

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended August 3, 2019**

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  
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**  
(Address of principal executive offices)

**53051**  
(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

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 Regulation 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: August 30, 2019 Common Stock, Par Value \$0.01 per Share, 159,126,736 shares outstanding.

**KOHL'S CORPORATION  
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**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**KOHL'S CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(Dollars in Millions)	August 3, 2019	February 2, 2019	August 4, 2018
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 625	\$ 934	\$ 1,066
Merchandise inventories	3,656	3,475	3,572
Other	397	426	404
Total current assets	4,678	4,835	5,042
Property and equipment, net	7,276	7,428	7,635
Operating leases	2,428	-	-
Other assets	160	206	238
Total assets	\$ 14,542	\$ 12,469	\$ 12,915
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 1,330	\$ 1,187	\$ 1,404
Accrued liabilities	1,199	1,364	1,174
Income taxes payable	34	64	70
Current portion of:			
Finance leases and financing obligations	119	115	122
Operating leases	158	-	-
Total current liabilities	2,840	2,730	2,770
Long-term debt	1,855	1,861	2,273
Finance leases and financing obligations	1,270	1,523	1,537
Operating leases	2,647	-	-
Deferred income taxes	254	184	188
Other long-term liabilities	221	644	660
Shareholders' equity:			
Common stock	4	4	4
Paid-in capital	3,236	3,204	3,163
Treasury stock, at cost	(11,353)	(11,076)	(10,835)
Accumulated other comprehensive loss	-	-	(8)
Retained earnings	13,568	13,395	13,163
Total shareholders' equity	5,455	5,527	5,487
Total liabilities and shareholders' equity	\$ 14,542	\$ 12,469	\$ 12,915

See accompanying Notes to Consolidated Financial Statements

**KOHL'S CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

(Dollars in Millions, Except per Share Data)	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Net sales	\$ 4,169	\$ 4,310	\$ 7,990	\$ 8,263
Other revenue	261	260	527	515
Total revenue	4,430	4,570	8,517	8,778
Cost of merchandise sold	2,550	2,605	4,965	5,101
Operating expenses:				
Selling, general, and administrative	1,269	1,272	2,544	2,532
Depreciation and amortization	228	241	458	483
Impairments, store closing and other costs	7	—	56	—
Operating income	376	452	494	662
Interest expense, net	53	65	105	135
Loss on extinguishment of debt	—	—	—	42
Income before income taxes	323	387	389	485
Provision for income taxes	82	95	86	117
Net income	\$ 241	\$ 292	\$ 303	\$ 368
Net income per share:				
Basic	\$ 1.52	\$ 1.77	\$ 1.90	\$ 2.23
Diluted	\$ 1.51	\$ 1.76	\$ 1.89	\$ 2.21

See accompanying Notes to Consolidated Financial Statements

**KOHL'S CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited)

	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
<i>(Dollars in Millions, Except per Share Data)</i>				
<b>Common stock</b>				
Balance, beginning of period	\$ 4	\$ 4	\$ 4	\$ 4
Stock options and awards	-	-	-	-
Balance, end of period	\$ 4	\$ 4	\$ 4	\$ 4
<b>Paid-in capital</b>				
Balance, beginning of period	\$ 3,223	\$ 3,125	\$ 3,204	\$ 3,078
Stock options and awards	13	38	32	85
Balance, end of period	\$ 3,236	\$ 3,163	\$ 3,236	\$ 3,163
<b>Treasury stock</b>				
Balance, beginning of period	\$ (11,221)	\$ (10,737)	\$ (11,076)	\$ (10,651)
Treasury stock purchases	(133)	(95)	(254)	(165)
Stock options and awards	(2)	(4)	(27)	(21)
Dividends paid	3	1	4	2
Balance, end of period	\$ (11,353)	\$ (10,835)	\$ (11,353)	\$ (10,835)
<b>Accumulated other comprehensive loss</b>				
Balance, beginning of period	\$ -	\$ (8)	\$ -	\$ (11)
Other comprehensive income	-	-	-	3
Balance, end of period	\$ -	\$ (8)	\$ -	\$ (8)
<b>Retained earnings</b>				
Balance, beginning of period	\$ 13,436	\$ 12,972	\$ 13,395	\$ 13,006
Change in accounting standard (a)	-	-	88	(7)
Net earnings	241	293	303	368
Dividends paid	(109)	(102)	(218)	(204)
Balance, end of period	\$ 13,568	\$ 13,163	\$ 13,568	\$ 13,163
<b>Total shareholders' equity, end of period</b>	<b>\$ 5,455</b>	<b>\$ 5,487</b>	<b>\$ 5,455</b>	<b>\$ 5,487</b>
<b>Common stock</b>				
Shares, beginning of period	375	374	374	373
Stock options and awards	-	-	1	1
Shares, end of period	375	374	375	374
<b>Treasury stock</b>				
Shares, beginning of period	(213)	(206)	(211)	(205)
Treasury stock purchases	(2)	(1)	(4)	(2)
Shares, end of period	(215)	(207)	(215)	(207)
<b>Total shares outstanding, end of period</b>	<b>160</b>	<b>167</b>	<b>160</b>	<b>167</b>
<b>Dividends paid per common share</b>	<b>\$ 0.67</b>	<b>\$ 0.61</b>	<b>\$ 1.34</b>	<b>\$ 1.22</b>

