	3,085,762
Peggy Eskenasi Sr. Executive Vice President, Product Development	2012	\$ 818,000		\$ 500,023	\$ 499,994	\$ 163,600		\$ 91,787	\$ 2,073,404
	2011	800,000		3,750,008	751,663	920,000		101,460	6,323,131
	2010	799,367		753,995		1,400,000		92,141	3,045,503

(1) The amounts shown represent the aggregate grant date fair value for awards granted in 2012, 2011 and 2010, computed in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). For a discussion of the valuation assumptions used, see Note 7 to our fiscal 2012 audited financial statements included in our Annual Report on Form 10-K.

(2) The amounts shown represent incentive payments awarded under our Annual Incentive Plan based on our performance during fiscal 2012, but actually paid during fiscal 2013.

(3) We have no defined benefit or actuarial pension plans. All earnings in our nonqualified deferred compensation plan are at market values and are therefore omitted from the table.

(4) A detailed breakdown of All Other Compensation is provided in the table below.

Name	Our Contributions to Executive	Payments made by us for Term Life, Long-Term	Our Reimbursement of Financial Planning and Tax Advice	Automobile Expense Allowance	Supplemental Health Care Coverage <sup>(1)</sup>	Utilization of Company- Owned Aircraft <sup>(2)</sup>	Restricted Stock Dividend Equivalents <sup>(3)</sup>	Total
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Officer s	Expenses								
	Defined	Disability and	Contribution	Accidental	Plan	Death and	Accounts	Dismemberment	
Insurance									
Kevin Mansell	\$ 17,000	\$ 4,226			\$ 18,966	\$ 50,000	\$ 163,588	\$ 101,978	\$ 355,758
Donald A. Brennan	17,000	3,712	\$ 4,226		24,300	50,000		12,102	111,340
John Worthington	17,000	3,712	2,600		14,054	50,000		12,102	99,468
Wesley McDonald	17,000	3,404	380		11,310	50,000		24,176	106,270
Peggy Eskenasi	17,000	3,404			9,088	50,000		12,295	91,787

(1) Amounts shown are coverage limits. Our actual expense for providing this benefit may have been substantially less than the amounts shown. Coverage limits are presented for purposes of protecting the confidentiality of our executives' actual medical expenses.

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- (2) Amounts shown are the incremental costs of personal use of Company-owned or chartered aircraft, and are based on either actual charter expense or, with respect to Company-owned aircraft utilization, the direct cost of use per hour, which includes fuel, maintenance, engine restoration cost reserves, crew travel expenses, landing and parking fees and supplies.
- (3) The amounts in this column represent dividend equivalent shares granted in lieu of cash dividends on March 28, June 27, September 26 and December 26, 2012 on unvested restricted stock granted prior to 2011, the value of which was not taken into account in the grant date fair value of such previously disclosed awards. The dividend equivalents with respect to unvested restricted stock are credited as additional shares of restricted stock on the record date and are subject to the same vesting restrictions as the underlying restricted stock. Amounts with respect to the dividend equivalent shares on unvested restricted stock granted in 2011 and thereafter are not included in this table as such amounts were factored into the grant date value of such awards.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN 2012**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units <sup>(2)</sup>	All Other Option Awards: Number of Securities Underlying Options <sup>(2)</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Equity Awards <sup>(3)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)				
Kevin Mansell	03/26/2012	\$ 531,720	\$ 2,326,275	\$ 3,323,250				57,756	239,907	\$ 48.48	\$ 2,800,011
	03/26/2012										
Donald A. Brennan	03/26/2012	\$ 276,075	\$ 1,380,375	\$ 1,840,500				18,049	74,971	\$ 48.48	\$ 875,016
	03/26/2012										
John Worthington	03/26/2012	\$ 276,075	\$ 1,380,375	\$ 1,840,500				18,049	74,971	\$ 48.48	\$ 875,016
	03/26/2012										
Wesley McDonald	03/26/2012	\$ 163,600	\$ 818,000	\$ 1,431,500				10,314	42,840	\$ 48.48	\$ 500,023
	03/26/2012										
Peggy Eskenasi	03/26/2012	\$ 163,600	\$ 818,000	\$ 1,431,500				10,314	42,840	\$ 48.48	\$ 500,023
	03/26/2012										

(1) Shown are the Threshold, Target and Maximum payouts for which each executive was eligible under our Annual Incentive Plan with respect to fiscal 2012 performance. Amounts actually earned with respect to these awards are included in the Summary Compensation Table as Non-Equity Incentive Plan compensation. Further detail regarding actual 2012 awards can be found in the Compensation Discussion & Analysis beginning on page 24.

(2) Awarded under our 2010 Long-Term Compensation Plan.

(3) Amounts shown represent the full grant value of the awards computed in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). For a discussion of the valuation assumptions used, see Note 7 to our fiscal 2012 audited financial statements included in our Annual Report on Form 10-K.

We are currently authorized to issue equity awards under our 2010 Long-Term Compensation Plan. Awards under our 2010 Plan may be in the form of stock options, stock appreciation rights, common stock including restricted stock, common stock units, performance units and performance shares. Equity incentives granted to our executives have generally been limited to stock options and restricted stock grants. Our executives do not participate in any other long- or short-term equity incentive plans. Beginning in 2011, the NEO's annual equity awards were granted in the form of 50% stock options and 50% performance-vested restricted stock grants.

In March, 2012, the Board of Directors Compensation Committee approved annual equity compensation awards to approximately 400 of our management associates. These awards were based upon each associate's performance rating. Among the recipients were Messrs. Mansell, Brennan, Worthington and McDonald and Ms. Eskenasi. Each of these executives received an award of stock options and performance-vested restricted stock:

*Stock Options*

Mr. Mansell received options to purchase 239,907 shares of our stock. Messrs. Brennan and Worthington each received options to purchase 74,971 shares of our stock. Mr. McDonald and Ms. Eskenasi each received options to purchase 42,840 shares of our stock. All of those options were evidenced by written agreements that allow the recipient to purchase the vested portion of the option shares for a price of \$48.48

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per share, which was the closing price of a share of our stock on the date of the grant. These agreements include the following terms and conditions:

vesting of the options occurs in five equal installments on the first through fifth anniversaries of the date of the grant;

the term of the option is seven years from the date of grant;

if the recipient's employment with us ends for a reason other than death, disability, retirement or any specifically approved reason, all unvested options will be canceled and forfeited and the recipient will have 90 days to exercise any vested and non-expired options;

if the recipient's employment with us ends due to the recipient's disability or retirement, all unvested options will be canceled and forfeited and the recipient will have one year to exercise any vested and non-expired options;

if the recipient dies while an active Kohl's employee, all of the unvested options will immediately become vested, and the recipient's estate will have one year to exercise all non-expired options;

if the recipient, at any time during the period of his or her employment and for one year following the end of employment, (a) engages directly or indirectly in any business or activity competitive with the business conducted by us or (b) engages in any activity which in the opinion of the Compensation Committee is adverse to our best interests, as described in the agreement, the option shall immediately lapse, and the recipient could be required to return fifty percent of the profit the recipient had gained from the exercise of any portion of the option over the previous twelve months;

payment of the option exercise price may be made in cash, or in shares of our stock, or a combination of cash and shares of our stock; and

the option is personal to the recipient and generally may not be assigned, transferred or pledged in any manner.

*Performance-Vested Restricted Stock*

Mr. Mansell was granted 57,756 shares of performance-vested restricted stock. Messrs. Brennan and Worthington were each granted 18,049 shares of performance-vested restricted stock. Mr. McDonald and Ms. Eskenasi were each granted 10,314 shares of performance-vested restricted stock. These restricted shares were evidenced by written agreements that provide:

vesting of all of the performance-vested restricted stock is conditioned upon the Company beating its peer performance index in either 2012 or 2013; to beat the peer performance index, the Company's blended total sales and comparable store sales performance must exceed that of a weighted blend of a peer group of companies;

provided the Company achieves the performance goal described above, the restrictions lapse in five equal installments on the first through fifth anniversaries of the date of the grant;

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if the recipient's employment is terminated by us for cause (as defined in his or her employment agreement) or ends as a result of his or her disability or if he or she voluntarily resigns, the vesting of the restricted shares shall immediately cease and any unvested restricted shares shall revert to us;

if the recipient's employment is terminated due to his or her death, the restrictions on all of the restricted shares shall immediately lapse and the shares shall be fully vested;

if the recipient's employment is terminated by us without cause, or by the recipient for good reason (both as defined in his or her employment agreement), any shares that are scheduled to vest during the period through the end of the current term of his or her employment agreement shall immediately vest if the above-referenced performance goal has been met as of the date of

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termination; if the performance goal has not been met as of the date of the recipient's termination, any performance-vested restricted shares that are scheduled to vest during that period shall only vest when and if the Compensation Committee certifies that the performance goal has been met;

the restrictions on all unvested shares do not lapse or become fully vested upon a change of control of Kohl's, as defined in our 2010 Long Term Compensation Plan, without further action of the Board of Directors;

restricted shares may not be assigned, transferred or pledged in any manner; and

prior to the vesting of the restricted shares, the recipients have the right to vote the shares, to receive and retain all regular dividends paid or distributed in respect of the shares (paid in dividend units that vest with the underlying shares), and have all other rights as a holder of outstanding shares of our stock.

