UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended January 30, 2021

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition period from ___________ to ___________

Commission file number 1-11084

KOHL'S CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin	**39-1630919**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
N56 W17000 Ridgewood Drive, **Menomonee Falls, Wisconsin**	**53051**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(262)** 703-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value	KSS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 31, 2020, the aggregate market value of the voting stock of the Registrant held by stockholders who were not affiliates of the Registrant was approximately $3.0 billion (based upon the closing price of Registrant's Common Stock on the New York Stock Exchange on such date).

At March 10, 2021, the Registrant had outstanding an aggregate of 157,716,240 shares of its Common Stock.

Documents Incorporated by Reference:

Portions of the Definitive Proxy Statement for the Registrant's 2021 Annual Meeting of Shareholders are incorporated into Part III.

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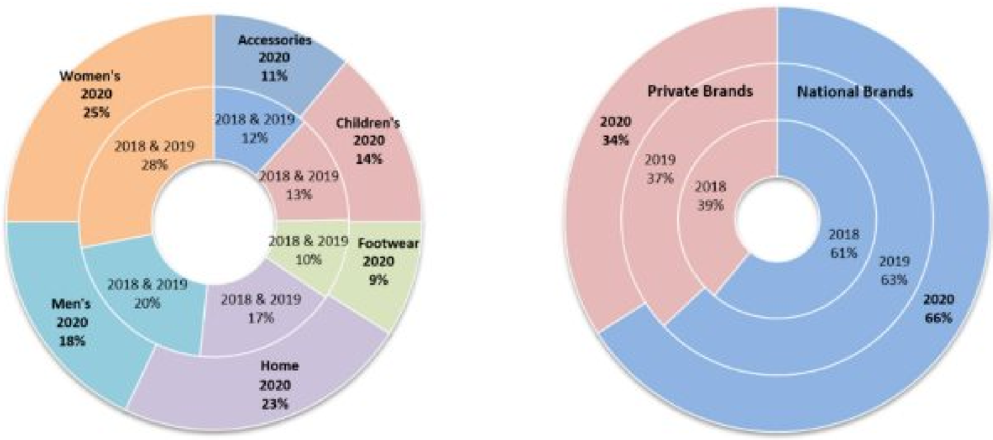
PART I

Item 1. Business

Kohl's Corporation (the "Company," "Kohl's," "we," "our" or "us") was organized in 1988 and is a Wisconsin corporation. As of January 30, 2021, we operated 1,162 Kohl's stores, a website (www.Kohls.com), and 12 FILA outlets. Our Kohl's stores and website sell moderately-priced private and national brand apparel, footwear, accessories, beauty, and home products. Our Kohl's stores generally carry a consistent merchandise assortment with some differences attributable to local preferences. Our website includes merchandise which is available in our stores, as well as merchandise that is available only online.

Our merchandise mix includes both national brands and private brands that are available only at Kohl's. Our private portfolio includes well-known established brands such as Apt. 9, Croft & Barrow, Jumping Beans, SO, and Sonoma Goods for Life, and exclusive brands that are developed and marketed through agreements with nationally-recognized brands such as Food Network, LC Lauren Conrad, and Simply Vera Vera Wang. Compared to private brands, national brands generally have higher selling prices, but lower gross margins.

The following tables summarize our net sales penetration by line of business and brand type over the last three years:



Our fiscal year ends on the Saturday closest to January 31st each year. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years. The following fiscal periods are presented in this report:

Fiscal Year	Ended	Number of Weeks
2020	January 30, 2021	52
2019	February 1, 2020	52
2018	February 2, 2019	52

For discussion of our financial results, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Distribution

We receive substantially all of our store merchandise at our nine retail distribution centers. A small amount of our merchandise is delivered directly to the stores by vendors or their distributors. The retail distribution centers, which are strategically located throughout the United States, ship merchandise to each store by contract carrier several times a week. Digital sales may be picked up in our stores or are shipped from a Kohl's e-fulfillment center, retail distribution center or store, third-party fulfillment center, or directly by a third-party vendor.

See Item 2, "Properties," for additional information about our distribution centers.

Human Capital

At Kohl's, our purpose is to inspire and empower families to lead fulfilled lives. We are committed to creating a culture where everyone belongs, where diversity and inclusion drive innovation and business results, while enabling associates and customers to be their authentic selves every single day.

Employee Count

During 2020, we employed an average of approximately 110,000 associates, which included approximately 36,000 full-time and 74,000 part-time associates. The number of associates varies during the year, peaking during the back-to-school and holiday seasons. None of our associates are represented by a collective bargaining unit. We believe we maintain positive relations with our associates.

Health, Safety, and Wellness

We lead initiatives that ensure the way we communicate, work, and develop our product enables our customers and associates to shop, work, and engage in a safe environment. We have a dedicated team responsible to prepare our business for crisis events, including natural disasters and other unplanned disruptions like those brought on by the COVID-19 pandemic. To keep a healthy workforce, we launched an advocacy program that provides associates with 24/7 access to medical professionals following a work accident. We have enhanced the way our stores are built and operated in an effort to create a safer shopping experience for our associates and customers. We continue to pursue innovative ways to educate our teams on safety. Associates at our stores, distribution, and e-fulfillment centers receive specialized training to enhance our safety culture and reduce associate accidents.

Diversity and Inclusion

At Kohl's, we are committed to creating an environment where everyone feels a sense of equity, where diversity is valued at all levels, and where inclusion is evident across our business. We strive to be purposeful in attracting, growing, and engaging more diverse talent while giving associates equitable opportunities for career growth. We administer our recruiting efforts with a focus on education, training, and sourcing strategies for increasing our diverse talent pipeline. Our diversity and inclusion strategy is embedded into our onboarding for all associates. We strive to drive economic empowerment through conversations, programs, and partnerships that improve quality of life in underserved communities. Along this journey, we are embracing opportunities to address racial disparities, including our recent pledge to double spending among diverse suppliers.

Diversity and inclusion efforts need to start at the top. In 2019, we joined the 1% club — the handful of Fortune 500 firms where both the Chief Executive Officer and Chief Financial Officer are women. We are focused on growing diverse leaders by engaging top and emerging talent in internal and external professional development offerings. Diversity is embedded within our organizational planning for the future, with diversity being an area of consideration during succession planning. We are working to develop inclusive leaders through a program aimed at building awareness and encouraging advocacy.

We have eight Business Resource Groups (BRGs) with 7,500 members that serve as champions for enhancing our diversity and inclusion efforts across our business. The BRGs make an impact across the organization with a focus on our three diversity and inclusion pillars which are Our People, Our Customers, and Our Communities. We work to provide learning opportunities for our leaders and associates to build a more diverse and inclusive workforce and engage associates on how that creates a competitive advantage. In 2020, we provided unconscious bias training across our workforce to help our associates understand and manage their blind spots and to build stronger connections with colleagues, customers, partners, and our communities.

Compensation and Benefits

As the makeup and needs of the modern family evolve, our products, services, and programs must also transform. We provide competitive compensation and benefits programs for our employees. All eligible associates receive a 100% match (up to 5% of pay) in Kohl's 401(k) Savings Plan after one year of employment. Full-time associates are offered medical, dental, vision, prescription drug, disability and life insurance coverage, paid time off, and a merchandise discount. Part-time associates are offered dental, vision, supplementary life insurance, and a merchandise discount. We empower our associates' work-life balance by giving them access to a full range of professional resources.

Training and Development

Behind our success are great teams of talented individuals who embody our values. We actively attract, engage, and hire talent who will drive our purpose. Our talent management team brings together performance management, talent assessment, succession planning, and career planning. This team provides tools, resources, and best practices to ensure we have the right talent in the right roles at the right time. We invest in executive coaching, assessments, internal programs, external courses, peer networks, and more.

From initial onboarding to high potential leadership development, we believe in training and career growth for our associates. We make efforts to stay ahead of the competition by leaning into new technologies and encouraging our associates to keep their skills fresh through our learning management system, which includes more than 1,000 online and in-person courses. We are committed to the highest standards of integrity and maintain a Code of Ethics to guide ethical decision-making for associates. We require associates to take annual ethics training, which is refreshed each year to cover relevant topics.

Competition

The retail industry is highly competitive. Management considers style, quality, price, and convenience to be the most significant competitive factors in the industry. Merchandise mix, brands, service, loyalty programs, credit availability, and customer experience are also key competitive factors. Our primary competitors are traditional department stores, mass merchandisers, off-price retailers, specialty stores, internet businesses, and other forms of retail commerce. Our specific competitors vary from market to market.

Merchandise Vendors

We purchase merchandise from numerous domestic and foreign suppliers. All suppliers must meet certain requirements to do business with us. Our Terms of Engagement are part of our purchase order terms and conditions and include provisions regarding laws and regulations, employment practices, ethical standards, environmental requirements, communication, monitoring and compliance, record keeping, subcontracting, and corrective action. We expect that all suppliers will comply with our purchase terms and quickly remediate any deficiencies, if noted, to maintain our business relationship.

A third-party purchasing agent sources approximately 20% of the merchandise we sell. No vendor individually accounted for more than 10% of our net purchases in 2020. We have no significant long-term purchase commitments with any of our suppliers and believe that we are not dependent on any one supplier or one geographical location. We believe we have good working relationships with our suppliers.

Seasonality

Our business, like that of other retailers, is subject to seasonal influences. Sales and income are typically higher during the back-to-school and holiday seasons. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. Due to the impact of COVID-19, typical sales patterns did not occur in fiscal 2020.

Trademarks and Service Marks

KOHL'S® is a registered trademark owned by one of our wholly-owned subsidiaries. We consider this mark and the accompanying goodwill to be valuable to our business. This subsidiary has over 200 additional registered trademarks, most of which are used in connection with our private brand products.

Available Information

Our corporate website is https://corporate.kohls.com. Through the “Investors” portion of this website, we make available, free of charge, our proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Securities and Exchange Commission (“SEC”) Forms 3, 4, and 5, and any amendments to those reports as soon as reasonably practicable after such material has been filed with, or furnished to, the SEC.

The following have also been posted on our website, under the caption “Investors” and sub-captions "Corporate Governance" or “ESG”:

- Committee charters of our Board of Directors’ Audit Committee, Compensation Committee, and Governance & Nominating Committee
- Corporate Governance Guidelines
- Code of Ethics
- Corporate Social Responsibility Report (under “ESG” sub-caption)

The information contained on our website is not part of this Annual Report on Form 10-K. Paper copies of any of the materials listed above will be provided without charge to any shareholder submitting a written request to our Investor Relations Department at N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051 or via e-mail to Investor.Relations@Kohls.com.

Item 1A. Risk Factors

This Form 10-K contains “forward-looking statements” made within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "anticipates," "plans," "may," "intends," "will," "should," "expects," and similar expressions are intended to identify forward-looking statements. Forward-looking statements may include comments about our future sales or financial performance and our plans, performance and other objectives, expectations or intentions, such as statements regarding our liquidity, debt service requirements, planned capital expenditures, future store initiatives, and adequacy of capital resources and reserves. Forward-looking statements are based on management’s then current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. As such, forward-looking statements are qualified by those risk factors described below. Forward-looking statements relate to the date made, and we undertake no obligation to update them.

Our sales, revenues, gross margin, expenses, and operating results could be negatively impacted by a number of factors including, but not limited to those described below. Many of these risk factors are outside of our control. If we are not successful in managing these risks, they could have a negative impact on our sales, revenues, gross margin, expenses, and/or operating results.

Macroeconomic and Industry Risks

General economic conditions, consumer spending levels, and/or other conditions could decline.

Consumer spending habits, including spending for the merchandise that we sell, are affected by many factors including prevailing economic conditions, levels of employment, salaries and wage rates, prevailing interest rates, housing costs, energy and fuel costs, income tax rates and policies, consumer confidence, consumer perception of economic conditions, and the consumer’s disposable income, credit availability, and debt levels. The moderate-income consumer, which is our core customer, is especially sensitive to these factors. A slowdown in the U.S. economy or an uncertain economic outlook could adversely affect consumer spending habits. As all of our stores are located in the United States, we are especially susceptible to deteriorations in the U.S. economy.

Consumer confidence is also affected by the domestic and international political situation. The outbreak or escalation of war, or the occurrence of terrorist acts or other hostilities in or affecting the United States, could lead to a decrease in spending by consumers.

Our competitors could make changes to their pricing and other practices.

The retail industry is highly competitive. We compete for customers, associates, locations, merchandise, services, and other important aspects of our business with many other local, regional, and national retailers. Those competitors include traditional department stores, mass merchandisers, off-price retailers, specialty stores, internet businesses, and other forms of retail commerce.

We consider style, quality, price, and convenience to be the most significant competitive factors in our industry. The continuing migration and evolution of retailing to digital channels have increased our challenges in differentiating ourselves from other retailers especially as it relates to national brands. In particular, consumers can quickly and conveniently comparison shop with digital tools, which can lead to decisions based solely on price. Unanticipated changes in the pricing and other practices of our competitors may adversely affect our performance.

Tax and trade policies could adversely change.

Uncertainty with respect to tax and trade policies, tariffs, and government regulations affecting trade between the United States and other countries has recently increased. We source the majority of our merchandise from manufacturers located outside of the United States, primarily in Asia. Major developments in tax policy or trade relations, such as the imposition of tariffs on imported products, could have a material adverse effect on our business, results of operations, and liquidity.

The impact of COVID-19 could continue to have a material adverse impact on our business, financial condition, and results of operations.

The impact of and actions taken in response to COVID-19 have had a significant impact on the retail industry generally and our business specifically, starting in the first quarter of fiscal year 2020. At present, we cannot estimate the full impact of COVID-19, but we expect it to continue to have a material adverse impact on our business, financial condition, and results of operations.

Risks Relating to Revenues

On March 20, 2020, we temporarily closed our stores nationwide. Our stores remained closed until May 4, 2020, as we began to reopen stores in a phased approach and were fully reopened as of July 2020. In connection with the store closures, we temporarily furloughed store and store distribution center associates, as well as some corporate office associates whose work was significantly reduced by the store closures. Due to the store closures, we experienced a temporary material decline in revenue and operating cash flow. We cannot predict if further outbreaks would necessitate store closures again or if the availability of a vaccine will enable us to resume normal store operations.

Our response to COVID-19 may also impact our customer loyalty. If our customer loyalty is negatively impacted or consumer discretionary spending habits change, including in connection with rising levels of unemployment, our market share and revenue may suffer as a result. To the extent the pandemic significantly impacts spending or payment patterns of our private label credit card holders, we may receive lower fees from our private label credit card program.

Risks Relating to Operations

Because we temporarily closed all of our stores, we took steps to reduce operating costs and improve efficiency, including furloughing a substantial number of our personnel. These steps may have an impact on our ability to attract and retain associates in the future. If we are unable to attract and retain associates in the future, such as those associates who found other employment during the furlough period, we may experience operational challenges. These risks related to our business, financial condition, and results of operations, are especially heightened given the uncertainty as to the extent and duration of COVID-19's impact. We may also face demands or requests from our associates for additional compensation, healthcare benefits, or other terms as a result of COVID-19 that could increase costs, and we could experience labor disputes or disruptions as we continue to implement our COVID-19 mitigation plans. We cannot predict if further outbreaks would necessitate additional store closures again.

Our management team is focused on mitigating the impact of COVID-19, which required and will continue to require a large investment of time and focus. During fiscal 2020, we reduced certain of our resources, including decreasing planned capital expenditures and significantly reducing expenses across the business including expenses related to marketing, technology, and operations. This focus on mitigating the impact of COVID-19 could result in the delay of new initiatives, including brand launches. It also required us to take measures to make modifications to our stores and their operation to help protect the health and well-being of our customers, associates and others as they re-opened. To the extent these measures are ineffective or perceived as ineffective, it may harm our reputation and customer loyalty and make our customers less likely to shop in our stores.

Most of our corporate office associates continue to work remotely, as our offices are opening pursuant to a phased approach. As a result, we face certain operational risks, including heightened cybersecurity risks that may continue past the time when our associates return to work. We cannot predict if further outbreaks would necessitate corporate office closures again.

In addition, we cannot predict the impact that COVID-19 will have on our suppliers, vendors, and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us.

Risks Relating to Liquidity

In light of the impact of COVID-19 on our business, we took several actions to increase our cash position and preserve financial flexibility, including borrowing $1.5 billion under our senior secured, asset based revolving credit facility and issuing $600 million in aggregate principal amount of 9.50% notes due in 2025, and accordingly, our long-term debt had increased substantially since February 1, 2020. However, we fully paid back the $1.5 billion in 2020 and we currently do not have any borrowings under the credit facility. In addition, we completed a sale leaseback for our San Bernardino E-Commerce fulfillment and distribution center which generated net proceeds of $193 million after fees.

Our access to capital is currently similar to that prior to the pandemic. But we maintain a credit rating that is just above non-investment grade and which can be downgraded if we do not demonstrate increasing profits and a willingness to reduce our debt outstanding. If our credit ratings were to be further downgraded, or general market conditions were to ascribe higher risk to our credit rating levels, our industry, or our Company, our access to capital and the cost of debt financing will be negatively impacted. Accordingly, a downgrade may cause our cost of borrowing to further increase. Further, COVID-19 could lead to further disruption and volatility in the capital markets generally, which could increase the cost of accessing financing. Our access to additional financing and its cost continues to depend on a number of factors, including economic conditions, financing markets, and the outlook for our business and the retail industry as a whole.

In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental collateral, which may further restrict our business operations or cause future financing to be unavailable due to our covenant restrictions then in effect. Also, if we are unable to comply with the covenants under our senior secured, asset based revolving credit facility, the lenders under that agreement will have the right to terminate their commitments thereunder and declare the outstanding loans thereunder to be immediately due and payable. A default under our senior secured, asset based revolving credit facility could trigger a cross-default, acceleration, or other consequences under other indebtedness or financial instruments to which we are a party. There is no guarantee that debt financings will be available in the future to fund our obligations, or will be available on terms consistent with our expectations. Additionally, the impact of COVID-19 on the financial markets may adversely impact our ability to raise funds through additional financings.

COVID-19 could also cause or aggravate other risk factors that we identify in this section, which in turn could materially and adversely impact our business, financial condition, and results of operations. Further, COVID-19 may also affect our business, financial condition, and results of operations in a manner that is not presently known to us or that we currently do not consider to present significant risks to our business, financial condition, and results of operations.

Operational Risks

We may be unable to offer merchandise that resonates with existing customers and attracts new customers as well as successfully manage our inventory levels.

Our business is dependent on our ability to anticipate fluctuations in consumer demand for a wide variety of merchandise. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns, and other lifestyle decisions could create inventory imbalances and adversely affect our performance and long-term relationships with our customers. Additionally, failure to accurately predict changing consumer tastes may result in excess inventory, which could result in additional markdowns and adversely affect our operating results.

We may be unable to source merchandise in a timely and cost-effective manner.

A third-party purchasing agent sources approximately 20% of the merchandise we sell. The remaining merchandise is sourced from a wide variety of domestic and international vendors. Our ability to find qualified vendors and access products in a timely and efficient manner is a significant challenge which is typically even more difficult for goods sourced outside the United States, substantially all of which are shipped by ocean to ports in the United States. Political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs, pandemic outbreaks, work stoppages, port strikes, port congestion and delays, and other factors relating to foreign trade are beyond our control and could adversely impact our performance.

Increases in the price of merchandise, raw materials, fuel, and labor or their reduced availability could increase our cost of merchandise sold. The price and availability of raw materials may fluctuate substantially, depending on a variety of factors, including demand, weather, supply conditions, transportation costs, energy prices, work stoppages, government regulation and policy, economic climates, market speculation, and other unpredictable factors. An inability to mitigate these cost increases, unless sufficiently offset with our pricing actions, might cause a decrease in our operating results. Any related pricing actions might cause a decline in our sales volume. Additionally, a reduction in the availability of raw materials could impair the ability to meet production or purchasing requirements in a timely manner. Both the increased cost and lower availability of merchandise, raw materials, fuel, and labor may also have an adverse impact on our cash and working capital needs as well as those of our suppliers.

If any of our significant vendors were to become subject to bankruptcy, receivership, or similar proceedings, we may be unable to arrange for alternate or replacement contracts, transactions, or business relationships on terms as favorable as current terms, which could adversely affect our sales and operating results.

Our vendors may not adhere to our Terms of Engagement or to applicable laws.

A substantial portion of our merchandise is received from vendors and factories outside of the United States. We require all of our suppliers to comply with all applicable local and national laws and regulations and our Terms of Engagement for Kohl's Business Partners. These Terms of Engagement include provisions regarding laws and regulations, employment practices, ethical standards, environmental and legal requirements, communication, monitoring/compliance, record keeping, subcontracting, and corrective action. From time to time, suppliers may not be in compliance with these standards or applicable laws. Significant or continuing noncompliance with such standards and laws by one or more suppliers could have a negative impact on our reputation and our results of operations.

Our marketing may be ineffective.

We believe that differentiating Kohl's in the marketplace is critical to our success. We design our marketing and loyalty programs to increase awareness of our brands and to build personalized connections with new and existing customers. We believe these programs will strengthen customer loyalty, increase the number and frequency of customers that shop our stores and website, and increase our sales. If our marketing and loyalty programs are not successful or efficient, our sales and operating results could be adversely affected.

The reputation and brand image of Kohl’s and the brands and products we sell could be damaged.

We believe the Kohl's brand name and many of our proprietary brand names are powerful sales and marketing tools. We devote significant resources to develop, promote, and protect proprietary brands that generate national recognition. In some cases, the proprietary brands or the marketing of such brands are tied to or affiliated with well-known individuals. We also associate the Kohl’s brand with third-party national brands that we sell in our store and through our partnerships with companies in pursuit of strategic initiatives. Damage to the reputations (whether or not justified) of the Kohl’s brand, our proprietary brand names, or any affiliated individuals or companies with which we have partnered, could arise from product failures; concerns about human rights, working conditions, and other labor rights and conditions where merchandise is produced; perceptions of our pricing and return policies; litigation; vendor violations of our Terms of Engagement; perceptions of the national vendors and/or third party companies with which we partner; or various other forms of adverse publicity, especially in social media outlets. This type of reputational damage may result in a reduction in sales, operating results, and shareholder value.

There may be concerns about the safety of products that we sell.

If our merchandise offerings do not meet applicable safety standards or our customers' expectations regarding safety, we could experience lost sales, experience increased costs, and/or be exposed to legal and reputational risk. Events that give rise to actual, potential, or perceived product safety concerns could expose us to government enforcement action and/or private litigation. Reputational damage caused by real or perceived product safety concerns could have a negative impact on our sales and operating results.

We may be unable to adequately maintain and/or update our information systems.

The efficient operation of our business is dependent on our information systems. In particular, we rely on our information systems to effectively manage sales, distribution, and merchandise planning and allocation functions. We also generate sales through the operations of our Kohls.com website. We frequently make investments that will help maintain and update our existing information systems. We also depend on third parties as it relates to our information systems. In particular, we are currently migrating certain systems and applications to cloud environments that are hosted by third-party service providers. The potential problems and interruptions associated with implementing technology initiatives, the failure of our information systems to perform as designed, or the failure to successfully partner with our third party service providers, such as our cloud platform providers, could disrupt our business and harm our sales and profitability.

Our information technology projects may not yield their intended results.

We regularly have internal information technology projects in process. Although the technology is intended to increase productivity and operating efficiencies, these projects may not yield their intended results or may deliver an adverse user or customer experience. We may incur significant costs in connection with the implementation, ongoing use, or discontinuation of technology projects, or fail to successfully implement these technology initiatives, or achieve the anticipated efficiencies from such projects, any of which could adversely affect our operations, liquidity, and financial condition.

Weather conditions and natural disasters could adversely affect consumer shopping patterns and disrupt our operations.

A significant portion of our business is apparel and is subject to weather conditions. As a result, our operating results may be adversely affected by severe or unexpected weather conditions. Frequent or unusually heavy snow, ice, or rain storms; natural disasters such as earthquakes, tornadoes, floods, fires, and hurricanes; or extended periods of unseasonable temperatures could adversely affect our performance by affecting consumer shopping patterns and diminish demand for seasonal merchandise. In addition, these events could cause physical damage to our properties or impact our supply chain, making it difficult or impossible to timely deliver seasonally appropriate merchandise. Although we maintain crisis management and disaster response plans, our mitigation strategies may be inadequate to address such a major disruption event.

