KOHLS Corp
Form DEF 14A
March 24, 2016
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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

x 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))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

KOHL S CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(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 11, 2016

To Our Shareholders:

The Annual Meeting of Shareholders of Kohl s Corporation will be held at the auditorium at Kohl s Innovation Center, W165 N5830 Ridgewood Drive, Menomonee Falls, Wisconsin, 53051 on May 11, 2016, at 8:00 a.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 January 28, 2017;

3. To hold an advisory vote to approve the compensation of our named executive officers;

4. To re-approve the material terms of the performance goals under our Annual Incentive Plan;

5. To re-approve the material terms of the performance goals under our 2010 Long-Term Compensation Plan;

6. To consider and vote upon the shareholder proposal described below, if properly presented at the meeting; and

7. 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 9, 2016 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 will mail 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.

The Notice of Internet Availability of Proxy Materials will be mailed to our shareholders beginning on or about March 28, 2016.

You are cordially invited to attend the Annual Meeting of Shareholders 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) to vote over the Internet;

Use the toll-free telephone number provided on the voting website (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 of Shareholders 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 11, 2016: The 2015 Annual Report on Form 10-K and proxy statement of Kohl s Corporation are available at www.proxyvote.com.

By Order of the Board of Directors

Jason J. Kelroy
Secretary

Menomonee Falls, Wisconsin

March 24, 2016

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KOHL S CORPORATION

N56 W17000 Ridgewood Drive

Menomonee Falls, Wisconsin 53051

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 11, 2016

GENERAL INFORMATION ABOUT THESE MATERIALS

This proxy statement describes matters on which we would like you, as a shareholder, to vote at our 2016 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 9, 2016. Our Board of Directors has chosen March 9, 2016 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 executives, Jason J. Kelroy 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 28, 2016.

QUESTIONS AND ANSWERS

ABOUT OUR 2016 ANNUAL MEETING OF SHAREHOLDERS

When and where will the meeting take place?

The Annual Meeting of Shareholders will be held on Wednesday, May 11, 2016, at 8:00 a.m., local time, at the auditorium at Kohl s Innovation Center, W165 N5830 Ridgewood Drive, Menomonee Falls, Wisconsin, 53051. Registration begins at 7:30 a.m.

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 of Shareholders, 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 January 28, 2017;
- an advisory vote on the approval of the compensation of our named executive officers;
- our proposal to re-approve the material terms of the performance goals under our Annual Incentive Plan;
- our proposal to re-approve the material terms of the performance goals under our 2010 Long-Term Compensation Plan;

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- the shareholder proposal 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.

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 Jason J. Kelroy 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 9, 2016 (which is called the record date for the meeting) or their duly appointed proxies, may attend the meeting.

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 of Shareholders?

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?

A total of 185,168,909 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) to vote over the Internet;
- Use the toll-free telephone number provided on the voting website (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 do not specify how you want your shares to be voted, they will be voted as the Board of Directors recommends.

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);

cast a new vote over the Internet by visiting the voting website (www.proxyvote.com); or

if you hold shares in your name, attend the Annual Meeting of Shareholders 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 18);

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 28, 2017 (see ITEM TWO RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM on page 61);

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 62);

FOR the re-approval of our Annual Incentive Plan (see ITEM FOUR OUR PROPOSAL TO RE-APPROVE THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER KOHL S ANNUAL INCENTIVE PLAN on page 63);

FOR the re-approval of the material terms of the performance goals under our 2010 Long-Term Compensation Plan (see ITEM FIVE OUR PROPOSAL TO RE-APPROVE THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE KOHL S CORPORATION 2010 LONG-TERM COMPENSATION PLAN on page 66); and

AGAINST the shareholder proposal on Recovery of Unearned Management Bonuses (see ITEM SIX SHAREHOLDER PROPOSAL on page 70).

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

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

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but abstain from voting on any of the nominees, your shares will be counted as present for purposes of determining whether there is a quorum, but will have no effect on the election of those nominees.

ITEMS TWO, THREE, FOUR, FIVE AND SIX: 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, re-approval of the material terms of the performance goals under our Annual Incentive Plan, re-approval of the material terms of the performance goals under our 2010 Long-Term Compensation Plan and the shareholder proposal 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.

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 of Shareholders, 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, Jason J. Kelroy 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 of Shareholders?

Only shareholders as of the close of business on the record date, March 9, 2016, may attend the Annual Meeting of Shareholders. 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 of Shareholders 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?

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

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. Six Directors attended the 2015 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 of Shareholder expenses. In addition to soliciting proxies by mail, we may solicit proxies by telephone, personal contact, and electronic means. None of our Directors, officers, or employees will be specially compensated for these activities. We have hired Morrow & Co., LLC to assist with the solicitation of proxies for a fee of $8,500 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 2016 proxy materials at www.proxyvote.com. You may also use our corporate website at www.kohlscorporation.com to view all of our filings with the Securities and Exchange Commission (the Commission), including this proxy statement and our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

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 January 30, 2016, as filed with 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 2017 Annual Meeting of Shareholders?

You may present matters for consideration at our next Annual Meeting of Shareholders 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 2017 Annual Meeting of Shareholders, we must receive your proposal by November 24, 2016. 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 2017 Annual Meeting of Shareholders.

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 2017 Annual Meeting of Shareholders in accordance with our Bylaws, and the written notice must be received by us by January 11, 2017. If you submit a proposal for the 2017 Annual Meeting of Shareholders after that date, your proposal cannot be considered at the 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 ten members. Each Director stands for election every year.

How often did the Board of Directors meet in fiscal 2015?

The full Board of Directors formally met seven times during fiscal 2015 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 2015.

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 2015. 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, then Investors, then Corporate Governance. The Corporate Governance Guidelines can be found under the heading Governance Documents. 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 22 under the caption Independence Determinations & Related Person Transactions, the Board affirmatively determined that nine of the ten Directors who will continue to serve on the Board if elected at the Annual Meeting of Shareholders are independent: Peter Boneparth, Steven A. Burd, Dale E. Jones, Jonas Prising, John E. Schlifske, Frank V. Sica, Stephanie A. Streeter, Nina G. Vaca and Stephen E. Watson. Kevin Mansell is not an independent Director because of his employment as our Chairman, Chief Executive Officer and President.

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-

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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. Kohl s Legal Department 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 January 30, 2016, the members of our Board of Directors standing committees were:

Committee	Members	Chairperson
Audit Committee	John Schlifske	Stephen E. Watson
	Stephanie A. Streeter	
	Nina G. Vaca	
	Stephen E. Watson	
Governance & Nominating Committee	Peter Boneparth	Stephanie A. Streeter
	Steven A. Burd	
	Dale E. Jones	
	Jonas Prising	
	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	

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.

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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, then Investors, then Corporate Governance. The charters can be found under the heading Committee Charters. 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 Commission, and, as of January 30, 2016, had 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 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

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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 2015?