## **Employment Agreements**

We have employment agreements with Messrs. Mansell, Brennan, Worthington and McDonald and Ms. Eskenasi. These agreements include the following terms:

the term of each agreement is three years, extended on a daily basis until either party notifies the other that the term shall no longer be so extended;

each executive shall receive an annual base salary, which, as of February 3, 2013 was \$1,329,300 for Mr. Mansell, \$920,250 each for Messrs. Brennan and Worthington, and \$818,000 each for Mr. McDonald and Ms. Eskenasi; and

the executives may be entitled to certain payments and other benefits upon termination of their employment or a change of control of Kohl's, as described below in the section captioned Potential Payments Upon Termination or Change of Control, beginning on page 52.



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## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards <sup>(1)</sup>				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup>
Kevin Mansell	60,000		\$ 23.91	10/30/2013		
	100,000		\$ 30.50	01/22/2014		
	140,000		\$ 33.38	02/01/2014		
	150,000		\$ 35.50	01/27/2015		
	97,500		\$ 66.25	01/10/2016		
	97,500		\$ 66.30	01/30/2017		
	92,600		\$ 50.39	02/13/2018		
	90,000		\$ 51.81	03/27/2013		
	125,000		\$ 75.95	03/26/2014		
	50,000		\$ 42.89	03/31/2015		
	200,000	50,000	\$ 50.07	09/15/2015		
	30,000	20,000	\$ 41.63	03/30/2016		
	52,000	78,000	\$ 55.74	03/29/2017		
	38,514	154,058	\$ 52.80	03/28/2018		
		239,907	\$ 48.48	03/26/2019		
					11,583 <sup>(4)</sup>	\$ 532,934
					20,970 <sup>(5)</sup>	\$ 964,830
					44,272 <sup>(6)</sup>	\$ 2,036,955
					58,982 <sup>(7)</sup>	\$ 2,713,762
Donald A. Brennan	70,000		\$ 61.70	04/02/2016		
	33,000		\$ 66.30	01/30/2017		
	31,000		\$ 50.39	02/13/2018		
	20,000		\$ 49.56	02/25/2019		
	17,500		\$ 46.20	02/23/2020		
	15,000		\$ 54.75	08/11/2020		
	30,300		\$ 51.81	03/27/2013		
	24,200		\$ 75.95	03/26/2014		
	75,000		\$ 58.54	10/15/2014		
	36,500		\$ 42.89	03/31/2015		
	29,100	19,400	\$ 41.63	03/30/2016		
	12,000	8,000	\$ 41.63	03/30/2016		
	25,720	38,580	\$ 55.74	03/29/2017		
	18,053	72,215	\$ 52.80	03/28/2018		
		74,971	\$ 48.48	03/26/2019		
					8,560 <sup>(8)</sup>	\$ 393,846
					94,460 <sup>(9)</sup>	\$ 4,346,105

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					20,754 <sup>(10)</sup>	\$ 954,892
					18,432 <sup>(11)</sup>	\$ 848,056
John M. Worthington	5,850	\$ 66.25	01/10/2016			
	6,400	\$ 66.30	01/30/2017			
	6,000	\$ 66.50	02/01/2017			
	1,250	\$ 49.56	02/25/2019			
	37,715	\$ 50.04	03/02/2020			
	20,175	\$ 51.81	03/27/2013			
	36,300	\$ 75.95	03/26/2014			
	75,000	\$ 58.54	10/15/2014			
		\$ 42.89	03/31/2015			
		19,400	\$ 41.63	03/30/2016		
		8,000	\$ 41.63	03/30/2016		
	25,720	38,580	\$ 55.74	03/29/2017		
	18,053	72,215	\$ 52.80	03/28/2018		
		74,971	\$ 48.48	03/26/2019	8,560 <sup>(8)</sup>	\$ 393,846
					94,460 <sup>(9)</sup>	\$ 4,346,105
					20,754 <sup>(10)</sup>	\$ 954,892
					18,432 <sup>(11)</sup>	\$ 848,056

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	Option Awards <sup>(1)</sup>				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup>
Wesley McDonald	37,500		\$ 60.17	08/04/2018		
	20,000		\$ 49.56	02/25/2019		
	15,000		\$ 46.20	02/23/2020		
	17,000		\$ 51.81	03/27/2013		
	23,320		\$ 75.95	03/26/2014		
	4,025		\$ 42.89	03/31/2015		
	6,180	4,120	\$ 41.63	03/30/2016		
	10,316	41,266	\$ 52.80	03/28/2018		
		42,840	\$ 48.48	03/26/2019		
					8,897 <sup>(12)</sup>	\$ 409,351
					8,357 <sup>(13)</sup>	\$ 384,506
					59,037 <sup>(14)</sup>	\$ 2,716,292
					11,859 <sup>(15)</sup>	\$ 545,633
					10,533 <sup>(16)</sup>	\$ 484,623
Peggy Eskenasi <sup>(17)</sup>	13,775		\$ 51.81	03/27/2013		
	9,955		\$ 75.95	03/26/2014		
		2,060	\$ 41.63	03/30/2016		
	8,253	33,012	\$ 52.80	03/28/2018		
		34,272	\$ 48.48	03/26/2019		
					4,514 <sup>(18)</sup>	\$ 207,689
					4,252 <sup>(19)</sup>	\$ 195,635
					47,229 <sup>(14)</sup>	\$ 2,173,006
					9,487 <sup>(15)</sup>	\$ 436,497
					8,426 <sup>(16)</sup>	\$ 387,680

<sup>(1)</sup> Unless otherwise noted, all option awards with unexercisable shares listed in this table vest at a rate of 20% per year over the first five years of the option term. Options granted prior to 2006 have a fifteen-year term. Options granted in 2006 and thereafter have a seven-year term.

<sup>(2)</sup> Includes accrued but unvested dividend equivalent shares.

<sup>(3)</sup> Based upon the \$46.01 closing price of our common stock on February 1, 2013.

<sup>(4)</sup> On March 30, 2009, Mr. Mansell was awarded 27,624 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.

<sup>(5)</sup> On October 15, 2009, Mr. Mansell was awarded 50,000 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.

<sup>(6)</sup> On March 28, 2011, Mr. Mansell was awarded 53,030 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2011 or 2012. On February 24, 2012, the Committee certified that the Company's performance exceeded the peer performance index for fiscal 2011.

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- (7) On March 26, 2012, Mr. Mansell was awarded 57,756 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2012 or 2013. On March 1, 2013, the Committee certified that the Company's performance exceeded the peer performance index for fiscal 2012.
- (8) On March 30, 2009, Mr. Brennan and Mr. Worthington were each awarded 20,418 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.

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- (9) On March 1, 2011, Mr. Brennan and Mr. Worthington were each awarded 112,613 career shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company achieves an adjusted net income of \$1.0 billion or more in either of the Company's 2011 or 2012 fiscal years. On February 22, 2012, the Committee certified that the Company's adjusted net income for fiscal 2011 exceeded \$1.0 billion.
- (10) On March 28, 2011, Mr. Brennan and Mr. Worthington were each awarded 24,858 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2011 or 2012. On February 24, 2012, the Committee certified that the Company's performance exceeded the performance of its peers.
- (11) On March 26, 2012, Mr. Brennan and Mr. Worthington were each awarded 18,049 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2012 or 2013. On March 1, 2013, the Committee certified that the Company's performance exceeded the peer performance index for fiscal 2012.
- (12) On March 30, 2009, Mr. McDonald was awarded grants of 3,433 and 17,790 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.
- (13) On March 29, 2010, Mr. McDonald was awarded 13,287 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.
- (14) On March 1, 2011, Mr. McDonald and Ms. Eskenasi were each awarded 56,306 career shares. The shares plus accrued dividend equivalent shares vest in three equal installments on the third through fifth anniversaries of the date of the grant, provided the Company achieves an adjusted net income of \$1.0 billion or more in either of the Company's 2011 or 2012 fiscal years. On February 22, 2012, the Committee certified that the Company's adjusted net income for fiscal 2011 exceeded \$1.0 billion.
- (15) On March 28, 2011, Mr. McDonald and Ms. Eskenasi were each awarded 14,205 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2011 or 2012. On February 24, 2012, the Committee certified that the Company's performance exceeded the performance of its peers for fiscal 2011.
- (16) On March 26, 2012, Mr. McDonald and Ms. Eskenasi were each awarded 10,314 performance-vested restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant, provided the Company's performance exceeds the peer performance index in either fiscal 2012 or 2013. On March 1, 2013, the Committee certified that the Company's performance exceeded the peer performance index for fiscal 2012.
- (17) Does not reflect shares transferred to former spouse pursuant to the terms of a qualified domestic relations order.
- (18) On March 30, 2009, Ms. Eskenasi was awarded grants of 2,060 and 10,687 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.
- (19) On March 29, 2010, Ms. Eskenasi was awarded 6,763 restricted shares. The shares plus accrued dividend equivalent shares vest in five equal installments on the first through fifth anniversaries of the date of the grant.