We may be unable to successfully execute an omnichannel strategy.

Customer expectations about the methods by which they purchase and receive products or services are evolving. Customers are increasingly using technology and mobile devices to rapidly compare products and prices, and to purchase products. Once products are purchased, customers are seeking alternate options for delivery of those products. We must continually anticipate and adapt to these changes in the purchasing process. Our ability to compete with other retailers and to meet our customer expectations may suffer if we are unable to provide relevant customer-facing technology and omnichannel experiences. Our ability to compete may also suffer if Kohl’s, our suppliers, or our third-party shipping and delivery vendors are unable to effectively and efficiently fulfill and deliver orders, especially during the holiday season when sales volumes are especially high. Consequently, our results of operations could be adversely affected.

Our business is seasonal in nature, which could negatively affect our sales, revenues, operating results, and cash requirements.

Our business is subject to seasonal influences, with a major portion of sales and income historically realized during the second half of the fiscal year, which includes the back-to-school and holiday seasons.

If we do not adequately stock or restock popular products, particularly during the back-to-school and holiday seasons, we may fail to meet customer demand, which could affect our revenue and our future growth. If we overstock products, we may be required to take significant inventory markdowns or write-offs, which could reduce profitability.

We may experience an increase in costs associated with shipping digital orders due to complimentary upgrades, split shipments, freight surcharges due to peak capacity constraints, and additional long-zone shipments necessary to ensure timely delivery for the holiday season. If too many customers access our website within a short period of time, we may experience system interruptions that make our website unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods we sell and the attractiveness of our products and services. Also, third-party delivery and direct ship vendors may be unable to deliver merchandise on a timely basis.

This seasonality causes our operating results and cash needs to vary considerably from quarter to quarter. Additionally, any decrease in sales or profitability during the second half of the fiscal year could have a disproportionately adverse effect on our results of operations.

Changes in credit card operations could adversely affect our sales, revenues, and/or profitability.

Our credit card operations facilitate merchandise sales and generate additional revenue from fees related to extending credit. The proprietary Kohl's credit card accounts are owned by an unrelated third-party, but we share in the net risk-adjusted revenue of the portfolio, which is defined as the sum of finance charges, late fees, and other revenue less write-offs of uncollectible accounts. Changes in funding costs related to interest rate fluctuations are shared similar to the revenue when interest rates exceed defined amounts. Though management currently believes that increases in funding costs will be largely offset by increases in finance charge revenue, increases in funding costs could adversely impact the profitability of this program.

Changes in credit card use and applications, payment patterns, credit fraud, and default rates may also result from a variety of economic, legal, social, and other factors that we cannot control or predict with certainty. Changes that adversely impact our ability to extend credit and collect payments could negatively affect our results.

We may be unable to attract, develop, and retain quality associates while controlling costs, which could adversely affect our operating results.

Our performance is dependent on attracting and retaining a large number of quality associates, including our senior management team and other key associates. Many associates are in entry-level or part-time positions with historically high rates of turnover. Many of our strategic initiatives require that we hire and/or develop associates with appropriate experience. Our staffing needs are especially high during the holiday season. Competition for these associates is intense. We cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in future periods.

Our ability to meet our labor needs while controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, actions by our competitors in compensation levels, potential labor organizing efforts, and changing demographics. Competitive and regulatory pressures have already significantly increased our labor costs. Further changes that adversely impact our ability to attract and retain quality associates could adversely affect our performance and/or profitability. In addition, changes in federal and state laws relating to employee benefits, including, but not limited to, sick time, paid time off, leave of absence, minimum wage, wage-and-hour, overtime, meal-and-break time, and joint/co-employment could cause us to incur additional costs, which could negatively impact our profitability.

Our business could be impacted by a potential proxy contest for the election of directors at our 2021 Annual Meeting of Shareholders.

On February 22, 2021, Macellum Advisors GP, LLC (together with its affiliates, “Macellum”), Ancora Holdings, Inc. (together with its affiliates, “Ancora”), Legion Partners Asset Management, LLC (together with its affiliates, “Legion Partners”), and 4010 Capital, LLC (together with its affiliates, “4010 Capital” and, together with Macellum, Ancora and Legion Partners, the “Activist Investors”), announced the nomination of nine candidates for election to our Board of Directors at our 2021 Annual Meeting of Shareholders. The Activist Investors subsequently reduced the number of candidates to five. A proxy contest with the Activist Investors for the election of directors could result in the Company incurring substantial costs, including proxy solicitation, public relations, and legal fees. Further, such a proxy contest could divert the attention of our Board of Directors, management, and employees, and may disrupt the momentum in our business and operations, as well as our ability to execute our strategic plan. The actions of the Activist Investors may also create perceived uncertainties as to the future direction of our business or strategy, which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel, and may impact our relationship with investors, vendors, and other third parties. A proxy contest could also impact the market price and the volatility of our common stock.

Capital Risks

We may be unable to raise additional capital or maintain bank credit on favorable terms, which could adversely affect our business and financial condition.

We have historically relied on the public debt markets to raise capital to partially fund our operations and growth. We have also historically maintained lines of credit with financial institutions. Changes in the credit and capital markets, including market disruptions, limited liquidity, and interest rate fluctuations may increase the cost of financing or restrict our access to these potential sources of future liquidity. Our continued access to these liquidity sources on favorable terms depends on multiple factors, including our operating performance and maintaining strong debt ratings. If our credit ratings fall below desirable levels, our ability to access the debt markets and our cost of funds for new debt issuances could be adversely impacted. Additionally, if unfavorable capital market conditions exist if and when we were to seek additional financing, we may not be able to raise sufficient capital on favorable terms and on a timely basis (if at all). If our access to capital was to become significantly constrained or our cost of capital was to increase significantly our financial condition, results of operations, and cash flows could be adversely affected.

Our capital allocation could be inefficient or ineffective.

Our goal is to invest capital to maximize our overall long-term returns. This includes spending on inventory, capital projects and expenses, managing debt levels, and periodically returning value to our shareholders through share repurchases and dividends. To a large degree, capital efficiency reflects how well we manage our other key risks. The actions taken to address other specific risks may affect how well we manage the more general risk of capital efficiency. If we do not properly allocate our capital to maximize returns, we may fail to produce optimal financial results, and we may experience a reduction in shareholder value.

Legal and Regulatory Risks

Regulatory and legal matters could adversely affect our business operations and change financial performance.

Various aspects of our operations are subject to federal, state, or local laws, rules, and regulations, any of which may change from time to time. The costs and other effects of new or changed legal requirements cannot be determined with certainty. For example, new legislation or regulations may result in increased costs directly for our compliance or indirectly to the extent such requirements increase prices of goods and services, reduce the availability of raw materials, or further restrict our ability to extend credit to our customers.

We continually monitor the state and federal legal and regulatory environments for developments that may impact us. Failure to detect changes and comply with such laws and regulations may result in an erosion of our reputation, disruption of business, and/or loss of associate morale. Additionally, we are regularly involved in various litigation matters that arise out of the conduct of our business. Litigation or regulatory developments could adversely affect our business operations and financial performance.

Our efforts to protect the privacy and security of sensitive or confidential customer, associate, or company information could be unsuccessful, which could severely damage our reputation, expose us to risks of litigation and liability, disrupt our operations, and harm our business.

As part of our normal course of business, we collect, retain, process, and transmit sensitive and confidential customer, associate, and company information. We also engage third-party vendors that provide technology, systems, and services to facilitate our collection, retention, processing, and transmission of this information. The protection of this data is extremely important to us, our associates, and our customers. However, no security is perfect, and it is possible that our facilities and systems and those of our third-party vendors are vulnerable to cybersecurity threats, security breaches, system failures, acts of vandalism, fraud, misappropriation, malware, ransomware, and other malicious or harmful code, misplaced or lost data, programming and/or human errors, insider threats, or other similar events. Despite our substantial investments in personnel, training, and implementation of programs, procedures, and plans to protect the security, confidentiality, integrity, and availability of our information and to prevent, detect, contain, and respond to cybersecurity threats, there is no assurance that these measures will prevent all cybersecurity threats, particularly given the ever-evolving and increasingly sophisticated methods of cyber-attack that may be difficult or impossible to anticipate and/or detect. Kohl's and its third party consultants audit and test our security program. Any such data security incident involving the breach, misappropriation, loss, or other unauthorized disclosure of sensitive and/or confidential information, whether by us or our vendors, could disrupt our operations, damage our reputation and customers' willingness to shop in our stores or on our website, violate applicable laws, regulations, orders and agreements, and subject us to additional costs and liabilities which could be material. In addition, data privacy and cybersecurity laws are in a period of change, including the recently enacted California Privacy Rights Act which amended and expanded the California Consumer Privacy Act, as well as Virginia's new data privacy law, and there is potential for the enactment of other federal or state privacy laws relevant to our business. These legal changes may increase our compliance costs, impact our customers' shopping experience, reduce our business efficiency, and subject us to additional regulatory scrutiny or data breach litigation.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Stores

As of January 30, 2021, we operated 1,162 Kohl's stores with 82.2 million selling square feet in 49 states. We also operated 12 FILA outlets. Our typical store lease has an initial term of 20-25 years and four to eight five-year renewal options. Substantially all of our leases provide for a minimum annual rent that is fixed or adjusts to set levels during the lease term, including renewals. Some of our store leases provide for additional rent based on a percentage of sales over designated levels.

The following tables summarize key information about our Kohl's stores as of January 30, 2021:

Number of Stores by State					
Mid-Atlantic Region:		**Northeast Region:**		**South Central Region:**	
Delaware	5	Connecticut	21	Arkansas	8
Maryland	23	Maine	5	Kansas	11
Pennsylvania	51	Massachusetts	25	Louisiana	7
Virginia	31	New Hampshire	11	Missouri	27
West Virginia	7	New Jersey	38	Oklahoma	11
		New York	50	Texas	84
		Rhode Island	4		
		Vermont	2		
Total Mid-Atlantic	117	Total Northeast	156	Total South Central	148
Midwest Region:		**Southeast Region:**		**West Region:**	
Illinois	66	Alabama	14	Alaska	1
Indiana	41	Florida	51	Arizona	26
Iowa	18	Georgia	32	California	117
Michigan	46	Kentucky	18	Colorado	24
Minnesota	28	Mississippi	5	Idaho	6
Nebraska	8	North Carolina	31	Montana	3
North Dakota	4	South Carolina	16	Nevada	13
Ohio	59	Tennessee	20	New Mexico	5
South Dakota	4			Oregon	11
Wisconsin	41			Utah	12
				Washington	19
				Wyoming	2
Total Midwest	315	Total Southeast	187	Total West	239

Location	
Strip centers	944
Freestanding	155
Community & regional malls	63

Ownership	
Owned	409
Leased	516
Ground leased	237

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Distribution Centers

The following table summarizes key information about each of our distribution centers:

	Year Opened	Square Footage
Store distribution centers:		
Findlay, Ohio	1994	780,000
Winchester, Virginia	1997	450,000
Blue Springs, Missouri	1999	540,000
Corsicana, Texas	2001	540,000
Mamakating, New York	2002	605,000
San Bernardino, California	2002	575,000
Macon, Georgia	2005	560,000
Patterson, California	2006	365,000
Ottawa, Illinois	2008	330,000
E-commerce fulfillment centers:		
Monroe, Ohio	2001	1,225,000
San Bernardino, California	2010	970,000
Edgewood, Maryland	2011	1,450,000
DeSoto, Texas	2012	1,515,000
Plainfield, Indiana	2017	975,000
Etna, Ohio	Expected 2021	1,300,000

We own all of the distribution centers except the San Bernardino, California locations and Corsicana, Texas, which are leased.

Corporate Facilities

We own our corporate headquarters in Menomonee Falls, Wisconsin. We also own or lease additional buildings and office space, which are used by various corporate departments, including our credit operations.

Item 3. Legal Proceedings

We are not currently a party to any material legal proceedings but are subject to certain legal proceedings and claims from time to time that arise out of the conduct of our business.

Item 4. Mine Safety Disclosures

Not applicable.

Item 4A. Information about our Executive Officers

Our executive officers as of January 30, 2021 were as follows:

Name	Age	Position
Michelle Gass	52	Chief Executive Officer
Doug Howe	60	Chief Merchandising Officer
Jill Timm	47	Senior Executive Vice President, Chief Financial Officer
Marc Chini	62	Senior Executive Vice President, Chief People Officer
Paul Gaffney	54	Senior Executive Vice President, Chief Technology Officer
Greg Revelle	43	Senior Executive Vice President, Chief Marketing Officer
Jason Kelroy	46	Senior Executive Vice President, General Counsel & Corporate Secretary

Michelle Gass

Ms. Gass has served as our Chief Executive Officer and as a director since May 2018. Ms. Gass was promoted to CEO-elect in October 2017. She joined the Company in 2013 as Chief Customer Officer and was named Chief Merchandising and Customer Officer in June 2015. Ms. Gass has more than 30 years of experience in the retail and consumer goods industries. Prior to joining the Company, she spent more than 16 years with Starbucks holding a variety of leadership roles across marketing, strategy, merchandising, and operations, including president, Starbucks Europe, Middle East, and Africa. She began her career with Procter & Gamble. Ms. Gass has received numerous professional honors, including being named to Fortune's Most Powerful Women in Business and Businessperson of the Year lists, as well as being named The Visionary 2020 by the National Retail Federation. Ms. Gass currently serves on the Board of Directors for PepsiCo, Retail Industry Leaders Associates, National Retail Federation, and Children's Wisconsin. She received her undergraduate degree from Worcester Polytechnic Institute and an MBA from the University of Washington.

Doug Howe

Mr. Howe has served as Chief Merchandising Officer since May 2018. Prior to joining the Company, Mr. Howe served as global chief merchandising officer at the Qurate Retail Group where he led QVC and HSN's product leadership agenda. Mr. Howe has also held leadership positions in merchandising and product development with QVC, Gap Inc., Walmart, and May Department Stores. Mr. Howe has more than 25 years of retail experience.

Jill Timm

Ms. Timm has served as Senior Executive Vice President and Chief Financial Officer since November 2019. Ms. Timm joined the Company in 1999 and has held a number of progressive leadership roles across several areas of finance, most recently having served as executive vice president of finance. Prior to joining the Company, she served as senior auditor at Arthur Anderson LLP. Ms. Timm has more than 20 years of experience in the retail industry.

Marc Chini

Mr. Chini has served as Senior Executive Vice President, Chief People Officer since November 2018. Prior to joining the Company, Mr. Chini served as chief human resource officer of Synchrony Financial where he built the newly public company's human resources strategy and function. Mr. Chini has also held a variety of chief human resources officer roles across multiple GE business units including NBC Universal, GE Aviation & Locomotive and GE Industrial Solutions. Mr. Chini has more than 25 years of human resources experience.

Paul Gaffney

Mr. Gaffney has served as Senior Executive Vice President, Chief Technology Officer since September 2019. Prior to joining the Company, Mr. Gaffney served in a number of technology leadership roles, including chief technology officer of Dick's Sporting Goods where he led the company's digital transformation, and senior vice president of information technology at The Home Depot, where he was responsible for the organization's software engineering, user-centered design, and applications. Mr. Gaffney has also held leadership roles at Keeps Inc., AAA of Northern California, Nevada & Utah, and Desktone, Inc. Mr. Gaffney has more than 25 years of technology experience.

Greg Revelle

Mr. Revelle has served as Senior Executive Vice President, Chief Marketing Officer since April 2018. He joined the Company in April 2017 as Executive Vice President, Chief Marketing Officer. Prior to joining the Company, he served in a number of executive leadership roles, including chief marketing officer at Best Buy, chief marketing officer and general manager of e-commerce at AutoNation, vice president of world online marketing at Expedia, and an investment banker at Credit Suisse. Mr. Revelle has more than 10 years of marketing and retail industry experience.

Jason Kelroy

Mr. Kelroy has served as Senior Executive Vice President, General Counsel and Corporate Secretary since August 2020. He joined the Company in 2004 as Legal Counsel and has held a number of progressive leadership roles, serving as General Counsel since 2015. Prior to joining the Company, Mr. Kelroy served as an associate at the law firm of Vorys, Sater, Seymour and Pease LLP. Mr. Kelroy has more than 20 years of experience practicing law, including over 15 years in the retail industry.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market information

Our Common Stock has been traded on the New York Stock Exchange ("NYSE") since May 19, 1992, under the symbol “KSS.”

On February 24, 2021, our Board of Directors declared a quarterly cash dividend of $0.25 per common share. The dividend will be paid on March 31, 2021 to shareholders of record as of March 17, 2021. In 2020, we paid aggregate cash dividends of $108 million prior to the dividend program being temporarily suspended due to the COVID-19 pandemic.

Holders

As of March 10, 2021, there were approximately 3,500 record holders of our Common Stock.

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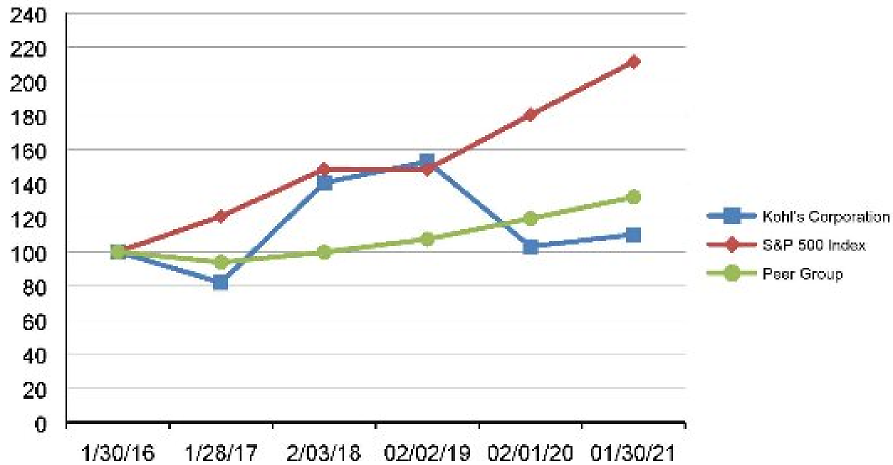
Performance Graph

The graph below compares our cumulative five-year shareholder return to that of the Standard & Poor's ("S&P") 500 Index and a Peer Group Index that is consistent with the retail peer groups used in the Compensation Discussion & Analysis section of our Proxy Statement for our 2021 Annual Meeting of Shareholders. The Peer Group Index was calculated by S&P Global, a Standard & Poor's business and includes Bed Bath & Beyond, Inc.; The Gap, Inc.; J.C. Penney Company, Inc.; L Brands, Inc.; Macy's, Inc.; Nordstrom, Inc.; Ross Stores, Inc.; and The TJX Companies, Inc. The Peer Group Index is weighted by the market capitalization of each component company at the beginning of each period. The graph assumes an investment of $100 on January 30, 2016 and reinvestment of dividends. The calculations exclude trading commissions and taxes.



Company / Index	Jan 30, 2016		Jan 28, 2017		Feb 3, 2018		Feb 2, 2019		Feb 1, 2020		Jan 30, 2021	
Kohl's Corporation	$	100.00	$	81.95	$	140.56	$	152.91	$	103.09	$	110.19
S&P 500 Index		100.00		120.87		148.47		148.38		180.37		211.48
Peer Group Index		100.00		93.91		99.76		107.43		119.52		132.13

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We did not sell any equity securities from 2018 through 2020 that were not registered under the Securities Act except as otherwise disclosed in our current Report on Form 8-K dated April 23, 2019.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2016, our Board of Directors increased the remaining share repurchase authorization under our existing share repurchase program to $2.0 billion. Purchases under the repurchase program may be made in the open market, through block trades and other negotiated transactions. We expect to execute the share repurchase program primarily in open market transactions, subject to market conditions. There is no fixed termination date for the repurchase program, and the program may be suspended, discontinued, or accelerated at any time.

The following table contains information for shares repurchased and shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' restricted stock during the three fiscal months ended January 30, 2021:

Period	Total Number of Shares Purchased During Period	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (Dollars in Millions)
November 1 - November 28, 2020	16,126	$ 21.58	—	$ 726
November 29, 2020 – January 2, 2021	9,446	38.07	—	726
January 3 – January 30, 2021	175	39.93	—	726
Total	25,747	$ 27.75	—	$ 726

Item 6. Selected Consolidated Financial Data

The selected consolidated financial data presented below should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this document.

(Dollars in Millions, Except per Share and per Square Foot Data)	2020	2019	2018	2017(e)	2016
Net sales					
Dollars	**$ 15,031**	$ 18,885	$ 19,167	$ 19,036	$ 18,636
Net sales (decrease) increase	**(20.4)%**	(1.5)%	0.7%	2.1%	(2.7)%
Comparable sales (a)	**n/a**	(1.3)%	1.7%	1.5%	(2.4)%
Per selling square foot (b)	**$ 183**	$ 229	$ 231	$ 229	$ 224
Total revenue	**$ 15,955**	$ 19,974	$ 20,229	$ 20,084	$ 19,681
Gross margin as a percent of net sales	**31.1%**	35.7%	36.4%	36.0%	35.9%
Selling, general, and administrative expenses ("SG&A")					
Dollars	**$ 5,021**	$ 5,705	$ 5,601	$ 5,501	$ 5,430
As a percent of total revenue	**31.5%**	28.6%	27.7%	27.4%	27.6%
Operating (loss) income					
Dollars					
Reported (GAAP)	**$ (262)**	$ 1,099	$ 1,361	$ 1,416	$ 1,183
Adjusted (non-GAAP) (c)	**$ (300)**	$ 1,212	$ 1,465	$ 1,416	$ 1,369
As a percent of total revenue					
Reported (GAAP)	**(1.6)%**	5.5%	6.7%	7.1%	6.0%
Adjusted (non-GAAP) (c)	**(1.9)%**	6.1%	7.2%	7.1%	7.0%
Net (loss) income					
Reported (GAAP)	**$ (163)**	$ 691	$ 801	$ 859	$ 556
Adjusted (non-GAAP) (c)	**$ (186)**	$ 769	$ 927	$ 703	$ 673
Diluted (loss) earnings per share					
Reported (GAAP)	**$ (1.06)**	$ 4.37	$ 4.84	$ 5.12	$ 3.11
Adjusted (non-GAAP) (c)	**$ (1.21)**	$ 4.86	$ 5.60	$ 4.19	$ 3.76
Dividends per share	**$ 0.704**	$ 2.68	$ 2.44	$ 2.20	$ 2.00
Balance sheet					
Total assets	**$ 15,337**	$ 14,555	$ 12,469	$ 13,389	$ 13,623
Working capital	**$ 2,813**	$ 1,880	$ 2,105	$ 2,671	$ 2,264
Long-term debt	**$ 2,451**	$ 1,856	$ 1,861	$ 2,797	$ 2,795
Finance lease and financing obligations	**$ 1,502**	$ 1,491	$ 1,638	$ 1,717	$ 1,816
Operating lease liabilities	**$ 2,786**	$ 2,777	$ —	$ —	$ —
Shareholders' equity	**$ 5,196**	$ 5,450	$ 5,527	$ 5,419	$ 5,170
Cash flow					
Net cash provided by operating activities	**$ 1,338**	$ 1,657	$ 2,107	$ 1,691	$ 2,153
Capital expenditures	**$ 334**	$ 855	$ 578	$ 672	$ 768
Free cash flow (d)	**$ 908**	$ 700	$ 1,403	$ 881	$ 1,269
Kohl's store information					
Number of stores	**1,162**	1,159	1,159	1,158	1,154
Total square feet of selling space (in thousands)	**82,152**	82,192	82,620	82,804	82,757

(a) Kohl's store sales are included in comparable sales after the store has been open for 12 full months. Digital sales and sales at remodeled and relocated Kohl's stores are included in comparable sales, unless square footage has changed by more than 10%. No comparable sales metric is provided in 2020 as our stores were closed for part of the period. 2019 compares the 52 weeks ended February 1, 2020 and February 2, 2019.

(b) Net sales per selling square foot includes in-store and digital merchandise sales.