During fiscal 2015, the Audit Committee formally met eight times. The Compensation Committee formally met four times. The Governance & Nominating Committee formally met three 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 January 30, 2016, the members of the Executive Committee were:

Steven A. Burd

Kevin Mansell

Frank V. Sica

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. However, recognizing shareholder sentiment as expressed in a vote on a shareholder proposal brought before our 2013 Annual Meeting of Shareholders, the Board intends to appoint a Chairman that has not previously served as an executive officer of Kohl s whenever possible. Based on the recommendations within the previous shareholder proposal and many subsequent discussions with our largest shareholders representing a significant percentage of outstanding shares, the foregoing shall apply with respect to the appointment of any new Chairman or if any then-current Chairman shall become an executive officer of Kohl s, but shall not apply: (i) until such time as Mr. Mansell retires or otherwise ceases to serve as Chairman of the Board; (ii) if such an appointment would violate any pre-existing contractual obligation of Kohl s; or (iii) to the extent the then-current members of the Board determine that such an appointment would not be consistent with the Board s fiduciary obligations to our shareholders. In accordance with its fiduciary duties, the Board will periodically make a determination as to the appropriateness of its policies in connection with the recruitment and succession of the Chairman and Chief Executive Officer.

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;
- 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 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.

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 2016 Annual Meeting of Shareholders. 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 of Directors 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 mandatory retirement age for Directors?

As disclosed in our Corporate Governance Guidelines, it is the general policy of the Board of Directors that no individual who would be age 72 or older at the time of his or her election will be eligible to stand for election to the Board. The Board may, at its discretion, waive this age limitation. While no Directors will be age 72 or older at the time of Kohl s 2016 Annual Meeting of Shareholders, Mr. Watson will turn 72 prior to Kohl s 2017 Annual Meeting of Shareholders. In February 2016, the Board determined that, subject to the normal nomination processes, Mr. Watson would be eligible to stand for election at the 2017 Annual Meeting of Shareholders notwithstanding this age limitation.

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, 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 an Annual Meeting of Shareholders. If you decide to conduct your own proxy solicitation, to be timely for the 2017 Annual Meeting of Shareholders, the notice must be received by us by January 11, 2017. 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 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 was filed with the Securities and Exchange Commission and will be provided to you upon written request.

In addition, Kohl s Bylaws were amended in November 2015 to generally permit an eligible shareholder, or a group of up to 20 shareholders, that has continuously owned at least three percent of Kohl s outstanding shares of common stock for three years to include in Kohl s proxy materials Director nominations of up to the greater of two Directors and 20% of the number of Directors currently serving on the Kohl s Board, subject to the terms and conditions specified in the Bylaws. Pursuant to our Bylaws, to be timely for inclusion in the proxy materials for our 2017 Annual Meeting of Shareholders, notice must be received by our corporate Secretary between October 25, 2016 and November 24, 2016. The requirements for such proxy access are detailed in our Bylaws, a copy of which was filed with the Securities and Exchange Commission and 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 receive an annual retainer fee of $100,000. The independent Lead Director receives an additional retainer fee of $40,000. Chairpersons of the Compensation Committee and the Audit Committee receive an additional $20,000 retainer fee, and the Chairperson of the Governance & Nominating Committee receives an additional $15,000 retainer fee. Non-employee Directors also receive retainer fees for membership on the Compensation, Audit, Governance & Nominating and Executive Committees. Committee member retainers are $5,000 for Governance & Nominating Committee members, $10,000 for Compensation Committee members and $15,000 for Audit Committee and Executive Committee members. Directors receive 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.

Equity awards 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 restricted shares, typically have a grant date fair value of approximately $100,000, calculated in accordance with FASB ASC Topic 718. Accordingly, each of the non-employee Directors that were re-elected to the Board at the 2015 Annual Meeting of Shareholders received a grant of 1,547 restricted shares. The restricted shares 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), assuming full reinvestment of all such dividends, and have all other rights as a holder of outstanding shares of our stock.

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Director Compensation Table

The following table provides each element of compensation paid or granted to each non-employee Director for services rendered during fiscal 2015. 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 2016 for services rendered in fiscal 2015.

	Fees Earned or Paid in Cash $	Stock Awards $[1]	Total $
Peter Boneparth	$ 115,000	$ 99,967	$ 214,967
Steven A. Burd	$ 130,000	$ 99,967	$ 229,967
Dale E. Jones	$ 115,000	$ 99,967	$ 214,967
Jonas Prising[2]	$ 52,500	$ 99,981	$ 152,481
John E. Schlifske	$ 120,000	$ 99,967	$ 219,967
Frank V. Sica	$ 150,000	$ 99,967	$ 249,967
Peter M. Sommerhauser[3]	$ 38,333	$	$ 38,333
Stephanie A. Streeter	$ 135,000	$ 99,967	$ 234,967
Nina G. Vaca	$ 120,000	$ 99,967	$ 219,967
Stephen E. Watson	$ 195,000	$ 99,967	$ 294,967

(1) The amounts shown represent the aggregate grant date fair value for awards granted in 2015, computed in accordance with FASB ASC Topic 718. Each Director who was re-elected to the Board of Directors at the 2015 Annual Meeting of Shareholders was awarded 1,547 restricted shares. For a discussion of the valuation assumptions used for all stock-based awards, see Note 6 to our fiscal 2015 audited financial statements included in our Annual Report on Form 10-K.

(2) Mr. Prising was first elected to the Board of Directors in August 2015. He was awarded 1,981 restricted shares upon his election.

(3) Mr. Sommerhauser retired from the Board of Directors in May 2015.

As of January 30, 2016, 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[1]
	Vested	Unvested	
Mr. Boneparth			1,587
Mr. Burd	12,208		1,587
Mr. Jones	17,926		1,587
Mr. Prising			2,000
Mr. Schlifske	7,784		1,587
Mr. Sica	3,700		1,587
Ms. Streeter	21,626		1,587
Ms. Vaca	13,753		1,587
Mr. Watson	29,126		1,587

(1) Includes accrued but unvested dividend equivalent shares.

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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 unvested time-based restricted stock, but not including any vested or unvested stock options. This ownership level is to be achieved by the fifth anniversary of the Director s initial election to the Board. All Directors were in compliance with this requirement as of the end of fiscal 2015.

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 Kohl s 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 training 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 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, then Investors, then Corporate Governance. The Code of Ethics can be found under the heading Governance Documents. 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, under the section entitled Investors, or by contacting our Investor Relations staff by e-mail at 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

N56 W17000 Ridgewood Drive

Menomonee Falls, WI 53051

Or

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

directors@kohls.com

Questions or concerns related to financial reporting, internal accounting or auditing matters may be sent to 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 summary 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?