(a) Refer to Note 4 for details on the adoption of the new lease accounting standard.

See accompanying Notes to Consolidated Financial Statements

**KOHL'S CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(Dollars in Millions)	Six Months Ended	
	August 3, 2019	August 4, 2018
<b>Operating activities</b>		
Net income	\$ 303	\$ 368
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	458	483
Share-based compensation	27	50
Deferred income taxes	41	(25)
Impairments, store closing and other costs	45	-
Loss on extinguishment of debt	-	42
Non-cash lease expense	75	-
Other non-cash expenses	3	13
Changes in operating assets and liabilities:		
Merchandise inventories	(175)	(24)
Accrued and other long-term liabilities	(177)	(88)
Accounts payable	143	133
Other current and long-term assets	29	89
Income taxes	(8)	6
Operating lease liabilities	(88)	-
Net cash provided by operating activities	676	1,047
<b>Investing activities</b>		
Acquisition of property and equipment	(439)	(312)
Other	-	6
Net cash used in investing activities	(439)	(306)
<b>Financing activities</b>		
Treasury stock purchases	(254)	(165)
Shares withheld for taxes on vested restricted shares	(27)	(21)
Dividends paid	(214)	(202)
Reduction of long-term borrowings	(6)	(528)
Premium paid on redemption of debt	-	(35)
Finance lease and financing obligation payments	(60)	(64)
Proceeds from financing obligations	13	-
Proceeds from stock option exercises	2	32
Net cash used in financing activities	(546)	(983)
Net decrease in cash and cash equivalents	(309)	(242)
Cash at beginning of period	934	1,308
Cash at end of period	\$ 625	\$ 1,066
<b>Supplemental information</b>		
Interest paid, net of capitalized interest	\$ 105	\$ 141
Income taxes paid	77	164
<b>Property and equipment acquired through:</b>		
Finance lease liabilities	73	-
Operating lease liabilities	67	-
Financing obligations	-	7

See accompanying Notes to Consolidated Financial Statements

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for fiscal year end consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019 (Commission File No. 1-11084) as filed with the Securities and Exchange Commission.

Due to 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.

We operate as a single business unit.

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

<b>Standard</b>	<b>Description</b>	<b>Effect on our Financial Statements</b>
<b>Cloud Computing</b> (ASU 2018-15)  Issued August 2018  Effective Q1 2020	<p>Under the new standard, implementation costs related to a cloud computing arrangement will be deferred or expensed as incurred, in accordance with the existing internal-use software guidance for similar costs.</p> <p>The new standard also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense.</p>	<p>We are evaluating the impact of the new standard, but believe it is generally consistent with our current accounting for cloud computing arrangements and will not have a material impact on our financials.</p>

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

## 2. Revenue Recognition

The following table summarizes net sales by line of business:

(Dollars in Millions)	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018 (1)	August 3, 2019	August 4, 2018 (1)
Women's	\$ 1,373	\$ 1,439	\$ 2,592	\$ 2,694
Men's	933	955	1,717	1,745
Home	651	678	1,280	1,369
Children's	458	464	914	919
Footwear	447	465	867	902
Accessories	307	309	620	634
Net Sales	\$ 4,169	\$ 4,310	\$ 7,990	\$ 8,263

(1) Certain businesses do not agree to previously reported amounts due to changes in category classification.