(c) Pre-tax adjustments include impairments, store closing, and other costs of $89 million in 2020, $113 million in 2019, $104 million in 2018, and $186 million in 2016; gain on sales of real estate of $127 million in 2020, gain on extinguishment of debt of $9 million in 2019 and debt extinguishment losses of $63 million in 2018; and tax settlement and reform benefits of $156 million in 2017. See GAAP to non-GAAP reconciliation in Results of Operations.

(d) Free cash flow is a non-GAAP financial measure that we define as net cash provided by operating activities and proceeds from financing obligations less capital expenditures and capital lease and financing obligation payments. See GAAP to non-GAAP reconciliation in Liquidity and Capital Resources.

(e) Fiscal 2017 was a 53-week year. The impact of the 53rd week is approximated as follows: net sales were $170 million; other revenues were $10 million; SG&A was $40 million; interest was $3 million; net income was $15 million; and diluted earnings per share were approximately $0.10.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

As of January 30, 2021, we operated 1,162 Kohl's stores, a website (www.Kohls.com), and 12 FILA outlets. Our Kohl's stores and website sell moderately-priced private and national brand apparel, footwear, accessories, beauty, and home products. Our Kohl's stores generally carry a consistent merchandise assortment with some differences attributable to local preferences. Our website includes merchandise which is available in our stores, as well as merchandise that is available only online.

Key financial results for 2020 included:

- Net sales decreased 20.4% to $15.0 billion reflecting the continued impact of COVID-19.
- Gross margin as a percentage of net sales decreased 464 basis points due to the mix of the business, inventory actions taken in the first quarter, and higher shipping costs resulting from increased digital sales penetration partially offset by strong inventory management and pricing and promotional optimization.
- Selling, general, and administrative expenses ("SG&A") as a percentage of total revenue increased 291 basis points. SG&A expenses decreased $684 million, or 12%, primarily driven by a reduction in store related expenses and lower marketing expenses.
- Net loss on a GAAP basis was $163 million, or ($1.06) loss per share.
- On an adjusted non-GAAP basis, our net loss was $186 million, or ($1.21) loss per share.

Recent Developments

As discussed in our 2019 Form 10-K, the World Health Organization declared the outbreak of COVID-19 as a pandemic in March 2020. Subsequently, COVID-19 has continued to spread throughout the United States. As a result, the President of the United States declared a national emergency. Federal, state, and local governing bodies mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. The response to the COVID-19 pandemic has negatively affected the global economy, disrupted global supply chains, and created significant disruption in the financial and retail markets, including a decrease in consumer demand for our merchandise.

The COVID-19 pandemic has had, and will likely continue to have, significant adverse effects on our business including, but not limited to the following:

- On March 20, 2020, the Company furloughed 85,000 store and distribution center associates, as well as some corporate office associates, as a result of temporarily closing all of our stores which limited our business to the digital channel.
- Starting on May 4, 2020, we began reopening stores in locations where permitted, and had reopened all of our stores as of July 10, 2020, and furloughed store and distribution center associates have returned to work.
- The Company experienced a significant decline in sales demand, and expects to continue to experience volatility in demand for its merchandise. We also experienced pressure in gross margin, and continue to expect pressures on gross margin as we expect digital penetration to remain elevated. In addition, during the fourth quarter of 2020, the Company experienced an impact to gross margin from freight surcharges related to increased digital penetration across the retail industry resulting from the COVID-19 pandemic.
- Additionally, social distancing measures or changes in consumer spending behaviors due to COVID-19 may continue to impact store traffic which could result in a loss of sales and profit. As our stores reopened, we implemented numerous social distancing and safety measures which remain in place. These include providing personal protective equipment to our associates, implementing a more rigorous cleaning process,

including enhanced cleaning of high touch surfaces throughout the day, installing protective barriers at all registers, and requiring associates and customers to wear face coverings while inside our stores. To encourage social distancing, we installed social distancing signage and markers throughout the store, closed our fitting rooms, widened aisles by removing in-aisle fixtures, relocated Amazon returns to a separate area of the store, and are limiting occupancy in stores as appropriate. We also implemented a new process for handling merchandise returns, reduced store operating hours, and are providing dedicated shopping hours for at-risk individuals.

The chart below details costs that we believe are directly attributable to COVID-19:

(Dollars In Millions)		Twelve Months Ended
Description	**Classification**	**January 30, 2021**
Inventory write-downs	Cost of merchandise sold	$ 187
Net compensation and benefits	Selling, general, and administrative	73
Other costs	Selling, general, and administrative	55
Asset write-offs and other	Impairments, store closing, and other costs	53
Total		$ 368

In response to COVID-19, we took the following actions to preserve financial liquidity and flexibility during fiscal 2020:

- Managed inventory receipts meaningfully lower,
- Significantly reduced expenses across all areas of the business including marketing, technology, operations, and payroll,
- Reduced capital expenditures 61%,
- Suspended share repurchase program,
- Suspended regular quarterly cash dividend beginning in the second quarter of 2020,
- Replaced and upsized the unsecured $1.0 billion revolver with a $1.5 billion secured facility, of which all was fully available for utilization as of year-end,
- Issued $600 million of 9.5% notes due 2025, and
- Completed a sale leaseback for our San Bernardino E-commerce fulfillment and distribution center which generated net proceeds of $193 million after fees and resulted in a $127 million gain.

We cannot estimate with certainty the length or severity of this pandemic, or the extent to which the disruption may materially impact our Consolidated Financial Statements. For fiscal 2020, COVID-19 had a material adverse effect on our business, financial condition, and results of operations.

See "Results of Operations" and "Liquidity and Capital Resources" for additional details about our financial results.

Our Vision and Strategy

As part of our continued efforts to stay ahead in the rapidly changing retail environment, we introduced a new strategic framework in October 2020. The Company’s new vision is to be “the most trusted retailer of choice for the active and casual lifestyle.” This new strategy is designed to create long-term shareholder value and has four key focus areas: driving top line growth, expanding operating margin, maintaining disciplined capital management, and sustaining an agile, accountable, and inclusive culture.

Driving Top Line Growth

Our initiatives include expanding Kohl's active and outdoor business to at least 30% of net sales, reigniting growth in the women's business, building a sizable beauty business, driving category productivity and inventory turn, and capturing market share from the retail industry disruption. We have already taken significant steps in these areas, including forming a new major long-term strategic partnership with Sephora, the largest prestige beauty retailer in the world, where Sephora will become Kohl's exclusive beauty partner. We plan for this partnership to bring the "Sephora at Kohl's" experience to 200 stores and online beginning in Fall 2021, and to at least 850 locations by 2023. We expect this strategic partnership to drive incremental customer traffic, significantly grow the Company's beauty business, and positively impact sales across other categories. Our loyalty and value efforts include simplifying the value delivered to our customers and maintaining our industry-leading loyalty program, which includes Kohl's Rewards and the Kohl's Card. We will also continue to offer a compelling and differentiated omnichannel experience through modernized stores and an enhanced digital platform.

Expanding Operating Margin

We have established a goal of expanding the Company's operating margin with a multi-year plan of achieving 7% to 8%. To achieve that goal, we are focused on driving both gross margin improvement and selling, general, and administrative expense leverage. Our gross margin initiatives include disciplined inventory management and increased inventory turn, optimized pricing and promotion strategies, efficient sourcing, and a transformed end-to-end supply chain. Our initiatives to drive selling, general, and administrative expense efficiency are focused on store expenses, marketing, technology, and corporate expenses.

Maintaining Disciplined Capital Management

We are committed to prudent balance sheet management with the long-term objective of sustaining Kohl's Investment Grade credit rating. The Company has a long history of strong cash flow generation, investing in the business, and returning significant capital to shareholders—all of which will remain important in the future.

Sustaining an Agile, Accountable, and Inclusive Culture

Fostering a diverse, equitable, and inclusive environment for Kohl's associates, customers, and suppliers is an important focus of ours. We established a diversity and inclusion framework in 2020 that includes a number of key initiatives across three pillars: Our People, Our Customers, and Our Communities. In addition, we continue to build on the Company's commitment to Environmental, Social, and Corporate Governance ("ESG"). We have established 2025 goals related to climate change, waste and recycling, and sustainable sourcing, and Kohl's has earned many ESG-related awards.

2021 Outlook

Our current expectations for 2021 are as follows:

Net sales	Increase mid-teens %
Operating margin	4.5% - 5.0%
Earnings per diluted share	$2.45 - $2.95
Capital expenditures	$550 - $600 million
Share repurchases	$200 - $300 million

Results of Operations

Net Sales

Net sales includes revenue from the sale of merchandise, net of expected returns and shipping revenue.

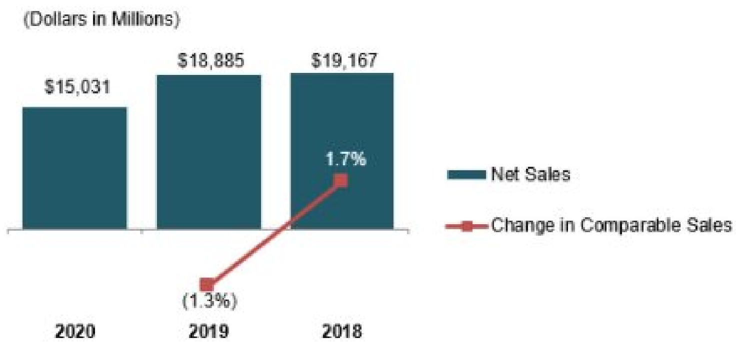
Comparable sales is a measure that highlights the performance of our stores and digital channel by measuring the change in sales for a period over the comparable, prior-year period of equivalent length. Comparable sales includes all store and digital sales, except sales from stores open less than 12 months, stores that have been closed, and stores where square footage has changed by more than 10%. We measure the change in digital sales by including all sales initiated online or through mobile applications, including omnichannel transactions which are fulfilled through our stores.

As our stores were closed for a period during fiscal 2020, we have not included a discussion of 2020 comparable sales as we do not believe it is a meaningful metric over this period of time.

We measure digital penetration as digital sales over net sales. These amounts do not take into consideration fulfillment node, digital returns processed in stores, and coupon behaviors.

Comparable sales is a meaningful metric in evaluating our performance of ongoing operations period over period. Comparable sales and digital penetration measures vary across the retail industry. As a result, our comparable sales calculation and digital penetration may not be consistent with the similarly titled measures reported by other companies.

The following graph summarizes net sales dollars and comparable sales over the prior year:



2020 compared to 2019

Net sales decreased $3.9 billion, or 20.4%, to $15.0 billion for 2020.

- The decrease reflects the continued impact of COVID-19 which includes the temporary nationwide closure of our stores on March 20, 2020 resulting in a decrease in transactions. All of our stores reopened during the second quarter of 2020.
- Digital sales increased 29% for the year. Digital penetration represented 40% of net sales in 2020.
- By line of business, Home and Children's outperformed the Company average. Women's, Men's, Footwear, and Accessories underperformed the Company average.
- Active continued to be a key strategic initiative for 2020 and outperformed the Company average.

2019 compared to 2018

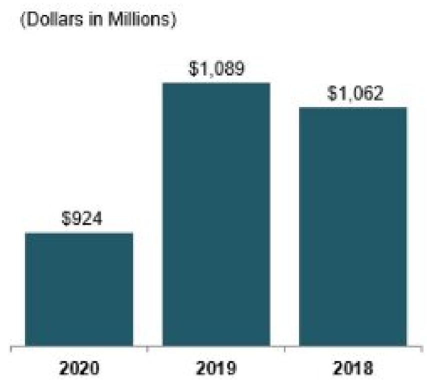
Net sales decreased $282 million, or 1.5% to $18.9 billion for 2019.

- The decrease was primarily due to a 1.3% decrease in comparable sales driven by a decrease in average transaction value.
- Digital sales had a low double digits percentage increase in 2019. Digital penetration represented 24% of net sales in 2019.
- By line of business, Children's, Men's, Accessories, and Footwear outperformed the Company average. Home and Women's underperformed the Company average.
- Active continued to be a key strategic initiative that contributed to our sales growth in 2019.
- Geographically, the Midwest, Mid-Atlantic, and Northeast outperformed the Company average.

Other Revenue

Other revenue includes revenue from credit card operations, third-party advertising on our website, unused gift cards and merchandise return cards (breakage), and other non-merchandise revenue.

The following graph summarizes other revenue:

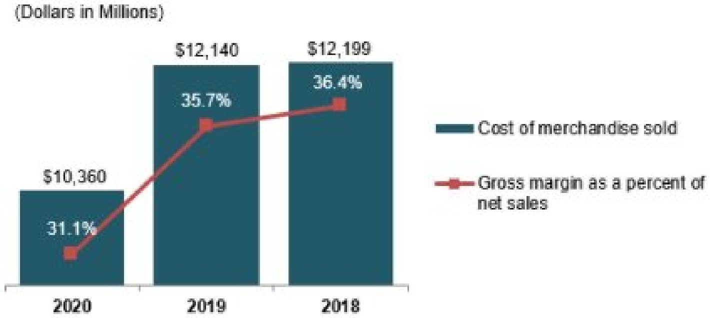


Other revenue decreased $165 million in 2020 and increased $27 million in 2019. The decrease in 2020 was due to lower credit card revenue due to lower accounts receivable balances associated with lower sales and a higher payment rate resulting in less interest, late fees, and write-off activity. The increase in 2019 was due to higher credit card revenue.

Cost of Merchandise Sold and Gross Margin

Cost of merchandise sold includes the total cost of products sold, including product development costs, net of vendor payments other than reimbursement of specific, incremental, and identifiable costs; inventory shrink; markdowns; freight expenses associated with moving merchandise from our vendors to our distribution centers; shipping expenses for digital sales; terms cash discount; and depreciation of product development facilities and equipment. Our cost of merchandise sold may not be comparable with that of other retailers because we include distribution center and buying costs in selling, general, and administrative expenses while other retailers may include these expenses in cost of merchandise sold.

The following graph summarizes cost of merchandise sold and gross margin as a percent of net sales:



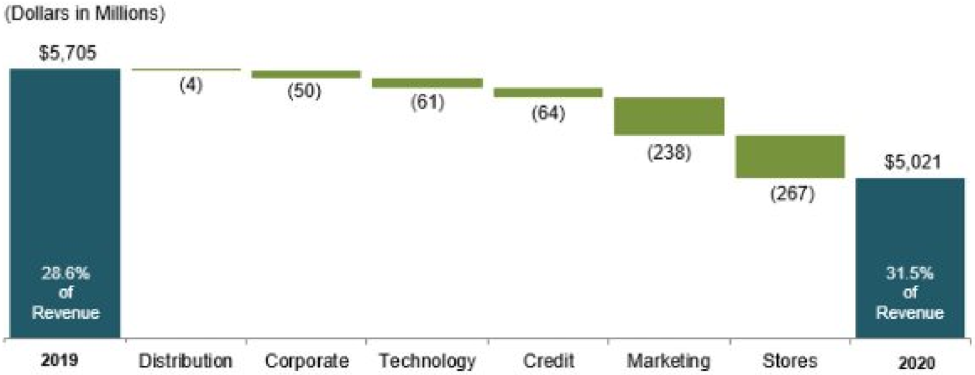
Gross margin is calculated as net sales less cost of merchandise sold. Gross margin as a percent of net sales decreased 464 basis points in 2020 and 64 basis points in 2019. The decrease in 2020 was driven by approximately 195 bps due to the inventory actions taken in the first quarter of 2020, approximately 210 bps due to higher shipping costs resulting from increased digital sales penetration, and approximately 60 bps due to the mix of business partially offset by strong inventory management and pricing and promotion optimization. The decrease in 2019 was driven by higher shipping costs resulting from digital growth, an increase in promotional markdowns, and mix of business.

Selling, General, and Administrative Expenses

SG&A includes compensation and benefit costs (including stores, corporate, buying, and distribution centers); occupancy and operating costs of our retail, distribution, and corporate facilities; freight expenses associated with moving merchandise from our distribution centers to our retail stores and among distribution and retail facilities other than expenses to fulfill digital sales; marketing expenses, offset by vendor payments for reimbursement of specific, incremental, and identifiable costs; expenses related to our credit card operations; and other administrative revenues and expenses. We do not include depreciation and amortization in SG&A. The classification of these expenses varies across the retail industry.

Many of our expenses, including store payroll and distribution costs, are variable in nature. These costs generally increase as sales increase, and decrease as sales decrease. We measure both the change in these variable expenses and the expense as a percent of revenue. If the expense as a percent of revenue decreased from the prior year, the expense "leveraged". If the expense as a percent of revenue increased over the prior year, the expense "deleveraged".

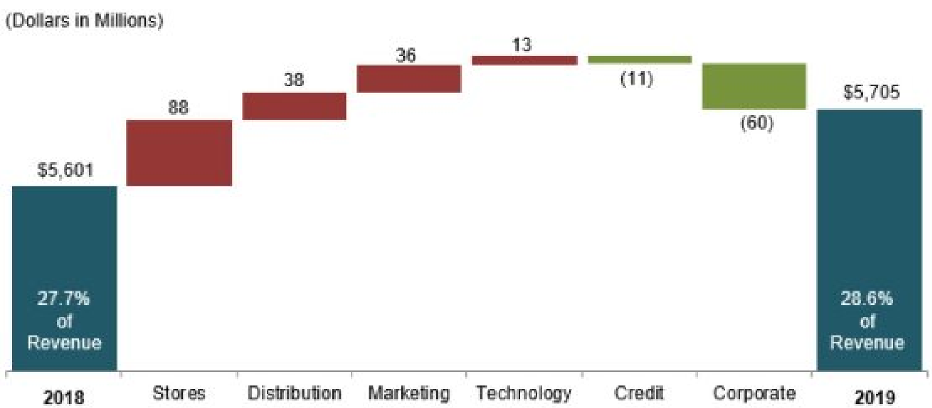
The following graph summarizes the decreases in SG&A by expense type between 2019 and 2020:



SG&A decreased $684 million, or 12%, to $5.0 billion for 2020. As a percentage of revenue, SG&A deleveraged by 291 basis points.

The decrease was primarily driven by a reduction in store expenses due to a reduction in sales and staffing model changes, lower marketing expense due to reductions in all working media channels, reduced capital spending in technology, and lower credit expenses due to lower payroll and operating costs. Corporate expenses decreased due to lower general corporate costs. Distribution costs, which exclude payroll related to online originated orders that were shipped from our stores, were $346 million for 2020 compared to $350 million for 2019. This decrease was driven by lower payroll and transportation costs as a result of lower volume due to COVID-19. Partially offsetting the decrease in SG&A expenses in 2020 were expenses related to the COVID-19 pandemic which primarily consisted of incremental employee compensation and benefits as well as cleaning and protective supplies. Included in these expenses was the retention credit benefit we were eligible for under The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act, enacted on March 27, 2020, provides eligible employers with an employee retention credit equal to 50% of qualified wages paid to employees who were not providing services to the Company due to the impact of COVID-19.

The following graph summarizes the increases and (decreases) in SG&A by expense type between 2018 and 2019:



SG&A increased $104 million, or 1.9%, to $5.7 billion for 2019. As a percentage of revenue, SG&A deleveraged by 88 basis points.

The increase in store expenses reflects higher rent expense, primarily due to the new lease accounting standard, costs related to brand launches, the Amazon returns program, and wage pressure. Distribution costs, which exclude payroll related to online originated orders that were shipped from our stores, were $350 million for 2019. This increased $38 million due to higher transportation and payroll costs at our E-Commerce fulfillment centers driven by growth in digital sales. Marketing costs reflect higher digital and broadcast spend. Technology costs increased as we continue to invest in our business. Expenses from our credit card operations decreased due to savings in payroll and operating costs. Corporate and other expenses decreased due to lower general corporate costs and incentives.

Other Expenses

(Dollars in Millions)	2020	2019	2018
Depreciation and amortization	**$ 874**	$ 917	$ 964
Impairments, store closing, and other costs	**89**	113	104
(Gain) on sale of real estate	**(127)**	—	—
Interest expense, net	**284**	207	256
(Gain) loss on extinguishment of debt	**—**	(9)	63

Depreciation and amortization decreases were driven by maturity of our store portfolio and reduced capital spending in 2020.

Depreciation and amortization decreases in 2019 were driven by the maturing of our stores and the impact of the new lease accounting standard offset by higher amortization due to investments in technology.

Impairments, store closing, and other costs in 2020 included total asset impairments of $68 million, which consisted of $51 million related to capital reductions and strategy changes due to COVID-19 and $17 million related to impairments of corporate facilities and lease assets. It also included a $21 million corporate restructuring charge, $15 million in brand exit costs, and a $2 million contract termination fee due to COVID-19, offset by a $13 million gain on an investment previously impaired and $4 million gain on lease termination.

Impairments, store closing, and other costs in 2019 included $52 million of asset impairment charges related to the closure of four Kohl's stores and four Off-Aisle clearance centers, $30 million in severance, which included our corporate restructuring effort along with the execution of a voluntary role reduction program, $10 million related to brand exits, and a $21 million impairment related to technology projects that no longer aligned with our strategic plans. Impairments, store closing, and other costs in 2018 included the following expenses related to closing four stores, consolidating call center locations which supported both Kohl's charge and online customers, a voluntary retirement program, and the impairment of certain assets.

(Dollars in Millions)	2020	2019	2018
Severance, early retirement, and other	**$ 21**	$ 40	$ 32
Impairments:			
Buildings and other store assets	**18**	52	36
Intangible and other assets	**50**	21	36
Impairments, store closings, and other costs	**$ 89**	$ 113	$ 104

During fiscal 2020, we recognized a gain of $127 million from the sale leaseback transaction of our San Bernardino E-commerce fulfillment and distribution centers.

Net interest expense increased in 2020 as a result of higher interest expense due to the outstanding balance on the revolving credit facility which was fully paid in October 2020, and the $600 million of notes issued in April 2020. Net interest expense decreased in 2019 due primarily to the benefits of debt reductions in 2018 and adoption of the new lease accounting standard in the first quarter of 2019.

Gain on extinguishment of debt of $9 million in 2019 resulted from the purchase of leased equipment that was accounted for as a financing obligation.

Loss on the extinguishment of debt of $63 million in 2018 resulted from a $413 million make-whole call and a $500 million cash tender offer in 2018.

Income Taxes

(Dollars in Millions)	2020	2019	2018
(Benefit) provision for income taxes	**$ (383)**	$ 210	$ 241
Effective tax rate	**70.2%**	23.3%	23.2%

Our effective tax rate in 2020 includes the full year benefit for the net operating loss carryback provision from the CARES Act enacted on March 27, 2020. This provision allows losses generated in 2020 to be carried back to the five preceding years, which include years in which the statutory tax rate was 35%. The effective tax rates in 2019 and 2018 reflect the federal statutory rate of 21%.

GAAP to Non-GAAP Reconciliation

(Dollars in Millions, Except per Share Data)	Operating (Loss) Income	(Loss) Income before Income Taxes	Net (Loss) Income	(Loss) Earnings per Diluted Share
2020				
GAAP	**$ (262)**	**$ (546)**	**$ (163)**	**$ (1.06)**
Impairments, store closing, and other costs	**89**	**89**	**89**	**0.58**
(Gain) on sale of real estate	**(127)**	**(127)**	**(127)**	**(0.82)**
Income tax impact of items noted above	**—**	**—**	**15**	**0.09**
Adjusted (non-GAAP)	**$ (300)**	**$ (584)**	**$ (186)**	**$ (1.21)**
2019				
GAAP	$ 1,099	$ 901	$ 691	$ 4.37
Impairments, store closing, and other costs	113	113	113	0.71
(Gain) on extinguishment of debt	—	(9)	(9)	(0.06)
Income tax impact of items noted above	—	—	(26)	(0.16)
Adjusted (non-GAAP)	$ 1,212	$ 1,005	$ 769	$ 4.86
2018				
GAAP	$ 1,361	$ 1,042	$ 801	$ 4.84
Impairments, store closing, and other costs	104	104	104	0.63
Loss on extinguishment of debt	—	63	63	0.38
Income tax impact of items noted above	—	—	(41)	(0.25)
Adjusted (non-GAAP)	$ 1,465	$ 1,209	$ 927	$ 5.60

We believe adjusted results are useful because they provide enhanced visibility into our ongoing results for the periods excluding the impact of certain items such as those included in the table above. However, these non-GAAP financial measures are not intended to replace GAAP measures.