Consistent with many other retail companies, our fiscal year ends on the Saturday closest to January 31. 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 January 30, 2016 is referred to as fiscal 2015.

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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 January 30, 2016 (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 account. Indicated options are all exercisable within sixty days of January 30, 2016.

Name of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Peter Boneparth	14,438(1)	*
Steven A. Burd	25,591(2)	*
Dale E. Jones	27,364(3)	*
Jonas O. Prising	2,000(4)	*
John E. Schlifske	17,737(5)	*
Frank V. Sica	38,999(6)	*
Stephanie A. Streeter	33,578(7)	*
Nina G. Vaca	24,759(8)	*
Stephen E. Watson	40,064(9)	*
Kevin Mansell	1,323,756(10)	*
Sona Chawla	173,123(11)	*
Michelle Gass	157,472(12)	*
Wesley S. McDonald	229,326(13)	*
Richard D. Schepp	155,960(14)	*
All Directors and executive officers as a group (14 persons)	2,264,167(15)	1.2%
Blackrock, Inc. 55 East 52nd Street New York, NY 10022	11,589,110(16)	6.1%
JPMorgan Chase & Co. 270 Park Ave.	11,971,158(17)	6.3%

New York, NY 10017		
State Street Corporation. 1 Lincoln Street Boston, MA 02111	9,484,605[18]	5.0%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	14,583,133[19]	7.6%
Vanguard Group Inc. 100 Vanguard Blvd. Malvern, PA 19355	16,299,104[20]	8.6%

*   Less than 1%.

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(1) Includes 1,587 unvested restricted shares.
(2) Includes 1,587 unvested restricted shares and 12,208 shares represented by stock options.
(3) Includes 1,587 unvested restricted shares and 17,926 shares represented by stock options.
(4) Consists of 2,000 unvested restricted shares.
(5) Includes 1,587 unvested restricted shares and 7,784 shares represented by stock options.
(6) Includes 14,628 shares held by Mr. Sica s spouse, 1,587 unvested restricted shares and 3,700 shares represented by stock options.
(7) Includes 1,587 unvested restricted shares and 21,626 shares represented by stock options.
(8) Includes 1,587 unvested restricted shares and 13,753 shares represented by stock options.
(9) Includes 1,587 unvested restricted shares and 29,126 shares represented by stock options.
(10) Includes 220,492 shares held in trust for the benefit of Mr. Mansell, as to which Mr. Mansell serves as co-trustee and has shared voting and investment power, 40,877 shares held by Mr. Mansell s spouse, 163,058 unvested restricted shares, and 754,597 shares represented by stock options.
(11) Consists of 173,123 unvested restricted shares.
(12) Includes 106,379 unvested restricted shares.
(13) Includes 48,234 unvested restricted shares and 131,338 shares represented by stock options.
(14) Includes 60,630 unvested restricted shares, 44,512 shares represented by stock options and 1,813 shares held in Mr. Schepp s 401(k) account.
(15) Includes 1,036,570 shares represented by stock options.
(16) According to the Schedule 13G filed February 10, 2016 by Blackrock, Inc. (Blackrock), Blackrock was the beneficial owner of 11,589,110 shares of Kohl s common stock as of December 31, 2015. The filing indicates that Blackrock has sole voting power with respect to 9,647,178 shares, sole dispositive power with respect to 11,552,137 shares, shared voting power with respect to 36,973 shares and shared dispositive power with respect to 36,973 shares.
(17) According to the Schedule 13G filed January 19, 2016 by JPMorgan Chase & Co. (JPMorgan), JPMorgan was the beneficial owner of 11,971,158 shares of Kohl s common stock as of December 31, 2015. The filing indicates that JPMorgan has sole voting power with respect to 11,676,698 shares, sole dispositive power with respect to 11,944,544 shares, shared voting power with respect to 39,472 shares and shared dispositive power with respect to 26,014 shares.
(18) According to the Schedule 13G filed February 22, 2016 by State Street Corporation (State Street), State Street was the beneficial owner of 9,484,605 shares of Kohl s common stock as of December 31, 2015. The filing indicates that State Street has shared voting and shared dispositive power with respect to all 9,484,605 shares.
(19) According to the Schedule 13G filed February 11, 2016 by T. Rowe Price Associates, Inc. (T. Rowe), T. Rowe was the beneficial owner of 14,583,133 shares of Kohl s common stock as of December 31, 2015. The filing indicates that T. Rowe has sole voting power with respect to 4,646,081 shares and sole dispositive power with respect to 14,551,633 shares.
(20) According to the Schedule 13G filed February 10, 2016 by Vanguard Group, Inc. (Vanguard), Vanguard was the beneficial owner of 16,299,104 shares of Kohl s common stock as of December 31, 2015. The filing indicates that Vanguard has sole voting power with respect to 356,061 shares, sole dispositive power with respect to 15,925,087 shares, shared voting power with respect to 19,700 shares and shared dispositive power with respect to 374,017 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 ten members.

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 of Directors. 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.

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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
Peter Boneparth	56	2008
Former Senior Advisor, Irving Place Capital Partners, a private equity group, from February 2009 to November 2014. 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 companies specializing 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.		
Steven A. Burd	66	2001
Founder and Chief Executive Officer of Burd Health LLC, a company helping self-insured employers manage their healthcare costs with the goal of improving the health and fitness of the workforce, since 2013. Former Chairman, Chief Executive Officer and President of Safeway Inc., an operator of grocery store chains. Mr. Burd served as Safeway s Chairman of the Board of Directors from 1998 until his retirement in May 2013, Chief Executive Officer from 1993 until his retirement in May 2013 and previously served as President from 1992 to 2012. He is currently a director of Blackhawk Network Holdings, Inc., a prepaid payment network offering a broad range of gift cards, other prepaid products and payment services.		
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, healthcare costs, corporate finance, accounting and marketing and his considerable management, directorial, and board committee experience.		

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	Age	Director Since
Dale E. Jones	56	2008

Chief Executive Officer and President of Diversified Search, a leading executive search firm, since January 2015. Previously served as President of Diversified Search from October 2013 to January 2015. Former Vice Chairman and partner of the CEO and Board Practice in the Americas at Heidrick and Struggles, from January 2009 to September 2013. Former 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.

The Governance & 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 Trustee of another company and his broad-based knowledge in the areas of consumer products, executive compensation and general human resources.

Kevin Mansell	63	1999

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.

The Governance & Nominating Committee believes Mr. Mansell s qualifications to serve on our Board of Directors include his 39 years of retail experience, including 33 years with Kohl s and 16 years as our President. His insight and direct knowledge of Kohl s current operations and strategic opportunities within the retail industry is also invaluable.

