

KOHLS Corp
Form S-3ASR
May 24, 2018

As filed with the Securities and Exchange Commission on May 24, 2018

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
Under
The Securities Act of 1933

KOHL S CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of
incorporation or organization)

39-1630919
(I.R.S. Employer Identification No.)

N56 W17000 Ridgewood Drive

Menomonee Falls, Wisconsin 53051

(262) 703-7000

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Bruce Besanko
Chief Financial Officer

Edgar Filing: KOHLS Corp - Form S-3ASR

N56 W17000 Ridgewood Drive

Menomonee Falls, Wisconsin 53051

(262) 703-7000

(Name, Address, Including Zip Code, and Telephone Number,

Including Area Code, of Agent for Service)

Copies to:

Dennis F. Connolly

Jason J. Kelroy

Godfrey & Kahn, S.C.

**Executive Vice President, General Counsel and
Secretary**

833 E. Michigan St.

N56 W17000 Ridgewood Drive

Suite 1800

Menomonee Falls, Wisconsin 53051

Milwaukee, Wisconsin 53202

(262) 703-7000

(414) 273-3500

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated file, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has selected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities (2)				
Preferred Stock, \$0.01 par value (2)				
Depository Shares (1)(2)				
Common Stock, \$0.01 par value (2) Warrants (2)	(3)	(3)	(3)	(3)
(1)				

In the event the registrant elects to offer to the public fractional interests in shares of the preferred stock registered hereunder, depository receipts will be distributed to those persons purchasing such fractional interests and the preferred stock will be issued to the depository under the deposit agreement. No separate consideration will be received for the depository shares.

(2)

This registration statement also covers such indeterminate amount of securities as may be issued in exchange for, or upon conversion or exercise of, as the case may be, the securities registered hereunder and delayed delivery contracts that may be issued by the registrant under which the counterparty may be required to purchase debt securities, preferred stock, depository shares, common stock, or warrants pursuant to the anti-dilution provisions of any of the securities registered hereunder. In addition, any of the securities registered hereunder may be sold separately or as units with other securities registered hereunder.

(3)

An indeterminate amount of securities to be offered at indeterminate prices is being registered pursuant to this registration statement. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the registrant is deferring payment of all of the registration fees.

PROSPECTUS

Debt Securities

Preferred Stock

Depositary Shares

Common Stock

Warrants

Offered by

KOHL S CORPORATION

Kohl s Corporation may offer to sell from time to time, in one or more series, any of the securities, or any combination of the securities, described in this prospectus.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continued or delayed basis.

Our principal executive offices are located at N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051, and the telephone number is (262) 703-7000.

We will provide specific terms of these securities, and the manner in which they are being offered, in supplements to this prospectus. These securities cannot be sold unless this prospectus is accompanied by a prospectus supplement. You should read this prospectus and any supplement carefully before you invest.

Our common stock is traded on the New York Stock Exchange under the symbol KSS.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated May 24, 2018.

You should rely only on the information contained in or incorporated by reference in this prospectus and the applicable prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus or the applicable prospectus supplement is accurate as of any date after the dates on the front of this prospectus or the applicable prospectus supplement, as applicable, or for information incorporated by reference, as of the dates of that information.

TABLE OF CONTENTS

	Page
About This Prospectus	1
Where You Can Find More Information About Kohl s	1
Cautionary Statements Relating to Forward-Looking Information	2
The Company	2
Use of Proceeds	2
Ratios of Earnings to Fixed Charges	3
The Securities We May Offer	3
Description of Debt Securities	3
Description of Capital Stock	12
Description of Depositary Shares	15
Description of Warrants	18
Book-Entry Securities	21
Plan of Distribution	23
Legal Matters	25
Experts	25

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under this shelf registration process, we may from time to time sell any of the securities, or any combination of the securities, described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of those securities and their offering. The prospectus supplement also may add, update or change information contained in this prospectus. The registration statement that contains this prospectus (including the exhibits to the registration statement) contains additional information about us and the securities offered under this prospectus. That registration statement can be read at the SEC's web site or at the SEC's offices mentioned under the heading "Where You Can Find More Information About Kohl's".

Unless the context otherwise indicates, the terms "Kohl's", "we", and "our" mean Kohl's Corporation and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE

INFORMATION ABOUT KOHL'S

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room.

Our common stock is listed and traded on the New York Stock Exchange (the NYSE).

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update this prospectus. In the case of a conflict or inconsistency between information set forth in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on or after the date of this prospectus until we sell all of the securities offered by this prospectus or terminate this offering:

(1)

our annual report on Form 10-K for the fiscal year ended February 3, 2018;

(2)

Edgar Filing: KOHLS Corp - Form S-3ASR

our current reports on Form 8-K dated March 1, 2018, April 2, 2018, April 10, 2018, April 13, 2018, April 16, 2018, April 26, 2018, May 9, 2018, May 16, 2018 and May 22, 2018;

(3)

the description of our common stock contained in our registration statement on Form 8-B dated June 28, 1993, as updated from time to time by our subsequent filings with the SEC.

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including the related exhibits under Item 9.01, is not incorporated by reference in this prospectus.

You may request a copy of these filings (excluding exhibits), at no cost, by writing or telephoning our chief financial officer at the following address:

Bruce Besanko

Chief Financial Officer

Kohl's Corporation

N56 W17000 Ridgewood Drive

Menomonee Falls, WI 53051

(262) 703-7000

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION

This prospectus and any prospectus supplement, and the documents incorporated herein and therein by reference, may contain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Exchange Act. Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events we expect or anticipate will occur in the future. Words such as believes, anticipates, plans, may, intends, will, should, expects and similar expressions identify forward-looking statements. Such statements may relate to future revenues, earnings, store openings, market conditions, new strategies and the competitive environment. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements. These risks and uncertainties include, but are not limited to those described in Item 1A of our annual report on Form 10-K for the fiscal year ended February 3, 2018, which is incorporated into this prospectus by reference, and other factors as may periodically be described in our filings with the SEC. Forward-looking statements speak as of the date made, and we undertake no obligation to update them, except as required by law.