Liabilities for performance obligations resulting from our rewards programs, return reserves, and unredeemed gift cards and merchandise return cards totaled \$354 million as of August 3, 2019, \$413 million as of February 2, 2019 and \$358 million as of August 4, 2018.

## 3. Debt

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

Maturity by fiscal year (Dollars in Millions)	Effective Rate	Coupon Rate	Outstanding		
			August 3, 2019	February 2, 2019	August 4, 2018
2021	4.81%	4.00%	\$ -	\$ -	\$ 413
2023	3.25%	3.25%	350	350	350
2023	4.78%	4.75%	184	184	184
2025	4.25%	4.25%	650	650	650
2029	7.36%	7.25%	42	42	42
2033	6.05%	6.00%	113	113	112
2037	6.89%	6.88%	101	101	101
2045	5.57%	5.55%	427	433	435
Outstanding long-term debt			1,867	1,873	2,287
Unamortized debt discounts and deferred financing costs			(12)	(12)	(14)
Long-term debt			\$ 1,855	\$ 1,861	\$ 2,273
Effective interest rate			4.74%	4.74%	4.76%

Our 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 long-term debt was \$1.9 billion at August 3, 2019, \$1.8 billion at February 2, 2019, and \$2.3 billion at August 4, 2018.

On July 25, 2019, we amended and extended our existing credit facility with various lenders which provides for a \$1.0 billion senior unsecured five-year revolving credit facility that will mature in July 2024. Among other things, the agreement includes a maximum leverage ratio financial covenant (which is generally consistent with the ratio under our prior agreement) and restrictions on liens and subsidiary indebtedness. No amounts were outstanding on the credit facility at August 3, 2019, February 2, 2019, or August 4, 2018.



**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Year to date 2019, we have reduced our outstanding debt by \$6 million through open market repurchases.

#### 4. Leases

Effective February 3, 2019 (the “adoption date”), we adopted ASC 842 Leases (the “new standard”). The new standard requires lessees to recognize a liability for lease obligations and a corresponding right of use asset on the balance sheet. The guidance also requires disclosure of key information about leasing arrangements that is intended to give financial statement users the ability to assess the amount, timing, and potential uncertainty of cash flows related to leases. We adopted the new standard using a modified retrospective transition method and applied the transition provisions at the beginning of the period of adoption through a cumulative-effect adjustment to retained earnings. We did not restate prior period financial statements.

The new standard includes several transition practical expedients that were available to reduce the burden of implementing the standard.

- We elected the package of practical expedients, which among other things, allowed us to carry forward our historical lease classifications.
- We did not elect the hindsight practical expedient which would have allowed us to revisit key assumptions, such as lease term, that were made when we originally entered into the lease.

The following table summarizes changes in our Consolidated Balance Sheet upon adoption of the new standard:

<b>(Dollars in Millions)</b>		
<b>Assets</b>		
Property and equipment, net	\$ (174)	(a)
Operating leases	2,446	(b)
Other assets	(32)	(c)
<b>Total assets</b>	<b>\$ 2,240</b>	
<b>Liabilities and Shareholders' Equity</b>		
Finance leases and financing obligations	\$ (237)	(a)
Operating leases	2,771	(b)
Accrued and other liabilities	(413)	(c)
Deferred taxes	31	(d)
Shareholders' equity	88	(d)
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,240</b>	

- (a) The reductions are primarily due to historical failed sale leaseback and build to suit arrangements where we were deemed owner for accounting purposes. In accordance with ASC 842 transition provisions, they became operating or finance leases.
- (b) The increases include land and other operating leases which were not previously recorded on our balance sheet or were previously recorded as financing obligations.
- (c) The reductions are primarily due to the reclassification of lease-related assets and liabilities such as straight-line rent and reserves for closed stores to operating lease assets and liabilities.
- (d) The cumulative effect of lease adjustments, net of the deferred tax impact, was recorded as an adjustment to retained earnings. In addition, retained earnings include a \$26 million lease impairment charge.

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

These adjustments represent non-cash activities for Statement of Cash Flow purposes.

Adoption of the new standard is not expected to have a material impact on our net income prospectively. We expect immaterial increases in Selling, general and administrative expenses to be more than offset by decreases in Depreciation and amortization and Interest expense. Substantially all of the expected income statement changes are due to the reversal of accounting for build to suit arrangements where construction is complete which were accounted for as operating or finance leases in accordance with the transition provisions of ASC 842.