Jonas Prising	51	2015

Chairman and Chief Executive Officer of ManpowerGroup, a leading provider of workforce solutions, since December 2015. Mr. Prising held a number of executive management positions since he joined ManpowerGroup in 1999, including Chairman and Chief Executive Officer since December 2015, Chief Executive Officer from May 2014 to December 2015, President from November 2012 to May 2014, President of ManpowerGroup The Americas from November 2009 to May 2014, and Executive Vice President from January 2006 to November 2010. He is currently a director of ManpowerGroup.

The Governance & Nominating Committee believes Mr. Prising s qualifications to serve on our Board of Directors include his experience as Chairman and Chief Executive Officer of a large company with complex operations and his broad-based knowledge of workforce solutions, labor market expertise and global perspective, having lived and worked in multiple countries around the world.

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	Age	Director Since
John E. Schlifske	56	2011

Chairman and Chief Executive Officer of The Northwestern Mutual Life Insurance Company since 2010. Mr. Schlifske held a number of executive management positions at The Northwestern Mutual Life Insurance Company since 1987, including Chairman and Chief Executive Officer since July 2010, President from March 2009 through July 2010 and July 2013 through April 2014, interim President and Chief Executive Officer of Frank Russell Investment Company (at that time, a subsidiary of The 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.

The Governance & 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.

Frank V. Sica	65	1988

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. Mr. Sica is currently a director of CSG Systems International, an account management and billing software company for communication industries, JetBlue Airways Corporation, a commercial airline, and Safe Bulkers, Inc., a marine drybulk transportation services company.

The Governance & 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.

Stephanie A. Streeter	58	2007

Former Chief Executive Officer and Director of Libbey, Inc., a producer of glass tableware and other tabletop products, from August 2011 to January 2016. 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. She is also currently a director of Goodyear Tire & Rubber Company, a manufacturer and distributor of tires and related products and services.

The Governance & 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.

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	Age	Director Since
Nina G. Vaca[1]	44	2010

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, and Cinemark Holdings, Inc., a motion picture exhibitor.

The Governance & 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 other public companies; and her broad-based knowledge in the areas of information technology, human resources, marketing and e-commerce.

Stephen E. Watson	71	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. 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 2016, 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.

(1) Professional name of Ximena G. Humrichouse.

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Based on this review, the Committee affirmatively determined that the following continuing Directors are independent: Peter Boneparth, Steven A. Burd, Dale E. Jones, Jonas Prising, 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, Chief Executive Officer and President.

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

Several of our Directors 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, or may have an economic interest in, 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 arm s 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 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.

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. For the first five years of advisory voting on our compensation programs, an average of over 96% 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 in line with our shareholders expectations.

As part of this pay for performance philosophy, our goals are intended to be difficult to achieve, and failure to achieve the goals have significant consequences. For example, no equity awards were made to the NEOs under our previous equity program based on Kohl s performance in 2013. Because we did not achieve all of our financial goals in 2013, 2014 or 2015, our NEOs received the minimum payout possible under our annual incentive program in each of those years. Those payouts were earned in recognition of the fact that in 2013 and 2015, the Company had outperformed our core peer group (described below), as measured by a weighted average of previously established metrics, and in 2014, Kohl s achieved net income levels within the range forecasted in our initial publicly disclosed annual earnings guidance. Also, because we did not achieve all of our financial goals in 2013 or 2014, certain performance-vested restricted shares granted to three of our then NEOs in April 2013 did not vest and were subsequently cancelled. Taken as a whole, this reflects Kohl s strong commitment to only paying for meaningful performance.

Kohl s management, led by our NEOs, has established a clear path to improve its operating performance. Our senior management team launched Kohl s Greatness Agenda in 2014. The Greatness Agenda creates a strategic framework for the entire organization to align behind identifying our areas of greatest opportunity and defining measurable objectives for improved sales, customer engagement and associate engagement over the next several years. Our senior leaders spend a significant amount of time ensuring that all associates understand and are aligned with this strategic framework. The Bold Moves and Essential Moves outlined in the Greatness Agenda are seen as the keys to accelerating Kohl s growth trajectory. Our senior leaders constantly monitor the status of these initiatives to ensure all of Kohl s associates are working with urgency to make continual progress. In 2015, the senior leadership team spent substantial time reviewing progress made in the first year following the launch of the Greatness Agenda. Upon completion of this detailed review, some of the Bold and Essential moves were updated to ensure continued progress. As it did when the Greatness Agenda was initially rolled out in 2014, senior management went to great lengths to communicate the updates to the Greatness Agenda to each and every one of nearly 140,000 Kohl s associates. While our strategies are intended to drive performance over the longer term, management believes that plans resulting from the Greatness Agenda will drive success in the near-term as well.

Solid progress was made in the first year under the Greatness Agenda. While our sales fell short of the goals we had initially established, Kohl s outperformed its peers from a sales perspective in what was by all accounts a very difficult environment for apparel retailers. This outperformance was in large part driven by the Bold and Essential moves described in the Greatness Agenda. However, our profitability in 2015 fell short of our goals. As such, the Committee took the following actions in early 2016 based on our 2015 financial results:

determined that the performance rating of each of our NEOs was Fully Meets Expectations, which is the middle ranking in our three tier evaluation program;

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- granted 1.50% base salary increases to each of our NEOs; and

- awarded annual incentives to the NEOs pursuant to our Annual Incentive Plan at the lowest level for 2015, in recognition of the fact that our sales results exceeded the blended results of our core peer group, as described below in this report.

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

Fiscal 2015 was also a significant year for Kohl s from a succession planning standpoint. In June, the senior management team was reorganized, with Michelle Gass assuming the newly created role of Chief Merchandising and Customer Officer. Richard Schepp was promoted to the new principal officer position of Chief Administrative Officer. Wesley McDonald, our Chief Financial Officer, was named as a principal officer and a new Chief Operating Officer position was created. These four positions, together with the CEO, are now our principal officer positions. In November, Kohl s fully rounded out its leadership team when it announced the hiring of Sona Chawla as Chief Operating Officer. While Mr. Mansell has no current intention to retire from his positions with the Company, Ms. Chawla and Ms. Gass are expected to be candidates to succeed him as CEO upon his eventual retirement.

Say on Pay

The Committee is pleased with our shareholders strong support of our NEO compensation program. Each year at our Annual Meeting of Shareholders, we hold an advisory vote on the compensation of our NEOs. Our shareholders have consistently shown strong support for our NEO compensation, with an average of over 96% of the votes cast by our shareholders approving this compensation for the five years we have held this advisory vote. In accordance with its charter, the Committee reviews these voting results on an annual basis and following each of the previous votes, 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

We believe executive compensation should be directly linked to corporate performance with the ultimate objective of increasing long-term shareholder value. For this reason, the majority of our executives compensation is earned only upon achievement of performance targets, such as sales, net income, total shareholder return and other financial measurements selected to reinforce the critical linkage between pay and performance. Our use of equity in our compensation program and share ownership guideline requirements creates a strong alignment of the interests of our executives with those of our shareholders.