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Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Kevin Mansell	140,000	\$ 4,500,905	91,685	\$ 4,754,616
Donald A. Brennan			32,268	\$ 1,600,702
John Worthington	25,825	\$ 122,843	32,268	\$ 1,600,702
Wesley McDonald	8,000	\$ 17,520	10,717	\$ 529,556
Peggy Eskenasi	50,597	\$ 129,183	6,334 <sup>(1)</sup>	\$ 312,763

<sup>(1)</sup> Does not reflect shares transferred to former spouse pursuant to the terms of a qualified domestic relations order.

**Table of Contents****PENSION BENEFITS**

We do not maintain any pension benefit plans for our officers or directors that would otherwise be disclosable in these proxy materials.

**NONQUALIFIED DEFERRED COMPENSATION**

We have no retirement plans for our executive officers other than defined contribution plans and a retiree health plan for certain former principal officers. Over 500 of our executives are eligible for participation in the Kohl's Deferred Compensation Plans, which are unfunded, unsecured plans. The Deferred Compensation Plans allow our executives to defer all or a portion of their base salary and bonuses. Elections to participate in these plans are made by our executives on an annual basis, prior to the beginning of the year in which the compensation is earned.

We do not make any company contributions to the Deferred Compensation Plans. The aggregate balance of each participant's account consists of amounts that have been deferred by the participant, plus earnings (or minus losses). We deposit the deferred amounts into a trust for the benefit of plan participants. In accordance with tax requirements, the assets of the trust are subject to claims of our creditors. Account balances are deemed invested in accordance with investment elections designated by the executive from time to time but no more frequently than monthly. There are several investment options available to plan participants, including money market/fixed income funds, domestic and international equity funds, blended funds and pre-allocated lifestyle fund investments.

Deferred account balances are distributed to the plan participants in accordance with elections made by the executive at the time the deferral is made. These distributions may be scheduled for future years while the executive remains our employee or following the participant's termination of employment, either in a lump sum or in installments. A separate distribution election is made by plan participants with respect to account balance distributions in the event of a change of control of Kohl's.

The following table shows the executive contributions, earnings and account balances for the persons named in the Summary Compensation Table.

<b>Name</b>	<b>Executive Contributions in Last FY (\$)<sup>(1)</sup></b>	<b>Registrant Contributions in Last FY (\$)</b>	<b>Aggregate Earnings in Last FY (\$)<sup>(1)</sup></b>	<b>Aggregate Withdrawals/Distributions (\$)</b>	<b>Aggregate Balance at Last Fiscal Year End (\$)<sup>(2)</sup></b>
Kevin Mansell			\$ 76,876		\$ 2,499,218
Donald A. Brennan					
John Worthington					
Wesley McDonald	\$ 122,250		\$ 107,796	(\$ 8,488)	\$ 1,092,538
Peggy Eskenasi	\$ 400,000		\$ 69,108		\$ 689,759

<sup>(1)</sup> All executive contributions are included as compensation in the Summary Compensation Table. Earnings on account balances are not included in the Summary Compensation Table.

<sup>(2)</sup>

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Of the amounts in this column, the following totals have been reported in the Summary Compensation Tables in this proxy statement and in our proxy statements for previous years: Mr. Mansell: \$2,104,169; Mr. McDonald: \$737,275; Ms. Eskenasi: \$588,500.



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**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

Upon termination of their employment or a change of control of Kohl's, Messrs. Mansell, Brennan, Worthington, McDonald and Ms. Eskenasi will be entitled to various payments and other benefits pursuant to their respective Employment Agreements, our 2010 Long-Term Compensation Plan, our 2003 Long-Term Compensation Plan, our Annual Incentive Plan and our associate merchandise discount program. These payments and benefits are described below:

**Mr. Mansell**

*Employment Agreement*

We are party to an amended and restated employment agreement with Mr. Mansell that provides for certain payments and other benefits upon his termination. The agreement does not provide separate or incremental benefits upon a change of control of Kohl's. The payments and other benefits upon Mr. Mansell's termination are as follows:

If his employment is terminated by us due to his misconduct, or if he voluntarily resigns, he will not receive any severance payments;

If his employment is terminated upon his death or disability or due to our non-renewal of his employment agreement:

he or his estate is entitled to a pro rata bonus for the current fiscal year;

he or his estate is entitled to a severance payment in the amount of one half of his then annual base salary, payable over one year in the event of his death or due to non-renewal, and over six months in the event of his disability;

he and his spouse and eligible dependents shall be provided post-retirement health care coverage under our health insurance plan and supplemental executive medical plan, provided he (or the eligible dependents in the event of his death) reimburses us for all premiums paid for such retiree health insurance benefits; and

all of his unvested stock options shall immediately vest if the termination is a result of his death.

If his employment is terminated as a result of a material reduction in his job status or scope of responsibilities (i.e., for good reason), or if we terminate his employment involuntarily without cause during the term of his employment agreement (generally, three years) he will be entitled to:

a pro rata bonus for the current fiscal year, determined on the basis of the actual performance of Kohl's at the end of that year and paid at the same time as other executives receive their bonus for that year;

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a lump sum severance payment equal to the sum of:

an amount equal to his aggregate base salary for the remaining term of his agreement; plus

an amount equal to the average of the bonus awards made to him under our annual incentive compensation plan over the prior three fiscal years, multiplied by the then remaining term of his agreement, but not more than 2.9 years;

he and his spouse and eligible dependents shall be provided post-retirement health care coverage under our health insurance plan and supplemental executive medical plan, provided he (or the eligible dependents in the event of his death) reimburses us for all premiums paid for such retiree health insurance benefits;

outplacement services of up to \$20,000;

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to the extent unvested, continued vesting of his stock options for the remaining term of his agreement; and

to the extent unvested, accelerated vesting of any outstanding restricted stock awards that would have vested during the remaining term of his agreement.

Mr. Mansell's amended and restated employment agreement does not provide any tax gross ups.

Following his termination of employment, Mr. Mansell will be prohibited from competing with us for a period of one year.

In accordance with Section 409A of the Internal Revenue Code of 1986, as amended, certain payments under the employment agreement are not payable until the six-month anniversary of the date of a termination.

In all cases, our obligation to pay severance is contingent upon Mr. Mansell's execution of a general release of claims against us.

### *Accelerated Vesting of Equity Awards*

The terms of our 2010 Long-Term Compensation Plan provide that in the event of a change of control of Kohl's (as defined in the Plan), the vesting of outstanding stock option awards shall accelerate only if a recipient is involuntarily terminated without cause within the six months prior or the twelve months following the change of control or if the recipient voluntarily terminates for good reason (as defined in the recipient's employment agreement, if applicable) during the same time period. This is true if the stock option awards are assumed by the acquiring or surviving company. However, if the awards are not assumed by the acquiring or surviving company, then all awards shall immediately vest and become fully exercisable at the time of the change of control. Under the same Plan, upon a change of control, all performance-vested restricted stock awards shall continue to be subject to any time-based vesting schedule, but any related performance vesting criteria will be deemed to have been satisfied. Again, this is true if the performance-vested restricted stock awards are assumed by the acquiring or surviving company. If the recipient terminates employment as described above within six months prior to or twelve months following a change of control or if the performance-vested restricted stock awards are not assumed by the acquiring or surviving company at the time of the change of control, then all such outstanding awards shall immediately vest. All stock option and performance-vested restricted stock awards granted in 2011 and 2012 were made under our 2010 Long-Term Compensation Plan. Mr. Mansell has outstanding and unvested stock option and performance-vested restricted stock awards that could vest in accordance with these provisions.

Vesting of stock option and restricted stock awards made under our 2003 Long-Term Compensation Plan after May 2, 2007 is within the discretion of the Compensation Committee in the event of a change of control of Kohl's (as defined in the Plan). All stock option and restricted stock awards granted prior to 2011 were made under our 2003 Long-Term Compensation Plan. Mr. Mansell has outstanding and unvested stock options and restricted stock awards that could, in the discretion of the Compensation Committee, vest in accordance with these provisions.

As described above, there are also provisions in Mr. Mansell's employment agreement that allows for acceleration or continued vesting of equity awards upon certain terminations of employment. Pursuant to the terms of our performance-vested restricted stock award agreements for awards granted in 2011 and 2012, where accelerated vesting is otherwise provided for upon a termination of employment, such awards will only vest if the related performance conditions are satisfied at the time of termination or at a later date.

### *Non-Contractual Benefit Upon Retirement*

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In addition to his contractual benefits, upon his retirement, Mr. Mansell will be entitled to participate for his lifetime in our associate merchandise discount program, on such terms and to the extent the program continues to be made available to our senior executives.