***Finance and Operating 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. For leases that commenced prior to the adoption date, we used the February 3, 2019 rate for a term consistent with the original lease term for operating leases and the rate on the lease commencement date for finance leases.

For leases with terms of 12 months or less, we elected the practical expedient to exclude them from the balance sheet and recognize expense on a straight-line basis over the lease term. For leases beginning, modified, or reassessed in 2019 and later, we elected the practical expedient to combine lease and non-lease components.

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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

<b>Consolidated Balance Sheet</b>		<b>August 3, 2019</b>
<b>(Dollars in Millions)</b>	<b>Classification</b>	
<b>Assets</b>		
Operating leases	Operating leases	\$ 2,428
Finance leases	Property and equipment, net	544
Total operating and finance leases		2,972
<b>Liabilities</b>		
Current		
Operating leases	Current portion of operating leases	158
Finance leases	Current portion of finance leases and financing obligations	72
Noncurrent		
Operating leases	Operating leases	2,647
Finance leases	Finance leases and financing obligations	764
Total operating and finance leases		\$ 3,641

<b>Consolidated Statement of Income</b>		<b>Three Months Ended August 3, 2019</b>	<b>Six Months Ended August 3, 2019</b>
<b>(Dollars in Millions)</b>	<b>Classification</b>		
<b>Operating leases</b>	Selling, general, and administrative	\$ 79	\$ 157
<b>Finance leases</b>			
Amortization of leased assets	Depreciation and amortization	18	35
Interest on lease liabilities	Interest expense, net	24	48
Total operating and finance leases		\$ 121	\$ 240

<b>Consolidated Statement of Cash Flows</b>		<b>Six Months Ended August 3, 2019</b>
<b>(Dollars in Millions)</b>	<b>Classification</b>	
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows from operating leases		\$ 169
Operating cash flows from finance leases		48
Financing cash flows from finance leases		37

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The following table summarizes future lease payments by fiscal year:

(Dollars in Millions)	August 3, 2019		
	Operating Leases	Finance Leases	Total
2019	\$ 145	\$ 82	\$ 227
2020	309	168	477
2021	301	148	449
2022	287	131	418
2023	272	111	383
After 2023	3,603	1,686	5,289
Total lease payments	4,917	2,326	7,243
Amount representing interest	(2,112)	(1,490)	(3,602)
Lease liabilities	\$ 2,805	\$ 836	\$ 3,641

Total lease payments include \$2.9 billion related to options to extend operating lease terms that are reasonably certain of being exercised and \$1.4 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 rates:

	August 3, 2019
<b>Weighted-average remaining term (years)</b>	
Operating leases	20
Finance leases	17
<b>Weighted-average discount rate</b>	
Operating leases	6%
Finance leases	12%

**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 Sheet		
(Dollars in Millions)	Classification	August 3, 2019
<b>Assets</b>		
Financing obligations	Property and equipment, net	\$ 81
<b>Liabilities</b>		
Current	Current portion of finance leases and financing obligations	47
Noncurrent	Finance leases and financing obligations	506
Total financing obligations		\$ 553

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

<b>Consolidated Statement of Income</b>		<b>Three Month Ended August 3, 2019</b>	<b>Six Months Ended August 3, 2019</b>
<b>(Dollars in Millions)</b>	<b>Classification</b>		
Amortization of financing obligation assets	Depreciation and amortization	\$ 3	\$ 6
Interest on financing obligations	Interest expense, net	9	19
<b>Total financing obligations</b>		<b>\$ 12</b>	<b>\$ 25</b>

<b>Consolidated Statement of Cash Flows</b>		<b>Six Months Ended August 3, 2019</b>
<b>(Dollars in Millions)</b>	<b>Classification</b>	
<b>Cash paid for amounts included in the measurement of financing obligations</b>		
Operating cash flows from financing obligations		\$ 19
Financing cash flows from financing obligations		23
Proceeds from financing obligations		13

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

<b>(Dollars in Millions)</b>	<b>August 3, 2019</b>
2019	\$ 29
2020	72
2021	72
2022	68
2023	66
After 2023	249
<b>Total financing obligations payments</b>	<b>556</b>
Non-cash gain on future sale of property	238
Amount representing interest	(241)
<b>Financing obligation liability</b>	<b>\$ 553</b>