Inflation

In addition to COVID-19, we expect that our operations will continue to be influenced by general economic conditions, including food, fuel, and energy prices, higher unemployment, and costs to source our merchandise, including tariffs. There can be no assurances that such factors will not impact our business in the future.

Liquidity and Capital Resources

Financial liquidity and flexibility are a key focus of our response to COVID-19. As previously mentioned, we took various actions during 2020 to preserve our financial liquidity and flexibility.

The following table presents our primary uses and sources of cash:

Cash Uses	Cash Sources
• Operational needs, including salaries, rent, taxes, and other operating costs • Capital expenditures • Inventory • Share repurchases • Dividend payments • Debt reduction	• Cash flow from operations • Short-term trade credit, in the form of extended payment terms • Line of credit under our revolving credit facility • Issuance of debt

Our working capital and inventory levels typically build throughout the fall, peaking during the November and December holiday selling season. Due to COVID-19, typical working capital and inventory patterns did not occur in 2020.

The following table includes cash balances and changes:

(Dollars in Millions)	2020	2019	2018
Cash and cash equivalents	**$ 2,271**	$ 723	$ 934
Net cash provided by (used in):			
Operating activities	**$ 1,338**	$ 1,657	$ 2,107
Investing activities	**(137)**	(837)	(572)
Financing activities	**347**	(1,031)	(1,909)
Free cash flow (a)	**$ 908**	$ 700	$ 1,403

(a) Non-GAAP financial measure

Operating Activities

Operating activities generated cash of $1.3 billion in 2020 compared to cash of $1.7 billion in 2019. The decrease was primarily attributable to the decline in net income resulting from decreased sales due to the temporary nationwide store closures due to COVID-19 and changes in other current and long-term assets offset by the decrease in merchandise inventories.

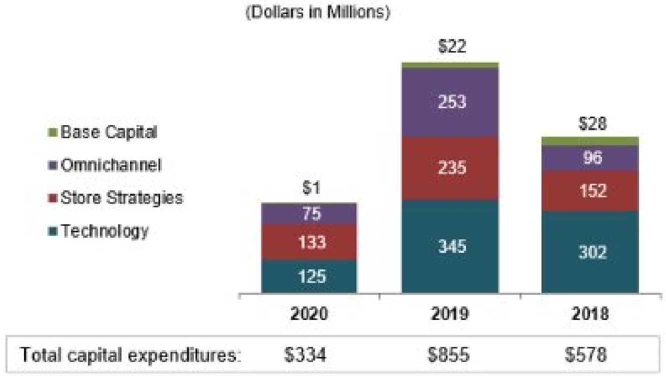
Operating activities generated cash of $1.7 billion in 2019 compared to cash of $2.1 billion in 2018. The decrease was primarily attributable to lower net income and changes in accrued and other operating liabilities.

Investing Activities

Net cash used in Investing activities decreased $700 million to $137 million in 2020. The decrease was due to reductions in capital spending as part of our response to COVID-19 as well as the proceeds from the sale of real estate.

Net cash used in Investing activities increased $265 million to $837 million in 2019. The increase was primarily due to the investments in our sixth E-commerce fulfillment center, store strategies that include new stores and capital improvements to existing stores, and technology investments.

The following chart summarizes capital expenditures by major category:



Financing Activities

Financing activities generated cash of $347 million in 2020 compared to $1.0 billion used in 2019.

In March 2020, we fully drew down our $1.0 billion senior unsecured revolver. In April 2020, we replaced and upsized the unsecured credit facility with a $1.5 billion senior secured, asset based revolving credit facility maturing in July 2024. In October 2020, we paid $1.0 billion to fully repay our revolver and have $1.5 billion available for utilization. No borrowings were outstanding on the credit facility as of January 30, 2021, February 1, 2020, or February 2, 2019.

In April 2020, we issued $600 million of 9.50% notes with semi-annual interest payments beginning in November 2020. The notes mature in May 2025. We used part of the net proceeds from this offering to repay $500 million of the borrowings under our senior secured, asset based revolving credit facility with the remainder for general corporate purposes.

As a result of the suspension of our share repurchase program in response to COVID-19, treasury stock purchases in 2020 were $8 million compared to $470 million in 2019. Share repurchases are discretionary in nature. The timing and amount of repurchases are based upon available cash balances, our stock price, and other factors.

Cash dividend payments were $108 million ($0.704 per share) in 2020 and $423 million ($2.68 per share) in 2019. In response to COVID-19, the dividend program was suspended beginning in the second quarter of 2020. The Company remains committed to paying a dividend and reinstated the dividend in the first quarter of 2021.

As of January 30, 2021, our credit ratings and outlook were as follows:

	Moody's	Standard & Poor's	Fitch
Long-term debt	Baa2	BBB-	BBB-
Outlook	Negative	Negative	Negative

Free Cash Flow

We generated $908 million of free cash flow for 2020 compared to $700 million in 2019. The increase is primarily due to reductions in capital spending as part of our response to COVID-19, partially offset by a reduction in cash provided by operating activities. Free cash flow is a non-GAAP financial measure which we define as net cash provided by operating activities and proceeds from financing obligations (which generally represent landlord reimbursements of construction costs) less capital expenditures and finance lease and financing obligation payments. Free cash flow should be evaluated in addition to, and not considered a substitute for, other financial measures such as net income and net cash provided by operating activities. We believe that free cash flow represents our ability to generate additional cash flow from our business operations.

The following table reconciles net cash provided by operating activities (a GAAP measure) to free cash flow (a non-GAAP measure):

(Dollars in Millions)	2020	2019	2018
Net cash provided by operating activities	**$ 1,338**	$ 1,657	$ 2,107
Acquisition of property and equipment	**(334)**	(855)	(578)
Finance lease and financing obligation payments	**(105)**	(113)	(126)
Proceeds from financing obligations	**9**	11	—
Free cash flow	**$ 908**	$ 700	$ 1,403

Key Financial Ratios

Key financial ratios that provide certain measures of our liquidity are as follows:

(Dollars in Millions)	2020	2019
Working capital	**$ 2,813**	$ 1,880
Current ratio	**1.93**	1.68

The increase in our working capital and current ratio are primarily due to higher cash balances as a result of debt issuances, lower capital expenditures, proceeds from the sale of real estate, cash provided by operating activities, lower dividend payment, and share repurchases, offset by a decrease in merchandise inventory.

Return on Investment Ratios

The following table provides additional non-GAAP financial measures of our return on investments:

	2020	2019	2018
Return on gross investment ("ROI")	**5.2%**	12.8%	13.4%
Adjusted ROI	**4.9%**	13.4%	14.0%

Changes in earnings drove changes in our return on investment ratios. Additionally, the adoption of the new lease accounting standard impacted our return on investment ratios positively by approximately 60 bps in 2019 compared to 2018.

We believe that ROI is a useful financial measure in evaluating our operating performance. When analyzed in conjunction with our net earnings and total assets, it provides investors with a useful tool to evaluate our ongoing operations and our management of assets from period to period. ROI is a non-GAAP financial measure which we define as earnings before interest, taxes, depreciation, amortization, and rent (“EBITDAR”) divided by average gross investment. EBITDAR is a useful non-GAAP measure that excludes items that are non-operating in nature and focuses on items that are key to our operating performance. Our ROI calculation may not be comparable to similarly titled measures reported by other companies. ROI should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures. Return on investment ratios that are adjusted for certain items are useful financial measures because they illustrate the impact of these items on each metric. See the key financial ratio calculations below for our ROI and Adjusted ROI calculations.

Capital Structure Ratio

The following table provides additional non-GAAP financial measures of our capital structure:

	2020	2019
Adjusted debt to adjusted EBITDAR	**7.59**	2.51

The increase in our Adjusted debt to adjusted EBITDAR ratio is primarily due to lower operating income.

Adjusted debt to adjusted EBITDAR is a non-GAAP financial measure which we define as our adjusted outstanding debt balance divided by adjusted EBITDAR. We believe that our debt levels are best analyzed using this measure. Our current goals are to maintain a ratio that demonstrates our commitment to an investment grade rating and allows us to operate with an efficient capital structure for our size, growth plans, and industry. Our adjusted debt to adjusted EBITDAR calculation may not be comparable to similarly-titled measures reported by other companies. Adjusted debt to adjusted EBITDAR should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures. See the key financial ratio calculations section below for our adjusted debt to adjusted EBITDAR calculation.

Our senior secured, asset based revolving credit facility contains customary events of default and financial, affirmative and negative covenants, including but not limited to, a springing financial covenant relating to our fixed charge coverage ratio and restrictions on indebtedness, liens, investments, asset dispositions, and restricted payments. As of January 30, 2021, we were in compliance with all covenants and expect to remain in compliance during 2021.

Key Financial Ratio Calculations

The following table includes our ROI calculation. All ratios are non-GAAP financial measures:

(Dollars in Millions)	2020	2019	2018
Operating (loss) income	**$ (262)**	$ 1,099	$ 1,361
Depreciation and amortization	**874**	917	964
Rent expense	**314**	314	301
EBITDAR	**926**	2,330	2,626
Impairments, store closing, and other costs	**89**	113	104
(Gain) on sale of real estate	**(127)**	—	—
Adjusted EBITDAR	**$ 888**	$ 2,443	$ 2,730
Average: (a)			
Total assets	**$ 15,288**	$ 14,802	$ 13,161
Cash equivalents and long-term investments (b)	**(1,704)**	(393)	(753)
Other assets	**(30)**	(31)	(33)
Accumulated depreciation and amortization	**7,414**	6,854	7,812
Accounts payable	**(1,559)**	(1,495)	(1,580)
Accrued liabilities	**(1,193)**	(1,264)	(1,235)
Other long-term liabilities	**(275)**	(231)	(658)
Capitalized rent (c)	**—**	—	2,831
Gross investment (“AGI”)	**$ 17,941**	$ 18,242	$ 19,545
ROI (d)	**5.2%**	12.8%	13.4%
Adjusted ROI (d)	**4.9%**	13.4%	14.0%

(a) Represents average of five most recent quarter-end balances. For 2019, fourth quarter 2018 balances were adjusted to reflect the impact of the new lease accounting standard.

(b) Represents excess cash not required for operations.

(c) Represents ten times store rent and five times equipment/other rent. This is not applicable in 2020 and 2019 as operating leases are now recorded on the balance sheet due to the adoption of the new lease accounting standard.

(d) EBITDAR or adjusted EBITDAR, as applicable, divided by gross investment.

The following table includes our adjusted debt to adjusted EBITDAR calculation:

(Dollars in Millions)	2020	2019
Finance lease and financing obligations	**$ 1,502**	$ 1,491
Long-term debt	**2,451**	1,856
Total debt	**$ 3,953**	$ 3,347
Operating leases	**2,786**	2,777
Adjusted debt	**$ 6,739**	$ 6,124
Operating (loss) income	**$ (262)**	$ 1,099
Depreciation and amortization	**874**	917
Rent expense	**314**	314
EBITDAR	**926**	2,330
Impairments, store closing, and other costs	**89**	113
(Gain) on sale of real estate	**(127)**	—
Adjusted EBITDAR	**$ 888**	$ 2,443
Adjusted debt to adjusted EBITDAR	**7.59**	2.51

Contractual Obligations

Our contractual obligations as of January 30, 2021 were as follows:

		Maturing in:			
(Dollars in Millions)	Total	2021	2022 and 2023	2024 and 2025	2026 and after
Recorded contractual obligations:					
Outstanding long-term debt	$ 2,467	$ —	$ 534	$ 1,250	$ 683
Finance lease and financing obligations (a)	1,283	109	185	128	861
Operating leases (a)	2,786	157	313	247	2,069
Other (b)	4	2	2	—	—
	6,540	268	1,034	1,625	3,613
Unrecorded contractual obligations:					
Interest payments:					
Long-term debt	1,247	153	300	191	603
Finance lease and financing obligations (a)	1,735	131	240	214	1,150
Operating leases (a)	2,077	156	286	256	1,379
Other (b)	540	245	232	56	7
	5,599	685	1,058	717	3,139
Total	$ 12,139	$ 953	$ 2,092	$ 2,342	$ 6,752

(a) Our leases typically require that we pay taxes, insurance and maintenance costs in addition to the minimum rental payments included in the table above. Such costs vary from period to period and totaled $183 million for 2020, $189 million for 2019, and $183 million for 2018. Additionally, the lease term includes cancelable option periods where failure to exercise such options would result in an economic penalty.

(b) Other includes royalties, legally binding minimum lease and interest payments for stores opening in 2021 or later, as well as payments associated with technology and marketing agreements.

Off-Balance Sheet Arrangements

We have not provided any financial guarantees as of year-end 2020.

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt, or operating our business. We do not have any arrangements or relationships with entities that are not consolidated into the financial statements that are reasonably likely to materially affect our financial condition, liquidity, results of operations, or capital resources.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts. Management has discussed the development, selection, and disclosure of these estimates and assumptions with the Audit Committee of our Board of Directors.

Retail Inventory Method and Inventory Valuation

Merchandise inventories are valued at the lower of cost or market using the retail inventory method ("RIM"). Under RIM, the valuation of inventory at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventory. RIM is an averaging method that has been widely used in the retail industry due to its practicality. The use of RIM will result in inventory being valued at the lower of cost or market since permanent markdowns are taken as a reduction of the retail value of inventories. A reserve is recorded if the future estimated selling price is less than cost.

RIM inherently requires management judgment and estimates, such as the amount and timing of permanent markdowns to clear unproductive or slow-moving inventory, which may impact the ending inventory valuation as well as gross margin. Factors considered in the determination of permanent markdowns include current and anticipated demand, customer preferences, age of the merchandise, fashion trends, and weather conditions.

Inventory shrinkage is estimated as a percent of sales for the period between the last physical inventory count and the balance sheet date. Shrink is the difference between the recorded amount of inventory and the physical inventory. We perform an annual physical inventory count at the majority of our stores, E-Commerce fulfillment centers, and distribution centers. The shrinkage rate from the most recent physical inventory, in combination with current events and historical experience, is used as the standard for the shrinkage accrual rate for the next inventory cycle. Historically, our actual physical inventory count results have shown our estimates to be reliable.

Vendor Allowances

We frequently receive allowances from our vendors for markdowns that we have taken in order to sell the vendor's merchandise and/or to support gross margins earned on those sales. This markdown support generally relates to sold inventory or permanent markdowns and, accordingly, is reflected as a reduction to cost of merchandise sold. Markdown support related to merchandise that has not yet been sold is recorded in inventory.

We also receive support from vendors for marketing and other costs that we have incurred to sell the vendors' merchandise. To the extent the reimbursements are for specific, incremental, and identifiable costs incurred to sell the vendor's products and do not exceed the costs incurred, they are recognized as a reduction of selling, general, and administrative expenses. If these criteria are not met, the support is recorded in inventory and reflected as a reduction of costs of merchandise sold when the related merchandise is sold.

Insurance Reserve Estimates

We are primarily self-insured for costs related to workers' compensation, general liability, and employee-related health care benefits. We use a third-party actuary to estimate the liabilities associated with these risks. The actuary considers historical claims experience, demographic and severity factors, health care trends, and actuarial assumptions to estimate the liabilities associated with these risks. Historically, our actuarial estimates have not been materially different from actual results.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment when events or changes in circumstances, such as decisions to close a store or significant cash flow losses, indicate the carrying value of the asset may not be recoverable. All long-lived assets are reviewed for impairment at least annually.

If our evaluations, which are performed on an undiscounted cash flow basis, indicate that the carrying amount of the asset may not be recoverable, the potential impairment is measured as the excess of carrying value over the fair value of the impaired asset.

Identifying impaired assets and quantifying the related impairment loss, if any, requires significant estimates by management. The most significant of these estimates is the cash flow expected to result from the use and eventual disposition of the asset. When determining the stream of projected future cash flows associated with an individual store, management estimates future store performance including sales, gross margin, and controllable expenses, such as store payroll and occupancy expense. Projected cash flows must be estimated for future periods throughout the remaining life of the property, which may be as many as 40 years in the future. The accuracy of these estimates will be impacted by a number of factors including general economic conditions, changes in competitive landscape and our ability to effectively manage the operations of the store.

Income Taxes

We regularly evaluate the likelihood of realizing the benefit for income tax positions we have taken in various federal and state filings by considering all relevant facts, circumstances, and information available to us. If we believe it is more likely than not that our position will be sustained, we recognize a benefit at the largest amount which we believe is cumulatively greater than 50% likely to be realized.

Unrecognized tax benefits require significant management judgment regarding applicable statutes and their related interpretation, the status of various income tax audits, and our particular facts and circumstances. Also, as audits are completed or statutes of limitations lapse, it may be necessary to record adjustments to our taxes payable, deferred tax assets, tax reserves, or income tax expense. Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. Income taxes are further described in Note 5 of the Consolidated Financial Statements.

Leases

Accounting for leased properties requires compliance with technical accounting rules and significant judgment by management. Application of these accounting rules and assumptions made by management will determine if we are considered the owner for accounting purposes or whether the lease is accounted for as a finance or operating lease.

The following are significant estimates used by management in accounting for real estate and other leases:

- **Accounting lease term**—Our accounting lease term includes all noncancelable periods and renewal periods that are reasonably assured of being exercised. Typically, renewal options are considered reasonably assured of being exercised if we have made significant leasehold improvements that would exceed the initial or renewal lease term and the cash flow performance of the store remains strong. The expected lease term is used in determining whether the lease is accounted for as an operating lease or a finance lease.
- **Incremental borrowing rate**—The incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The incremental borrowing rate is used in determining whether the lease is accounted for as an operating lease or a finance lease.

- **Fair market value of leased asset**—The fair market value of leased retail property is generally estimated based on comparable market data as provided by third-party appraisers or consideration received from the landlord. Fair market value is used in determining whether the lease is accounted for as an operating lease or a finance lease.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All of our long-term debt at year-end 2020 is at fixed interest rates and, therefore, is not affected by changes in interest rates. When our long-term debt instruments mature, we may refinance them at the existing market interest rates, which may be more or less than interest rates on the maturing debt.

We share in the net risk-adjusted revenue of the Kohl's credit card portfolio as defined by the sum of finance charges, late fees, and other revenue less write-offs of uncollectible accounts. We also share the costs of funding the outstanding receivables as interest rates exceed defined rates. As a result, our share of profits from the credit card portfolio may be negatively impacted by increases in interest rates. The reduced profitability, if any, will be impacted by various factors, including our ability to pass higher funding costs on to the credit card holders and the outstanding receivable balance, and cannot be reasonably estimated at this time.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Schedules have been omitted as they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Kohl's Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kohl's Corporation (the "Company") as of January 30, 2021 and February 1, 2020, the related consolidated statements of operations, changes in shareholders' equity, and cash flows, for each of the three years in the period ended January 30, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 30, 2021 and February 1, 2020, and the results of its operations and its cash flows for each of the three years in the period ended January 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 18, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Merchandise Inventories

Description of the Matter

At January 30, 2021, the Company's merchandise inventories balance was $2.6 billion. As described in Note 1 to the consolidated financial statements, merchandise inventories are valued at the lower of cost or market using the retail inventory method ("RIM"). Under RIM, the valuation of inventory at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventory. RIM is an averaging method that has been widely used in the retail industry due to its practicality. The use of RIM results in inventory valued at lower of cost or market since permanent markdowns are taken as a reduction to the retail value of inventories.

The calculation of inventory under RIM includes a number of inputs including the retail value of inventory and adjustments to inventory costs such as markdown allowances, shrinkage, volume rebates, and permanent markdowns. As a result of the number of inputs, the relatively higher level of automation impacting the inventory process, and the involvement of multiple software applications used to capture the high volume of transactions processed by the Company, auditing inventory requires extensive audit effort. In addition, the inventory process is supported by a number of automated and IT dependent controls that elevate the importance of the IT general controls that support the underlying software applications including those developed by the Company.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's inventory process, including the RIM calculation and underlying IT general controls, and controls over the data transfers between applications.

Our substantive audit procedures included, among others, evaluating the key inputs into the RIM calculation, including purchases, sales, shrinkage, vendor allowances, and markdowns. Our testing included agreeing data back to source information including third party vendor invoices, third party inventory count information, and cash receipts. We also performed analytical procedures including margin analysis, analytics with respect to key inventory metrics such as shrinkage, turns, and store inventory in conjunction with analysis related to markdowns and purchase price adjustments.

Unrecognized Tax Benefits

Description of the Matter

As described in Note 5 to the consolidated financial statements, at January 30, 2021, the Company had gross unrecognized tax benefits of $298 million. The Company's uncertain tax positions are subject to audit by federal and state taxing authorities, and the resolution of such audits may span multiple years.

Management's analysis of the extent to which its tax positions in certain jurisdictions are more-likely-than-not to be sustained was significant to our audit because the amounts are material to the financial statements and the related assessment process is complex and involves significant judgments. Such judgments included the interpretation of laws, regulations, and tax rulings related to uncertain tax positions.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's process to assess whether tax positions are more-likely-than-not to be sustained upon examination. For example, we tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the inputs and calculations of unrecognized tax benefits resulting from uncertain tax positions. To test management's recognition and measurement of liabilities associated with uncertain tax positions, our audit procedures included, among others, evaluation of the status of open income tax examinations and the potential implications of those examinations on the current year income tax provision based on the application of income tax laws. We analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and tested the accuracy of the calculations. We also tested the technical merits of existing positions, including an evaluation of whether the positions are more-likely-than-not to be sustained in an examination and the statute of limitations assumptions related to the Company's calculation of liabilities for uncertain tax positions. We involved our tax professionals to assist in the evaluation of tax law relative to the Company's open income tax examinations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1986.

Milwaukee, Wisconsin
March 18, 2021

KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)	January 30, 2021	February 1, 2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 2,271**	$ 723
Merchandise inventories	**2,590**	3,537
Other	**974**	389
Total current assets	**5,835**	4,649
Property and equipment, net	**6,689**	7,352
Operating leases	**2,398**	2,391
Other assets	**415**	163
Total assets	**$ 15,337**	$ 14,555
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 1,476**	$ 1,206
Accrued liabilities	**1,270**	1,281
Current portion of:		
Finance lease and financing obligations	**115**	124
Operating leases	**161**	158
Total current liabilities	**3,022**	2,769
Long-term debt	**2,451**	1,856
Finance lease and financing obligations	**1,387**	1,367
Operating leases	**2,625**	2,619
Deferred income taxes	**302**	260
Other long-term liabilities	**354**	234
Shareholders' equity:		
Common stock - 377 and 375 million shares issued	**4**	4
Paid-in capital	**3,319**	3,272
Treasury stock, at cost, 219 and 219 million shares	**(11,595)**	(11,571)
Retained earnings	**13,468**	13,745
Total shareholders' equity	**$ 5,196**	$ 5,450
Total liabilities and shareholders' equity	**$ 15,337**	$ 14,555

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in Millions, Except per Share Data)	2020	2019	2018
Net sales	**$ 15,031**	$ 18,885	$ 19,167
Other revenue	**924**	1,089	1,062
Total revenue	**15,955**	19,974	20,229
Cost of merchandise sold	**10,360**	12,140	12,199
Operating expenses:			
Selling, general, and administrative	**5,021**	5,705	5,601
Depreciation and amortization	**874**	917	964
Impairments, store closing, and other costs	**89**	113	104
(Gain) on sale of real estate	**(127)**	—	—
Operating (loss) income	**(262)**	1,099	1,361
Interest expense, net	**284**	207	256
(Gain) loss on extinguishment of debt	**—**	(9)	63
(Loss) income before income taxes	**(546)**	901	1,042
(Benefit) provision for income taxes	**(383)**	210	241
Net (loss) income	**$ (163)**	$ 691	$ 801
Net (loss) income per share:			
Basic	**$ (1.06)**	$ 4.39	$ 4.88
Diluted	**$ (1.06)**	$ 4.37	$ 4.84

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Dollars in Millions, Except per Share Data)	2020	2019	2018
Common stock			
Balance, beginning of period	$ 4	$ 4	$ 4
Stock-based awards	—	—	—
Balance, end of period	$ 4	$ 4	$ 4
Paid-in capital			
Balance, beginning of period	$ 3,272	$ 3,204	$ 3,078
Stock-based awards	47	68	126
Balance, end of period	$ 3,319	$ 3,272	$ 3,204
Treasury stock			
Balance, beginning of period	$ (11,571)	$ (11,076)	$ (10,651)
Treasury stock purchases	(8)	(470)	(396)
Stock-based awards	(22)	(31)	(34)
Dividends paid	6	6	5
Balance, end of period	$ (11,595)	$ (11,571)	$ (11,076)
Accumulated other comprehensive (loss) income (a)			
Balance, beginning of period	$ —	$ —	$ (11)
Other comprehensive income	—	—	11
Balance, end of period	$ —	$ —	$ —
Retained earnings			
Balance, beginning of period	$ 13,745	$ 13,395	$ 12,999
Change in accounting standard (b)	—	88	—
Net (loss) earnings	(163)	691	801
Dividends paid	(114)	(429)	(405)
Balance, end of period	$ 13,468	$ 13,745	$ 13,395
Total shareholders' equity, end of period	$ 5,196	$ 5,450	$ 5,527
Common stock			
Shares, beginning of period	375	374	373
Stock-based awards	2	1	1
Shares, end of period	377	375	374
Treasury stock			
Shares, beginning of period	(219)	(211)	(205)
Treasury stock purchases	—	(8)	(6)
Shares, end of period	(219)	(219)	(211)
Total shares outstanding, end of period	158	156	163
Dividends paid per common share	$ 0.704	$ 2.68	$ 2.44

(a) Includes loss on interest rate derivative and reclassification adjustment for interest expense included in net income. Tax effects of interest rate derivatives were $1 million in 2018.