THE COMPANY

Kohl's is a leading omnichannel retailer with more than 1,100 stores in 49 states and an e-Commerce website (www.Kohls.com). We sell moderately priced proprietary and national brand apparel, footwear, accessories, beauty and home products. Our stores generally carry a consistent merchandise assortment with some differences attributable to regional preferences. Our website includes merchandise which is available in our stores, as well as merchandise which is available only on-line.

USE OF PROCEEDS

Unless we indicate a different use in the applicable prospectus supplement, the net proceeds from the sale of the securities will be added to our general funds and will be used for general corporate purposes, which may include funding our share repurchase program, meeting our working capital requirements, the repayment or refinancing of debt and funding capital expenditures.

Edgar Filing: KOHLS Corp - Form S-3ASR

Until we apply the proceeds from the sale of the securities, we may temporarily invest any proceeds that are not immediately applied to the above purposes in U.S. government or agency obligations, commercial paper, money market accounts, short-term marketable securities, bank deposits or certificates of deposit, repurchase agreements collateralized by U.S. government or agency obligations or other short-term investments.

RATIOS OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the periods presented are shown in the table below.

	Fiscal Year Ended (1)				
	February 3, 2018	January 28, 2017	January 30, 2016	January 31, 2015	February 1, 2014
Ratio of earnings to fixed charges	3.4	2.8	3.1	3.6	3.7

(1)

All years presented were 52-week years except for the year ended February 3, 2018, which was a 53-week year.

Earnings consist of income before income taxes and fixed charges after eliminating capitalized interest. Fixed charges consist of interest expense, including capitalized interest, and amortization of deferred financing fees, plus the portion of rent expense representative of interest.

THE SECURITIES WE MAY OFFER

We may sell from time to time in one or more offerings:

.

debt securities;

.

preferred stock;

.

depository shares;

.

common stock; and/or

.

warrants to purchase any of the securities listed above.

The summaries of certain provisions of the securities contained in this prospectus are not complete. You should refer to all the provisions of the securities and applicable indentures, articles of amendment, deposit agreements and warrant agreements for a complete description of the securities.

The particular terms of the securities offered by any prospectus supplement will be described in the prospectus supplement relating to those securities. If indicated in a prospectus supplement, the terms of any particular securities may differ from the terms we summarize below. The prospectus supplement will also contain information, where applicable, about material United States federal income tax considerations relating to the securities, and the securities exchange, if any, on which the securities will be listed.

DESCRIPTION OF DEBT SECURITIES

This section describes the general terms and provisions of the debt securities. The prospectus supplement will describe the specific terms of the debt securities offered through that prospectus supplement and any general terms outlined in this section that will not apply to those debt securities.

The debt securities will be issued under an indenture dated as of December 1, 1995 between us and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to The Bank of New York, as Trustee, as amended. This indenture, as amended, is referred to in this prospectus as the indenture. The trustee of the indenture is referred to in this prospectus as the trustee, and the debentures, notes, bonds and other evidences of indebtedness that we issue and the trustee authenticates and delivers under the indenture are referred to as debt securities.

We have summarized selected terms and provisions of the indenture in this section. The summary is not complete. You should read the indenture for additional information before you buy any debt securities. We have filed the indenture as an exhibit to the registration statement of which this prospectus is a part. Section references below are to the applicable section in the indenture.

As used under this heading Description of Debt Securities, the terms Kohl s, we, and our mean Kohl s Corporation issuer of the debt securities.

General

The indenture does not limit the amount of debt securities that we may issue. The indenture provides that debt securities may be issued up to the principal amount authorized by us from time to time. The debt securities will be unsecured and will rank equally as to payments with all of our other unsecured and unsubordinated debt.

The debt securities constitute an obligation of Kohl s Corporation, not of our subsidiaries. Our subsidiaries, however, own substantially all of our consolidated assets and conduct substantially all of our consolidated operations. As a result, the debt securities are structurally subordinated to the prior claims of our subsidiaries creditors (including trade creditors) and our subsidiaries preferred stockholders, if any, except to the extent that Kohl s Corporation may itself be a creditor with recognized claims against a subsidiary.

The debt securities may be issued in one or more separate series. The applicable prospectus supplement relating to a particular series of debt securities will specify the particular amounts, prices and terms of those debt securities. These terms may include:

.

the title of the debt securities;

.

any limit on the aggregate principal amount of the debt securities;

.

the date or dates on which principal on the debt securities will be payable;

.

the interest rate or rates of the debt securities, or the method of determining those rates, the date from which interest will accrue, the interest payment dates and the record dates for the interest payable on any interest payment date;

.

the place or places where payments may be made on the debt securities or the method of such payment;

.

any mandatory or optional redemption provisions applicable to the debt securities;

.

any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;

.

the denominations of the debt securities, if other than multiples of \$1,000;

.

the portion of principal amount of the debt securities payable upon acceleration of maturity, if other than the principal amount;

.

the currency or currencies in which payment of principal of and interest on the debt securities will be made;

.

the manner in which the amounts of principal, premium or interest payments on the debt securities will be determined, if those amounts may be determined by reference to an index based on a currency or currencies other than that in which the debt securities are denominated or designated to be payable or by reference to a commodity, commodity index, stock exchange index or financial index;

.

if principal or interest payments on the debt securities are to be made in a currency other than the denominated currency, the manner in which the exchange rate with respect to those payments will be determined;

.

whether the debt securities will be issued in fully registered form or in bearer form;

.

whether the debt securities will be issued in definitive form or in book-entry form and, if in book-entry form, the depositary or depositaries;

.

any terms on which the debt securities may be converted into or exchanged for stock or other securities of Kohl's or other entities, any specific terms relating to the adjustment of the conversion or exchange ratio and the period during which the debt securities may be converted or exchanged;

.

any changes to or additional events of default or covenants; and

.

any other terms of the debt securities.