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

- Provide a competitive total compensation package that enables us to attract, motivate and retain key personnel;

- Support the achievement of our short- and long-term business and strategic objectives by:

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 granted under our long-term incentive program that align executive compensation with the creation of long-term shareholder value;

Provide compensation opportunities that are competitive, internally equitable and linked to demonstrated achievements;

Promote ownership of our stock by our executive officers through equity-based pay and share ownership guideline requirements in order to align their economic interests with those of our shareholders; and

- Provide a balanced compensation program which does not create risks that are reasonably likely to have a material adverse effect on our Company.

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 our business and strategic objectives. To ensure that our pay is competitive, the Committee compares total compensation levels for our executives to pay at other retail companies of similar size. The Committee does not position executives target total direct compensation to a specific percentile of the market data. Instead the Committee considers whether each executive is competitively positioned relative to that market data on a case-by-case basis.

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 review all of our compensation plans, policies and practices. We also consider 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 has engaged a third party compensation consultant (who is separate and independent from the Compensation Committee s 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 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 compensation and long-term incentive awards) or a combination of Company-wide performance and individual performance (e.g., base salary increases).

Our long-term compensation is 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. We also maintain a clawback policy that enables the recapture of previously paid incentive compensation in certain circumstances involving a financial restatement. The Committee believes our long-term incentive 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 transactions, decisions or other actions.

Determining Executive Compensation

Our Committee oversees the compensation programs for our directors and NEOs. 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.

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Compensation Committee Meetings & Advisors

The Committee meets throughout the course of each fiscal year to review issues with respect to executive compensation matters. In addition to preparation meetings and calls, the Committee met four times in fiscal 2015. Prior to each meeting, the Chairman of the Committee prepares the meeting agenda with the assistance of our Chief Administrative Officer. The Chairman 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 and Human Resources executives typically attend Committee meetings, but do not attend executive sessions unless invited by the Committee for a specific purpose. During the course of three of its meetings in 2015, the Committee held executive sessions without management present to discuss executive development and succession plans and make compensation-related decisions.

As set forth in the Committee s charter, the Committee has the authority to retain and terminate any compensation consultant or its own independent legal, accounting or other advisors in its sole discretion. Before retaining any such advisor, the Committee reviews the independence of such advisor, taking into account all relevant factors, including the factors specified in Securities and Exchange Commission rules and New York Stock Exchange listing standards. The Committee is solely responsible for the appointment, compensation and oversight of the work performed by any such consultant or advisor. Kohl s is committed to providing appropriate funding for the payment of reasonable compensation to any advisors retained by the Committee.

The Committee retains an independent outside compensation advisor, Steven Hall of Steven Hall & Partners (SH&P). Mr. Hall participates in Committee meetings as directed by the Chairman. 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 engagement 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:

- 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;
- The fair market value of equity holdings; and

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

Each year, SH&P presents a comprehensive benchmarking analysis comparing compensation paid to our executives with the compensation packages of executives employed by retailers with whom we compete for

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talent. 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. The Committee considers whether each executive is competitively positioned relative to that market data on a case-by-case basis rather than targeting any particular percentile across all positions.

The Committee and SH&P 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. The Committee believes that these sources of competitive compensation information are the best available at this time. The market data reviewed by the Committee in 2015 consisted of newly available data from the Hay Group s 2015 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;

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;

The similarity of the proposed comparator company s business model to Kohl s business model;

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 growth trajectory and corporate strategies.

Following an extensive review of its compensation peer group and other possible comparators, the Committee determined that the 2015 compensation analysis would be based upon the same peer group as used in 2014:

	Market Capitalization ($ Billions)*	**Revenue ($ Billions)***
Bed, Bath & Beyond Inc.	11.8	11.9
The Gap, Inc.	15.9	16.4
J.C Penney Company, Inc.	2.6	12.3
L Brands, Inc.	25.0	11.5
Macy s, Inc.	22.7	28.1
Nordstrom, Inc.	14.2	13.5

Ross Stores, Inc.	20.0	11.0
Sears Holding Corporation	2.9	31.2
The TJX Companies, Inc.	45.0	29.1
Median	15.9	13.5
Kohl s Corporation	12.4	19.0

*All market capitalization & revenue data is rounded. Revenues are 2014 revenues and market capitalization data was the most current information available in August 2015, when the Committee confirmed this peer group.

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The Committee believes this peer group includes retail companies with similar business concepts to ours and should provide a relevant 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. We refer to this set of peers as our core peer group, which includes:

- J.C Penney Company, Inc.;
- Macy s, Inc.;
- Sears Holding Corporation;
- Target Corporation;
- The Gap, Inc.;
- The TJX Companies, Inc.; and
- Ross Stores, Inc.

The Committee has determined that these companies compete with Kohl s for market share in various categories of business. 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 is not a part of 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.

At a meeting in November 2015, 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 2015 based on Fiscal 2014 performance;
- Target Annual Compensation;

Long-Term Incentives; and

Target Total Compensation.

This benchmarking data indicated that each of the NEOs total compensation levels, including the amortized value of all outstanding equity compensation awards, was 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 2016.

Pay-for-Performance

Pay-for-performance is a critical part of Kohl s compensation programs. This is best demonstrated by the fact that our NEOs did not receive any equity awards under our previous equity program based on Kohl s performance in 2013. Similarly, because we did not achieve all of our financial goals in 2013, 2014 or 2015, our NEOs received the minimum payout possible under our annual incentive program in each of those years. Those

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payouts were earned in recognition of the fact that in 2013 and 2015, the Company had outperformed our core peer group (described above), as measured by a weighted average of previously established metrics, and in 2014, Kohl s achieved net income levels within the range forecasted in our initial publicly disclosed annual earnings guidance. Also because we did not achieve all of our financial goals in 2013 or 2014, certain performance-vested restricted shares granted to three of our then NEOs in April 2013 did not vest and were subsequently cancelled. Taken as a whole, this reflects Kohl s strong commitment to only paying for meaningful 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 weighted towards annual and long-term incentive compensation that is based upon Kohl s absolute and relative 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 must be achieved for the NEO to be eligible for various levels of base salary increases. In 2014 and 2015, these criteria included corporate net income, total sales growth, business specific objectives and managerial criteria, such as leadership, vision and strategic planning.

In establishing various levels of annual incentive payout opportunities, the Committee sets goals based on the Company s absolute performance as well as the Company s performance relative to our initial publicly disclosed earnings guidance to investors for the year and to the sales performance of our core peer group.

Long-term equity awards are made pursuant to our long-term incentive plan (LTIP). A significant portion of the awards made pursuant to the LTIP are performance share units (PSUs), with vesting contingent upon attainment of company-wide cumulative financial performance goals over a three-year performance period. The number of shares earned upon vesting of the PSUs is dependent upon Kohl s financial performance, and the number of earned shares is subject to further positive or negative adjustment based on the returns to our investors over this same three year period.