(b) Adoption of new lease accounting standard in 2019.

See accompanying Notes to Consolidated Financial Statements

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)	2020	2019	2018
Operating activities			
Net (loss) income	**$ (163)**	$ 691	$ 801
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	**874**	917	964
Share-based compensation	**40**	56	87
Deferred income taxes	**18**	51	(31)
Impairments, store closing, and other costs	**64**	64	72
(Gain) on sale of real estate	**(127)**	—	—
(Gain) loss on extinguishment of debt	**—**	(9)	63
Non-cash inventory costs	**187**	—	—
Non-cash lease expense	**149**	150	—
Other non-cash expense	**22**	11	18
Changes in operating assets and liabilities:			
Merchandise inventories	**768**	(51)	79
Other current and long-term assets	**(813)**	48	106
Accounts payable	**270**	19	(84)
Accrued and other long-term liabilities	**199**	(134)	32
Operating lease liabilities	**(150)**	(156)	—
Net cash provided by operating activities	**1,338**	1,657	2,107
Investing activities			
Acquisition of property and equipment	**(334)**	(855)	(578)
Proceeds from sale of real estate	**197**	—	—
Other	**—**	18	6
Net cash used in investing activities	**(137)**	(837)	(572)
Financing activities			
Proceeds from issuance of debt	**2,097**	—	—
Deferred financing costs	**(19)**	—	—
Treasury stock purchases	**(8)**	(470)	(396)
Shares withheld for taxes on vested restricted shares	**(22)**	(31)	(34)
Dividends paid	**(108)**	(423)	(400)
Reduction of long-term borrowing	**(1,497)**	(6)	(943)
Premium paid on redemption of debt	**—**	—	(46)
Finance lease and financing obligation payments	**(105)**	(113)	(126)
Proceeds from stock option exercises	**—**	1	36
Proceeds from financing obligations	**9**	11	—
Net cash provided by (used in) financing activities	**347**	(1,031)	(1,909)
Net increase (decrease) in cash and cash equivalents	**1,548**	(211)	(374)
Cash and cash equivalents at beginning of period	**723**	934	1,308
Cash and cash equivalents at end of period	**$ 2,271**	$ 723	$ 934
Supplemental information			
Interest paid, net of capitalized interest	**$ 254**	$ 193	$ 282
Income taxes paid	**419**	172	308
Property and equipment acquired through:			
Finance lease liabilities	**128**	236	37
Operating lease liabilities	**165**	106	—
Financing obligations	**—**	—	4

See accompanying Notes to Consolidated Financial Statements

1. Business and Summary of Accounting Policies

Business

As of January 30, 2021, we operated 1,162 stores, a website (www.Kohls.com), and 12 FILA outlets. Our Kohl's stores and website sell moderately-priced private and national brand apparel, footwear, accessories, beauty, and home products. Our Kohl's stores generally carry a consistent merchandise assortment with some differences attributable to local preferences. Our website includes merchandise which is available in our stores, as well as merchandise which is available only online.

Our authorized capital stock consists of 800 million shares of $0.01 par value common stock and 10 million shares of $0.01 par value preferred stock.

Consolidation

The Consolidated Financial Statements include the accounts of Kohl’s Corporation and its subsidiaries including Kohl’s, Inc., its primary operating company. All intercompany accounts and transactions have been eliminated.

Accounting Period

Our fiscal year ends on the Saturday closest to January 31st each year. Unless otherwise stated, references to years in these notes relate to fiscal years rather than to calendar years. The following fiscal periods are presented in these notes:

Fiscal Year	Ended	Number of Weeks
2020	January 30, 2021	52
2019	February 1, 2020	52
2018	February 2, 2019	52

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. We believe that our accounting estimates are appropriate and reflect the increased uncertainties surrounding the severity and duration of the COVID-19 pandemic. Actual results could differ from those estimates.

Cash and Cash Equivalents

In addition to money market investments, cash equivalents include commercial paper and certificates of deposit with original maturities of three months or less. We carry these investments at cost which approximates fair value.

Also included in cash and cash equivalents are amounts due from credit card transactions with settlement terms of less than five days. Credit and debit card receivables included within cash were $77 million at January 30, 2021 and $87 million at February 1, 2020.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost or market using the Retail Inventory Method (“RIM”). Under RIM, the valuation of inventory at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventory. RIM is an averaging method that has been widely used in the retail industry due to its practicality. The use of RIM will result in inventory being valued at the lower of cost or market since permanent markdowns are taken as a reduction of the retail value of inventories. A reserve is recorded if the future estimated selling price is less than cost.

Other Current Assets

Other current assets consist of the following:

(Dollars in Millions)	January 30, 2021	February 1, 2020
Income taxes receivable	**$ 610**	$ 15
Other Receivables	**179**	182
Prepaids	**172**	171
Other	**13**	21
Other current assets (a)	**$ 974**	$ 389

(a) See Note 5 of Notes to Consolidated Financial Statements for further discussion on income taxes.

Property and Equipment

Property and equipment consist of the following:

(Dollars in Millions)	January 30, 2021	February 1, 2020
Land	**$ 1,091**	$ 1,107
Buildings and improvements:		
Owned	**7,783**	7,869
Leased	**963**	867
Fixtures and equipment	**1,267**	1,426
Information technology	**2,855**	2,806
Construction in progress	**313**	279
Total property and equipment, at cost	**14,272**	14,354
Less accumulated depreciation and amortization	**(7,583)**	(7,002)
Property and equipment, net	**$ 6,689**	$ 7,352

Construction in progress includes property and equipment which is not ready for its intended use.

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Owned buildings and improvements include owned buildings on owned and leased land as well as leasehold improvements on leased properties. Leased property and improvements to leased property are amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is less. Leases are further described in Note 3 of the Consolidated Financial Statements.

The annual provisions for depreciation and amortization generally use the following ranges of useful lives:

Buildings and improvements	5-40 years
Fixtures and equipment	3-15 years
Information technology	3-8 years

Long-Lived Assets

All property and equipment and other long-lived assets are reviewed for potential impairment at least annually or when events or changes in circumstances indicate that the asset's carrying value may not be recoverable. If such indicators are present, it is determined whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than the carrying value of the assets. A potential impairment has occurred if projected future undiscounted cash flows are less than the carrying value of the assets. We recorded impairments of $68 million in 2020 in Impairments, store closing, and other costs of which $51 million was due to the impact of the COVID-19 pandemic and $17 million was related to impairments of corporate facilities and leases. We recorded impairments of $73 million in 2019 in Impairments, store closing, and other costs.

Leases

In the first quarter of 2020, we negotiated rent deferrals for a significant number of our stores, with repayment at later dates, primarily in the third and fourth quarter of 2020 and first and second quarter of 2021. These concessions provide a deferral of rent payments with no substantive changes to the original contract. Consistent with updated guidance from the Financial Accounting Standards Board ("FASB") in April 2020, we have elected to treat the COVID-19 pandemic-related rent deferrals as accrued liabilities. We continued to recognize expense during the deferral periods.

Other Noncurrent Assets

Other noncurrent assets consist of the following:

(Dollars in Millions)	January 30, 2021	February 1, 2020
Income taxes receivable	**$ 232**	$ —
Deferred tax assets	**42**	18
Other	**141**	145
Other noncurrent assets (a)	**$ 415**	$ 163

(a) See Note 5 of Notes to Consolidated Financial Statements for further discussion on income taxes.

Accrued Liabilities

Accrued liabilities consist of the following:

(Dollars in Millions)	January 30, 2021	February 1, 2020
Gift cards and merchandise return cards	**$ 339**	$ 334
Sales, property, and use taxes	**196**	182
Payroll and related fringe benefits	**229**	101
Credit card liabilities	**52**	84
Accrued capital	**10**	104
Other	**444**	476
Accrued liabilities	**$ 1,270**	$ 1,281

Restructuring Reserve

The following table summarizes changes in the restructuring reserve during 2020:

(Dollars in Millions)	Severance
Balance - February 1, 2020	$ 27
Payments and reversals	(37)
Additions	23
Balance - January 30, 2021	$ 13

Charges related to corporate restructuring efforts are recorded in Impairments, store closing, and other costs.

Self-Insurance

We use a combination of insurance and self-insurance for a number of risks.

We retain the initial risk of $500,000 per occurrence in workers' compensation claims and $250,000 per occurrence in general liability claims. We record reserves for workers' compensation and general liability claims which include the total amounts that we expect to pay for a fully developed loss and related expenses, such as fees paid to attorneys, experts, and investigators.

We are fully self-insured for employee-related health care benefits, a portion of which is paid by our associates.

We use a third-party actuary to estimate the liabilities associated with workers' compensation, general liability, and employee-related health care risks. These liabilities include amounts for both reported claims and incurred, but not reported losses. The total liabilities, net of collateral held by third parties, for these risks were $52 million as of January 30, 2021 and $79 million as of February 1, 2020.

For property losses we are subject to a $5 million self-insured retention ("SIR"). Maintenance deductibles (retained amount) apply toward the SIR as follows: for catastrophic claims such as earthquakes, floods, and windstorms, the maintenance deductible varies from 2-5% of the insurance claim. Similarly, for other standard claims, such as fire and building damages, the maintenance deductible of $250,000 applies per occurrence for the property loss. All maintenance deductibles erode the $5 million SIR. Once the SIR is incurred the maintenance deductibles apply.

Treasury Stock

We account for repurchases of common stock and shares withheld in lieu of taxes when restricted stock vests using the cost method with common stock in treasury classified in the Consolidated Balance Sheets as a reduction of shareholders' equity.

Revenue Recognition

Net Sales

Net sales includes revenue from the sale of merchandise and shipping revenues. Net sales are recognized when merchandise is received by the customer and we have fulfilled all performance obligations. We do not have any sales that are recorded as commissions.

The following table summarizes net sales by line of business:

(Dollars in Millions)	2020	2019	2018
Women's	**$ 3,796**	$ 5,302	$ 5,452
Home	**3,381**	3,249	3,341
Men's	**2,753**	3,827	3,828
Children's	**2,082**	2,460	2,464
Accessories	**1,638**	2,217	2,227
Footwear	**1,381**	1,830	1,855
Net Sales	**$ 15,031**	$ 18,885	$ 19,167

We maintain various rewards programs whereby customers earn rewards based on their spending and other promotional activities. The rewards are typically in the form of dollar-off discounts which can be used on future purchases. These programs create performance obligations which require us to defer a portion of the original sale until the rewards are redeemed. Sales are recorded net of returns. At the end of each reporting period, we record a reserve based on historical return rates and patterns which reverses sales that we expect to be returned in the following period. Revenue from the sale of Kohl's gift cards is recognized when the gift card is redeemed. Unredeemed gift card and merchandise return card liabilities totaled $339 million as of January 30, 2021 and $334 million as of February 1, 2020. Revenue of $159 million was recognized during 2020 from gift cards issued in prior years and outstanding as of February 1, 2020.

Net sales do not include sales tax as we are considered a pass-through conduit for collecting and remitting sales taxes.

Other Revenue

Other revenue consists primarily of revenue from our credit card operations, unredeemed gift cards and merchandise return cards (breakage), and other non-merchandise revenues.

Revenue from credit card operations includes our share of the finance charges, late fees, and other revenue less write-offs of uncollectible accounts of the Kohl's credit card pursuant to the Private Label Credit Card Program Agreement. Expenses related to our credit card operations are reported in SG&A.

Revenue from unredeemed gift cards and merchandise return cards (breakage) is recorded in proportion to and over the time period the cards are actually redeemed.

Cost of Merchandise Sold and Selling, General, and Administrative Expenses

The following table illustrates the primary costs classified in Cost of Merchandise Sold and Selling, General, and Administrative Expenses:

Cost of Merchandise Sold	Selling, General, and Administrative Expenses

• Total cost of products sold including product development costs, net of vendor payments other than reimbursement of specific, incremental, and identifiable costs
• Inventory shrink
• Markdowns
• Freight expenses associated with moving merchandise from our vendors to our distribution centers
• Shipping expenses for digital sales
• Terms cash discount
• Depreciation of product development facilities and equipment
	• Compensation and benefit costs including:
	  • Stores
	  • Corporate, including buying
	  • Distribution centers
	• Occupancy and operating costs of our retail, distribution, and corporate facilities
	• Expenses related to our credit card operations
	• Freight expenses associated with moving merchandise from our distribution centers to our retail stores and between distribution and retail facilities other than expenses to fulfill digital sales
	• Marketing expenses, offset by vendor payments for reimbursement of specific, incremental, and identifiable costs
	• Other non-operating revenues and expenses

The classification of these expenses varies across the retail industry.

Vendor Allowances

We receive consideration for a variety of vendor-sponsored programs, such as markdown allowances, volume rebates, and promotion and marketing support. The vendor consideration is recorded as earned either as a reduction of Cost of Merchandise Sold or Selling, General, and Administrative Expenses. Promotional and marketing allowances are intended to offset our marketing costs to promote vendors' merchandise. Markdown allowances and volume rebates are recorded as a reduction of inventory costs.

Fair Value

Fair value measurements are required to be classified and disclosed in one of the following pricing categories:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

Current assets and liabilities are reported at cost, which approximates fair value. Cash and cash equivalents are classified as Level 1 as carrying value approximates fair value because maturities are less than three months.

Marketing

Marketing costs are expensed when the marketing is first seen. Marketing costs, net of related vendor allowances, are as follows:

(Dollars in Millions)	2020	2019	2018
Gross marketing costs	**$ 824**	$ 1,156	$ 1,133
Vendor allowances	**(36)**	(130)	(143)
Net marketing costs	**$ 788**	$ 1,026	$ 990
Net marketing costs as a percent of total revenue	**4.9%**	5.1%	4.9%

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recorded based on differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. Deferred tax assets and liabilities are calculated using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We establish valuation allowances for deferred tax assets when we believe it is more likely than not that the asset will not be realizable for tax purposes. We recognize interest and penalty expense related to unrecognized tax benefits in our provision for income tax expense.

Net (Loss) Income Per Share

Basic net (loss) income per share is net (loss) income divided by the average number of common shares outstanding during the period. Diluted net (loss) income per share includes incremental shares assumed for share-based awards and stock warrants. Potentially dilutive shares include stock options, unvested restricted stock units and awards, and warrants outstanding during the period, using the treasury stock method. Potentially dilutive shares are excluded from the computations of diluted earnings per share (“EPS”) if their effect would be anti-dilutive.
The information required to compute basic and diluted net (loss) income per share is as follows:

(Dollars and Shares in Millions, Except per Share Data)	2020	2019	2018
Numerator—Net (loss) income	**$ (163)**	$ 691	$ 801
Denominator—Weighted average shares			
Basic	**154**	157	164
Dilutive impact	**—**	1	1
Diluted	**154**	158	165
Net (loss) income per share:			
Basic	**$ (1.06)**	$ 4.39	$ 4.88
Diluted	**$ (1.06)**	$ 4.37	$ 4.84

The following potential shares of common stock were excluded from the diluted net (loss) income per share calculation because their effect would have been anti-dilutive:

(Shares in Millions)	2020	2019	2018
Anti-dilutive shares	**6**	3	—

Share-Based Awards

Stock-based compensation expense is generally recognized on a straight-line basis over the vesting period based on the fair value of awards which are expected to vest. The fair value of all share-based awards is estimated on the date of grant.

Recent Accounting Pronouncements

We adopted the new accounting standard on accounting for expected credit losses (ASU 2016-13), effective at the beginning of fiscal 2020. We applied the new principle using a modified retrospective approach. There was not a material impact on our financial statements due to adoption of the new standard.

We adopted the new accounting standard on recognizing implementation costs related to a cloud computing arrangement (ASU 2018-15), effective at the beginning of fiscal 2020. We applied the new principle using a prospective approach. There was not a material impact on our financial statements due to adoption of the new standard.

The following table provides a brief description of issued, but not yet effective, accounting standards:

Standard	Description	Effect on our Financial Statements
Income Taxes (ASU 2019-12) Issued December 2019 Effective Q1 2021	The new standard is designed to simplify the accounting for income taxes by removing certain exceptions to the general principles as outlined in U.S. GAAP.	We have substantially completed the process of evaluating the effects that will result from adopting the amendments and no material impact on our financial statements has been identified.

2. Debt

Long-term debt consists of the following unsecured senior debt:

Maturity (Dollars in Millions)	Effective Rate	Coupon Rate	Outstanding January 30, 2021	Outstanding February 1, 2020
2023	3.25%	3.25%	**$ 350**	$ 350
2023	4.78%	4.75%	**184**	184
2025	9.50%	9.50%	**600**	—
2025	4.25%	4.25%	**650**	650
2029	7.36%	7.25%	**42**	42
2033	6.05%	6.00%	**113**	113
2037	6.89%	6.88%	**101**	101
2045	5.57%	5.55%	**427**	427
Outstanding unsecured senior debt			**2,467**	1,867
Unamortized debt discounts and deferred financing costs			**(16)**	(11)
Unsecured senior debt			**$ 2,451**	$ 1,856
Effective interest rate			**5.90%**	4.74%

Our unsecured senior long-term debt is classified as Level 1, financial instruments with unadjusted, quoted prices listed on active market exchanges. The estimated fair value of our unsecured senior debt was $2.8 billion at January 30, 2021 and $2.0 billion at February 1, 2020.

In March 2020, we fully drew down our $1.0 billion senior unsecured revolver. In April 2020, we replaced and upsized the unsecured credit facility with a $1.5 billion senior secured, asset based revolving credit facility maturing in July 2024. The revolver is secured by substantially all of our assets other than real estate, and contains customary events of default and financial, affirmative, and negative covenants, including but not limited to, a springing financial covenant related to our fixed charge coverage ratio and restrictions on indebtedness, liens, investments, asset dispositions, and restricted payments. Outstanding borrowings under the credit facility bear interest at a variable rate based on LIBOR plus the applicable margin. In October 2020, we fully repaid the $1.0 billion outstanding borrowings on our revolver. As of January 30, 2021 we had $31 million of standby and trade letters of credit under the credit facility, which reduces the available borrowing capacity. No borrowings were outstanding on the credit facility as of January 30, 2021 or February 1, 2020.

In April 2020, we issued $600 million of 9.50% notes with semi-annual interest payments beginning in November 2020. The notes include coupon rate step ups if our long-term debt is downgraded to below a BBB- credit rating by S&P Global Ratings or Baa3 by Moody’s Investors Service, Inc. The notes mature in May 2025. We used part of the net proceeds from this offering to repay $500 million of the borrowings under our senior secured, asset based revolving credit facility with the remaining net proceeds available for general corporate purposes.

Our various debt agreements contain covenants including limitations on additional indebtedness and certain financial tests. As of January 30, 2021, we were in compliance with all covenants of the various debt agreements.

We also have additional outstanding trade letters of credit outside of the credit facility totaling approximately $8 million at January 30, 2021.

3. Leases

We lease certain property and equipment used in our operations. Some of our store leases include additional rental payments based on a percentage of sales over contractual levels or which are adjusted periodically for inflation. Our typical store lease has an initial term of 20 to 25 years and four to eight five-year renewal options.

Lease assets represent our right to use an underlying asset for the lease term. Lease assets are recognized at commencement date based on the value of the lease liability and are adjusted for any lease payments made to the lessor at or before commencement date, minus any lease incentives received and any initial direct costs incurred by the lessee.

Lease liabilities represent our contractual obligation to make lease payments. At the commencement date, the lease liabilities equal the present value of minimum lease payments over the lease term. As the implicit interest rate is not readily identifiable in our leases, we estimate our collateralized borrowing rate to calculate the present value of lease payments.

Leases with a term of 12 months or less are excluded from the balance; we recognize lease expense for these leases on a straight-line basis over the lease term. We combine lease and non-lease components for new and modified leases.

The following tables summarize our operating and finance leases and where they are presented in our Consolidated Financial Statements:

Consolidated Balance Sheets			
(Dollars in Millions)	Classification	January 30, 2021	February 1, 2020
Assets			
Operating leases	Operating leases	**$ 2,398**	$ 2,391
Finance leases	Property & equipment, net	**708**	672
Total operating & finance leases		**3,106**	3,063
Liabilities			
Current			
Operating leases	Current portion of operating leases	**161**	158
Finance leases	Current portion of finance leases & financing obligations	**76**	88
Noncurrent			
Operating leases	Operating leases	**2,625**	2,619
Finance leases	Finance leases & financing obligations	**926**	877
Total operating & finance leases		**$ 3,788**	$ 3,742

Consolidated Statements of Operations			
(Dollars in Millions)	Classification	2020	2019
Operating leases	Selling, general, and administrative	**$ 314**	$ 314
Finance Leases			
Amortization of leased assets	Depreciation and amortization	**79**	72
Interest on leased assets	Interest expense, net	**102**	98
Total operating and finance leases		**$ 495**	$ 484

Rent expense charged to operations was $301 million for 2018.

Consolidated Statement of Cash Flows		
(Dollars in Millions)	2020	2019
Cash paid for amounts included in the measurement of leased liabilities		
Operating cash flows from operating leases	**$ 305**	$ 320
Operating cash flows from finance leases	**102**	98
Financing cash flows from finance leases	**69**	76

The following table summarizes future lease payments by fiscal year:

	January 30, 2021		
(Dollars in Millions)	Operating Leases	Finance Leases	Total
2021	$ 313	$ 170	$ 483
2022	306	154	460
2023	293	134	427
2024	259	118	377
2025	244	113	357
After 2025	3,448	1,804	5,252
Total lease payments	$ 4,863	$ 2,493	$ 7,356
Amount representing interest	(2,077)	(1,491)	(3,568)
Lease liabilities	$ 2,786	$ 1,002	$ 3,788

Total lease payments include $3.1 billion related to options to extend operating lease terms that are reasonably certain of being exercised and $1.6 billion related to options to extend finance lease terms that are reasonably certain of being exercised.

The following table summarizes weighted-average remaining lease term and discount rate:

	January 30, 2021	February 1, 2020
Weighted-average remaining term (years)		
Operating leases	**19**	20
Finance leases	**18**	17
Weighted-average discount rate		
Operating leases	**6%**	6%
Finance leases	**10%**	11%

A sale leaseback was completed during the second quarter of 2020 for our San Bernardino E-commerce fulfillment and distribution center. The properties were sold for $195 million and generated net proceeds of $193 million after fees. A gain of $127 million was recognized during the second quarter of 2020 and is recorded in Gain on sale of real estate. An initial operating lease liability and a corresponding right of use asset of $84 million were recorded for these leased locations.

Financing Obligations

Historical failed sale-leasebacks that did not qualify for sale-leaseback accounting upon adoption of ASC 842 continue to be accounted for as financing obligations.