Unless we indicate otherwise in the applicable prospectus supplement, principal of and any premium and interest on the debt securities will be payable, and the debt securities will be exchangeable and transfers of debt securities will be registrable, at the corporate trust office of the trustee. At our option, we may pay interest by check mailed on or before the applicable interest payment date to the address of the person whose name and address appears in the security register. Unless we indicate otherwise in the applicable prospectus supplement, we will pay any interest due on any debt security to the person in whose name the debt security is registered at the close of business on the regular record date for that interest. (Sections 2.5 and 2.14)

Unless we indicate otherwise in the applicable prospectus supplement, the debt securities will be issued only in fully registered form without coupons in denominations of \$1,000 and in integral multiples of \$1,000. No service charge will be made for any transfer or exchange of the debt securities, but we may require payment of any tax or other governmental charge payable in connection with any transfer or exchange. (Sections 2.1, 2.3 and 2.8)

We may issue some of the debt securities as original issue discount securities to be offered and sold at a substantial discount below their stated principal amount. The prospectus supplement will also contain any special federal income tax, accounting or other information relating to original issue discount securities.

Certain Covenants

Restrictions on Liens. The indenture contains a covenant that we will not, and we will not permit any of our restricted subsidiaries to, issue, assume or guarantee any indebtedness secured by any mortgage upon any operating property or operating asset of Kohl's Corporation or any restricted subsidiary without securing the debt securities (and, if we so determine, any other indebtedness ranking equally with the debt securities) equally and ratably with such indebtedness.

This covenant will not prevent us or any of our restricted subsidiaries from issuing, assuming or guaranteeing:

.

any purchase money mortgage on such property simultaneously with or within 180 days after the later of (1) the acquisition or completion of construction or completion of substantial reconstruction, renovation, remodeling, expansion or improvement (each, a substantial improvement) of such property, or (2) the placing in operation of such property after the acquisition or completion of any such construction or substantial improvement;

.

an existing mortgage on property not previously owned by Kohl's Corporation or a restricted subsidiary, including in each case indebtedness incurred for reimbursement of funds previously expended for any substantial improvements to or acquisitions of property. However:

-

the mortgage must be limited to any or all of (1) such acquired or constructed property or substantial improvement (including accretions thereto), (2) the real property on which any construction or substantial improvement occurs or (3) with respect to distribution centers, any equipment used directly in the operation of, or the business conducted on, the real property on which any construction or substantial improvement occurs; and

-

the total amount of the indebtedness secured by the mortgage, together with all other indebtedness to persons other than Kohl's Corporation or a restricted subsidiary secured by mortgages on such property, shall not exceed the lesser of (1) the total costs of such mortgaged property, including any costs of construction or substantial improvement, or (2) the fair market value of the property immediately following the acquisition, construction or substantial improvement;

.

any mortgage on real property or, with respect to distribution centers, on equipment used directly in the operation of, or the business conducted on, such mortgaged real property, which is the sole security for indebtedness:

-

incurred within three years after the latest of (1) the date of issuance of the first series of debt securities under the indenture (February 6, 1996), (2) the date of the acquisition of the real property or (3) the date of the completion of construction or substantial improvement on such real property;

-

incurred for the purpose of reimbursing us or our restricted subsidiary for the cost of acquisition and/or the cost of improvement of such real property and equipment;

-

the amount of which does not exceed the lesser of the aggregate cost of the real property, improvements and equipment or the fair market value of that real property, improvements and equipment; and

-

the holder of which shall be entitled to enforce payment of such indebtedness solely by resorting to the security for such mortgage, without any liability on the part of Kohl's Corporation or a restricted subsidiary for any deficiency;

.

mortgages existing on the date of the indenture, mortgages on assets of a restricted subsidiary existing on the date it became a subsidiary or mortgages on the assets of a subsidiary that is newly designated as a restricted subsidiary if the mortgage would have been permitted under the provisions of this paragraph if such mortgage was created while the subsidiary was a restricted subsidiary;

mortgages in favor of Kohl's Corporation or a restricted subsidiary;

mortgages securing only the indebtedness issued under the indenture; and

mortgages to secure indebtedness incurred to extend, renew, refinance or replace indebtedness secured by any mortgages referred to above, provided that the principal amount of the extended, renewed, refinanced or replaced indebtedness does not exceed the principal amount of indebtedness so extended, renewed, refinanced or replaced, plus transaction costs and fees, and that any such mortgage applies only to the same property or assets subject to the prior permitted mortgage (and, in the case of real property, improvements). (Section 4.5)

Restrictions on Sale and Leaseback Transactions. The indenture contains a covenant that we will not, and will not permit our restricted subsidiaries to, enter into any arrangement with any person providing for the leasing by Kohl's Corporation or any restricted subsidiary of any operating property or operating asset that has been or is to be sold or transferred by Kohl's Corporation or such restricted subsidiary to such person with the intention of taking back a lease of such property (a sale and leaseback transaction) without equally and ratably securing the debt securities (and, if we shall so determine, any other indebtedness ranking equally with the debt securities), unless the terms of such sale or transfer have been determined by our board of directors to be fair and arms-length and either:

within 180 days after the receipt of the proceeds of the sale or transfer, Kohl's Corporation or any restricted subsidiary applies an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such operating property or operating asset at the time of such sale or transfer to the prepayment or retirement (other than any mandatory prepayment or retirement) of our senior funded debt; or

Kohl's or such restricted subsidiary would be entitled, at the effective date of the sale or transfer, to incur indebtedness secured by a mortgage on such operating property or operating assets, in an amount at least equal to the attributable debt in respect of the sale and leaseback transaction, without equally and ratably securing the debt securities pursuant to the Restrictions on Liens described above.