Moreover, the value of any long-term incentive award is dependent upon the future performance of our stock price. We also maintain a clawback policy that enables the recapture of previously paid incentive compensation in certain circumstances involving a financial restatement.

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

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 may be adjusted based upon factors other than or in addition to an executive s 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 that are intended to 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 our executives interests with those of our shareholders.

Prior to the fiscal 2015 performance evaluation, the NEOs performances were assessed on a six-point scale. During the evaluation process, points were awarded to the NEOs for each of their pre-established performance objectives based upon actual corporate performance and their individual performance with respect to the

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individual objectives. Depending on the total points awarded, each NEO received one of the following ratings: (1) unsatisfactory, (2) inconsistent, (3) satisfactory, (4) effective, (5) highly effective, or (6) outstanding.

Beginning with the fiscal year 2015 performance evaluation which was performed in February 2016, each NEO s performance is assessed on a three-point scale. During the evaluation process, points are awarded to the NEOs for each of their pre-established performance objectives based upon actual corporate performance and their individual performance with respect to the individual objectives. The maximum number of points that can be awarded with respect to each performance objective is based on the pre-established weighting of that performance objective. The total points awarded to the NEO equals the sum of the points awarded based on actual performance relative to the each of the individual s performance objectives. Depending on the total points awarded, the NEOs may receive one of the following ratings: (1) inconsistently meets expectations, (2) fully meets expectations, or (3) consistently exceeds expectations.

Chairman, President and CEO

The factors considered by the Committee to evaluate the performance of Mr. Mansell in fiscal years 2014 and 2015 were: (i) corporate net income for the prior fiscal year calculated in accordance with our Annual Incentive Plan, weighted 40%; (ii) total corporate sales growth for the prior fiscal year, weighted 40%; and (iii) other managerial 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.

For the managerial 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 the first quarter of 2014, the Committee determined that Mr. Mansell s performance in fiscal year 2014 would be based upon the following criteria:

Performance Objective	Threshold (Inconsistent)	Maximum (Outstanding)	Objective Weighting
Net Income (in millions)	$ 725	>$ 975	40%
Total Sales (in billions)	$ 18.0	>$ 20.0	40%
Company Exceeds Peer Performance Index	Yes		
Managerial Criteria			20%

In February 2015, the Committee assessed Mr. Mansell s 2014 performance against these objectives. The Company s net income in 2014 was $867 million, which fell within the Effective rating range. Similarly, Total Sales were $19.02 billion, which also fell within the Effective range. The Committee assessed Mr. Mansell s performance on the managerial criteria as Highly Effective. Overall, Mr. Mansell earned a rating of Effective for fiscal 2014.

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In the first quarter of 2015, the Committee determined that Mr. Mansell s performance in fiscal year 2015 would be based upon the following criteria:

Performance Objective	Inconsistently Meets Expectations	Fully Meets Expectations	Consistently Exceeds Expectations	Objective Weighting
Net Income (in millions)	<$ 774	$ 774 to 979	>$ 979	40%
Total Sales (in billions)	<$ 18.7	$ 18.7 to 20.3	>$ 20.3	40%
Managerial Criteria				20%

In February 2016, the Committee assessed Mr. Mansell s 2015 performance against these objectives. The Company s net income in 2015 was $781 million, which fell within the Fully Meets Expectations rating range. Similarly, Total Sales were $19.2 billion, which also fell within the Fully Meets Expectations range. The Committee assessed Mr. Mansell s performance on the managerial criteria as Fully Meets Expectations. Overall, Mr. Mansell earned a rating of Fully Meets Expectations for fiscal 2015.

Other NEOs

The Committee delegates to Mr. Mansell the authority to assess the performance of the other NEOs at the end of the fiscal year in accordance with the methodology approved by the Committee. The Committee approves the general performance objectives and the relative weighting of each of these objectives for each of these executives. Mr. Mansell has the authority to establish the specific performance criteria underlying each of the factors, which are generally expected to align with Mr. Mansell s objectives and 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.

In the first quarter of 2014, the Committee determined that the other NEOs performance in fiscal year 2014 would be based upon the following criteria:

Performance Objective	NEOs
Net Income	30%
Total Sales	30%
Business Specific Objectives & Leadership	40%

The 2014 net income and sales targets were established at the same levels as Mr. Mansell s, as described above. Each executive also had two strategic objectives related to their specific areas of the business.

In February 2015, the Committee reviewed the 2014 performance ratings of Ms. Gass and Messrs. McDonald and Schepp. Ratings for each executive s 2014 performance objectives are detailed in the chart below.

Performance Objective	Ms. Gass	Mr. McDonald	Mr. Schepp

Net Income	Effective	Effective	Effective
Total Sales	Effective	Effective	Effective
Business Specific Objectives & Leadership	Highly Effective	Highly Effective	Highly Effective
Overall Rating	**Effective**	**Effective**	**Effective**

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In the first quarter of 2015, the Committee determined that the other NEOs performance in fiscal year 2015 would again be based upon the following criteria:

Performance Objective	NEOs
Net Income	30%
Total Sales	30%
Business Specific Objectives & Leadership	40%

The 2015 net income and sales targets were established at the same levels as Mr. Mansell s, as described above. Each executive also had two strategic objectives related to their specific areas of the business.

In February 2016, the Committee reviewed the 2015 performance ratings of Ms. Chawla, Ms. Gass, Mr. McDonald and Mr. Schepp. Ratings for each executive s 2015 performance objectives are detailed in the chart below.

Performance Objective	Ms. Chawla	Ms. Gass	Mr. McDonald	Mr. Schepp
Net Income	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations
Total Sales	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations
Business Specific Objectives & Leadership	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations	Fully Meets Expectations
Overall Rating	**Fully Meets Expectations**	**Fully Meets Expectations**	**Fully Meets Expectations**	**Fully Meets Expectations**

Elements of Executive Compensation

As described above, 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 incentive 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 take into account and recognize individual contributions and efforts in their specific roles.

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 long-term shareholder value. Accordingly, aggregate compensation paid to our NEOs is weighted towards annual incentive and long-term incentive 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 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.

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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 total sales growth. Likewise, net income and total sales growth comprise 60% of the other NEOs performance objectives.

Annual base salary adjustments for the NEOs in any given year are closely aligned with adjustments given to the remainder of our 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.