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

	<b>August 3, 2019</b>
Weighted-average remaining term (years)	9
Weighted-average discount rate	7%

**KOHL'S CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**5. Stock-Based Awards**

The following table summarizes our stock-based awards activity for the six months ended August 3, 2019:

(Shares and Units in Thousands)	Nonvested Stock Awards		Performance Share Units		Stock Options		Stock Warrants	
	Shares	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance - February 2, 2019	2,601	\$ 51.90	1,046	\$ 52.08	136	\$ 51.48	-	\$ -
Granted	717	66.87	224	73.77	-	-	1,747	69.68
Exercised/vested	(753)	52.59	(336)	46.87	(39)	51.10	-	-
Forfeited/expired	(113)	57.49	(57)	55.35	-	-	-	-
Balance - August 3, 2019	2,452	\$ 55.79	877	\$ 59.40	97	\$ 51.64	1,747	\$ 69.68

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 beginning on January 15, 2020 and 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.

**6. Contingencies**

We are subject to certain legal proceedings and claims arising out of the conduct of our business. In the opinion of management, the outcome of these proceedings and litigation will not have a material adverse impact on our consolidated financial statements.

**7. Net Income Per Share**

Basic net income per share is net income divided by the average number of common shares outstanding during the period. Diluted net income per share includes incremental shares assumed for share-based awards and stock warrants.

The information required to compute basic and diluted net income per share is as follows:

(Dollar and Shares in Millions, Except per Share Data)	Three Months Ended		Six Months Ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Numerator—Net income	\$ 241	\$ 292	\$ 303	\$ 368
Denominator—Weighted-average shares:				
Basic	159	165	160	165
Dilutive impact	—	1	1	1
Diluted	159	166	161	166
Antidilutive shares	3	—	1	—
Net income per share:				
Basic	\$ 1.52	\$ 1.77	\$ 1.90	\$ 2.23
Diluted	\$ 1.51	\$ 1.76	\$ 1.89	\$ 2.21

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

For purposes of the following discussion, unless noted, all references to "the second quarter" are for the three fiscal months (13 weeks) ended August 3, 2019 or August 4, 2018. References to "year to date" and "first half" are for the six fiscal months (26 weeks) ended August 3, 2019 or August 4, 2018. References to "the first quarter" are for the following three fiscal months (13 weeks) ended May 4, 2019 or May 5, 2018.

This Form 10-Q 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 our 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. Any such forward-looking statements are qualified by the important risk factors described in Part I, Item 1A of our 2018 Form 10-K or disclosed from time to time in our filings with the SEC, that could cause actual results to differ materially from those predicted by the forward-looking statements. Forward-looking statements relate to the date initially made, and we undertake no obligation to update them.

**Executive Summary**

As of August 3, 2019, we operated 1,155 Kohl's department stores, a website (www.Kohls.com), and 12 FILA outlets. Our Kohl's stores and website sell moderately-priced proprietary 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 the second quarter of 2019 include:

- 2.9% decrease in comparable sales
- 72 basis point decrease in gross margin as a percent of net sales
- 0.2% decrease in SG&A
- 14% decrease in diluted earnings per share
- 12% decrease in diluted earnings per share excluding non-recurring charges

We adopted the new lease accounting standard in the first quarter of 2019 and prior periods were not restated.

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

**Results of Operations****Total Revenue**

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	Change	August 3, 2019	August 4, 2018	Change
Net sales	\$ 4,169	\$ 4,310	\$ (141)	\$ 7,990	\$ 8,263	\$ (273)
Other revenue	261	260	1	527	515	12
Total revenue	\$ 4,430	\$ 4,570	\$ (140)	\$ 8,517	\$ 8,778	\$ (261)

Comparable sales decreased 2.9% for the second quarter and 3.2% year to date.

- The decreases in comparable sales in the second quarter and year to date 2019 reflect decreases in transactions and average transaction value.
- From a line of business perspective, Accessories, Children's, and Men's outperformed the Company average for the second quarter and year to date 2019, and Footwear, Home, and Women's performed below the Company average in both the second quarter and year to date 2019.
- Geographically, the strongest regions were the Midwest and Northeast for the second quarter and Midwest and Mid-Atlantic year to date 2019.
- Digital sales increased in the mid-teens for the second quarter and low double digits year to date 2019.