The foregoing restriction will not apply to:

any sale and leaseback transaction for a term of not more than three years including renewals;

any sale and leaseback transaction with respect to operating property (and, with respect to distribution centers, equipment used directly in the operation of, or the business conducted on, such operating property) if a binding commitment with respect thereto is entered into within three years after the latest of (1) the date of issuance of the first series of debt securities under the indenture (February 6, 1996) or (2) the date such operating property was acquired;

any sale and leaseback transaction with respect to operating assets if a binding commitment with respect thereto is entered into within 180 days after the later of the date such property was acquired and, if applicable, the date such property was first placed in operation; or

any sale and leaseback transaction between Kohl's Corporation and a restricted subsidiary or between restricted subsidiaries provided that the lessor shall be Kohl's Corporation or a wholly owned restricted subsidiary. (Section 4.6)

Exempted Debt. Notwithstanding the restrictions in the indenture on mortgages and sale and leaseback transactions, Kohl's or its restricted subsidiaries may, in addition to amounts permitted under such restrictions, issue, assume or guarantee indebtedness secured by mortgages, or enter into sale and leaseback transactions, provided that, after giving effect thereto, the aggregate outstanding amount of all such indebtedness secured by mortgages plus attributable debt resulting from such sale and leaseback transactions does not exceed 15% of consolidated net tangible assets. (Sections 4.5 and 4.6)

No Special Protection in the Event of a Highly Leveraged Transaction. Unless we indicate otherwise in the applicable prospectus supplement, the terms of the debt securities will not afford the holders special protection in the event of a highly leveraged transaction.

Merger and Consolidation

The indenture provides that we may, without the consent of the holders of the debt securities, consolidate with or merge into any other corporation, or convey, transfer or lease our properties and assets substantially as an entirety to any person, as long as:

.

the successor corporation is a domestic corporation that assumes by a supplemental indenture our obligations under the indenture and the debt securities; and

.

immediately after the transaction, no event of default shall have happened and be continuing.

Upon compliance with these requirements by a successor corporation (except in the case of a lease), we would be relieved of our obligations under the indenture and the debt securities. (Sections 5.1 and 5.2)

Events of Default

Event of default under the indenture means any of the following with respect to any series of debt securities:

·
default in payment of any interest on any debt security of that series when due and payable, continued for 30 days;

·
default in payment of all or any part of principal of or premium, if any, on any debt security of that series when due and payable, whether at its stated maturity or by declaration of acceleration, call for redemption or otherwise;

·
default in the deposit of any sinking fund payment, when and as due by the terms of a debt security of that series;

·
default in the performance or breach of any other covenant or warranty of Kohl's in the indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in the indenture specifically dealt with or which has been included in the indenture solely for the benefit of series of debt securities other than that series), continued for 60 days after written notice as provided in the indenture;

·
certain events in bankruptcy, insolvency or reorganization described in the indentures; and

·
any other event of default provided with respect to debt securities of that series.

No event of default with respect to a particular series of debt securities issued under the indenture (except as to such events in bankruptcy, insolvency or reorganization) necessarily constitutes an event of default with respect to any other series of debt securities issued under the indenture. (Section 6.1)

In the case of an event of default arising from certain events of bankruptcy, insolvency or reorganization with respect to Kohl's Corporation, the principal of all outstanding debt securities will become due and payable without further action or notice. If any other event of default for any series of debt securities occurs and continues, the trustee or the holders of at least 25% in principal amount of the debt securities of that series may, by a notice in writing to us (and to the trustee if given by holders), declare the entire principal of all the debt securities of that series to be due and payable immediately (or, if the debt securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms of that series). However, at any time after a declaration of acceleration with respect to debt securities of any series has been made, but before a judgment or decree for payment

of the money due has been obtained by the trustee, the holders of a majority in principal amount of outstanding debt securities of that series may, subject to conditions described in the indenture, rescind and annul such declaration if all events of default, other than the non-payment of accelerated principal, with respect to debt securities of that series have been cured or waived as provided in the indenture. (Section 6.2) For information as to waiver of defaults, see Modification and Waiver. We refer you to the applicable prospectus supplement relating to any series of debt securities which are original issue discount securities for the particular provisions relating to acceleration of a portion of the principal amount of original issue discount securities upon the occurrence and continuation of an event of default.

The indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or discretion of any of the holders, unless those holders shall have offered to the trustee reasonable security and indemnity. (Section 7.1) Subject to such provisions for security and indemnification of the trustee and certain other rights of the trustee, the holders of a majority in principal amount of the outstanding debt securities of any series shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of that series. (Section 6.12)

No holder of any debt security of any series will have any right to institute any proceeding with respect to the indenture or for any remedy thereunder, unless:

.

the holder shall have previously given to the trustee under the indenture written notice of a continuing event of default with respect to debt securities of that series;

.

the holders of at least 25% in principal amount of the outstanding debt securities of that series shall have made written request, and offered reasonable security and indemnity, to the trustee to institute such proceeding as trustee;

.

the holder or holders have offered to the trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and

.

the trustee shall not have received from the holders of a majority in principal amount of the outstanding debt securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 6.7)

Notwithstanding the foregoing, the holder of any debt security will have an absolute and unconditional right to receive payment of the principal of (and premium, if any) and any interest on the debt security on or after the due dates expressed in that debt security and to institute suit for the enforcement of that payment. (Section 6.8)

We are required to furnish to the trustee annually a statement regarding our compliance with the indenture.

(Section 4.8) The indenture provides that the trustee may withhold notice to the holders of debt securities of any series of any default (except in payment of principal, any premium, interest or any sinking fund payments) with respect to debt securities of that series if it considers it in the interest of the holders of debt securities of that series to do so. (Section 7.5)

Modification and Waiver

We and the trustee may modify and amend the indenture with respect to a series of debt securities with the consent of the holders of a majority in principal amount of the outstanding debt securities of that series. However, without the consent of each affected holder, no modification may:

.

change the stated maturity date of the principal of, or any installment of principal of or interest on, any debt security;

·
reduce the principal, premium (if any) or any interest on, any debt security or reduce the amount of principal of an original issue discount security that would be due and payable upon acceleration;

·
change the place or currency of payment of principal or interest on any debt security;

·
impair the right to institute suit to enforce any payment after the stated maturity date; or

·
reduce the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification or amendment of the indenture, for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults. (Sections 9.2 and 9.3)