**Table of Contents***Potential Benefit Summary Mr. Mansell*

The following table shows the potential payments to Mr. Mansell upon termination of his employment during the term of his employment agreement. Also shown is the value of any of Mr. Mansell's stock options and restricted stock, including performance-vested restricted stock, that would vest upon the occurrence of a change of control of Kohl's or upon certain terminations of Mr. Mansell's employment following a change of control of Kohl's. The amounts shown in the table assume a February 2, 2013 employment termination date, do not reflect salary and bonus accrued as of that date and assume all related performance conditions are satisfied. Also assumed is a February 2, 2013 effective date of a change of control and a \$46.01 change of control price of our common stock, which was the February 1, 2013 closing price of our common stock on the New York Stock Exchange. The terms change of control and change of control price have the meanings given to these terms in our 2010 Long-Term Compensation Plan and 2003 Long-Term Compensation Plan, as applicable. The amounts shown in the following table also assume that in a change of control, the acquiring or surviving company would have assumed the equity awards made under the 2010 Long-Term Compensation Plan.

			Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (Following Change of Control)	Termination due to Disability	Death
	Voluntary Termination by Executive	Involuntary Termination by Kohl's With Cause	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (No Change of Control)		
Severance Payment	Salary Continuation		\$ 3,987,900	\$ 3,987,900	\$ 664,650
Severance Payment	Bonus Payments		\$ 7,100,167	\$ 7,100,167	
Pro Rated Bonus <sup>(1)</sup>			\$ 531,720	\$ 531,720	\$ 2,448,333
Outplacement			\$ 20,000	\$ 20,000	
Value of Accelerated Restricted Stock <sup>(2)</sup>			\$ 4,653,749	\$ 6,248,492	\$ 6,248,492
Value of Accelerated Stock Options			\$ 87,600	\$ 87,600	\$ 87,600
<b>TOTAL</b>	\$	\$	\$ 16,381,136	\$ 17,975,879	\$ 3,112,983
					\$ 9,449,076

<sup>(1)</sup> The entire hypothetical bonus for 2012 is shown here as this table illustrates the effect of a termination at the end of the fiscal year (thus, a full pro-ration applies). In the case of an involuntary or good reason termination, the pro rata bonus is based on actual performance at the end of the year, while in the case of death or disability, the pro rata bonus is based on the average award made to Mr. Mansell over the prior three fiscal years.

<sup>(2)</sup> The value of accelerated restricted stock includes dividend equivalents on the applicable award which were credited as additional shares subject to the same vesting restrictions as the original award of restricted stock.

**Mr. Brennan and Mr. Worthington***Employment Agreement*

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Mr. Brennan and Mr. Worthington have substantially similar employment agreements. These agreements provide for certain payments and other benefits upon the executive's termination or upon a change of control of Kohl's. These arrangements are as follows:

If either executive's employment is terminated by us due to his misconduct, or if he voluntarily resigns, he will not receive any severance payments;

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If either executive's employment is terminated upon his death or disability or due to our non-renewal of his employment agreement:

the executive or his estate is entitled to receive a pro rata bonus for the current fiscal year;

the executive or his estate is entitled to receive severance in the amount of one half of his then annual base salary, payable over one year in the event of his death or due to non-renewal, and over six months in the event of his disability;

the executive and his spouse and eligible dependents shall be provided post-retirement health care coverage under our health insurance plan and supplemental executive medical plan, provided he (or the eligible dependents in the event of his death) reimburses us for all premiums paid for such retiree health insurance benefits; and

all of the executive's unvested stock options shall immediately vest if the termination is a result of the executive's death.

If either executive terminates his employment as a result of a material reduction in his job status or scope of responsibilities (i.e., for good reason), or if we terminate his employment involuntarily without cause during the term of his employment agreement (generally, three years) and the termination is not in connection with a change of control (as defined in the agreement), he will be entitled to:

a pro rata bonus for the current fiscal year, determined on the basis of the actual performance of Kohls at the end of that year, payable at the same time as other executives receive their bonus for that year;

a severance payment equal to the sum of:

an amount equal to his aggregate base salary for the remaining term of his agreement, but not more than 2.9 years; plus

an amount equal to the average of the bonus awards made to him under our annual incentive compensation plan over the prior three fiscal years;

the executive and his spouse and eligible dependents shall be provided post-retirement health care coverage under our health insurance plan and supplemental executive medical plan, provided he (or the eligible dependents in the event of his death) reimburses us for all premiums paid for such retiree health insurance benefits;

outplacement services of up to \$20,000; and

to the extent unvested, continued vesting of his stock options throughout the remainder of the term of his employment agreement.

If, within the three months preceding or one year following a change of control of Kohls (as defined in the agreement) Mr. Brennan's or Mr. Worthington's employment is terminated by us without cause during the term of the agreement or by the executive for good reason, the terminating executive will be entitled to the following severance benefits:

## Edgar Filing: KOHLS Corp - Form DEF 14A

a pro rata bonus for the current fiscal year, determined on the basis of the average award made to the executive over the prior three fiscal years and paid at the same time as other executives receive their bonus for that year;

a severance payment equal to the sum of:

an amount equal to his aggregate base salary for the remaining term of his agreement, but not more than 2.9 years; plus

an amount equal to the average of the bonus awards made to him under our annual incentive compensation plan over the prior three fiscal years, multiplied by the number of years remaining in the term of his agreement, but not more than 2.9 years;



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the executive and his spouse and eligible dependents shall be provided post-retirement health care coverage under our health insurance plan and supplemental executive medical plan, provided he (or the eligible dependents in the event of his death) reimburses us for all premiums paid for such retiree health insurance benefits;

outplacement services of up to \$20,000; and

to the extent unvested, accelerated vesting of any outstanding stock options for the remaining term of his agreement.

Messrs. Brennan and Worthington's employment agreements do not provide any tax gross ups.

Following their respective terminations, Mr. Brennan and Mr. Worthington will be prohibited from competing with us for a period of one year.

In accordance with Section 409A of the Internal Revenue Code of 1986, as amended, certain payments under the employment agreements are not payable until the six-month anniversary of the date of a termination.

In all cases, our obligation to pay severance is contingent upon the executive's execution of a general release of claims against us.

### *Accelerated Vesting of Equity Awards*

For stock options awarded to Mr. Brennan and Mr. Worthington in 2009 and 2010, and the restricted stock awarded to both in 2009, vesting upon a change of control is within the discretion of the Compensation Committee, as described in our 2003 Long-Term Compensation Plan. For stock options and performance-vested restricted stock awarded to Mr. Brennan and Mr. Worthington in 2011 and 2012, upon a change of control, the vesting of such awards is accelerated only if the executive terminates employment, within six months prior to or twelve months following a change of control, as a result of the executive's termination for good reason or if the executive's employment is terminated without cause. This is true if the awards are assumed by the acquiring or surviving company at the time of the change of control. If the awards are not assumed by the acquiring or surviving company upon a change of control, then the awards accelerate vesting at the time of the change of control. Upon the executive's death while employed by us, all outstanding stock options and restricted stock (including performance-vested restricted stock) would immediately vest.

In addition, Mr. Brennan's and Mr. Worthington's restricted stock award agreements for grants made to them in 2009 and performance-vested restricted stock award agreements for grants made to them in 2011 and 2012 accelerate vesting of the shares granted pursuant to those agreements in the amount of what would have vested during the three-year period following termination of the executive's employment if the executive terminates employment for good reason or if we terminate the executive's employment without cause during the term of his employment agreement. All performance-vested restricted stock awards will only vest if the related performance conditions are satisfied at the time of termination or at a later date.

As described above, there are also provisions in Mr. Brennan's and Mr. Worthington's employment agreements that allow for acceleration or continued vesting of stock options upon certain terminations of employment.

*Non-Contractual Benefit Upon Retirement*

In addition to their contractual benefits, upon their retirement, Mr. Brennan and Mr. Worthington will each be entitled to participate for their respective lifetimes in our associate merchandise discount program, on such terms and to the extent the program continues to be made available to our senior executives.

**Table of Contents***Potential Benefit Summary Mr. Brennan*

The following table shows the potential payments to Mr. Brennan upon termination of his employment during the term of his employment agreement. Also shown is the value of Mr. Brennan's stock options and restricted stock, including performance-vested restricted stock, that would vest upon certain terminations of Mr. Brennan's employment following a change of control of Kohl's. The amounts shown in the table assume a February 2, 2013 employment termination date, do not reflect salary and bonus accrued as of that date and assume all related performance conditions are satisfied. Also assumed is a February 2, 2013 effective date of a change of control and a \$46.01 change of control price of our common stock, which was the February 1, 2013 closing price of our common stock on the New York Stock Exchange. The terms change of control and change of control price have the meanings given to these terms in our 2010 Long-Term Compensation Plan and 2003 Long-Term Compensation Plan, as applicable. The amounts shown in the following table also assume that in a change of control, the acquiring or surviving company would have assumed the equity awards made under the 2010 Long-Term Compensation Plan.