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 include 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. Comparable sales measures vary across the retail industry. As a result, our comparable sales calculation may not be consistent with similarly titled measures reported by other companies.

Other revenue increased \$1 million to \$261 million for the second quarter of 2019 and \$12 million to \$527 million for the 6 months ended August 3, 2019 compared with the same periods in 2018. The increases were driven by higher credit revenue.

**Cost of Merchandise Sold and Gross Margin**

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	Change	August 3, 2019	August 4, 2018	Change
Net sales	\$ 4,169	\$ 4,310	\$ (141)	\$ 7,990	\$ 8,263	\$ (273)
Cost of merchandise sold	2,550	2,605	(55)	4,965	5,101	(136)
Gross margin	\$ 1,619	\$ 1,705	\$ (86)	\$ 3,025	\$ 3,162	\$ (137)
Gross margin as a percent of net sales	38.8%	39.5%	(72) bp	37.9%	38.3%	(41) bp

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; and terms cash discount. 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 decreases in gross margin as a percent of net sales were driven by higher shipping costs due to increases in digital sales penetration in the second quarter and year to date 2019 and due to pricing and promotions implemented in the second quarter of 2019. The year-to-date period also reflects an unfavorable mix shift between regular and clearance sales.



### **Selling, General and Administrative Expenses ("SG&A")**

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	Change	August 3, 2019	August 4, 2018	Change
SG&A	\$ 1,269	\$ 1,272	\$ (3)	\$ 2,544	\$ 2,532	\$ 12
As a percent of total revenue	28.6%	27.8%	(81) bp	29.9%	28.8%	(102) bp

SG&A expenses include compensation and benefit costs (including stores, headquarters, 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; 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 sales. If the expense as a percent of sales decreased from the prior year, the expense "leveraged". If the expense as a percent of sales increased over the prior year, the expense "deleveraged".

The following table summarizes the increases and (decreases) in SG&A by expense type:

(Dollars in Millions)	Three Months Ended August 3, 2019	Six Months Ended August 3, 2019
Store expenses	\$ 12	\$ 17
Marketing	5	20
Credit expenses	(1)	(5)
Technology	(3)	1
Corporate and other	(16)	(21)
Total (decrease) increase	\$ (3)	\$ 12

SG&A expenses decreased 0.2% in the second quarter of 2019, however, deleveraged 81 basis points compared to the second quarter of 2018. Year to date, SG&A increased 0.5% and deleveraged 102 basis points. The changes were driven by an increase in store expenses which reflect higher rent expense in the second quarter and year to date 2019, primarily due to the new lease accounting standard. In addition, marketing expense increases were driven by continued investments to target market share gains over the long-term. Corporate and other expenses decreased due to lower general corporate costs in 2019 and expenses associated with leadership changes in 2018.

### **Other Expenses**

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	Change	August 3, 2019	August 4, 2018	Change
Depreciation and amortization	\$ 228	\$ 241	\$ (13)	\$ 458	\$ 483	\$ (25)
Interest expense, net	53	65	(12)	105	135	(30)
Impairments, store closing and other costs	7	—	7	56	—	56
Loss on extinguishment of debt	—	—	—	—	42	(42)

Depreciation and amortization decreases were driven by the maturity of our store portfolio, as well as the adoption of the new lease accounting standard.

Interest expense, net decreased in the second quarter and year to date 2019 due primarily to the benefits of debt reductions in 2018 and adoption of the new lease accounting standard.

In the second quarter of 2019, we incurred \$7 million in costs related to the closure of our four Off-Aisle clearance centers and a voluntary role reduction program conducted during the period. In the first quarter of 2019, we incurred \$49 million in lease asset impairment charges related to the closure of four Kohl's stores.

In the first quarter of 2018, we recognized a \$42 million loss on extinguishment of debt related to our \$500 million cash tender offer.

### Income Taxes

(Dollars in Millions)	Three Months Ended			Six Months Ended		
	August 3, 2019	August 4, 2018	Change	August 3, 2019	August 4, 2018	Change
Provision for income taxes	\$ 82	\$ 95	\$ (13)	\$ 86	\$ 117	\$ (31)
Effective tax rate	25.3%	24.5%		22.1%	24.2%	

The decreases in the provision for income taxes were driven by lower taxable income in the second quarter and year to date 2019. Year to date 2019, the provision also reflects a lower tax rate due to a favorable state audit settlement in the first quarter of 2019.