The following tables summarize our financing obligations and where they are presented in our Consolidated Financial Statements:

Consolidated Balance Sheets			
(Dollars in Millions)	**Classification**	**January 30, 2021**	**February 1, 2020**
Assets			
Financing obligations	Property & equipment, net	**$ 65**	$ 76
Liabilities			
Current	Current portion of finance leases & financing obligations	**39**	36
Noncurrent	Finance leases & financing obligations	**461**	490
Total financing obligations		**$ 500**	$ 526

Consolidated Statement of Operations			
(Dollars in Millions)	**Classification**	**2020**	**2019**
Amortization of financing obligation assets	Depreciation and amortization	**$ 11**	$ 11
Interest on financing obligations	Interest expense, net	**36**	37
Total financing obligations		**$ 47**	$ 48

Consolidated Statement of Cash Flows		
(Dollars in Millions)	**2020**	**2019**
Cash paid for amounts included in the measurement of financing obligations		
Operating cash flows from financing obligations	**$ 36**	$ 37
Financing cash flows from financing obligations	**36**	37
Proceeds from financing obligations	**9**	11
(Gain) on extinguishment of debt	**—**	(9)

In 2019, we purchased leased equipment that was accounted for as a financing obligation resulting in recognition of a $9 million gain on extinguishment of debt.

The following table summarizes future financing obligation payments by fiscal year:

(Dollars in Millions)	January 30, 2021 Financing Obligations
2021	$ 70
2022	70
2023	67
2024	62
2025	49
After 2025	207
Total lease payments	$ 525
Non-cash gain on future sale of property	219
Amount representing interest	(244)
Financing obligation liability	$ 500

Total payments exclude $7.3 million of legally binding payments for contracts signed, but not yet commenced.

The following table summarizes the weighted-average remaining term and discount rate for financing obligations:

	January 30, 2021	February 1, 2020
Weighted-average remaining term (years)	**8**	9
Weighted-average discount rate	**7%**	7%

4. Benefit Plans

We have a defined contribution savings plan covering all full-time and certain part-time associates. Participants in this plan may invest up to 99% of their base compensation, subject to certain statutory limits. We match 100% of the first 5% of each participant's contribution, subject to certain statutory limits.

We also offer a non-qualified deferred compensation plan to a group of executives which provides for pre-tax compensation deferrals up to 75% of salary and 100% of bonus. Deferrals and credited investment returns are 100% vested.

The total costs for these benefit plans were $50 million for 2020, $51 million for 2019, and $50 million for 2018.

5. Income Taxes

Deferred income taxes consist of the following:

(Dollars in Millions)	January 30, 2021	February 1, 2020
Deferred tax liabilities:		
Property and equipment	**$ 718**	$ 611
Lease assets	**821**	816
Merchandise inventories	**46**	76
Total deferred tax liabilities	**1,585**	1,503
Deferred tax assets:		
Lease obligations	**1,093**	1,110
Accrued and other liabilities, including stock-based compensation	**244**	144
Federal benefit on state tax reserves	**30**	30
Valuation allowance	**(42)**	(23)
Total deferred tax assets	**1,325**	1,261
Net deferred tax liability	**$ 260**	$ 242

Deferred tax assets included in other long-term assets totaled $42 million as of January 30, 2021 and $18 million as of February 1, 2020. As of January 30, 2021, the Company had state net operating loss carryforwards, net of valuation allowances, of $88 million, and state credit carryforwards, net of valuation allowances, of $6 million, which will expire between 2021 and 2041. As of February 1, 2020, state net operating loss carryforwards, net of valuation allowances, were $24 million, and state credit carryforwards, net of valuation allowances, were $7 million.

The components of the (benefit) provision for income taxes were as follows:

(Dollars in Millions)	2020	2019	2018
Current federal	**$ (439)**	$ 128	$ 229
Current state	**38**	31	43
Deferred federal	**69**	60	(36)
Deferred state	**(51)**	(9)	5
(Benefit) provision for income taxes	**$ (383)**	$ 210	$ 241

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted and signed into law. The CARES Act modified a number of corporate tax provisions, such as the limitations on the deduction of business interest expense under Section 163(j) as well as allowing net operating loss carryovers and carrybacks to fully offset taxable income for years beginning before 2021. Additionally, the CARES Act allows net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding tax years to generate a refund of previously paid income taxes.

The effective tax rate differs from the amount that would be provided by applying the statutory U.S. corporate tax rate due to the following items:

	2020	2019	2018
Federal statutory rate	**21.0%**	21.0%	21.0%
State income taxes, net of federal tax benefit	**2.1**	3.1	3.7
Federal NOL carryback	**66.0**	—	—
Uncertain tax positions	**(19.4)**	0.6	(0.2)
Federal tax credits	**0.4**	(1.2)	(1.0)
Other	**0.1**	(0.2)	(0.3)
Effective tax rate	**70.2%**	23.3%	23.2%

The effective tax rate for the year ended January 30, 2021, was higher than the effective tax rate for the year ended February 1, 2020, primarily due to the federal net operating loss ("NOL") generated in the current year that will be carried back up to five taxable years. The Company has calculated a federal NOL for the year ended January 30, 2021 and will carryback the federal NOL generated in the current year to tax years 2015 – 2017. As a result, for the year ended January 30, 2021, the Company recorded an income tax benefit of $474 million due to the federal income tax rate differential for the year ended January 30, 2021 of 21% versus tax years 2015 – 2017 of 35%.

We have analyzed filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. The federal returns subject to examination are the 2012 through 2020 tax years, excluding the 2014 tax year. State returns subject to examination vary depending upon the state. Generally, 2016 through 2020 tax years are subject to state examination. The earliest state open period is 2007. Certain states have proposed adjustments, which we are currently appealing. If we do not prevail on our appeals, we do not anticipate that the adjustments would result in a material change in our financial position.

We assess our income tax positions and record tax liabilities for all years subject to examination based upon management's evaluation of the facts and circumstances and information available at the reporting dates. For those income tax positions where it is more-likely-than-not, based on technical merits, that a tax benefit will be sustained upon the conclusion of an examination, we have recorded the largest amount of tax benefit having a cumulatively greater than 50% likelihood of being realized upon ultimate settlement with the applicable taxing authority, assuming that it has full knowledge of all relevant information. For those tax positions which do not meet the more-likely-than-not threshold regarding the ultimate realization of the related tax benefit, no tax benefit has been recorded in the financial statements. In addition, we provide for interest and penalties, as applicable, and record such amounts as a component of the overall income tax provision. A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

(Dollars in Millions)	2020	2019
Balance at beginning of year	**$ 135**	$ 133
Increases due to tax positions taken in prior years	**—**	7
Increases due to tax positions taken in current year	**177**	12
Decreases due to:		
Tax positions taken in prior years	**(9)**	(14)
Settlements with taxing authorities	**(4)**	—
Lapse of applicable statute of limitations	**(1)**	(3)
Balance at end of year	**$ 298**	$ 135

Not included in the unrecognized tax benefits reconciliation above are gross unrecognized accrued interest and penalties of $42 million at January 30, 2021 and $35 million at February 1, 2020. Interest and penalty expenses were $18 million in 2020, $4 million in 2019, and $5 million in 2018.

Our total unrecognized tax benefits that, if recognized, would affect our effective tax rate were $276 million as of January 30, 2021 and $112 million as of February 1, 2020. It is reasonably possible that our unrecognized tax positions may change within the next 12 months, primarily as a result of ongoing audits. While it is possible that one or more of these examinations may be resolved in the next year, it is not anticipated that a significant impact to the unrecognized tax benefit balance will occur.

We have both payables and receivables for income taxes recorded on our balance sheet. Receivables included in other current assets totaled $610 million as of January 30, 2021 and $15 million as of February 1, 2020. Receivables included in other long term assets totaled $232 million as of January 30, 2021; there was no long term receivable as of February 1, 2020. Payables included in current liabilities totaled $10 million as of January 30, 2021 and $48 million as of February 1, 2020.

6. Stock-Based Awards

We currently grant share-based compensation pursuant to the Kohl's Corporation 2017 Long-Term Compensation Plan, which provides for the granting of various forms of equity-based awards, including nonvested stock, performance share units, and options to purchase shares of our common stock, to officers, key employees, and directors. As of January 30, 2021, there were 9.0 million shares authorized and 7.1 million shares available for grant under the 2017 Long-Term Compensation Plan. Options and nonvested stock that are surrendered or terminated without issuance of shares are available for future grants. We also have outstanding options and other awards which were granted under previous compensation plans.

Annual grants are typically made in the first quarter of the fiscal year. Grants to newly-hired and promoted employees and other discretionary grants are made periodically throughout the remainder of the year.

Stock Options

The majority of stock options previously granted to employees vest in five equal annual installments. Outstanding options granted to employees prior to 2006 have a term of up to 15 years. Outstanding options granted to employees after 2005 have a term of seven years. Outstanding options granted to directors have a term of 10 years.

All stock options have an exercise price equal to the fair market value of the common stock on the date of grant. The fair value of each option award was estimated using a Black-Scholes option valuation model.

The following table summarizes our stock option activity:

(Shares in Thousands)	2020 Shares	2020 Weighted Average Exercise Price	2019 Shares	2019 Weighted Average Exercise Price	2018 Shares	2018 Weighted Average Exercise Price
Balance at beginning of year	**87**	**$ 51.78**	136	$ 51.48	1,139	$ 50.51
Exercised	**—**	**—**	(46)	50.88	(1,001)	50.37
Forfeited/expired	**(51)**	**51.53**	(3)	51.50	(2)	53.52
Balance at end of year	**36**	**$ 52.15**	87	$ 51.78	136	$ 51.48

The intrinsic value of options exercised represents the excess of our stock price at the time the option was exercised over the exercise price and was $0 in 2020, $1 million in 2019, and $16 million in 2018. The stock options outstanding as of January 30, 2021 are all exercisable. They have a weighted average remaining contractual life of 0.6 years and no intrinsic value. Our closing stock price of $44.06 on January 30, 2021 is less than the exercise price of the remaining options.

Nonvested Stock Awards

We have also awarded shares of nonvested common stock to eligible key employees and to our Board of Directors. Substantially all awards have restriction periods tied primarily to employment and/or service. Employee awards generally vest over five years. Director awards vest over the term to which the director was elected, generally one year. In lieu of cash dividends, holders of nonvested stock awards are granted restricted stock equivalents which vest consistently with the underlying nonvested stock awards.

The fair value of nonvested stock awards is the closing price of our common stock on the date of grant. We may acquire shares from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employee's unvested stock award. Such shares are then designated as treasury shares.

The following table summarizes nonvested stock activity, including restricted stock equivalents issued in lieu of cash dividends:

(Shares in Thousands)	2020 Shares	2020 Weighted Average Grant Date Fair Value	2019 Shares	2019 Weighted Average Grant Date Fair Value	2018 Shares	2018 Weighted Average Grant Date Fair Value
Balance at beginning of year	**2,312**	**$ 56.24**	2,601	$ 51.90	2,811	$ 45.60
Granted	**2,640**	**20.46**	917	63.57	1,086	63.25
Vested	**(1,053)**	**52.83**	(1,004)	50.06	(1,202)	47.69
Forfeited	**(448)**	**39.21**	(202)	57.71	(94)	49.08
Balance at end of year	**3,451**	**$ 32.09**	2,312	$ 56.24	2,601	$ 51.90

The aggregate fair value of awards at the time of vesting was $56 million in 2020, $50 million in 2019, and $57 million in 2018.

Performance Share Units

We grant performance-based share units ("performance share units") to certain executives. The performance measurement period for these performance share units is three fiscal years. The fair market value of the grants is determined using a Monte-Carlo valuation on the date of grant.

The actual number of shares which will be earned at the end of the three-year vesting periods will vary based on our cumulative financial performance over the vesting periods. Due to COVID-19, the calculation methodology for certain shares granted in 2018 was modified from a three-year cumulative measurement period to a three-year average measurement period, with each year measured against one-third of the cumulative goal. The number of performance share units earned will be modified up or down based on Kohl's Relative Total Shareholder Return against a defined peer group during the vesting periods. The payouts, if earned, will be settled in Kohl's common stock after the end of each multi-year performance periods.

The following table summarizes performance share unit activity by year:

	2020		2019		2018	
(Shares in Thousands)	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Balance at beginning of year	**1,274**	**$ 61.55**	1,046	$ 52.08	724	$ 46.07
Granted	**699**	**19.76**	665	69.30	365	66.66
Vested	**(826)**	**42.72**	(336)	46.87	(38)	78.35
Forfeited	**(110)**	**46.79**	(101)	63.41	(5)	46.91
Balance at end of year	**1,037**	**$ 49.95**	1,274	$ 61.55	1,046	$ 52.08

Stock Warrants

Effective April 18, 2019, in connection with our entry into a commercial agreement with Amazon.com Services, Inc. (“Amazon”), we issued warrants to an affiliate of Amazon, to purchase up to 1,747,441 shares of our common stock at an exercise price of $69.68, subject to customary anti-dilution provisions. The fair value was estimated to be $17.52 per warrant using a binomial lattice method. The warrants vest in five equal annual installments. The first installment vested on January 15, 2020, and the second installment on January 15, 2021. Total vested and unvested shares as of January 30, 2021 were 698,977 and 1,048,464, respectively. The warrants will expire on April 18, 2026. Unvested warrants will not vest if the commercial agreement is terminated, not renewed, or if no substitute written returns arrangement is entered into between the parties.

Other Required Disclosures

Stock-based compensation expense, other than that included in Impairments, store closing, and other costs, is included in Selling, general, and administrative expenses in our Consolidated Statements of Income. Stock-based compensation expense totaled $40 million for 2020, $56 million for 2019, and $87 million for 2018. At January 30, 2021, we had approximately $85 million of unrecognized share-based compensation expense, which is expected to be recognized over a weighted-average period of 1.5 years.

7. Contingencies

We are subject to legal proceedings and claims arising out of the conduct of our business, including claims both by and against us. Such proceedings typically involve claims related to various forms of liability, contract disputes, allegations of violations of laws or regulations, or other actions brought by us or others including our employees, consumers, competitors, suppliers, or governmental agencies. We routinely assess the likelihood of any adverse outcomes related to these matters on a case by case basis, as well as the potential ranges of losses and fees. We establish accruals for our potential exposure, as appropriate, for significant claims against us when losses become probable and reasonably estimable. Where we are able to reasonably estimate a range of potential losses relating to significant matters, we record the amount within that range that constitutes our best estimate. We also disclose the nature of and range of loss for claims against us when losses are reasonably possible and material. These accruals and disclosures are determined based on the facts and circumstances related to the individual cases and require estimates and judgments regarding the interpretation of facts and laws, as well as the effectiveness of strategies or other factors beyond our control.

8. Quarterly Financial Information (Unaudited)

	2020			
(Dollars and Shares in Millions, Except per Share Data)	First	Second	Third	Fourth
Total revenue	**$ 2,428**	**$ 3,407**	**$ 3,979**	**$ 6,141**
Cost of merchandise sold	**$ 1,787**	**$ 2,149**	**$ 2,424**	**$ 4,000**
Selling, general, and administrative expenses	**$ 1,066**	**$ 1,050**	**$ 1,302**	**$ 1,603**
Impairments, store closing, and other costs	**$ 66**	**$ (2)**	**$ 21**	**$ 4**
(Gain) on sale of real estate	**$ —**	**$ (127)**	**$ —**	**$ —**
Net (loss) income	**$ (541)**	**$ 47**	**$ (12)**	**$ 343**
Basic shares	**154**	**154**	**154**	**154**
Basic net (loss) income per share	**$ (3.52)**	**$ 0.31**	**$ (0.08)**	**$ 2.23**
Diluted shares	**154**	**155**	**154**	**156**
Diluted net (loss) income per share	**$ (3.52)**	**$ 0.30**	**$ (0.08)**	**$ 2.20**

	2019			
(Dollars and Shares in Millions, Except per Share Data)	First	Second	Third	Fourth
Total revenue	$ 4,087	$ 4,430	$ 4,625	$ 6,832
Cost of merchandise sold	$ 2,415	$ 2,550	$ 2,775	$ 4,400
Selling, general, and administrative expenses	$ 1,275	$ 1,269	$ 1,419	$ 1,742
(Gain) loss on extinguishment of debt	—	—	$ (9)	—
Impairments, store closing, and other costs	$ 49	$ 7	—	$ 57
Net income	$ 62	$ 241	$ 123	$ 265
Basic shares	161	159	156	154
Basic net income per share	$ 0.38	$ 1.52	$ 0.79	$ 1.72
Diluted shares	162	159	157	154
Diluted net income per share	$ 0.38	$ 1.51	$ 0.78	$ 1.72

Due to changes in stock prices during the year and timing of share repurchases and issuances, the sum of quarterly net (loss) income per share may not equal the annual net (loss) income per share.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosures

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (the “Evaluation”) at a reasonable assurance level as of the last day of the period covered by this report.

Based upon the Evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. Disclosure controls and procedures are defined by Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") as controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions, regardless of how remote.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of our published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of January 30, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control—Integrated Framework (2013 Framework). Based on this assessment, our management has concluded that as of January 30, 2021, our internal control over financial reporting was effective based on those criteria.

Ernst & Young LLP, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an attestation report, included herein, on the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Kohl's Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Kohl's Corporation's internal control over financial reporting as of January 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Kohl's Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 30, 2021 and February 1, 2020, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended January 30, 2021, and the related notes and our report dated March 18, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin
March 18, 2021

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

For information with respect to our Directors, the Board of Directors' committees and our written code of ethics, see the applicable portions of the "Corporate Governance Matters" and "Proposal One: Election of Directors" sections of the Definitive Proxy Statement for our 2021 Annual Meeting of Shareholders ("our 2021 Proxy"), which information is incorporated herein by reference.

Any amendment to or waiver from the provisions of the Code of Ethics that is applicable to our Chief Executive Officer, Chief Financial Officer, or other key finance associates will be disclosed on the "Corporate Governance" portion of http://corporate.kohls.com. We intend to satisfy our disclosure requirements under item 5.05 of form 8-K regarding any amendments or waivers by posting such information at this location or our website.

See also Item 4A, Information about our Executive Officers of Part 1.

Item 11. Executive Compensation

See the information provided in the applicable portions of the "Corporate Governance Matters" and "Proposal One: Election of Directors" sections of our 2021 Proxy, including the "Compensation Committee Report" and "Compensation Discussion & Analysis", which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

See the information provided in the "Security Ownership of Certain Beneficial Owners, Directors, and Management" section of our 2021 Proxy, which information is incorporated herein by reference.

The following table includes shares of common stock outstanding and available for issuance under our existing equity compensation plans as of January 30, 2021:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	35,641	$ 52.15	7,141,363
Equity compensation plans not approved by security holders (1)	—	—	—
Total	35,641	$ 52.15	7,141,363

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

Item 13. Certain Relationships and Related Transactions, and Director Independence

See the information provided in the “Director Independence” and “Related Person Transactions” sections of our 2021 Proxy, which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

See the information provided in the “Fees Paid to Ernst & Young” section of our 2021 Proxy, which information is incorporated herein by reference.

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PART IV
Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report

1. Consolidated Financial Statements:

   See Index to Consolidated Financial Statements, the Report of Independent Registered Public Accounting Firm, and the Consolidated Financial Statements, in Part II, Item 8 of this Form 10-K.

2. Financial Statement Schedule:

   All schedules have been omitted as they are not applicable.

3. Exhibits:

Exhibit	Description	Document if Incorporated by Reference
3.1	Amended and Restated Articles of Incorporation of the Company	Exhibit 3.1 of the Company's Current Report on Form 8-K filed on May 16, 2011
3.2	Text of the Amendments to the Company's Amended and Restated Bylaws	Exhibit 3.1 of the Company's Current Report on Form 8-K filed on April 21, 2020
3.3	Amended and Restated Bylaws of the Company, as amended through April 15, 2020 (complete version)	Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 2, 2020
4.1	Certain other long-term debt is described in Note 2 of the Notes to Consolidated Financial Statements. The Company agrees to furnish to the Commission, upon request, copies of any instruments defining the rights of holders of any such long-term debt described in Note 2 and not filed herewith.	
4.2	Warrant to Purchase Common Stock	Exhibit 4.1 of the Company's Current Report on Form 8-K filed on April 23, 2019
4.3	Credit Agreement, dated as of April 16, 2020, by and among the Company and its subsidiaries, and Wells Fargo Bank, National Association, as agent, and the other lenders party thereto.	Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 17, 2020
4.4	Description of registrant's securities	Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended February 1, 2020
10.1	Private Label Credit Card Program Agreement dated as of August 11, 2010 by and between Kohl's Department Stores, Inc. and Capital One, National Association	Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2010
10.2	Amendment to Private Label Credit Card Program Agreement dated as of May 13, 2014 by and between Kohl's Department Stores, Inc. and Capital One, National Association	Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 2014
10.3	Amended and Restated Executive Deferred Compensation Plan*	Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2003
10.4	Kohl's Corporation 2005 Deferred Compensation Plan, as amended and restated effective January 1, 2005*	Exhibit 10.4 of the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2006
10.5	Summary of Executive Medical Plan*	Exhibit 10.6 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005
10.6	Summary of Executive Life and Accidental Death and Dismemberment Plans*	Exhibit 10.7 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005
10.7	Kohl's Corporation Annual Incentive Plan*	Annex B to the Proxy Statement on Schedule 14A filed on March 24, 2016 in connection with the Company's 2016 Annual Meeting of Shareholders

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Exhibit	Description	Document if Incorporated by Reference
10.8	1997 Stock Option Plan for Outside Directors*	Exhibit 4.4 of the Company's registration statements on Form S-8 (File No. 333-26409), filed on May 2, 1997
10.9	Amended and Restated 2003 Long-Term Compensation Plan*	Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 2008
10.10	Kohl’s Corporation 2010 Long-Term Compensation Plan*	Annex A to the Proxy Statement on Schedule 14A filed on March 24, 2016 in connection with the Company’s 2016 Annual Meeting
10.11	Form of Executive Restricted Stock Agreement pursuant to the Kohl’s Corporation 2010 Long Term Compensation Plan (4-year vesting)*	Exhibit 99.2 of the Company’s Current Report on Form 8-K filed on January 15, 2014
10.12	Form of Outside Director Restricted Stock Agreement pursuant to the Kohl's Corporation 2017 Long Term Compensation Plan*	
10.13	Kohl's Corporation 2017 Long-Term Compensation Plan*	Annex A to the Proxy Statement on Schedule 14A filed on March 13, 2017 in connection with the company's 2017 Annual Meeting
10.14	Form of Executive Restricted Stock Agreement pursuant to the Kohl's Corporation 2017 Long-Term Compensation Plan*	Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 2017
10.15	Form of Executive Performance Share Unit Agreement pursuant to the Kohl's Corporation 2017 Long-Term Compensation Plan*	Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 2017
10.16	Non-Employee Director Compensation Program*	Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 3, 2018
10.17	Amended and Restated Employment Agreement between Kohl’s Department Stores, Inc. and Kohl’s Corporation and Michelle Gass effective as of September 25, 2017*	Exhibit 10.1 of the Company's Current Report on Form 8-K filed on September 29, 2017
10.18	Amended and Restated Employment Agreement between Kohl’s Department Stores, Inc. and Kohl’s Corporation and Sona Chawla effective as of September 25, 2017*	Exhibit 10.3 of the Company's Current Report on Form 8-K filed on September 29, 2017
10.19	Employment Agreement between Kohl’s Department Stores, Inc. and Kohl’s Corporation and Bruce H. Besanko effective as of July 10, 2017*	Exhibit 10.2 of the Company's Current Report on Form 8-K filed on July 14, 2017
10.20	Employment Agreement between Kohl's Department Stores, Inc. and Kohl's Corporation and Doug Howe effective as of May 14, 2018*	Exhibit 10.21 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020
10.21	Employment Agreement between Kohl's Department Stores, Inc. and Kohl's Corporation and Greg Revelle effective as of April 9, 2018*	Exhibit 10.22 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020
10.22	Executive Compensation Agreement between Kohl's Department Stores, Inc. and Marc Chini dated as of August 30, 2019*	Exhibit 10.23 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020
10.23	Executive Compensation Agreement between Kohl's Department Stores, Inc. and Paul Gaffney dated as of September 16 , 2019*	Exhibit 10.24 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020
10.24	Amended and Restated Executive Compensation Agreement between Kohl's Department Stores, Inc. and Jill Timm dated November 1, 2019*	Exhibit 10.25 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020
10.25	Amended and Restated Executive Compensation Agreement between Kohl's, Inc. and Jason Kelroy dated August 16, 2020*	

Exhibit	Description	Document if Incorporated by Reference
21.1	Subsidiaries of the Registrant	
23.1	Consent of Ernst & Young LLP	
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
101.INS	Inline XBRL Instance Document	
101.SCH	Inline XBRL Taxonomy Extension Schema	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)	
	*A management contract or compensatory plan or arrangement.	