The holders of a majority in principal amount of the outstanding debt securities of any series may, on behalf of the holders of all debt securities of that series, waive, insofar as that series is concerned, our compliance with specified restrictive provisions of the indenture. (Section 9.2) The holders of a majority in principal amount of the outstanding debt securities of any series may, on behalf of the holders of all debt securities of that series, waive any past default under the indenture with respect to that series. They may not waive a default in the payment of the principal of (or premium, if any) or any interest on any debt security of that series or in respect of a provision which under the indenture cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected. (Section 6.13)

Defeasance of Debt Securities or Certain Covenants in Certain Circumstances

Defeasance and Discharge. The indenture provides that, unless otherwise provided by the terms of the applicable series of debt securities, we may be discharged from any and all obligations with respect to such debt securities of any series upon the deposit with the trustee, in trust, of money and/or U.S. government obligations, which through the payment of interest and principal of those U.S. government obligations in accordance with their terms will provide money in an amount sufficient to pay any installment of principal (and premium, if any) and interest on and any mandatory sinking fund payments in respect of the debt securities of that series on the stated maturity of such payments in accordance with the terms of the indenture and the debt securities. A discharge may only occur if we have received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in the federal income tax law, in each case to the effect that holders of the debt securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred. A discharge will not be applicable to any debt securities of any series then listed on the NYSE or any other securities exchange if such deposit would cause the debt securities to be delisted. In addition, the discharge will not apply to our obligations to register the transfer or exchange of debt securities of the series, to replace stolen, lost or mutilated debt securities of the series, to maintain paying agencies and to hold moneys for payment in trust. (Section 8.3)

Defeasance of Certain Covenants. The indenture provides that unless otherwise provided by the terms of the applicable series of debt securities, we may omit to comply with certain restrictive covenants set forth in the indenture, including the restrictive covenants described under the caption Certain Covenants. In order to exercise such option, we will be required to deposit irrevocably with the trustee money and/or U.S. government obligations which through the payment of interest and principal of those U.S. government obligations in accordance with their terms will provide money in an amount sufficient to pay principal (and premium, if any) and interest on and any mandatory sinking fund payments in respect of the debt securities of the series on the stated maturity of such payments in accordance with the terms of the indenture and the debt securities. We will also be required to deliver to the trustee an opinion of counsel to the effect that the deposit and related covenant defeasance will not cause the holders of the debt securities of that series to recognize income, gain or loss for federal income tax purposes as a result of our deposit and related covenant defeasance and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if the deposit and related covenant defeasance had not occurred. (Section 8.4)

Defeasance and Events of Default. In the event we exercise our option to omit compliance with certain covenants of the indenture with respect to any series of debt securities and the debt securities of that series are declared due and payable because of the occurrence of any event of default, the amount of money and U.S. government obligations on deposit with the trustee will be sufficient to pay amounts due on the debt securities of that series at the time of their stated maturity but may not be sufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from such event of default. However, we would remain liable for such payments.

Concerning the Trustee

The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to The Bank of New York, is the trustee under the indenture. The Bank of New York Mellon Trust Company, N.A. maintains normal banking relations with Kohl s.

Certain Definitions

For purposes of the indenture:

Attributable debt in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the imputed rate of interest of such transaction determined in accordance with generally accepted accounting principles) of the obligation of the lessee for net rental payments during the remaining term of

the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

Capitalized lease obligations means obligations created pursuant to leases which are required to be shown on the liability side of a balance sheet in accordance with generally accepted accounting principles.

Consolidated net tangible assets means the total amounts of assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under generally accepted accounting principles) which under generally accepted accounting principles would be included on a balance sheet of Kohl's Corporation and its restricted subsidiaries after deducting (1) all liability items except funded debt, capitalized lease obligations, stockholders' equity and reserves for deferred income taxes, (2) all goodwill, trade names, trademarks, patents, favorable lease rights, unamortized debt discount and expense and other like intangibles (other than leasehold costs and investments in so-called safe harbor leases), which in each such case would be so included on such balance sheet, net of accumulated amortization, and (3) all amounts which would be so included on such balance sheet in respect of investments (less applicable reserves) in unrestricted subsidiaries in excess of the amount of such investments at November 25, 1995 (approximately \$74.3 million).

Funded debt means indebtedness which matures more than one year from the date of creation, or which is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date.

Funded debt does not include (1) obligations created pursuant to leases, (2) any indebtedness or portion thereof maturing by its terms within one year from the time of any computation of the amount of outstanding funded debt unless such indebtedness shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any indebtedness for the payment or redemption of which money in the necessary amount shall have been deposited in trust either at or before the maturity date thereof.

Indebtedness means indebtedness for borrowed money and indebtedness under purchase money mortgages or other purchase money liens or conditional sales or similar title retention agreements, in each case where such indebtedness has been created, incurred, or assumed by such person to the extent such indebtedness would appear as a liability upon a balance sheet of such person prepared in accordance with generally accepted accounting principles, guarantees by such person of such indebtedness, and indebtedness for borrowed money secured by any mortgage, pledge or other lien or encumbrance upon property owned by such person, even though such person has not assumed or become liable for the payment of such indebtedness.

Investment means and includes any investment in stock, evidences of indebtedness, loans or advances, however made or acquired, but shall not include accounts receivable of Kohl's Corporation or of any restricted subsidiary arising from transactions in the ordinary course of business, or any evidences of indebtedness, loans or advances made in connection with the sale to any subsidiary of accounts receivable of Kohl's Corporation or any restricted subsidiary arising from transactions in the ordinary course of business of Kohl's Corporation or any restricted subsidiary.

Mortgage means any mortgage, security interest, pledge, lien or other encumbrance.

Operating assets means all merchandise inventories, furniture and equipment (including all transportation and warehousing equipment, store racks and showcases but excluding office equipment and data processing equipment) owned by Kohl's Corporation or a restricted subsidiary.

Edgar Filing: KOHLS Corp - Form S-3ASR

Operating property means all real property and improvements thereon owned by Kohl's Corporation or a restricted subsidiary and constituting, without limitation, any store, warehouse, service center or distribution center wherever located. This term does not include any store, warehouse, service center or distribution center that our board of directors declares by resolution not to be of material importance to the business of Kohl's Corporation and its restricted subsidiaries.