	Voluntary Termination by Executive	Involuntary Termination by Kohl's With Cause	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (No Change of Control)	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (Following Change of Control)	Termination due to Disability	Death
Severance Payment						
Salary Continuation			\$ 2,668,725	\$ 2,668,725	\$ 460,125	\$ 460,125
Severance Payment - Bonus Payments			\$ 1,365,833	\$ 3,960,917		
Pro Rated Bonus <sup>(1)</sup>			\$ 276,075	\$ 1,365,833	\$ 1,365,833	\$ 1,365,833
Outplacement			\$ 20,000	\$ 20,000		
Value of Accelerated Restricted Stock <sup>(2)</sup>			\$ 4,867,852	\$ 6,525,269		\$ 6,525,269
Value of Accelerated Stock Options			\$ 120,012	\$ 120,012		\$ 120,012
<b>TOTAL</b>	\$	\$	\$ 9,318,497	\$ 14,660,756	\$ 1,825,958	\$ 8,471,240

<sup>(1)</sup> The entire hypothetical bonus for 2012 is shown here as this table illustrates the effect of a termination at the end of the fiscal year (thus, a full pro-rata applies). In the case of an involuntary or good reason termination without a change of control, the pro rata bonus is based on actual performance at the end of the year. In other cases, the pro rata bonus is illustrated based on the average award made to Mr. Brennan over the prior three fiscal years.

<sup>(2)</sup> The value of accelerated restricted stock includes dividend equivalents on the applicable award which were credited as additional shares subject to the same vesting restrictions as the original award of restricted stock.

*Potential Benefit Summary Mr. Worthington*

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The following table shows the potential payments to Mr. Worthington upon termination of his employment during the term of his employment agreement. Also shown is the value of Mr. Worthington's stock options and restricted stock, including performance-vested restricted stock, that would vest upon certain terminations of Mr. Worthington's employment following a change of control of Kohl's. The amounts shown in the table assume a February 2, 2013 employment termination date, do not reflect salary and bonus accrued as of that date and assume all related performance conditions are satisfied. Also assumed is a February 2, 2013 effective date of a change of control and a \$46.01 change of control price of our common stock, which was the February 1, 2013 closing price of our common stock on the New York Stock Exchange. The terms change of

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control and change of control price have the meanings given to these terms in our 2010 Long-Term Compensation Plan and 2003 Long-Term Compensation Plan, as applicable. The amounts shown in the following table also assume that in a change of control, the acquiring or surviving company would have assumed the equity awards made under the 2010 Long-Term Compensation Plan.

	Voluntary Termination by Executive	Involuntary Termination by Kohl's With Cause	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (No Change of Control)	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (Following Change of Control)	Termination due to Disability	Death
Severance Payment						
Salary Continuation			\$ 2,668,725	\$ 2,668,725	\$ 460,125	\$ 460,125
Severance Payment Bonus						
Payments			\$ 1,365,833	\$ 3,960,917		
Pro Rated Bonus <sup>(1)</sup>			\$ 276,075	\$ 1,365,833	\$ 1,365,833	\$ 1,365,833
Outplacement			\$ 20,000	\$ 20,000		
Value of Accelerated Restricted Stock <sup>(2)</sup>			\$ 4,878,427	\$ 6,542,894		\$ 6,542,894
Value of Accelerated Stock Options			\$ 120,012	\$ 120,012		\$ 120,012
<b>TOTAL</b>	\$	\$	\$ 9,329,072	\$ 14,678,381	\$ 1,825,958	\$ 8,488,865

<sup>(1)</sup> The entire hypothetical bonus for 2012 is shown here as this table illustrates the effect of a termination at the end of the fiscal year (thus, a full pro-rata applies). In the case of an involuntary or good reason termination without a change of control, the pro rata bonus is based on actual performance at the end of the year. In other cases, the pro rata bonus is illustrated based on the average award made to Mr. Worthington over the prior three fiscal years.

<sup>(2)</sup> The value of accelerated restricted stock includes dividend equivalents on the applicable award which were credited as additional shares subject to the same vesting restrictions as the original award of restricted stock.

**Mr. McDonald and Ms. Eskenasi***Employment Agreement*

Mr. McDonald and Ms. Eskenasi entered into employment agreements with Kohl's which are substantially similar to the employment agreements with Messrs. Brennan and Worthington. The payments and other benefits upon the executive's termination or upon a change of control of Kohl's are the same as described above for Messrs. Brennan and Worthington, except as follows:

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Instead of being eligible for post-retirement health care coverage under our health insurance plan subject to reimbursement for the cost of such premiums, in connection with certain terminations, Mr. McDonald and Ms. Eskenasi shall receive reimbursement of that portion of the executive's monthly COBRA payment which is equal to our normal monthly cost of coverage of an executive under our group health insurance plans;

if either Mr. McDonald or Ms. Eskenasi terminates employment as a result of a material reduction in job status or scope of responsibilities (i.e., for good reason), or if we terminate the executive's employment involuntarily without cause during the term of the executive's employment agreement (generally, three years) and the termination is not in connection with a change of control (as defined in the agreement), then such monthly reimbursement payments shall occur for a period of two years; and

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if, within the three months preceding or one year following a change of control of Kohl's (as defined in the agreement) Mr. McDonald's or Ms. Eskenasi's employment is terminated by us without cause during the term of the agreement or by the executive for good reason, then such monthly reimbursement payments shall occur for a period of one year.

*Accelerated Vesting of Equity Awards*

For stock options and restricted stock awarded to Mr. McDonald and Ms. Eskenasi in 2009 and 2010, vesting upon a change of control is within the discretion of the Compensation Committee, as described in our 2003 Long-Term Compensation Plan. For stock options and performance-vested restricted stock awarded to Mr. McDonald and Ms. Eskenasi in 2011 and 2012, upon a change of control, the vesting of such awards is accelerated only if the executive terminates employment, within six months prior to or twelve months following a change of control, as a result of the executive's termination for good reason or if the executive's employment is terminated without cause. This is true if the awards are assumed by the acquiring or surviving company at the time of the change of control. If the awards are not assumed by the acquiring or surviving company upon a change of control, then the awards accelerate vesting at the time of the change of control. Upon either executive's death while employed by us, all outstanding stock options and restricted stock (including performance-vested restricted stock) would become immediately vested.

In addition, the restricted stock and option awards made to Mr. McDonald and Ms. Eskenasi prior to 2011 provided for accelerated vesting of the shares or options granted pursuant to such grants to the extent such shares or options would have otherwise vested during the two-year period following termination of the executive's employment if the executive terminates for good reason or if we terminate the executive's employment without cause during the term of the employment agreement. For stock options and restricted stock awarded to Mr. McDonald and Ms. Eskenasi in 2009 and 2010, if a similar termination of employment were to occur within the one year period following a change of control, all unvested shares or options granted pursuant to such awards would vest.

Similar to Messrs. Brennan and Worthington, vesting of Mr. McDonald's and Ms. Eskenasi's 2011 and 2012 performance-vested restricted stock awards accelerates with respect to the number of shares that would have vested during the three-year period following termination of the executive's employment if the executive terminates employment for good reason or if we terminate the executive's employment without cause during the term of the employment agreement, provided the related performance conditions are satisfied at the time of termination or at a later date.

As described above with respect to Messrs. Brennan and Worthington, there are also provisions in Mr. McDonald's and Ms. Eskenasi's employment agreements that accelerate vesting of all or a portion of any outstanding equity awards upon certain terminations of the executive's employment. Those provisions are intended to apply to equity grants awarded to the executives after those employment agreements became effective, which was on December 1, 2010.

*Potential Benefit Summary - Mr. McDonald*

The following table shows the potential payments to Mr. McDonald upon termination of his employment during the term of his employment agreement. Also shown is the value of any of Mr. McDonald's stock options and restricted stock, including performance-vested restricted stock, that would vest upon the occurrence of a change of control of Kohl's or upon certain terminations of Mr. McDonald's employment following a change of control of Kohl's. The amounts shown in the table assume a February 2, 2013 employment termination date, do not reflect salary and bonus accrued as of that date and assume all related performance conditions are satisfied. Also assumed is a February 2, 2013 effective date of a change of control and a \$46.01 change of control price of our common stock, which was the February 1, 2013 closing price of our common stock on the New York Stock Exchange. The terms change of control and change of control price have the meanings





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given to these terms in our 2010 Long-Term Compensation Plan and 2003 Long-Term Compensation Plan, as applicable. The amounts shown in the following table also assume that in a change of control, the acquiring or surviving company would have assumed the equity awards made under the 2010 Long-Term Compensation Plan.

			Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (Following Change of Control)	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (No Change of Control)	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (Following Change of Control)	Termination due to Disability	Death
	Voluntary Termination by Executive	Involuntary Termination by Kohl's With Cause					
Severance Payment	Salary Continuation		\$ 2,372,200	\$ 2,372,200	\$ 409,000	\$ 409,000	
Severance Payment	Bonus Payments		\$ 1,020,200	\$ 2,958,580			
Pro Rated Bonus <sup>(1)</sup>			\$ 163,600	\$ 1,020,200	\$ 1,020,200	\$ 1,020,200	
Outplacement			\$ 20,000	\$ 20,000			
Value of Accelerated Restricted Stock <sup>(2)</sup>			\$ 3,304,696	\$ 4,540,374			\$ 4,540,374
Value of Accelerated Stock Options			\$ 18,046	\$ 18,046			\$ 18,046
Health Care Benefits			\$ 44,580	\$ 22,290			
<b>TOTAL</b>			\$ 6,943,322	\$ 10,951,690	\$ 1,429,200	\$ 5,987,620	

(1) The entire hypothetical bonus for 2012 is shown here as this table illustrates the effect of a termination at the end of the fiscal year (thus, a full pro-rata applies). In the case of an involuntary or good reason termination without a change of control, the pro rata bonus is based on actual performance at the end of the year. In other cases, the pro rata bonus is illustrated based on the average award made to Mr. McDonald over the prior three fiscal years.