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kohl's Corporation

By: /s/ Michelle Gass
Michelle Gass
Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Jill Timm
Jill Timm
Senior Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: March 18, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated above:

/s/ Frank V. Sica
Frank V. Sica
Chairman

/s/ Michael Bender
Michael Bender
Director

/s/ Peter Boneparth
Peter Boneparth
Director

/s/ Steven A. Burd
Steven A. Burd
Director

/s/ Yael Cosset
Yael Cosset
Director

/s/ H. Charles Floyd
H. Charles Floyd
Director

/s/ Michelle Gass
Michelle Gass
Chief Executive Officer
Director (Principal Executive Officer)

/s/ Robbin Mitchell
Robbin Mitchell
Director

/s/ Jonas Prising
Jonas Prising
Director

/s/ John E. Schlifske
John E. Schlifske
Director

/s/ Adrianne Shapira
Adrianne Shapira
Director

/s/ Stephanie A. Streeter
Stephanie A. Streeter
Director

Exhibit 10.12

RESTRICTED STOCK AGREEMENT
(Non-Employee Directors)

Director's Name	Grant Date	Number of Restricted Shares

RECITALS:

The Board of Directors of Kohl's Corporation (the "Board") has approved granting to the director named above ("Director") shares of the common stock of the Company ("Common Stock"), subject to the restrictions contained herein, pursuant to the Company's 2017 Long-Term Compensation Plan (the "Plan"). All terms used herein and not otherwise defined shall have the same meaning as set forth in the Plan.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises set forth in this agreement and the benefits that the Company expects to derive in connection with the services to be hereafter rendered to it or its subsidiaries by the Director, the Company and the Director hereby agree as follows:

ARTICLE I

Restricted Shares

1.1 Award of Restricted Shares. The Company hereby awards to the Director the number of shares of Common Stock listed above under the heading "Number of Restricted Shares" (the "Restricted Shares"), subject to the restrictions contained herein and the provisions of the Plan.

1.2 Vesting of the Restricted Shares.

(a) Subject to the terms of this Agreement, the Restricted Shares shall vest in accordance with the following schedule:

Anniversary Date	**Shares Vesting**
Earlier of the 1st Anniversary Date or the Date of the Annual Meeting for the Following Year	100% of Shares Granted

(b) Termination. If Director ceases to be a member of the Board for any reason, the vesting of the Restricted Shares shall immediately cease and any unvested Restricted Shares shall be forfeited by Director and revert to the Company.

The period during which the Restricted Shares are unvested is referred to herein as the Restricted Period.

1.3 Shareholder Status. Prior to the vesting of the Restricted Shares, Director shall have the right to vote the Restricted Shares and except as expressly provided otherwise herein, all other rights as a holder of outstanding shares of Common Stock. In lieu of any regular cash dividends, on the declared payment date of each regular cash dividend otherwise payable on the Restricted Shares ("Payment Date"), the Company shall issue Director a number of additional shares of Restricted Stock with a Payment Date market value equal to: (i) the per-share dollar amount of the declared dividend multiplied by (ii) the number of Director's unvested Restricted Shares as of the declared record date for the dividend. For purposes of calculating the "Payment Date market value" in the preceding sentence, the Company shall use the closing price of a share of the

Company's Common Stock on the New York Stock Exchange on the Payment Date. Such additional Restricted Shares shall be issued in fractional shares, and shall vest on the same terms and conditions as the underlying Restricted Shares to which dividends would have been attributable. Any such additional Restricted Shares shall be subject to the terms of this Agreement. Further, notwithstanding the foregoing, the Director shall not have the right to vote with respect to the Restricted Shares with respect to record dates occurring after any of the Restricted Shares revert to the Company pursuant to Section 1.2 hereof. Until the Restricted Shares vest pursuant to Sections 1.2 hereof, the Company shall retain custody of the stock certificates representing the Restricted Shares. As soon as practicable after the lapse of the restrictions, the Company shall issue or release or cause to be issued or released certificate(s) representing the shares, less any shares used to satisfy the obligation to withhold income and/or employment taxes in connection with the vesting of any Restricted Shares.

1.4 Prohibition Against Transfer. During the Restricted Period, the Restricted Shares may not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) by the Director, or be subject to execution, attachment or similar process. Any transfer in violation of this Section 1.4 shall be void and of no further effect.

ARTICLE II

Miscellaneous

2.1 Provisions of the Plan Control. This Agreement shall be governed by the provisions of the Plan, the terms and conditions of which are incorporated herein by reference. The Plan empowers the Board's Compensation Committee to make interpretations, rules and regulations thereunder, and, in general, provides that determinations of such Committee with respect to the Plan shall be binding upon the Director. A copy of the Plan will be delivered to the Director upon reasonable request.

2.2 Taxes. The Company may require payment of or withhold any income or employment tax which it believes is payable as a result of the grant or vesting of the Restricted Shares or any payments thereon or in connection therewith, and the Company may defer making delivery with respect to the shares until arrangements satisfactory to the Company have been made with regard to any such withholding obligation. In accordance with the Plan, the Company may withhold shares of Common Stock to satisfy such withholding obligations.

2.3 Notices. Any notice to be given to the Company under the terms of this Agreement shall be given in writing to the Company in care of its General Counsel at Kohl's Department Stores, Inc., N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin, 53051. Any notice to be given to the Director may be addressed to him/her at the address as it appears on the records of the Company or any subsidiary thereof. Any such notice shall be deemed to have been duly given if and when actually received by the party to whom it is addressed, as evidenced by a written receipt to that effect.

2.4 Governing Law. This Agreement and all questions arising hereunder or in connection herewith shall be determined in accordance with the laws of the State of Wisconsin without giving effect to its conflicts of law provisions.

Execution Copy

AMENDED AND RESTATED
EXECUTIVE COMPENSATION AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE COMPENSATION AGREEMENT ("Agreement") is executed effective as of the 16th day of August, 2020, by and between Kohl's, Inc. (the "Company") and Jason Kelroy ("Employee").

RECITALS

Employee is being promoted to the position of Senior Executive Vice President, General Counsel & Corporate Secretary and is a valuable employee of the Company. The Company and Employee believe it is in their best interests to make provision for certain aspects of their relationship during and after the period in which Employee is employed by the Company.

The Company and Employee entered into an Amended and Restated Executive Compensation Agreement dated as of August 14, 2015 (the "Original Agreement"), whereby Company and Employee agreed to certain aspects of their relationship during and after the period in which Employee is employed by the Company, and the Company and Employee believe it is in their best interests to amend and restate the Original Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Company and Employee (individually, a "Party" and collectively the "Parties"), the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 "Board" shall mean the Board of Directors of the Company.

1.2 "Cause" shall mean any of the following:

(a) Employee's failure to substantially perform Employee's duties after a written demand for performance is delivered to Employee that specifically identifies the manner in which the Company believes that Employee has not substantially performed his/her duties, and (i) Employee has failed to demonstrate substantial efforts to resume performance of Employee's duties on a continuous basis within thirty (30) days after receiving such demand; or (ii) such failure to substantially perform, if previously cured, has recurred; provided, however, that failure to meet sales or financial performance objectives, by itself, will not constitute "Cause;"

(b) Employee's failure to substantially comply with any written rules, regulations, policies, or procedures of the Company, including but not limited to the Company's anti-harassment policies and the "Kohl's Code of Ethics," in any case, which is materially injurious to the reputation and/or business of the Company;

(c) Any dishonest or fraudulent act or omission willfully engaged in by Employee in the course of performance of Employee's duties for the Company. The term "willfully" as used herein means any act or omission committed in bad faith or without a reasonable belief that the act or omission was in the best interest of the Company;

(d) Any material breach by Employee of Articles III, IV, V, VI, VII, or VIII, below;

(e) Employee's commission of a crime, the circumstances of which are substantially related to Employee's duties or responsibilities for the Company; or

(f) Engagement by Employee in any illegal conduct in the course of Employee's duties for the Company, or conduct that is, in the reasonable opinion of the Board, materially injurious or detrimental to the substantial interests or reputation of the Company.

1.3 "Change of Control" means the occurrence of any of the following:

(a) the acquisition (other than from the Company) by any person, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), other than the Company, a subsidiary of the Company or any employee benefit plan or plans sponsored by the Company or any subsidiary of the Company, directly or indirectly, of beneficial ownership (within the meaning of Exchange Act Rule 13d-3) of thirty-three percent (33%) or more of the then outstanding shares of common stock of the Company or voting securities representing thirty-three percent (33%) or more of the combined voting power of the Company's then outstanding voting securities ordinarily entitled to vote in the election of directors unless the Incumbent Board (defined below), before such acquisition or within thirty (30) days thereafter, deems such acquisition not to be a Change of Control;

(b) individuals who, as of the date of this Agreement, constitute the board of directors of the Company (as of such date, "Incumbent Board") ceasing for any reason to constitute at least a majority of such board of directors of the Company; provided, however, that any person becoming a director subsequent to the date of this Agreement whose election, or nomination for election by the shareholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be for purposes of this Agreement, considered as though such person were a member of the Incumbent Board but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest which was (or, if threatened, would have been) subject to Exchange Act Rule 14a-12(c);

(c) the consummation of any merger, consolidation or share exchange of the Company with any other corporation, other than a merger, consolidation or share exchange which results in more than sixty percent (60%) of the outstanding shares of the common stock, and voting securities representing more than sixty percent (60%) of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors, of the surviving, consolidated or resulting corporation being then beneficially owned, directly or indirectly, by the persons who were the Company's shareholders immediately prior to such transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of the Company's then outstanding Common Stock or then outstanding voting securities, as the case may be; or

(d) the consummation of any liquidation or dissolution of the Company or a sale or other disposition of all or substantially all of the assets of the Company.

For purposes of this Section 1.3, the term “Company” means Kohl’s Corporation. Following the occurrence of an event which is not a Change of Control whereby there is a successor company to the Company, or, if there is no such successor, whereby the Company is not the surviving corporation in a merger or consolidation, the surviving corporation or successor holding company (as the case may be), for purposes of this Agreement, shall thereafter be referred to as the Company.

1.4 “Company” means Kohl’s, Inc., except as otherwise provided herein.

1.5 “Designated Beneficiary” means the person or persons designated by Employee, on a form provided by the Company, to receive benefits payable under this Agreement, if any, after the death of Employee.

1.6 “Disability” means Employee is unable to perform the essential functions of Employee’s job, with or without reasonable accommodation, for a period of one hundred eighty (180) days, whether consecutive or in the aggregate, over any three hundred sixty-five (365) day period. A determination of Disability shall be made by the Company, which may, at its sole discretion, consult with a physician or physicians satisfactory to the Company, and Employee shall cooperate with any efforts to make such determination. Any such determination shall be conclusive and binding on the Parties. Any determination of Disability under this Section 1.6 is not intended to alter any benefits any Party may be entitled to receive under any disability insurance policy carried by either the Company or Employee with respect to Employee, which benefits shall be governed solely by the terms of any such insurance policy.

1.7 “Final Expenses” means reimbursement of expenses to which Employee is entitled under programs and policies which the Company has made available to employees of the Company and which are in effect at the Company from time to time.

1.8 “Final Pay” means any unpaid base salary with respect to the period prior to the effective date of Employee’s termination of employment.

1.9 “Good Reason” means any of the following: (i) a material reduction in Employee’s title, organizational reporting level or base salary which is not agreed to by Employee; or (ii) a mandatory relocation of Employee’s employment with the Company more than 50 miles from Employee’s then-current principal work location, except for travel reasonably required in the performance of Employee’s duties and responsibilities; provided, however, that no termination shall be for Good Reason unless: (1) Employee has provided the Company with written notice that identifies the conduct alleged to have caused Good Reason within twenty (20) days of such conduct first occurring; (2) the Company fails to cure any such alleged conduct within thirty (30) days after the Company’s receipt of such written notice from Employee (the “Cure Period”); and (3) Employee provides the Company with notice of termination for Good Reason, with such termination to be effective within thirty (30) days of the end of the Cure Period.

1.10 “Health Insurance Continuation” means that, if Employee, following termination from employment, is eligible for, and timely elects to participate in, the Company’s group health insurance plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will pay the normal monthly employer's cost of coverage under the Company's group health insurance plans for full-time employees toward such COBRA coverage for the specified period of severance, if any, set forth in the applicable provision of Article II of this Agreement. If the specified period of severance provided for in this Agreement is longer than the end of the 18-month period for which Employee is eligible for COBRA, the Company will, until the end of such longer period, pay the normal monthly employer's cost of coverage under the Company's group health insurance plans to, at its sole discretion, allow Employee to continue to participate in such plans (if allowed by law and the Company's policies, plans and programs) or allow Employee to purchase reasonably comparable individual health insurance coverage through the end of such longer period. Employee acknowledges and agrees that Employee is responsible for paying the balance of any costs not paid for by the Company under this Agreement which are associated with Employee's participation in the Company's health insurance plans or individual health insurance and that Employee's failure to pay such costs may result in the termination of Employee's participation in such plans or insurance. Employee acknowledges and agrees that the Company may deduct from any Severance Payment Employee receives pursuant to this Agreement, amounts that Employee is responsible to pay for Health Insurance Continuation. Any Health Insurance Continuation provided for herein will cease on the date on which Employee becomes eligible for health insurance coverage under another employer's group health insurance plan, and, within five (5) days of Employee becoming eligible for health insurance coverage under another employer's group health insurance plan, Employee agrees to inform the Company of such fact in writing.

In no event will the Health Insurance Continuation to be provided by the Company pursuant to this Agreement in one taxable year affect the amount of Health Insurance Continuation to be provided in any other taxable year, nor will Employee's right to Health Insurance Continuation be subject to liquidation or exchange for another benefit.

1.11 "Outplacement Services" means outplacement services from an outplacement service company of the Company's choosing at a cost not to exceed Twenty Thousand and no/100 Dollars ($20,000.00), payable directly by the Company to such outplacement service company. If such benefit is not used by Employee during the six (6) month period following Employee's termination of employment, it will be forfeited.

1.12 "Prorated Bonus" means a share of any bonus attributable to the fiscal year of the Company during which the date of termination of Employee's employment with the Company occurs to which Employee would be entitled if he/she had worked for the entire fiscal year, as determined in the sole discretion of the Company (pro-rated, as determined by the Company, for the portion of the fiscal year prior to the date of Employee's termination of employment).

1.13 "Retirement Age" means an Employee is at least fifty-five (55) years old and has completed ten (10) years or more of service as an Employee of the Company.

1.14 "Unpaid Bonus" means Employee's unpaid bonus, if any, attributable to any complete fiscal year of the Company ended before the date of Employee's termination of employment with the Company.

ARTICLE II
COMPENSATION AND BENEFITS
UPON TERMINATION OF EMPLOYMENT

2.1 Termination by Company for Cause. If Employee's employment is terminated by the Company for Cause, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; and (iii) Employee's Unpaid Bonus. The payment of the Unpaid Bonus shall be made at the same time as any such bonus is paid to other similarly situated executives of the Company. Furthermore, under this Section 2.1, vesting of any equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.2 Termination by Employee without Good Reason. If Employee's employment is terminated by Employee voluntarily without Good Reason, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; and (iii) Employee's Unpaid Bonus. The payment of the Unpaid Bonus shall be made at the same time as any such bonus is paid to other similarly situated executives of the Company. Furthermore, under this Section 2.2, vesting of any equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.3 Termination Due to Retirement. If Employee's employment is voluntarily terminated by Employee after he/she has reached Retirement Age and prior to the termination, Employee certifies to the Company of his/her intention not to continue employment for another employer after such termination, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; (iii) Employee's Unpaid Bonus; and (iv) Employee's Prorated Bonus. Payment of the Unpaid Bonus and the Prorated Bonus shall be made at the same time as any such bonuses for such fiscal years are paid to other similarly situated executives of the Company. Furthermore, under this Section 2.3, vesting of any equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.4 Termination Due to Employee's Death. If Employee's employment is terminated due to Employee's death, Employee's Designated Beneficiary shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; (iii) Employee's Unpaid Bonus; (iv) Employee's Prorated Bonus; and (v) a Severance Payment (defined below). Payment of the Unpaid Bonus and the Prorated Bonus shall be made to Employee's Designated Beneficiary at the same time as any such bonuses for such fiscal years are paid to other similarly situated executives of the Company. For purposes of this Section 2.4, "Severance Payment" means six (6) months of Employee's base salary in effect as of the date of Employee's death, payable in equal installments during the one (1) year period following the effective date of Employee's termination pursuant to the normal payroll practices of the Company. Furthermore, under this Section 2.4, vesting of any equity awards granted to Employee prior to the date of Employee's death shall be as provided in the applicable equity award agreements between Employee and the Company.

2.5 Termination Due to Disability. If Employee's employment is terminated due to Employee's Disability, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; (iii) Employee's Unpaid Bonus; (iv) Employee's Prorated Bonus; and (v) a Severance Payment (defined below). Payment of the Unpaid

Bonus and the Prorated Bonus shall be made to Employee at the same time as any such bonuses for such fiscal years are paid to other similarly situated executives of the Company. For purposes of this Section 2.5, “Severance Payment” means six (6) months of Employee’s base salary in effect as of the date of Employee’s termination of employment, payable in equal installments during the six (6) month period following the effective date of Employee’s termination pursuant to the normal payroll practices of the Company. The amount of such Severance Payment shall be reduced by (x) the value of any compensation (including, but not limited to, the value of any cash compensation, deferred compensation or equity-based compensation, valued in the sole discretion of the Company) received by Employee from another employer or service recipient during the six (6) month period following Employee’s termination of employment and (y) any payments received by Employee under any short-term disability plans, programs or policies offered by the Company during Employee’s absence from the Company prior to Employee’s termination of employment or during the six (6) month period thereafter and Employee agrees to reimburse the Company for the amount of any such reductions. Notwithstanding the foregoing, the amount of the Severance Payment under this Section 2.5 shall not be reduced by the value of any compensation payable under the Company’s Long Term Disability Program or any successor program thereto. Employee acknowledges and agrees that, upon the cessation, if any, of such Disability during the period for which the Severance Payment is to be made under this Section 2.5, he/she has an obligation to use his/her reasonable efforts to secure other employment and that his/her failure to do so, as determined at the sole discretion of the Board, is a breach of this Agreement subject to Section 8.5, below. Furthermore, under this Section 2.5, vesting of any equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.6 Termination by Company Without Cause or by Employee for Good Reason – No Change of Control. If Employee’s employment is terminated by the Company without Cause or voluntarily by Employee for Good Reason and such termination does not occur within fifteen (15) months after the occurrence of a Change of Control, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; (iii) Employee’s Unpaid Bonus; (iv) Employee’s Prorated Bonus; (v) Outplacement Services; (vi) Health Insurance Continuation; and (vii) a Severance Payment (defined below). Payments of the Unpaid Bonus and the Prorated Bonus shall be made at the same time as any such bonuses for such fiscal years are paid to other similarly situated executives of the Company. For purposes of this Section 2.6, “Severance Payment” means two (2) years of Employee’s base salary in effect as of the date of Employee’s termination of employment, which shall be paid to Employee in a lump sum within sixty (60) days following Employee’s termination of employment, except as otherwise provided in Section 2.8, below. Furthermore, under this Section 2.6, any unvested restricted stock granted to Employee on or after the date of this Agreement and prior to the date of termination that are scheduled to vest in the two-year period following the date of Employee’s termination of employment shall immediately vest as of the date of Employee’s termination of employment, except as otherwise specified in any future restricted stock award agreement between Employee and the Company. Vesting of any other equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.7 Termination by Company Without Cause or by Employee for Good Reason - Change of Control. If Employee’s employment is terminated by the Company without Cause or voluntarily terminated by Employee for Good Reason and such termination occurs within fifteen (15) months after the occurrence of a Change of Control, Employee shall have no further rights against the Company hereunder, except for the right to receive (i) Final Pay; (ii) Final Expenses; (iii) Employee's Unpaid Bonus; (iv) Outplacement Services; (v) Health Insurance Continuation; and (vi) a Severance Payment (defined below). The Unpaid Bonus shall be paid at the same time as any such bonuses are paid to other similarly situated executives of the Company. For purposes of this Section 2.7, "Severance Payment" means an amount equal to the product of (x) two (2) multiplied by (y) the sum of: (A) Employee's annual base salary in effect as of the date of Employee's termination of employment (or, if higher, Employee's annual base salary immediately prior to the Change of Control) plus (B) an amount equal to the average (calculated at the sole discretion of the Company) annual incentive compensation plan payment paid to Employee for the three (3) fiscal years ending prior to the fiscal year which includes the date of Employee's termination. The Severance Payment in this Section 2.7 shall be paid to Employee in a lump sum within sixty (60) days following Employee's termination of employment, except as otherwise provided in Section 2.8, below. Furthermore, under this Section 2.7, any unvested restricted stock granted to Employee on or after the date of this Agreement and prior to the date of termination shall vest immediately upon the date of termination. Vesting of any other equity awards granted to Employee prior to the date of termination shall be as provided in the applicable equity award agreements between Employee and the Company.

2.8 Timing of Payments if Required by Code Section 409A. If amounts paid to Employee pursuant to any Section of this Article II would be subject to a penalty under Section 409A of the Internal Revenue Code ("Code Section 409A") because Employee is a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) and no other exceptions to the penalty are available, such payments will be delayed until the earliest date permissible following the date of Employee's termination of employment, at which point any such delayed payments will be paid to Employee in a lump sum. Further, to the extent any amounts payable to Employee pursuant to any Section of this Article II are determined, after consultation with the Company's counsel, to be required to be paid in accordance with the payment timing terms under the Original Agreement in order for Employee to avoid penalties under Code Section 409A, such amounts shall be payable in accordance with the payment timing terms under the Original Agreement, notwithstanding language in this Agreement to the contrary.

2.9 Release. As a condition to the receipt of any Severance Payment, Prorated Bonus, Health Insurance Continuation, or Outplacement Services hereunder, Employee, or his/her personal representative, shall be required to execute a written release agreement in a form satisfactory to the Company containing, among other items, a general release of claims against the Company and, as an additional condition to the receipt of such amounts or benefits, Employee shall refuse to exercise any right to revoke such release agreement during any applicable revocation period. Such written release under this Section 2.9 (i) shall be delivered to Employee within three (3) days after the date of termination of Employee's employment, and (ii) must be executed by Employee and the revocation period must expire without revocation of such release within 60 days following the date of termination of employment or Employee shall forfeit the compensation and benefits provided under this Agreement that are conditioned upon the release. For any Severance Payment (or installment thereof) payable under this Agreement, to the extent that (i) the Severance Payment is not required to be delayed for six (6) months due to Employee's qualification as a "specified employee" as defined in Code Section 409A and (ii) such payment(s) would otherwise be paid or provided to Employee within the 60-day period following the date of termination of employment, such payment(s) shall not be made until the first regular Company payroll date occurring at least five (5) business days after Employee's execution of the written release and the expiration of the applicable revocation period, except where the 60-day period following the date of termination of employment spans two (2) different calendar years, in which case such payment(s) will not be made until the Company's first regular Company payroll date occurring in the later calendar year during the 60-day period. For the sake of clarification, any Severance Payment (or installment thereof) that would otherwise be made within such 60-day period but are delayed because of the immediately preceding sentence shall accrue and be paid to Employee in a single lump sum on the date specified in the immediately preceding sentence.

2.10 Resignation from Positions. Unless otherwise requested by the Company in writing, upon termination of employment, for whatever reason, Employee shall be deemed to have resigned from any and all titles, positions and appointments Employee holds with the Company, Kohl's Corporation or any of their subsidiaries or affiliates whether as an officer, director, employee, committee member, trustee or otherwise. Employee agrees to promptly execute such documents as the Company, in its sole discretion, shall reasonably deem necessary to effect such resignations.