Restricted subsidiary means Kohl's Department Stores, Inc. and any other subsidiary so designated by the board of directors or duly authorized officers of Kohl's Corporation in accordance with the indenture provided

that (a) the board of directors or duly authorized officers of Kohl's Corporation may, subject to certain limitations, designate any unrestricted subsidiary as a restricted subsidiary and any restricted subsidiary (other than Kohl's Department Stores, Inc.) as an unrestricted subsidiary and (b) any subsidiary of which the majority of the voting stock is owned directly or indirectly by one or more unrestricted subsidiaries shall be an unrestricted subsidiary. As of the date of this prospectus, Kohl's Department Stores, Inc. is the only restricted subsidiary.

Senior funded debt means all funded debt of Kohl's Corporation or any person (except funded debt, the payment of which is subordinated to the payment of the debt securities).

Subsidiary means any corporation of which at least a majority of the outstanding stock having voting power under ordinary circumstances to elect a majority of the board of directors of said corporation or business entity is at the time owned or controlled by Kohl's Corporation, or by Kohl's Corporation and one or more subsidiaries, or by any one or more subsidiaries.

Unrestricted subsidiary means any subsidiary other than a restricted subsidiary.

Conversion or Exchange of Debt Securities

The prospectus supplement will include the terms of any provisions to convert or exchange a series of debt securities into or for other securities of ours. These terms will include whether conversion or exchange is mandatory, or is at our option or the option of the holder. We will also describe how we will calculate the number of securities that holders of debt securities would receive if they were to convert or exchange their debt securities.

DESCRIPTION OF CAPITAL STOCK

We have summarized below certain provisions of our common stock and preferred stock. This summary is not complete. You should refer to all the provisions of our articles of incorporation and bylaws, which have been filed as exhibits to the registration statement, of which this prospectus is a part. You should also refer to the articles of amendment subsequently filed with the SEC regarding the terms of any series of preferred stock. As of the date of this prospectus, under our articles of incorporation, our authorized capital stock consists of 800,000,000 common shares, \$0.01 par value per share, and 10,000,000 preferred shares, \$0.01 par value per share. As of March 14, 2018, 168,236,899 shares of common stock and no shares of preferred stock were issued and outstanding.

Common Stock

Voting. For all matters submitted to a vote of shareholders, including the election of directors, each holder of common stock is entitled to one vote for each share registered in his or her name on the books of Kohl's. An action is approved if the votes cast in favor of the action exceed the votes cast opposing the action, subject to quorum requirements and any voting rights granted to holders of preferred stock. Our common stock does not have cumulative voting rights.

As a result, subject to the voting rights of any outstanding preferred stock and any voting limitations imposed by the Wisconsin Business Corporation Law, persons who hold more than 50% of the outstanding common stock can elect all of the directors who are up for election in a particular year.

Dividends. If our board declares a dividend, holders of common stock will receive payments from the funds of Kohl's that are legally available to pay dividends. However, this dividend right is subject to any preferential dividend rights we may grant to the persons who hold preferred stock, if any is outstanding.

Liquidation. If Kohl's is dissolved, liquidated or wound up, the holders of common stock will be entitled to share ratably in all the assets that remain after we pay our liabilities and any amounts we may owe to the persons who hold preferred stock, if any is outstanding.

Other Rights and Restrictions. Holders of common stock do not have preemptive rights, and they have no right to convert their common stock into any other securities. Our common stock is not redeemable.

Listing. Our common stock is listed on the NYSE under the symbol KSS.

Transfer Agent and Registrar. The transfer agent and registrar for our common stock is EQ Shareowner Services.

Fully Paid. The outstanding shares of common stock are fully paid and nonassessable. Any additional common stock that we may issue in the future pursuant to an offering under this prospectus or upon the conversion or exercise of other securities offered under this prospectus will also be fully paid and nonassessable.

Wisconsin Business Corporation Law

Provisions of the Wisconsin Business Corporation Law (the "WBCL") could have the effect of delaying, deterring or preventing a change in control of Kohl's.

Restrictions on Business Combinations. Sections 180.1130 to 180.1134 of the WBCL provide generally that in addition to the vote otherwise required by law or the articles of incorporation of a resident domestic corporation, such as Kohl's, business combinations not meeting fair price standards specified in the statute must be approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by the outstanding voting shares of the corporation, and (2) two-thirds of the votes entitled to be cast by the holders of voting shares other than voting shares beneficially owned by a significant shareholder or an affiliate or associate of a significant shareholder who is a party to the transaction. The term "business combination" means, subject to certain exceptions, a merger or share exchange of the resident domestic corporation (or any subsidiary of that corporation) with, or the sale or other disposition of substantially all of the property and assets of the resident domestic corporation to, any significant shareholder or affiliate of a significant shareholder. "Significant shareholder" means a person that is the beneficial owner of 10% or more of the voting power of the outstanding voting shares of the resident domestic corporation. These statutory sections also restrict the repurchase of shares and the sale of corporate assets by a resident domestic corporation in response to a takeover offer.

Sections 180.1140 to 180.1144 of the WBCL prohibit certain "business combinations" between a resident domestic corporation and an "interested stockholder" within three years after the date such person became an interested stockholder, unless the business combination or the acquisition of the interested stockholder's stock has been approved before the stock acquisition date by the corporation's board of directors. An "interested stockholder" is a person beneficially owning 10% or more of the voting power of the outstanding voting stock of such corporation. After the three-year period, a business combination with the interested stockholder may be consummated only with the approval of the holders of a majority of the voting stock not beneficially owned by the interested stockholder at a meeting called for that purpose, unless the business combination satisfies certain adequacy-of-price standards intended to provide a fair price for shares held by disinterested stockholders.