(2) The value of accelerated restricted stock includes dividend equivalents on the applicable award which were credited as additional shares subject to the same vesting restrictions as the original award of restricted stock.

*Potential Benefit Summary Ms. Eskenasi*

The following table shows the potential payments to Ms. Eskenasi upon termination of her employment during the term of her employment agreement. Also shown is the value of any of Ms. Eskenasi's stock options and restricted stock, including performance-vested restricted stock, that would vest upon the occurrence of a change of control of Kohl's or upon certain terminations of Ms. Eskenasi's employment following a change of control of Kohl's. The amounts shown in the table assume a February 2, 2013 employment termination date, do not reflect salary and bonus accrued as of that date and assume all related performance conditions are satisfied. Also assumed is a February 2, 2013 effective date of a change of control and a \$46.01 change of control price of our common stock, which was the February 1, 2013 closing price of our common stock on the New York Stock Exchange. The terms change of control and change of control price have the meanings given to these terms in our 2010 Long-Term Compensation Plan and 2003 Long-Term Compensation Plan, as

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applicable. The amounts shown in the following table also assume that in a change of control, the acquiring or surviving company would have assumed the equity awards made under the 2010 Long-Term Compensation Plan.

			Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause	Termination by Executive for Good Reason or Involuntary Termination by Kohl's Without Cause (No Change of Control) <sup>(3)</sup>	Termination by Kohl's Without Cause (Following Change of Control) <sup>(3)</sup>	Termination due to Disability	Death
	Voluntary Termination by Executive	Involuntary Termination by Kohl's With Cause					
Severance Payment	Salary Continuation		\$ 2,372,200	\$ 2,372,200	\$ 409,000	\$ 409,000	
Severance Payment	Bonus Payments		\$ 1,049,800	\$ 3,044,420			
Pro Rated Bonus <sup>(1)</sup>			\$ 163,600	\$ 1,049,800	\$ 1,049,800	\$ 1,049,800	\$ 1,049,800
Outplacement			\$ 20,000	\$ 20,000			
Value of Accelerated Restricted Stock <sup>(2)</sup>			\$ 2,470,117	\$ 3,497,419			\$ 3,497,419
Value of Accelerated Stock Options			\$ 9,023	\$ 9,023			\$ 9,023
Health Care Benefits			\$ 15,501	\$ 7,750			
<b>TOTAL</b>	\$	\$	\$ 6,100,241	\$ 10,000,612	\$ 1,458,800	\$ 4,965,242	

<sup>(1)</sup> The entire hypothetical bonus for 2012 is shown here as this table illustrates the effect of a termination at the end of the fiscal year (thus, a full pro-rata applies). In the case of an involuntary or good reason termination without a change of control, the pro rata bonus is based on actual performance at the end of the year. In other cases, the pro rata bonus is illustrated based on the average award made to Ms. Eskenazi over the prior three fiscal years.

<sup>(2)</sup> The value of accelerated restricted stock includes dividend equivalents on the applicable award which were credited as additional shares subject to the same vesting restrictions as the original award of restricted stock.

**Equity Compensation Plan Information**

The following table provides information as of February 2, 2013 regarding shares outstanding and available for issuance under our existing equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted- average exercise price of outstanding	Number of securities remaining available for future issuance under equity compensation plans
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		<b>options, warrants and rights</b>	<b>(excluding securities reflected in first column)</b>
Equity compensation plans approved by security holders	15,212,004	\$ 53.94	13,862,830
Equity compensation plans not approved by security holders <sup>(1)</sup>			
<b>Total</b>	<b>15,212,004</b>	<b>\$ 53.94</b>	<b>13,862,830</b>

<sup>(1)</sup> All of our existing equity compensation plans have been approved by shareholders.

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**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers to file reports with the SEC disclosing their ownership, and changes in their ownership, of the Company's stock. Copies of these reports must also be furnished to the Company. Based solely upon its review of these copies, the Company believes that during fiscal 2012, all of such forms were filed on a timely basis by reporting persons, with the following exceptions: One report each was filed late on behalf of directors William S. Kellogg, John F. Herma and Peter M. Sommerhauser relating to the sale of Company stock by certain trusts. These transactions were reported to the Commission on Forms 4 on October 12, 2012.

**Table of Contents****REPORT OF THE AUDIT COMMITTEE**

The Audit Committee, management and our independent registered public accounting firm each have different roles and responsibilities with respect to our financial statements and internal control over financial reporting. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors and is directly responsible for the compensation, appointment and oversight of our independent registered public accounting firm. Management is responsible for the preparation, presentation and integrity of our financial statements and for the appropriateness of the accounting principles and reporting policies that are used. Management is also responsible for objectively reviewing, evaluating and testing our system of internal controls, and reports to the Audit Committee on any deficiencies found. Our independent registered public accounting firm, Ernst & Young LLP (Ernst & Young), is responsible for performing an independent audit of our financial statements and for expressing an opinion, based on the results of their audit, whether the consolidated financial statements are fairly presented in all material respects, in conformity with accounting principles generally accepted in the United States. In addition, Ernst & Young is responsible for expressing an opinion on the effectiveness of our internal controls over financial reporting. Under its written charter, the Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, has direct access to our independent registered public accounting firm as well as any of our employees, and has the ability to retain, at our expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

The Audit Committee reviewed and discussed our audited financial statements with management and Ernst & Young. The Audit Committee has also discussed and reviewed with Ernst & Young the matters required to be discussed by the Public Company Accounting Oversight Board's (PCAOB's) Auditing Standard AU Section 380 (Communication with Audit Committees). This review included a discussion of the quality of the Company's accounting principles, the selection of and modification to significant accounting policies, the reasonableness of estimates, and the disclosures in the Company's financial statements and the notes thereto. In addition, the Audit Committee obtained from Ernst & Young the written disclosures and the letter required by PCAOB Rule 3526 (Communications with Audit Committees Concerning Independence). The Audit Committee discussed with Ernst & Young any relationships that may impact their objectivity and independence, and also considered whether the provision of non-audit services by Ernst & Young is compatible with maintaining their independence, and has satisfied itself with respect to Ernst & Young's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended February 2, 2013 for filing with the Securities and Exchange Commission.

**Audit Committee:**

Stephen E. Watson, Chair

John F. Herma

John Schlifske

Stephanie A. Streeter

Nina G. Vaca

**Table of Contents****ITEM TWO****RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Ernst & Young as our and our subsidiaries' independent registered public accounting firm for fiscal 2013. This selection is being presented to you for your ratification. Proxies solicited by the Board of Directors will, unless otherwise directed, be voted to ratify the appointment by the Board of Directors of Ernst & Young as our and our subsidiaries' independent registered public accounting firm for fiscal 2013. We have been advised by Ernst & Young that they are independent certified public accountants with respect to us within the meaning of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated under such act.

A representative from Ernst & Young is expected to be at the annual meeting and will have the opportunity to make a statement if such representative so desires and will be available to respond to appropriate questions during the meeting.

**Fees Paid to Ernst & Young**

We paid the following fees to Ernst & Young for fiscal 2012 and fiscal 2011:

	<b>Fiscal 2012</b>	<b>Fiscal 2011</b>
Audit Fees	\$ 1,203,429	\$ 1,909,049
Audit-Related Fees		
Tax Fees	646,038	114,666
All Other Fees		
<b>Total</b>	<b>\$ 1,849,467</b>	<b>\$ 2,023,715</b>

**Audit Fees.** Audit fees include fees associated with the annual audit, reviews of our quarterly reports on Form 10-Q, lease accounting restatement in 2011 and various consultation topics. Included in Audit Fees are fees for services related to the audit of our internal controls, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

**Audit-Related Fees.** We did not pay any Audit-Related Fees to Ernst & Young during the last two fiscal years.

**Tax Fees.** Tax fees for fiscal 2012 include consultations related to IRS issues, Federal Work Opportunity Tax Credit and other hiring credit matters and other miscellaneous matters.

All Other Fees. We did not pay any fees to Ernst & Young during the last two fiscal years for any other services not included in the categories listed above.