ARTICLE III
RETURN OF RECORDS

Upon termination of employment, for whatever reason, or upon request by the Company at any time, Employee shall immediately return to the Company all documents, records, materials, or other property belonging and/or relating to the Company, all copies of all such materials, and any and all passwords and/or access codes necessary to access and control such materials. Upon termination of employment, for whatever reason, or upon request by the Company at any time, Employee further agrees to, at the Company's discretion, return and/or destroy such records maintained by Employee on Employee's own computer equipment or systems (including any cloud-based service), and to certify in writing, at the Company's request, that such destruction has occurred.

ARTICLE IV
CONFIDENTIALITY

4.1 Acknowledgments. Employee acknowledges and agrees that, as an integral part of its business, the Company has expended a great deal of time, money and effort to develop and maintain confidential, proprietary and trade secret information to compete against similar businesses and that this information, if misused or disclosed, would be harmful to the Company's business and competitive position in the marketplace. Employee further acknowledges and agrees that in Employee's position with the Company, the Company provides Employee with access to its confidential, proprietary and trade secret information, strategies and other confidential business information that would be of considerable value to competitive businesses. As a result, Employee acknowledges and agrees that the restrictions contained in this Article IV are reasonable, appropriate and necessary for the protection of the Company's confidential, proprietary and trade secret information. For purposes of this Article IV, the term "Company" means Kohl's, Inc. and its parent companies, subsidiaries and other affiliates.

4.2. Confidentiality During Employment. During Employee's employment with the Company, Employee will not directly or indirectly use or disclose any Confidential Information or Trade Secrets (defined below) except in the interest and for the benefit of the Company.

4.3 Trade Secrets Post-Employment. After the termination, for whatever reason, of Employee's employment with the Company, Employee will not directly or indirectly use or disclose any Trade Secrets. Nothing in this Agreement shall limit or supersede any common law, statutory or other protections of trade secrets where such protections provide the Company with greater rights or protections for a longer duration than provided in this Agreement.

4.4 Confidential Information Post-Employment. For a period of two (2) years following termination, for whatever reason, of Employee's employment with the Company, Employee will not directly or indirectly use or disclose any Confidential Information, unless such information ceases to be deemed Confidential Information by means of one of the exclusions set forth in Section 4.5(c), below.

4.5 Definitions.

(a) Trade Secret. The term "Trade Secret" shall have that meaning set forth under applicable law.

(b) Confidential Information. The term "Confidential Information" shall mean all non-Trade Secret information of, about or related to the Company, whether created by, for or provided to the Company, which is not known to the public or the Company's competitors, generally, including, but not limited to: (i) strategic growth plans, pricing policies and strategies, employment records and policies, operational methods, marketing plans and strategies, advertising plans and strategies, product development techniques and plans, business acquisition and divestiture plans, resources, vendors, sources of supply, suppliers and supplier contractual relationships and terms, technical processes, designs, inventions, research programs and results, source code, short-term and long-range planning, projections, information systems, sales objectives and performance, profit and profit margins, and seasonal plans, goals and objectives; (ii) information that is marked or otherwise designated or treated as confidential or proprietary by the Company; and (iii) information received by the Company from others which the Company has an obligation to treat as confidential.

(c) Exclusions. Notwithstanding the foregoing, the term "Confidential Information" shall not include, and the obligations set forth in this Article IV shall not apply to, any information which: (i) can be demonstrated by Employee to have been known by Employee prior to Employee's employment by the Company; (ii) is or becomes generally available to the public through no act or omission of Employee; (iii) is obtained by Employee in good faith from a third party who discloses such information to Employee on a non-confidential basis without violating any obligation of confidentiality or secrecy relating to the information disclosed; or (iv) is independently developed by Employee outside the scope of Employee's employment without use of Confidential Information or Trade Secrets.

(d) Defend Trade Secrets Act. With respect to the disclosure of a trade secret and in accordance with 18 U.S.C. § 1833, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, provided that, the information is disclosed solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding filed under seal so that it is not disclosed to the public. Employee is further notified that if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to Employee's attorney and use the trade secret information in the court proceeding, provided that, Employee files any document containing the trade secret under seal so that it is not disclosed to the public and does not disclose the trade secret, except pursuant to court order.

ARTICLE V
RESTRICTED SERVICES OBLIGATION

5.1 Acknowledgments. Employee acknowledges and agrees that the Company is one of the leading retail companies in the United States, with omni-channel presence throughout the United States, and that the Company compensates executives like Employee to, among other things, develop and maintain valuable goodwill and relationships on the Company's behalf (including relationships with customers, suppliers, vendors, employees and other associates) and to maintain business information for the Company's exclusive ownership and use. As a result, Employee acknowledges and agrees that the restrictions contained in this Article V are reasonable, appropriate and necessary for the protection of the Company's goodwill, customer, supplier, vendor, employee and other associate relationships and Confidential Information and Trade Secrets. Employee further acknowledges and agrees that the restrictions contained in this Article V will not pose an undue hardship on Employee or Employee's ability to find gainful employment. For purposes of this Article V, the term "Company" means Kohl's, Inc. and its parent companies, subsidiaries and other affiliates.

5.2 Restrictions on Competition During Employment. During Employee's employment with the Company, Employee shall not directly or indirectly compete against the Company, or directly or indirectly divert or attempt to divert any customer's business from the Company anywhere the Company does or is taking steps to do business.

5.3 Post-Employment Restricted Services Obligation. For the one (1) year period following termination, for whatever reason, of Employee's employment with the Company, Employee will not, directly or indirectly, provide Restricted Services (defined below) to or on behalf of any Competitor (defined below) to or for the benefit of any market in the continental United States and any other geographic market in which the Company is doing, or is taking material steps to do, business.

5.4 Definitions.

(a) Restricted Services. "Restricted Services" shall mean services of any kind or character comparable to those Employee provided to the Company during the eighteen (18) month period immediately preceding Employee's last date of employment with the Company.

(b) Competitor. The term "Competitor" means Amazon.com, Inc., Belk, Inc., Burlington Stores, Inc., Dillard's, Inc., J.C. Penney Company, Inc., Macy's, Inc., Nordstrom Co., Old Navy, Inc., Ross Stores, Inc., Transform Holdco LLC (the entity which acquired the assets of Sears Holdings Corporation and operates Sears and Kmart), Stage Stores, Inc., Target Corporation, The Gap, Inc. The TJX Companies, Inc. and Walmart Stores, Inc., as the same may be renamed from time-to-time, including any successors, subsidiaries or affiliates of such entities.

ARTICLE VI
BUSINESS IDEAS; NON-DISPARAGEMENT

6.1 Assignment of Business Ideas. Employee shall immediately disclose to the Company a list of all inventions, patents, applications for patent, copyrights, and applications for copyright in which Employee currently holds an interest. The Company will own, and Employee hereby assigns to the Company, all rights in all Business Ideas, as defined in Section 6.2, below. All Business Ideas which are or form the basis for copyrightable works shall be considered "works for hire" as that term is defined by United States Copyright Law. Any works that are not found to be "works for hire" are hereby assigned to the Company. While employed by the Company and for one (1) year thereafter, Employee will promptly disclose all Business Ideas to the Company and execute all documents which the Company may reasonably require to perfect its patent, copyright and other rights to such Business Ideas throughout the world. After Employee's employment with the Company terminates, for whatever reason, Employee will cooperate with the Company to assist the Company in perfecting its rights to any Business Ideas including executing all documents which the Company may reasonably require. For purposes of this Article VI, the term "Company" means Kohl's, Inc. and its parent companies, subsidiaries and other affiliates.

6.2 Business Ideas. The term "Business Ideas" as used in this Agreement means all ideas, inventions, data, software, developments and copyrightable works, whether or not patentable or registrable, which Employee originates, discovers or develops, either alone or jointly with others while Employee is employed by the Company and for one (1) year thereafter and which are (i) related to any business known by Employee to be engaged in or contemplated by the Company; (ii) originated, discovered or developed during Employee's working hours during his/her employment with the Company; or (iii) originated, discovered or developed in whole or in part using materials, labor, facilities, Confidential Information, Trade Secrets, or equipment furnished by the Company.

6.3 Non-Disparagement. Employee agrees not to engage at any time in any form of conduct or make any statements or representations, or direct any other person or entity to engage in any conduct or make any statements or representations, that disparage, criticize or otherwise impair the reputation of the Company, its affiliates, parents and subsidiaries and their respective past and present officers, directors, stockholders, partners, members, agents and employees. Nothing contained in this Section 6.3 shall preclude Employee from providing truthful testimony or statements pursuant to subpoena or other legal process or in response to inquiries from any government agency or entity.

ARTICLE VII
NON-SOLICITATION OF RESTRICTED PERSONS

7.1 Non-Solicitation of Restricted Persons. While Employee is employed by the Company, and for a period of one (1) year immediately following the end, for whatever reason, of Employee's employment with the Company, Employee shall not directly or indirectly solicit any Restricted Person to provide services to or on behalf of a person or entity in a manner reasonably likely to pose a competitive threat to the Company. For purposes of this Article VII, the term "Company" means Kohl's, Inc. and its parent companies, subsidiaries and other affiliates.

7.2 Restricted Person. The term “Restricted Person” means an individual who, at the time of the solicitation, is an employee of the Company and (i) who is a top-level employee of the Company, has special skills or knowledge important to the Company, or has skills that are difficult for the Company to replace and (ii) with whom Employee had a working relationship or about whom Employee acquired or possessed specialized knowledge, in each case, in connection with Employee’s employment with the Company and during the one (1) year period immediately prior to the end of Employee’s employment with the Company.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Notices. Any and all notices, consents, documents or communications provided for in this Agreement shall be given in writing and shall be personally delivered, mailed by registered or certified mail (return receipt requested) or sent by courier, confirmed by receipt, and addressed as follows (or to such other address as the addressed Party may have substituted by notice pursuant to this Section 8.1):

(a) If to the Company:

Kohl’s, Inc.
N56 W17000 Ridgewood Drive
Menomonee Falls, WI 53051
Attn: CEO
With a copy to: head of Human Resources

(b) If to Employee:

Any notice to be given to Employee may be addressed to him/her at the address as it appears on the payroll records of the Company or any subsidiary thereof.

Such notice, consent, document or communication shall be deemed given upon personal delivery or receipt at the address of the Party stated above or at any other address specified by such Party to the other Party in writing, except that if delivery is refused or cannot be made for any reason, then such notice shall be deemed given on the third day after it is sent.

8.2 Employee Disclosures and Acknowledgments.

(a) Prior Obligations. Following is a list of prior obligations (written and oral), such as confidentiality agreements or covenants restricting future employment or consulting, that Employee has entered into which may restrict Employee’s ability to perform Employee’s duties as an Employee for the Company.

(b) Confidential Information of Others. Employee certifies that Employee has not, and will not, disclose or use during Employee’s time as an employee of the Company, any confidential information which Employee acquired as a result of any previous employment or under a contractual obligation of confidentiality or secrecy before Employee became an employee of the Company.

(c) Scope of Restrictions. By entering into this Agreement, Employee acknowledges the nature of the Company's business and the nature and scope of the restrictions set forth in Articles IV, V, VI and VII, above, including specifically Wisconsin's Uniform Trade Secrets Act, presently § 134.90, *Wis. Stats.* Employee acknowledges and represents that the scope of such restrictions are appropriate, necessary and reasonable for the protection of the Company's business, goodwill, and property rights. Employee further acknowledges that the restrictions imposed will not prevent Employee from earning a living in the event of, and after, termination, for whatever reason, of Employee's employment with the Company. Nothing herein shall be deemed to prevent Employee, after termination of Employee's employment with the Company, from using general skills and knowledge gained while employed by the Company.

(d) Prospective Employers. Employee agrees, during the term of any restriction contained in Articles IV, V, VI and VII, above, to disclose such provisions to any future or prospective employer. Employee further agrees that the Company may send a copy of this Agreement to, or otherwise make the provisions hereof known to, any such employer.

8.3 Effect of Termination. Notwithstanding any termination of this Agreement, Employee, in consideration of his/her employment hereunder, shall remain bound by the provisions of this Agreement which specifically relate to periods, activities or obligations upon or subsequent to the termination of Employee's employment.

8.4 Cooperation. Employee agrees to take all reasonable steps during and after Employee's employment with the Company to make himself/herself available to and to cooperate with the Company, at its request, in connection with any legal proceedings or other matters in which it is or may become involved. Following Employee's employment with the Company, the Company agrees to pay reasonable compensation to Employee and to pay all reasonable expenses incurred by Employee in connection with Employee's obligations under this Section 8.4.

8.5 Effect of Breach. In the event that Employee breaches any provision of this Agreement or any restrictive covenant agreement between the Company and Employee which is entered into subsequent to this Agreement, Employee agrees that the Company may suspend all additional payments to Employee under this Agreement (including any Severance Payment), recover from Employee any damages suffered as a result of such breach and recover from Employee any reasonable attorneys' fees or costs it incurs as a result of such breach. In addition, Employee agrees that the Company may seek injunctive or other equitable relief, without the necessity of posting bond, as a result of a breach by Employee of any provision of this Agreement.

8.6 Entire Agreement. This Agreement contains the entire understanding and the full and complete agreement of the Parties and supersedes and replaces any prior understandings and agreements among the Parties, including, but not limited to, the Original Agreement, with respect to the subject matter hereof.

8.7 Headings. The headings of sections and paragraphs of this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any of its provisions.

8.8 Consideration. The benefits provided to Employee under this Agreement constitute the consideration for Employee's undertakings hereunder.

8.9 Amendment. This Agreement may be altered, amended or modified only in a writing, signed by both of the Parties hereto.

8.10 409A Compliance. With respect to any benefit payable by the Company to Employee during or after Employee's employment, whether under this Agreement or otherwise, that is provided under or pursuant to a "nonqualified deferred compensation plan" as defined in Treasury Regulation Section 1.409A-1(a), the Parties intend that such benefit shall be exempt from or comply at all times with all operational and documentary requirements under Code Section 409A, related Treasury Regulations, and other governmental guidance related to Code Section 409A. Any provision that would cause this Agreement or any such payment, distribution or other benefit to fail to satisfy the requirements of Code Section 409A shall have no force or effect and to the extent an amendment would be effective for purposes of Code Section 409A, the Parties agree that this Agreement or such other arrangement shall be amended to comply with Code Section 409A. Such amendment shall be retroactive to the extent permitted by Code Section 409A. Each payment hereunder shall be treated as a separate and distinct "payment" for purposes of Code Section 409A. Notwithstanding anything herein to the contrary, the Company makes no representations or warranties to Employee with respect to any tax, economic or legal consequences of this Agreement or any payments or other benefits provided hereunder, including under Code Section 409A, and no provision of the Agreement shall be interpreted or construed to transfer any liability for failure to comply with Code Section 409A from Employee or any other individual to the Company or any other person. Employee, by executing this Agreement, shall be deemed to have waived any claim against the Company or any other person with respect to any such tax, or economic or legal consequences.

8.11 Assignability. This Agreement is personal to Employee, and Employee may not assign or delegate any of Employee's rights or obligations hereunder. The Company shall have the unrestricted right to assign this Agreement and all of the Company's rights (including the right to enforce this Agreement) and obligations under this Agreement. Employee hereby agrees that, at the Company's request and expense, Employee will consent to any such assignment by the Company and will promptly execute any assignments or other documents necessary to effectuate any such assignment to the Company's successors or assigns. Following such assignment, this Agreement shall be binding and inure to the benefit of any successor or assign of the Company. For clarification purposes, upon assignment of this Agreement, all references to the Company shall also refer to the person or entity to whom/which this Agreement is assigned.

8.12 Severability. The obligations imposed by, and the provisions of, this Agreement are severable and should be construed independently of each other. If any court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then such invalidity or unenforceability shall have no effect on the other provisions hereof, which shall remain valid, binding and enforceable and in full force and effect, and such invalid or unenforceable provision shall not affect the validity of any other provision.

8.13 Waiver of Breach. The waiver by either Party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

8.14 Governing Law; Construction. This Agreement shall be governed by the internal laws of the State of Wisconsin, without regard to (i) its conflicts of law provisions and (ii) any rules of construction concerning the draftsman hereof. References to "days" shall mean calendar days unless otherwise specified.

8.15 Counterparts. This Agreement may be executed in counterparts, including by facsimile or portable document format (.pdf) signature, each of which shall be deemed an original, and all counterparts so executed shall constitute one agreement binding on all of the Parties hereto notwithstanding that all of the Parties may not be a signatory to the same counterpart.

8.16 Consistency with Applicable Law. Employee acknowledges and agrees that nothing in this Agreement prohibits Employee from reporting possible violations of law to any governmental agency, regulatory body or entity, from making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by a governmental agency or regulatory body. Employee does not need the prior authorization of the Company's legal department to make any such reports or disclosures and Employee is not required to notify the Company that Employee has made such reports or disclosures; however, the Company encourages Employee to do so.

8.17 Arbitration. This agreement to arbitrate shall be governed by the Federal Arbitration Act, 9 U.S.C. § et seq. ("FAA"), shall survive the termination of Employee's employment with the Company, and can only be revoked or modified by a writing signed by the Parties.

(a) Covered Claims. Any dispute, claim, or controversy between the Company and Employee, arising from or relating to Employee's employment with the Company or termination of employment, including but not limited to claims arising under or related to this Agreement or any breach of this Agreement, and any alleged violation of any federal, state, or local statute, regulation, common law, or public policy ("Covered Claim(s)"), shall be submitted to and decided by confidential, final, and binding arbitration. By agreeing to submit any and all Covered Claims to arbitration (except as set forth in Section 8.17(g) below), the Parties expressly waive any right they may have to resolve any Covered Claims through any other means, including a jury trial or bench trial.

(b) Waiver of Class and Collective Claims. Employee and the Company waive their right to file any arbitration on a class or collective basis; both Employee and the Company agree to file any arbitration only on an individual basis and agree not to file any arbitration as a representative of any class or group of others. Therefore, neither Employee nor the Company will seek to certify a class or collective arbitration or otherwise seek to proceed in arbitration on a representative basis, and any arbitrator(s) appointed pursuant to this agreement to arbitrate shall have no authority to combine more than one individual's claim or claims into a single case, participate in or facilitate notification of potential claims to others, arbitrate any form of a class, collective, or representative proceeding or award any relief to a class of individuals. Nor shall Employee or the Company participate in any class or collective action involving claims covered by this agreement to arbitrate, but instead shall arbitrate all claims covered by this agreement to arbitrate on an individual basis.

(c) Claims Not Covered. This agreement to arbitrate does not prevent Employee from filing a complaint or charge with the National Relations Labor Board, the Equal Employment Opportunity Commission, or any similar federal or state administrative agency, including claims for workers' compensation or unemployment insurance benefits, nor does it require Employee to arbitrate any claim that cannot be required to be arbitrated as a matter of law. Also excluded from this agreement to arbitrate is any claim for recoupment of any compensation pursuant to any recoupment policy maintained by the Company under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any Securities and Exchange Commission Rules, as such policy is amended from time to time.

(d) Commencing Arbitration. The Company or Employee may commence arbitration by delivery to the other Party of a notice of arbitration ("Notice of Arbitration"), which shall (i) identify and describe the nature of all Covered Claims asserted; (ii) detail the facts upon which such Covered Claims are based; and (iii) specify the amount and nature of any damages sought to be recovered as a result of any alleged Covered Claim. The Party in receipt of a Notice of Arbitration shall respond to the Party seeking arbitration within thirty (30) days of receipt of a Notice of Arbitration, (i) identifying and describing the nature of any defenses asserted, and (ii) detailing the facts upon which such defenses are based.

(e) Selection of Arbitrators. The arbitration shall be conducted by a panel of three (3) arbitrators. Within twenty (20) days of providing or receiving a Notice of Arbitration under Section 18.7(d), each Party shall select one (1) arbitrator. Within twenty (20) days after the selection of the two (2) arbitrators by the Parties, the selected arbitrators shall in turn select a third arbitrator. If the selected arbitrators cannot agree on the selection of a third arbitrator, the Parties agree that the third arbitrator shall be appointed by the International Institute for Conflict Prevention and Resolution ("CPR") in accordance with CPR's arbitrator appointment process. All arbitrators must be a practicing attorney, judge, or retired judge or attorney, with at least fifteen (15) years of experience in private practice, service as a judge and/or professional arbitrator or mediator. All arbitrators must be neutral persons who have never been officers, directors, employees, or consultants of the Company or had other business or personal relationships with Employee.

(f) Arbitration Rules and Procedures. The arbitration shall be conducted in Milwaukee, Wisconsin in accordance with the CPR Employment Dispute Arbitration Procedure, except as modified by this Agreement or the agreement of the Parties, and shall be governed by the same choice of law provisions as contained in this Agreement. To the extent the rules and procedures outlined in this Agreement conflict with the CPR Employment Dispute Arbitration Procedure, the rules and procedures in this Agreement shall control. The Parties shall have the right to have counsel represent them at the arbitration hearing and in pre-arbitration proceedings. The arbitrators shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitrator shall apply the applicable statute of limitations to any claim(s), shall apply the Federal Rules of Evidence, and shall be permitted to award those remedies that are available under applicable law. Any award rendered by the arbitrators (the "Final Determination") shall be conclusive and binding upon the Parties and there shall be no right of appeal therefrom, except in the case of fraud, perjury, evident partiality or misconduct by an arbitrator prejudicing the rights of any Party and to correct manifest clerical errors; provided, however, that any such Final Determination must be agreed upon and signed by at least two (2) of the three (3) arbitrators and shall be accompanied by a written opinion of the arbitrators giving the reasons for the Final Determination. This provision for arbitration shall be specifically enforceable by the Parties. Judgment upon the Final Determination rendered by the arbitrators may be entered by any state or federal court having jurisdiction.

(g) Judicial Enforcement and Provisional Relief. Nothing herein shall prohibit Employee or the Company from instituting litigation in a court of competent jurisdiction to enforce any Final Determination or seek a temporary restraining order, preliminary injunction, or other provisional relief to maintain the status quo or in aid of or pending the application or enforcement of this agreement to arbitrate.

[REMAINDER OF PAGE BLANK - SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the day and year written above.

COMPANY:
Kohl's, Inc.

/s/ Michelle Gass
By: Michelle Gass
Chief Executive Officer

EMPLOYEE:

/s/ Jason J. Kelroy
Jason J. Kelroy

Exhibit 21.1

SUBSIDIARIES

Name	State of Incorporation or Formation
Kohl's, Inc.	Delaware
KIN, Inc.*	Nevada
Kohl's Indiana, Inc.*	Delaware
Kohl's Indiana, L.P.	Delaware
Kohl's Michigan, L.P.	Delaware
Kohl's Value Services, Inc.*	Virginia
Kohl's Cares, LLC*	Wisconsin
KWAL, LLC	Wisconsin

*These subsidiaries are wholly-owned subsidiaries of Kohl's, Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements (Form S-3 No. 333-225182 and Form S-8 Nos. 333-26409, 333-105264, 333-143086, 333-167338, 333-217823) of Kohl's Corporation, of our reports dated March 18, 2021, with respect to the consolidated financial statements of Kohl's Corporation, and the effectiveness of internal control over financial reporting of Kohl's Corporation, included in this Annual Report (Form 10-K) of Kohl's Corporation for the year ended January 30, 2021.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin
March 18, 2021

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Gass, certify that:

1. I have reviewed this Annual Report on Form 10-K of Kohl's Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 18, 2021

/s/ Michelle Gass
Michelle Gass
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jill Timm, certify that:

1. I have reviewed this Annual Report on Form 10-K of Kohl's Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 18, 2021

/s/ Jill Timm
Jill Timm
Senior Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT
BY CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Gass, Chief Executive Officer of Kohl's Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. This Annual Report on Form 10-K of the Company for the annual period ended January 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. That the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 18, 2021

/s/ Michelle Gass
Michelle Gass
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT
BY CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jill Timm, Senior Executive Vice President, Chief Financial Officer of Kohl's Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the undersigned's knowledge, on the date of this Certification:

1. This Annual Report on Form 10-K of the Company for the annual period ended January 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. That the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 18, 2021

/s/ Jill Timm
Jill Timm
Senior Executive Vice President, Chief Financial Officer
(Principal Financial Officer)