Control Share Voting Restrictions. Under Section 180.1150(2) of the WBCL, the voting power of shares of a resident domestic corporation that are held by any person in excess of 20% of the voting power in the election of directors are limited (in voting on any matter) to 10% of the full voting power of those excess shares, unless otherwise provided in the articles of incorporation or otherwise specified by the board of directors or unless full voting rights have been restored at a special meeting of the shareholders called for that purpose. This statute is designed to protect corporations against uninvited takeover bids by reducing to one-tenth of their normal voting power all shares in excess of 20% owned by an acquiring person. Section 180.1150(3) excludes shares held or acquired under certain circumstances from the application of Section 180.1150(2), including (among others) shares acquired directly from Kohl's and shares acquired in a merger or share exchange to which Kohl's is a party.

Constituency Provision. Under Section 180.0827 of the WBCL, in discharging his or her duties, a director or officer of Kohl's may, in addition to considering the effects of any action on shareholders, consider the effects of any action on employees, suppliers, customers, the communities in which Kohl's operates and any other factors that the director or officer considers pertinent.

Preferred Stock

Our articles of incorporation authorize the board of directors to issue preferred stock in one or more series and to determine the voting rights, dividend rights, dividend rates, liquidation preferences, conversion or exchange

rights, redemption rights, including sinking fund provisions and redemption prices, and other terms and rights of each series.

This summary of the preferred stock relates to certain terms and conditions that we expect will apply to all series of the preferred stock offered pursuant to this prospectus. The applicable prospectus supplement will describe the particular terms of any such series of preferred stock. If indicated in the prospectus supplement, the terms of any such series may differ from the terms described below.

The applicable prospectus supplement will describe the following terms of each series of preferred stock:

.

the designation of the series and the number of shares offered;

.

the amount of the liquidation preference per share;

.

the initial public offering price of the shares to be sold;

.

the dividend rate applicable to the series, the dates on which dividends will be payable and the dates from which dividends will begin to accumulate;

.

any redemption or sinking fund provisions;

.

any conversion or exchange rights;

.

any anti-dilution provisions;

.

any additional voting and other rights, preferences, privileges and restrictions;

.

any listing of the series on an exchange;

.

the relative ranking of the series as to dividend rights and rights upon liquidation, dissolution or winding up of Kohl's;
and

.

any other terms of the series.

The liquidation price or preference of any series of preferred stock is not indicative of the price at which such shares will actually trade after the date of issuance.

Although our board of directors has no present intention of doing so, it could issue a series of preferred stock that could impede the completion of a merger, tender offer or other takeover attempt. Our board of directors will issue such a series of preferred stock only if it determines that such an issuance is in the best interests of Kohl's and its shareholders. In addition, the terms of a series of preferred stock might discourage a potential acquirer from attempting to acquire Kohl's in a manner that changes the composition of our board of directors, even when a majority of our shareholders believe that such an acquisition would be in their best interests or would receive a premium for their stock over the then current market price.

Voting. Except as expressly required by applicable law, each series of preferred stock will have no voting rights.

Rank. Each series of preferred stock will, with respect to dividend and liquidation rights, rank senior to common stock. All shares of each series of preferred stock will be of equal rank with each other. Each series of preferred stock may vary as to rank and priority with other series of preferred stock.

Dividends. Holders of each series of preferred stock will be entitled to receive, if declared by our board of directors, cash dividends, payable on such dates and at such rates as are described in the applicable prospectus supplement. Unless otherwise described in the prospectus supplement, dividends will be cumulative and will accrue from the date set forth in the applicable prospectus supplement.

Liquidation. Unless otherwise specified in the applicable prospectus supplement, if we liquidate, dissolve or wind up, then the holders of a series of preferred stock will be entitled to receive, subject to the rights of creditors, but before any such payment to the holders of common stock or any other junior stock, an amount equal to the liquidation preference per share set forth in the applicable prospectus supplement. In addition to such liquidation preference, holders of that series of preferred stock will also be entitled to receive accrued and unpaid dividends on their shares of preferred stock, if such dividends are cumulative.

If the amounts available for distribution upon our liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all outstanding shares of a series of preferred stock and all stock ranking on a parity with those shares of preferred stock, then the holders of that series of stock will share ratably in such distribution, which, in the case of preferred stock, may include a cumulative dividend.

After payment of the full amount of the liquidation preference, the holders of a series of preferred stock will not be entitled to any further participation in the distribution of assets by Kohl s.

Conversion or Exchange. The terms, if any, on which preferred stock of any series may be converted or exchanged for another class or series of securities will be set forth in the applicable prospectus supplement.

Redemption. The applicable prospectus supplement will set forth the terms, if any, on which we may redeem any series of preferred stock.

Other Rights. The applicable prospectus supplement will set forth such other preferences, voting powers or relative participating, optional or other special rights of a series of preferred stock. The holders of preferred stock will not have any preemptive rights to subscribe for any securities of Kohl s.

Title. Kohl s, the transfer agent and registrar for a series of preferred stock and any agent of Kohl s or such transfer agent and registrar may treat the registered owner of such series of preferred stock as the absolute owner of the preferred stock for all purposes.

Transfer Agent and Registrar. The applicable prospectus supplement will name the transfer agent and registrar for each series of preferred stock.

DESCRIPTION OF DEPOSITARY SHARES

This summary of certain provisions of each deposit agreement, the depositary shares and the depositary receipts is not complete. We refer you to all the provisions of the applicable deposit agreement and depositary receipts. The particular terms of any series of depositary shares will be summarized in the applicable prospectus supplement. If indicated in the prospectus supplement, the terms of any such series may differ from the terms summarized below.

General

We may elect to offer fractional shares of preferred stock rather than full shares of preferred stock. If so, we will issue receipts (depositary receipts) for these depositary shares, each of which will represent a fraction of a share of a particular series of preferred stock. Each holder of a depositary share will be entitled, in proportion to the fraction of preferred stock represented by that depositary share, to the rights and preferences of the preferred stock, including dividend, voting, redemption, conversion and liquidation rights. We will enter into a deposit agreement with a bank or trust company that we select which has its principal office in the United States and a combined capital and surplus of at least \$50,000,000 (the depositary). The applicable prospectus supplement relating to a particular series of depositary shares will set forth the name and address of the depositary.