#### **Pre-approval Policies and Procedures**

Our Audit Committee has adopted procedures for pre-approving all audit and permitted non-audit services provided by our independent registered public accounting firm. The Audit Committee pre-approves a list of specific services and categories of services, subject to a specified cost level. Part of this approval process includes making a determination on whether non-audit services are consistent with the SEC's rules on auditor independence. The Audit Committee may delegate pre-approval authority to the Chairman of the Audit Committee. The Audit Committee periodically monitors the services rendered and actual fees paid to the independent registered public accounting firm to ensure such services are within the parameters approved.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A**

**VOTE FOR THE RATIFICATION OF THE APPOINTMENT**

**OF ERNST & YOUNG AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

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**ITEM THREE**

**ADVISORY VOTE ON THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) enables Kohl's shareholders to vote to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement. This is often referred to as a "say-on-pay" vote. In accordance with the view expressed by our shareholders in an advisory vote at the 2011 Annual Meeting of Shareholders, our Board of Directors currently intends to provide for a "say-on-pay" vote on an annual basis. As noted above, we are pleased with our shareholders' strong support for our executive compensation in the first two annual "say-on-pay" votes, with over 95% of the votes cast being in favor of this compensation.

As an advisory vote, the "say-on-pay" vote is not binding on Kohl's, the Board of Directors, or the Board's Compensation Committee. However, the Board of Directors values the opinions expressed by our shareholders, and the Compensation Committee's charter specifically states that the Committee will review all "say-on-pay" voting results and consider whether to make any adjustments to our executive compensation policies and practices in response to these results.

We believe our executive compensation program as a whole is well suited to promote Kohl's objectives in both the short and long term. As described above in the Compensation Discussion & Analysis section of this proxy statement, the Compensation Committee has designed our executive compensation program to reflect its philosophy that executive compensation should be directly linked to corporate performance with the ultimate objective of increasing long-term shareholder value. The Compensation Committee's objectives include:

Providing a competitive total compensation package that enables us to attract and retain key personnel;

Providing short-term compensation opportunities through our annual incentive program that are directly linked to corporate performance goals;

Providing long-term compensation opportunities through equity awards that align executive compensation with value received by our shareholders;

Ensuring compensation awarded to our executives is linked to our performance during the fiscal year; and

Promoting ownership of our stock by our executive officers in order to align the economic interests of our executive officers more closely with those of our shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS A**

**VOTE FOR APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THIS PROXY STATEMENT.**





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**ITEM FOUR**

**SHAREHOLDER PROPOSAL: POLICY ON ANIMAL CRUELTY RELATED TO THE SALE OF PRODUCTS CONTAINING ANIMAL FUR**

The following shareholder proposal was submitted by The Humane Society of the United States, 2100 L Street NW, Washington, DC 20037 (the Proponent ). The Proponent claims to beneficially own not less than \$2,000 worth of Kohl's stock. If a representative of the Proponent who is qualified under state law is present and submits the proposal for a vote at the Annual Meeting, then the proposal will be voted upon. In accordance with federal securities regulations, the proposal is set forth below exactly as submitted by the Proponent.

**Whereas**, Kohl's Corporation has jeopardized its reputation with customers and shareholders by making a confusing array of statements to its customers about its fur sales since 2011:

We do not intend on discontinuing our minimal use of fur,

We typically do not carry merchandise made of animal fur,

We carry a minimal amount of merchandise using fur; however, occasional seasonal items use fur accents,

All merchandise and related packaging must be free of any real animal fur unless expressly requested and authorized in writing by Kohl's ; and

**Whereas**, Kohl's further amplified the appearance of inconsistency in its position on animal fur by publically rewarding a young volunteer, through the Kohl's Cares scholarship competition, who contributed to his community by organizing petitions and handcrafting bracelets and key chains to fight against the cruel fur trade; and

**Whereas**, Kohl's nevertheless continues to sell some animal fur even though animal cruelty and lack of transparency in fur production and sales can lead to negative publicity, public protests, and a loss of consumer confidence, which can have negative impacts on shareholder value; and

**Whereas**, lack of transparency in the selling of animal fur has led to numerous retailers being named in petitions filed before the Federal Trade Commission, a lawsuit before the D.C. Superior Court, and national television news coverage; and

**Whereas**, even with due diligence and dedicated resources, retailers have been found liable under consumer protection laws, such as the federal Fur Products Labeling Act (FPLA) and the Federal Trade Commission Act (FTCA), for any false or deceptive labeling or advertisements of animal fur garments and, as well as, be associated with animal cruelty; and

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**Whereas**, leading retailers, brands and designers, like JCPenney, Sears, H&M, Forever 21, Urban Outfitters, Gap, J.Crew, Overstock.com, Nike, Tommy Hilfiger, Calvin Klein and Liz Claiborne have already implemented fur-free policies; and

**Whereas**, confirmed reports of animal cruelty in the fur trade-including animals being skinned alive, anally electrocuted, drowned, and pets caught in traps-have led to many corporations implementing policies in conjunction with respected animal welfare organizations to strengthen their animal welfare policies, such as by avoiding the sale of fur products.

**Resolved**, that shareholders *encourage* the board of directors to develop and disclose a new policy relating to the prevention of animal cruelty that will be developed in consideration of Kohl's existing statements on selling animal fur merchandise and on animal cruelty. The disclosure should also include an assessment of the risks to the company's reputation and finances should it fail to modify its current approach.

Shareholders believe the company must address this important matter of social concern and brand reputation. We urge shareholders to vote **FOR** this resolution, which would simply encourage the board to address the animal cruelty associated with its fur merchandise.

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**STATEMENT OF THE BOARD OF DIRECTORS IN OPPOSITION TO THIS SHAREHOLDER PROPOSAL**

After careful consideration, our Board of Directors has determined that this shareholder proposal would not enhance shareholder value and would not be in the best interests of Kohl's and its shareholders. The Board therefore recommends that you vote **AGAINST** this proposal.

Kohl's has a number of stringent processes and procedures in place to ensure that all of the merchandise we sell has been manufactured, packaged, labeled, tagged, packed, advertised, sold, invoiced and transported in full compliance with all applicable laws, including the Fur Products Labeling Act. Moreover, limiting the ability of our merchants to select a component such as fur in any particular item would unduly restrict our ability to offer the brands and products our customers desire from time to time.

Kohl's is in the business of selling moderately priced apparel, footwear and accessories for women, men and children; soft home products such as bedding; and housewares. Some of this merchandise is designed and manufactured by third parties and some of it is designed by Kohl's in-house product development staff and manufactured by third parties in accordance with our specifications. We offer a full array of styles and designs to fit the needs of a wide range of consumers. In response to consumer's demands for both fashion and function, our products are constructed from a broad range of quality fabrics and other materials. An integral part of our business is selecting the products we sell.

We believe we are in compliance with all applicable laws and regulations relating to the merchandise we sell, including merchandise that may include animal fur, if any. All of our suppliers and manufacturers certify to us that the merchandise they ship to Kohl's has been manufactured, packaged, labeled, tagged, packed, advertised, sold, invoiced and transported in full compliance with all applicable laws, including the Fur Products Labeling Act. To further ensure our compliance with the Fur Products Labeling Act and other laws and regulations, our standard purchase order terms also require that all merchandise and related packaging must be free of any real animal fur unless expressly requested and authorized in writing by Kohl's.

Each product's design, including the materials from which it is constructed, contributes to the appeal of the product. The potential use of fur or other materials is an aesthetic choice that is the essence of the fashion design business. Retailers and other manufacturers of apparel, footwear, accessories and soft home products must be able to make free and independent judgments of how best to meet the desires and preferences of their consumers. A company's management is best situated to make these ordinary business decisions. This shareholder proposal constitutes an attempt to second-guess management's decisions regarding ordinary business issues, micro-manage Kohl's affairs and interfere with the day-to-day conduct of our ordinary business operations.

Certain statements in the Proponent's Supporting Statement, such as the broad and unsupported generalizations regarding falsely-advertised and falsely labeled animal fur garments, the lack of quality control in the production of certain garments and cruel and inhumane treatment of animals are not linked in any way to Kohl's operations. The proposal intends to shock readers' sensibility with graphically violent descriptions of cruelty to animals, implying that we have been associated with such conduct. Management is unaware of any such conduct related to the production of the merchandise we sell.

**FOR THE ABOVE REASONS, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THE ADOPTION OF THIS SHAREHOLDER PROPOSAL.**

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**ITEM FIVE**

**SHAREHOLDER PROPOSAL: INDEPENDENT BOARD CHAIRMAN**

The following shareholder proposal was submitted by John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278 (the Proponent ). The Proponent beneficially owns not less than 150 shares of Kohl's stock. If a representative of the Proponent who is qualified under state law is present and submits the proposal for a vote at the Annual Meeting, then the proposal will be voted upon. In accordance with federal securities regulations, the proposal is set forth below exactly as submitted by the Proponent.

**Proposal 5 Independent Board Chairman**

RESOLVED: Shareholders request that our board of directors adopt a policy that, whenever possible, the chairman of our board of directors shall be an independent director. An independent director is a director who has not previously served as an executive officer of our Company. This policy should be implemented so as not to violate any contractual obligations in effect when this resolution is adopted. The policy should also specify how to select a new independent chairman if a current chairman ceases to be independent between annual shareholder meetings. To foster flexibility, this proposal gives the option of being phased in and implemented when our next CEO is chosen.