Committee Decisions and Analysis

Fiscal 2015 Actions

At its February 2015 meeting, the Committee considered base salary increases for each of our NEOs. The Committee reviewed each NEO s fiscal 2014 performance rating against the following merit increase opportunity grid that had been established in February 2014:

	Unsatisfactory	Inconsistent	Satisfactory	Effective (Target)	Highly Effective	Outstanding
Base Salary Increase as a Percent of Budgeted Increase for All Exempt Associates	0%	0%	50%	75%	100%	133%
Example: Increase Assuming 3% Budgeted for All Exempt Associates	0%	0%	1.50%	2.25%	3.00%	4.00%

Based on their Effective ratings, Messrs. Mansell, McDonald and Schepp and Ms. Gass were determined to have earned a 2.25% salary increase, which was 75% of the 3.0% budgeted increase for all of the Company s management. Accordingly, Mr. Mansell s salary was increased to $1,383,150. Ms. Gass s salary was increased to $953,600. Mr. McDonald s salary was increased to $857,500. Mr. Schepp s salary was increased to $853,600.

Also at the February 2015 meeting, the Committee established the following merit increase opportunity grid for fiscal 2015:

	Inconsistently Meets Expectations	Fully Meets Expectations	Consistently Exceeds Expectations
Base Salary Increase as a Percent of Budgeted Increase for All Exempt Associates	0%	75%	133%
Example: Increase Assuming 2% Budgeted for All Exempt Associates	0%	1.50%	2.66%

In June 2015, Kohl s announced the appointment of Ms. Gass to the position of Chief Merchandising and Customer Officer and the promotion of Messrs. Schepp and McDonald to the principal officer positions of Chief Administrative Officer and Chief Financial Officer, respectively. In conjunction with these appointments, Ms. Gass base salary was increased to $1,100,000, and Mr. Schepp s and Mr. McDonald s base salaries were each increased to $900,000.

Fiscal 2016 Actions

At its February 2016 meeting, the Committee considered base salary increases for each of our NEOs. The Committee reviewed each NEO s fiscal 2015 performance rating against the merit increase opportunity grid that had been established in February 2015. Based on their Fully Meets Expectations ratings, Messrs. Mansell, McDonald and Schepp and Ms. Gass and Ms. Chawla were determined to have earned a 1.50% salary increase, which was 75% of the 2.0% budgeted increase for all of the Company s management. Accordingly, Mr. Mansell s salary was increased to $1,403,900. Ms. Gass s and Ms. Chawla s salaries were each increased to $1,116,500. Mr. McDonald s and Mr. Schepp s salaries were increased to $913,500.

Also at the February 2016 meeting, the Committee determined that the merit increase opportunity grid for fiscal 2016 would be identical to the grid used for 2015.

Annual Incentive Compensation

The purpose of our 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 financial plans each fiscal year. In order for bonuses to be granted at threshold levels or higher under the Annual Incentive Plan, Kohl s performance for a fiscal year must equal or exceed financial goals established by the Committee at the beginning of the year. The Committee directly ties the amount of such awards to various financial performance levels, providing incentives to our executives to maximize long-term shareholder value. These bonus targets reflect our financial goals and strategic plan for the fiscal year. For example, for 2015, bonus tiers were established based upon Kohl s achievement of various levels of net income for the year. The threshold tier requires we achieve a level of net income that is minimally acceptable, but more likely to be attained based on our business plans. The Committee considers the top tier a significant, meaningful, and realistic challenge to the management team to increase our earnings.

For purposes of determining whether net income targets have been achieved, the Committee adjusts Kohl s reported net income to exclude the effects of:

- extraordinary items;
- discontinued operations;
- restructurings;
- acquisitions or divestitures of any division, business segment, subsidiary or affiliate;
- acquisitions or divestitures 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.

If Kohl s does not achieve the pre-established threshold performance levels in any year, a bonus at the lowest end of the range for annual incentive opportunities is still payable to NEOs and other Kohl s managers if:

Kohl s net income is within the range of net income forecasted in our initial publicly disclosed annual earnings guidance; or

Kohl s sales performance for the year exceeds that of a peer performance index. In 2013, 2014 and 2015 the group of peer 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 domestic revenue, was used as the peer performance index.

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Following the Committee s certification 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 2014 Actions

In the first quarter of fiscal 2014, the Committee established the following performance goals and award opportunities for 2014 under the Annual Incentive Plan:

	Achieve Earnings Guidance Tier[1]	Peer Performance Index Tier[2]	Threshold Tier	Top Tier
Net Income Goal (in millions)	Below $890, But Within Earnings Guidance Range	Below $890	$890	$1,035
Sales		Total Sales Beat Peer Performance Index	0.00% Comparable Stores	5.00% Comparable Stores
Award Opportunity (as a percent of base salary):				
CEO and Chairman	40%	40%	65%	250%
Ms. Gass	30%	30%	55%	200%
Messrs. McDonald and Schepp	20%	20%	40%	175%

(1) Assumes Kohl s net income was within the range forecasted in our initial publicly announced earnings guidance.
(2) Assumes Kohl s reported total sales performance exceeded that of the peer performance index.

Fiscal 2015 Actions

In February 2015, the Committee assessed Kohl s performance against the 2014 Annual Incentive Plan targets set forth above. 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 2014. However, as noted above, the Committee had previously determined that a bonus at the lowest end of the range for annual incentive opportunities would be payable if:

Kohl s net income is within the range forecasted in our initial publicly announced earnings guidance; or

Kohl s sales performance for the year exceeds that of a peer performance index. For 2014, the peer performance index was a weighted average of year-over-year domestic revenue growth of our core peer group.

Kohl s 2014 net income exceeded the low end of our initial earnings guidance. Accordingly, the Committee approved Annual Incentive Plan payouts to the NEOs in the following amounts:

	Annual Incentive Plan Payout
Mr. Mansell	$ 541,080
Ms. Gass	279,780
Mr. McDonald	167,720
Mr. Schepp	166,960

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In the first quarter of fiscal 2015, the Committee established the following performance goals and award opportunities for 2015 under the Annual Incentive Plan:

	Achieve Earnings Guidance Tier(1)	Peer Performance Index Tier(2)	Threshold Tier	Top Tier
Net Income Goal (in millions)	Below $855, But Within Earnings Guidance Range	Below $855	$855	$1,025
Sales Goal	1.00% Increase over 2014	Total Sales Beat Peer Performance Index	N/A	N/A
Award Opportunity (as a percent of base salary)(3)(4)				
CEO and Chairman	40%	40%	65%	250%
Ms. Gass	30%	30%	55%	200%
Messrs. McDonald and Schepp	20%	20%	40%	175%

(1) Assumes Kohl s net income was within the range forecasted in our initial publicly announced earnings guidance.
(2) Assumes Kohl s reported total sales performance exceeded that of the peer performance index.
(3) Upon the promotion of Messrs. McDonald and Schepp to principal officer positions in June 2015, they became eligible for Annual Incentive Plan awards at the same level as Ms. Gass.
(4) Ms. Chawla joined the Company in November 2015. At that time, the Committee established her performance goals and award opportunities. Her award opportunities were the same as those of Ms. Gass.