In order to issue depositary shares, we will issue preferred stock and immediately deposit these shares with the depositary. The depositary will then issue and deliver depositary receipts to the persons who purchase depositary shares. The depositary will issue depositary receipts in a form that reflects whole depositary shares, and each depositary receipt may evidence any number of whole depositary shares.

Dividends and Other Distributions

The depositary will distribute all cash and non-cash distributions it receives with respect to the underlying preferred stock to the record holders of depositary shares in proportion to the number of depositary shares they hold. In the case of non-cash distributions, the depositary may determine that the distribution cannot be made proportionately or that it may not be feasible to make the distribution. If so, the depositary will, with our approval, adopt a method it deems equitable and practicable to effect the distribution, including the sale, public or private, of the securities or other non-cash property it receives in the distribution at a place and on terms it deems proper. The amounts distributed by the depositary will be reduced by any amount required to be withheld by Kohls or the depositary on account of taxes.

Redemption of Depositary Shares

If we redeem the series of preferred stock that underlies the depositary shares, the depositary will redeem the depositary shares from the proceeds it receives from the redemption of the preferred stock it holds. The depositary will redeem the number of depositary shares that represent the amount of underlying preferred stock that we have redeemed. The redemption price for depositary shares will be in proportion to the redemption price per share that we paid for the underlying preferred stock. If we redeem less than all of the depositary shares, the depositary will select which depositary shares to redeem by lot or pro rata or other equitable method, in each case as we may determine.

After a redemption date is fixed, the depositary shares to be redeemed no longer will be considered outstanding. The rights of the holders of the depositary shares will cease, except for the rights to receive money or other property upon redemption. In order to redeem their depositary shares, holders will surrender their depositary receipts to the depositary. If we deposit funds with the depositary to redeem depositary shares, and the holders fail to redeem their depositary receipts, the depositary will return the money to us within two years from the date on which we deposited the funds.

Voting the Preferred Stock

We will notify the depositary about any meeting at which the holders of preferred stock are entitled to vote, and the depositary will mail the information to the record holders of depositary shares related to that preferred stock. Each record holder of depositary shares on the record date (which will be the same date as the record date for the related preferred stock) will be entitled to instruct the depositary how to vote the shares of preferred stock represented by that holder's depositary shares. The depositary will vote the preferred stock represented by the depositary shares in accordance with these instructions, provided the depositary receives these instructions sufficiently in advance of the meeting. If the depositary does not receive instructions from the holders of the depositary shares, the depositary will abstain from voting the preferred stock that underlies those depositary shares.

Withdrawal of Preferred Stock

When a holder surrenders depositary receipts at the corporate trust office of the depositary, and pays any necessary taxes, charges or other fees, the holder will be entitled to receive the number of whole shares of the related series of preferred stock, and any money or other property, if any, represented by the holder's depositary shares. Once a holder exchanges depositary shares for whole shares of preferred stock, that holder cannot redeposit these shares of preferred stock with the depositary, or exchange them for depositary shares. If a holder delivers depositary receipts that represent a number of depositary shares that exceeds the number of whole shares of related preferred stock the holder seeks to withdraw, the depositary will issue a new depositary receipt to the holder that evidences the excess number of depositary shares.

Amendment and Termination of the Deposit Agreement

Kohl's and the depositary can agree, at any time, to amend the form of depositary receipt and any provisions of the deposit agreement. However, if an amendment has a material adverse effect on the rights of the holders of related depositary shares, the holders of at least a majority of the depositary shares then outstanding must first approve the amendment. Every holder of a depositary receipt at the time an amendment becomes effective will be bound by the amended deposit agreement. However, subject to any conditions in the deposit agreement or applicable law, no amendment can impair the right of any holder of a depositary share to receive shares of the related preferred stock, or any money or other property represented by the depositary shares, when they surrender their depositary receipts.

We can terminate the deposit agreement at any time, as long as we provide at least 60 days' prior written notice to the depositary. If we terminate the deposit agreement, then within 30 days from the date the depositary receives our notice, the depositary will deliver whole or fractional shares of the related preferred stock to the holders of depositary shares, when they surrender their depositary receipts. The deposit agreement will terminate automatically after all outstanding depositary shares have been redeemed, or, in connection with any liquidation, dissolution or winding up of Kohl's, after the final distribution of our assets has been made to the holders of the related series of preferred stock and, in turn, to the holders of depositary shares.

Charges of Depositary

We will pay all transfer and other taxes and the government charges that relate solely to the depositary arrangements. We will also pay the charges of each depositary, including charges in connection with the initial deposit of the related series of preferred stock, the initial issuance of the depositary shares, and all withdrawals of shares of the related series of preferred stock. However, holders of depositary shares will be required to pay transfer and other taxes and government charges, as provided in the deposit agreement.

Resignation and Removal of Depositary

The depositary may resign, at any time, by delivering written notice of its decision to us. We may remove the depositary at any time. Any resignation or removal will take effect when we appoint a successor depositary. We must appoint the successor depositary within 60 days after delivery of the notice of resignation or removal. The successor depositary must be a bank or trust corporation that has its principal office in the United States and has a combined capital and surplus of at least \$50,000,000.

Miscellaneous

We will be required to furnish certain information to the holders of the preferred stock underlying any depositary shares. The depositary, as the holder of the underlying preferred stock, will forward any report or information it receives from us to the holders of depositary shares.

Neither the depositary nor Kohl's will be liable if its ability to perform its obligations under the deposit agreement is prevented or delayed by law or any circumstances beyond its control. Both Kohl's and the depositary will be obligated to use their best judgment and to act in good faith in performing their duties under the deposit agreement. Each of Kohl's and the depositary will be liable only for negligence and willful misconduct in performing their duties under the deposit agreement. They will not be obligated to appear in, prosecute or defend any legal proceeding with respect to

any depositary receipts, depositary shares or preferred stock unless they receive what they, in their sole discretion, determine to be a satisfactory indemnity. Kohl's and the depositary may rely on the advice of legal counsel or accountants of their choice. They may also rely on information provided by