When a CEO serves as our board chairman, this arrangement can hinder our board's ability to monitor our CEO's performance. Many companies already have an independent Chairman. An independent Chairman is the prevailing practice in the United Kingdom and many international markets. This proposal topic won 50%-plus support at three major U.S. companies in 2012 including Sempra Energy (SRE).

This proposal should also be evaluated in the context of our Company's overall corporate governance as reported in 2012:

GMI/Corporate Library, an independent investment research firm had rated our company D continuously since 2008 with High Governance Risk. Also High Concern for directors' qualifications, High Concern in accounting and High Concern in executive pay more than \$9 million each for Kevin Mansell and two other executives.

Annual bonuses for our highest paid executives were based on a single financial performance measure with a dangerous potential to game results by taking actions to achieve one end that might ultimately damage another. Furthermore, long-term incentive pay for our highest paid executives continued to include market-priced stock options that simply vest after the passage of time and lacked performance requirements. Plus our company did not have a clawback policy to allow for the recovery of unearned executive pay in the event of fraud or financial restatements.

Our management was unable to implement and maintain effective internal control over financial reporting as required by Section 404 of Sarbanes-Oxley. This indicated increased risk to shareholders in the form of errors, potential restatements, lack of timeliness and even fraud related to key financial information. Not surprisingly 4 of the 5 members of our audit committee received our highest negative votes.

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John Herma (Kohl's retiree), William Kellogg (Kohl's retiree), Frank Sica and Peter Sommerhauser each had 24-years long-tenure which eroded independence. Four directors were inside-related which again erodes independence including Steven Burd, our Lead Director. Stephen Watson, Chairman of both our Audit and Nominating Committees, was negatively flagged by GMI for his involvement with the Eddie Bauer bankruptcy.

Frank Sica was on the JetBlue board with Peter Boneparth. Such intra-board relationships can compromise a director's independence.

Please encourage our board to respond positively to this proposal for an:

### **Independent Board Chairman Proposal 5**

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**STATEMENT OF THE BOARD OF DIRECTORS IN OPPOSITION TO THIS SHAREHOLDER PROPOSAL**

After careful consideration, our Board of Directors has determined that this shareholder proposal would not enhance shareholder value and would not be in the best interests of Kohl's and its shareholders. The Board therefore recommends that you vote **AGAINST** this proposal.

Under our Corporate Governance Guidelines, the Board has the flexibility to determine whether it is in the best interests of Kohl's and our shareholders to separate or combine the roles of the Chairman of the Board and Chief Executive Officer at any point in time. This proposal would remove this flexibility and narrow the governance arrangements that the Board may consider, which could be contrary to the best interests of our shareholders. The Board believes that it should be permitted to use its business judgment to decide who is the best person to serve as Chairman of the Board, based on what is in the best interests of Kohl's and our shareholders on a case-by-case basis.

While the Board does not believe that separation of the roles of Chairman and Chief Executive Officer is necessary for effective board leadership, we do acknowledge the importance of independent Board oversight. Accordingly, the Company's Corporate Governance Guidelines provide for an independent Lead Director to be elected annually by the independent directors. The role of our Lead Director closely parallels the role of an independent chairman. Specifically, our independent Lead Director:

presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management directors;

serves as liaison between the Chairman and the independent directors;

approves information sent to the Board;

approves meeting agendas for the Board;

approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;

has the authority to call meetings of the independent directors; and

is available for consultation and direct communication with major shareholders upon request.

We believe that the existence of an independent Lead Director with this scope of responsibilities supports strong corporate governance principles and allows the Board to effectively fulfill its fiduciary responsibilities to our shareholders.

Moreover, we have adopted strong and effective corporate governance policies and procedures to promote effective and independent corporate governance. Among these policies and procedures are the following:

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The Board is composed of a majority of independent directors, as determined under the standards of the New York Stock Exchange;

The Board's Audit Committee, Compensation Committee and Nominating and Governance Committee are composed solely of independent directors;

Non-management directors meet privately in executive sessions presided over by the Lead Director in conjunction with each regular Board meeting following these executive sessions, the Lead Director provides the Board's guidance and feedback to the Chairman;

Independent directors communicate regularly with the Lead Director and the Chairman regarding appropriate Board agenda topics and other Board related matters; and

All Board members have complete access to management and outside advisors, so the Chairman is not the sole source of information for the Board.



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In view of our highly independent board structure and our strong corporate governance guidelines and practices, the Board believes that this shareholder proposal is an unnecessary limitation on the Board's flexibility and would not strengthen the Board's independence or oversight functions. On an ongoing basis, the Board will continue to consider whether changes to our corporate governance practices are appropriate and in the best interests of Kohl's and our shareholders.

**FOR THE ABOVE REASONS, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THE ADOPTION OF THIS SHAREHOLDER PROPOSAL.**

**A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR FISCAL 2012 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS POSTED ON OUR CORPORATE WEBSITE AT [www.kohlscorporation.com](http://www.kohlscorporation.com). A HARD COPY WILL BE SENT TO YOU WITHOUT CHARGE UPON WRITTEN REQUEST TO OUR SECRETARY AT N56 W17000 RIDGEWOOD DRIVE, MENOMONEE FALLS, WISCONSIN 53051. EXHIBITS TO THE FORM 10-K WILL BE FURNISHED UPON PAYMENT OF THE REASONABLE EXPENSES OF FURNISHING THEM.**

By Order of the Board of Directors

Richard D. Schepp,  
*Secretary*

Menomonee Falls, Wisconsin

March 25, 2013

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**KOHL S CORPORATION**

**N56 W17000 RIDGEWOOD DRIVE**

**MENOMONEE FALLS, WI 53051**

**VOTE BY INTERNET - [www.proxvvote.com](http://www.proxvvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M54207-P36217 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION  
ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**KOHL S CORPORATION**

**ITEM 1.** Election of Directors

**The Board of Directors recommends that you vote  
FOR the following nominees:**

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		For	Against	Abstain
<b>Nominees:</b>				
1a.	Peter Boneparth	..	..	..
1b.	Steven A. Burd	..	..	..
1c.	Dale E. Jones	..	..	..
1d.	Kevin Mansell	..	..	..
1e.	John E. Schlifske	..	..	..
1f.	Frank V. Sica	..	..	..
1g.	Peter M. Sommerhauser	..	..	..
1h.	Stephanie A. Streeter	..	..	..
1i.	Nina G.Vaca	..	..	..
1j.	Stephen E. Watson	..	..	..
For address changes and/or comments, please check this box and write them on the back where indicated.				..
Please indicate if you plan to attend this meeting.				..
		<b>Yes</b>	<b>No</b>	

**NOTE:** In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof.

<b>Vote on Proposals:</b>		<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>ITEM 2.</b> Ratify Appointment of Ernst & Young LLP as Independent Registered Public Accounting Firm.		..	..	..
<b>The Board of Directors Recommends a Vote FOR Item 2.</b>				
<b>ITEM 3.</b> Advisory Vote on Approval of Named Executive Officer Compensation.		..	..	..
<b>The Board of Directors Recommends a Vote FOR Item 3.</b>				
<b>ITEM 4.</b> Shareholder Proposal: Policy on Animal Cruelty Related to the Sale of Products Containing Animal Fur.		..	..	..
<b>The Board of Directors recommends a vote AGAINST Item 4.</b>				
<b>ITEM 5.</b> Shareholder Proposal: Independent Board Chairman.		..	..	..
<b>The Board of Directors recommends a vote AGAINST Item 5.</b>				

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Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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**ANNUAL MEETING ADMISSION TICKET**

**Kohl's Corporation**

**Annual Meeting of Shareholders**

**Thursday, May 16, 2013**

**1:00 P.M., Local Time**

**The Pilot House at Pier Wisconsin**

**500 N. Harbor Drive**

**Milwaukee, Wisconsin 53202**

**This Admission Ticket will be required to admit you to the meeting**

Please write your name and address in the space provided below and present this ticket when you enter

Name:

Address:

City, State and Zip Code:

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

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**KOHL'S CORPORATION**

**PROXY**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The shareholder(s) hereby appoint Richard D. Schepp and Kevin Mansell or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Kohl's Corporation that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 1:00 P.M., Local Time on May 16, 2013 at The Pilot House at Pier Wisconsin, 500 N. Harbor Drive, Milwaukee, Wisconsin 53202 and any adjournment or postponement thereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS, FOR THE RATIFICATION OF ERNST & YOUNG AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, FOR APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE**

**OFFICERS, AGAINST THE SHAREHOLDER PROPOSAL ON POLICY ON ANIMAL CRUELTY RELATED TO THE SALE OF PRODUCTS CONTAINING ANIMAL FUR AND AGAINST THE SHAREHOLDER PROPOSAL ON INDEPENDENT BOARD CHAIRMAN. PROPOSALS 1, 2 AND 3 ARE BEING PROPOSED BY KOHL S CORPORATION AND PROPOSALS 4 AND 5 ARE BEING PROPOSED BY SHAREHOLDERS OF KOHL S CORPORATION.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE**

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**