### Income before Income Taxes, Net Income and Earnings Per Diluted Share

(Dollars in Millions, Except per Share Data)	2019			2018		
	Income before Income Taxes	Net Income	Earnings Per Diluted Share	Income before Income Taxes	Net Income	Earnings Per Diluted Share
<b>Three Months Ended:</b>						
GAAP	\$ 323	\$ 241	\$ 1.51	\$ 387	\$ 292	\$ 1.76
Impairments, store closings and other costs	7	6	0.04	—	—	—
Loss on extinguishment of debt	—	—	—	—	—	—
Adjusted (Non-GAAP)	\$ 330	\$ 247	\$ 1.55	\$ 387	\$ 292	\$ 1.76
<b>Six Months Ended:</b>						
GAAP	\$ 389	\$ 303	\$ 1.89	\$ 485	\$ 368	\$ 2.21
Impairments, store closings and other costs	56	42	0.26	—	—	—
Loss on extinguishment of debt	—	—	—	42	31	0.19
Adjusted (Non-GAAP)	\$ 445	\$ 345	\$ 2.15	\$ 527	\$ 399	\$ 2.40

We believe the adjusted results in the table above are useful because they provide enhanced visibility into our results, excluding non-recurring expenses. However, these non-GAAP financial measures are not intended to replace the comparable GAAP measures.

### Seasonality and Inflation

Our business, like that of most retailers, is subject to seasonal influences, with the majority of sales and income typically realized during the second half of each fiscal year, which includes the back-to-school and holiday seasons. Approximately 15% of annual sales typically occur during the back-to-school season and 30% during the

holiday season. 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.

We expect that our operations will continue to be influenced by general economic conditions, including food, fuel and energy prices, higher wages and by 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

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

Cash Uses	Cash Sources
<ul style="list-style-type: none"> <li>·Operational needs, including salaries, rent, taxes and other costs of running our business</li> <li>·Capital expenditures</li> <li>·Inventory</li> <li>·Share repurchases</li> <li>·Dividend payments</li> <li>·Debt reduction</li> </ul>	<ul style="list-style-type: none"> <li>·Cash flow from operations</li> <li>·Short-term trade credit, in the form of extended payment terms</li> <li>·Line of credit under our revolving credit facility</li> </ul>

Our working capital and inventory levels typically build throughout the fall, peaking during the November and December holiday selling season.

(Dollars in Millions)	Six Months Ended		
	August 3, 2019	August 4, 2018	Change
<b>Net cash provided by (used in):</b>			
Operating activities	\$ 676	\$ 1,047	\$ (371)
Investing activities	(439)	(306)	(133)
Financing activities	(546)	(983)	437

#### Operating Activities

Operating activities generated \$676 million of cash in the first half of 2019 compared to \$1,047 million in the first half of 2018. The decrease was primarily due to increased inventory purchases and changes in operating liabilities.

#### Investing Activities

Investing activities used cash of \$439 million in the first half of 2019 and \$306 million in the first half of 2018. The increase was primarily due to investments in our E-commerce fulfillment centers.

#### Financing Activities

Financing activities used cash of \$546 million in the first half of 2019 and \$983 million in the first half of 2018.

We paid cash for treasury stock purchases of \$254 million in the first half of 2019 and \$165 million in the first half of 2018. Share repurchases are discretionary in nature. The timing and amount of repurchases are based upon available cash balances, our stock price and other factors.

We paid cash dividends of \$214 million (\$1.34 per share) in the first half of 2019 and \$202 million (\$1.22 per share) in the first half of 2018. On August 13, 2019, our Board of Directors declared a quarterly cash dividend on

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our common stock of \$0.67 per share. The dividend is payable September 25, 2019 to shareholders of record at the close of business on September 11, 2019.

We used cash to repurchase \$6 million of debt on the open market in the first half of 2019 and to repurchase \$528 million of debt pursuant to a tender offer and on the open market in the first half of 2018. We may again seek to retire or purchase our outstanding debt through open market cash purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

On July 25, 2019, we amended and extended our existing credit facility with various lenders which provides for a \$1.0 billion senior unsecured five-year revolving credit facility that will mature in July 2024. Among other things, the agreement includes a maximum leverage ratio financial covenant (which is generally consistent with the ratio under our prior agreement) and restrictions on liens and subsidiary indebtedness. No amounts were outstanding on the credit facility at August 3, 2019, February 2, 2019, or August 4, 2018.