In the first quarter of fiscal 2016, the Committee assessed Kohl s performance against the 2015 Annual Incentive Plan targets set forth above. 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 2015. However, as noted above, the Committee had previously determined that a bonus at the lowest end of the range for annual incentive opportunities would be payable if:

Kohl s net income is within the range forecasted in our initial publicly announced earnings guidance; or

Kohl s sales performance for the year exceeds that of a peer performance index. For 2015, the peer performance index was a weighted average of year-over-year domestic revenue growth of our core peer group.

Kohl s 2015 sales exceeded that of the previously established peer performance index. Accordingly, the Committee approved Annual Incentive Plan payouts to the NEOs in the following amounts:

	Annual Incentive Plan Payout
Mr. Mansell	$ 553,260

Ms. Gass	330,000
Ms. Chawla	55,011[1]
Mr. McDonald	270,000
Mr. Schepp	270,000

[1] Ms. Chawla received a prorated Annual Incentive Plan payout.

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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 among 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.

Long-term equity incentive awards to our NEOs are typically considered on an annual basis. In January 2014, the Committee adopted the Company s LTIP for its most senior executives. The LTIP is intended to achieve the Committee s goals of, among other things, improving the efficiency of long-term equity incentive awards and driving our senior leaders to deliver increased sales and profitability. Under the LTIP, annual long-term equity incentive awards are intended typically to be a blend of PSUs which will vest in an amount contingent upon the achievement of multi-year financial performance goals and time-vested restricted stock which will vest over a multi-year period. As described below, PSU awards are also subject to a modifier that can increase or decrease the value actually realized by the recipient based on Kohl s total shareholder return relative to a group of peer companies over the performance period. The blend of awards under the LTIP is intended typically to be weighted more heavily to PSUs.

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 award shares granted each year as a percentage of our total outstanding shares) to monitor how our pool of shareholder-approved equity award shares is being utilized.

Committee Decisions and Analysis

Fiscal 2015 Actions

In the first quarter of 2015, the Committee granted long-term equity incentive awards to the NEOs pursuant to the LTIP. These awards were comprised of a blend of:

- 60% performance share units which will vest in an amount contingent on the Company s cumulative net income (calculated in accordance with our Annual Incentive Plan) and cumulative sales, equally weighted, over a three-year performance period from fiscal 2015 through fiscal 2017, with target-level payouts only occurring if we achieve the levels set forth in our 3-Year Financial Plan; and

- 40% time-vested restricted stock which will vest in four equal installments on the first through fourth anniversaries of the date of grant.

For the 2015-2017 LTIP grant, the Committee approved the following grant date dollar value of awards for our NEOs (assuming achievement of target performance under the performance share units for the 2015-2017 performance period):

Aggregate Grant Date Target Dollar Value of LTIP Awards [1]	
Mr. Mansell	$ 6,000,000
Ms. Gass	$ 1,750,000
Messrs. McDonald and Schepp	$ 1,000,000

(1) The ultimate value of these awards is dependent upon Kohl s actual performance for the 2015-2017 performance period and the market value of Kohl s stock at the time of vesting.

As mentioned above, 60% of the aggregate grant date dollar value of the 2015-2017 LTIP grants was in the form of performance share units. The number of units actually earned is dependent upon Kohl s actual performance over the three year fiscal 2015-2017 period. Upon achievement of the predetermined target level of performance, the executive officers will receive 100% of the performance share units awarded. At the threshold level of performance, 50% of the performance share units will be earned and at the maximum level, 200% of the performance share units will be earned. The number of performance share units received at performance between these levels will be determined based on straight-line interpolation. In the event performance does not meet threshold levels, then none of the performance share units will be earned.

The number of shares that may be earned upon vesting of the performance share units is also subject to a modifier that can increase or decrease the value actually realized by the recipient based on Kohl s total shareholder return relative to a group of peer companies[1] over the three-year performance period. These peer companies were used as a comparator group because they are also used for benchmarking compensation as a part of the Hay Group s custom data. If Kohl s relative total shareholder return is in the top quartile of the peer group, then the performance share units earned in accordance with the preceding paragraph will be increased by 25%. Conversely, if Kohl s relative total shareholder return is in the bottom quartile, then the performance share units earned will be reduced by 25%. There will be no adjustment if our total shareholder return is in the second or third quartile.

Pursuant to the terms of her offer of employment, on December 15, 2015, Ms. Chawla received performance share units with a grant date value of $1,000,000. The number of units actually earned is dependent upon Kohl s actual performance over the three year fiscal 2015-2017 period. The terms of Ms. Chawla s performance share units are identical to those described above for the other NEOs.

In the first quarter of both 2014 and 2015, the Committee certified that Kohl s did not achieve the net income goal of $900 million in 2013 and 2014 previously established for the performance-vested restricted shares granted to Messrs. McDonald and Schepp in 2013. Accordingly, these shares did not vest and were subsequently cancelled.

Fiscal 2016 Actions

The Committee will consider LTIP awards to the NEOs for the 2016-2018 performance period after the filing of this proxy statement.

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.

(1) For the 2015-2017 LTIP those companies are: Abercrombie & Fitch Co. (ANF), American Eagle Outfitters, Inc. (AEO), Ascena Retail Group Inc. (ASNA), Best Buy Co., Inc. (BBY), Bon-Ton Stores Inc. (BONT), Carter s, Inc. (CRI), Chico s, Inc. (CHS), The Children s Place, Inc. (PLACE), Dick s Sporting Goods Inc. (DKS), DSW Inc. (DSW), Express Inc. (EXPR), The Gap, Inc. (GPS), The Home Depot, Inc. (HD), J.C. Penney Company, Inc. (JCP), Kate Spade & Company (KATE), L Brands, Inc. (LTD), Macy s, Inc. (M), New York &

Company, Inc. (NWY), Nordstrom, Inc. (JWN), PVH Corp. (PVH), Ross Stores Inc. (ROST), Sears Holdings Corporation (SHLD), Stage Stores Inc. (SSI), Staples, Inc. (SPLS), Target Corp. (TGT) and The TJX Companies, Inc. (TJX).

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Deferred Compensation

We maintain non-qualified deferred compensation plans for approximately 420 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 Guidelines

The Committee believes that executive stock ownership is important to align the interests of our executives with those of our shareholders. Our executive stock ownership guidelines require Mr. Mansell to maintain ownership equal to five times his base salary. The other NEOs 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 time-based restricted stock and performance share units. All of the NEOs, as well as each of our Executive Vice Presidents, were in compliance with these guidelines as of the end of fiscal 2015.

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.

All Kohl s associates, including 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 the Company in that the executive benefits from clarity of the terms of his or her employment, as well as protection from wrongful termination, while Kohl s benefits 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.

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SUMMARY COMPENSATION TABLE

The table below summarizes information concerning compensation for fiscal 2015 of those persons who were at January 30, 2016: (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