As of August 3, 2019, our credit ratings were as follows:

	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-term debt	Baa2	BBB	BBB

### **Key Financial Ratios**

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

<b>(Dollars in Millions)</b>	<b>August 3, 2019</b>	<b>August 4, 2018</b>
Working capital	\$ 1,838	\$ 2,272
Current ratio	1.65	1.82

The decreases in our working capital and current ratio are primarily due to lower cash balances as a result of debt reductions, share repurchases and dividends, as well as the addition of operating leases to current liabilities due to adoption of the new lease accounting standard.

### **Debt Covenant Compliance**

As of August 3, 2019, we were in compliance with all debt covenants and expect to remain in compliance during the remainder of fiscal 2019.

### **Contractual Obligations**

Other than operating leases which are now Recorded, rather than Unrecorded contractual obligations, there have been no significant changes in the contractual obligations disclosed in our 2018 Form 10-K.

### **Off-Balance Sheet Arrangements**

We have not provided any financial guarantees as of August 3, 2019.

We have not created, and are not a 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 our 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 its estimates and assumptions with the Audit Committee of our Board of Directors. There have been no significant changes in the critical accounting policies and estimates discussed in our 2018 Form 10-K.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no significant changes in the market risks described in our 2018 Form 10-K.

### **Item 4. 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.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting during the second quarter of 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On August 4, 2019, we implemented a new enterprise resource planning ("ERP") system which affects many of our financial processes. This project is expected to improve the efficiency and effectiveness of certain financial and business transaction processes, as well as the underlying systems environment. The new ERP system will be a significant component of our internal control over financial reporting.

**PART II. OTHER INFORMATION****Item 1A. Risk Factors**

There have been no significant changes in the risk factors described in our 2018 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table contains information for shares of common stock repurchased and shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' stock-based compensation during the three fiscal months ended August 3, 2019:

<b>(Dollars in Millions)</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs</b>
May 5 - June 1, 2019	652,849	\$ 58.82	625,302	\$ 1,046
June 2 - July 6, 2019	1,144,386	47.84	1,132,119	992
July 7 - August 3, 2019	844,211	49.89	841,986	950
Total	2,641,446	\$ 51.08	2,599,407	\$ 950

**Item 6. Exhibits**

<b>Exhibit</b>	<b>Description</b>
4.1	<a href="#">Third Amended and Restated Credit Agreement dated as of July 25, 2019 by and among the Company, the various lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, a Swing Line Lender and an Issuing Bank, Bank of America, N.A., JPMorgan Chase Bank, N.A., MUFG Bank, Ltd. and U.S. Bank National Association, as Syndication Agents, Swing Line Lenders, and Issuing Banks, and Capital One, N.A., Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc., as Documentation Agents, and Wells Fargo Securities, LLC, BofA Securities, Inc., JP Morgan Chase Bank, N.A., MUFG Bank, Ltd., and U.S. Bank National Association, as Joint Lead Arrangers and Bookrunners, incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated July 25, 2019.</a>
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">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.</a>
32.2	<a href="#">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.</a>
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)

**SIGNATURES**

Pursuant to the requirements 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  
(Registrant)

Date: September 6, 2019

/s/ Bruce Besanko

Bruce Besanko  
On behalf of the Registrant and as Chief Financial Officer  
(Principal Financial Officer)



**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 Quarterly Report on Form 10-Q 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: September 6, 2019      /s/ Michelle Gass

Michelle Gass  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Bruce Besanko, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: September 6, 2019            /s/ Bruce Besanko

Bruce Besanko  
Chief Financial Officer  
(Principal Financial Officer)

**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 Quarterly Report on Form 10-Q of the Company for the quarterly period ended August 3, 2019 (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: September 6, 2019

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

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

I, Bruce Besanko, 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 Quarterly Report on Form 10-Q of the Company for the quarterly period ended August 3, 2019 (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: September 6, 2019

/s/ Bruce Besanko \_\_\_\_\_  
Bruce Besanko  
Chief Financial Officer  
(Principal Financial Officer)