

KOHLS Corp  
Form 424B5  
September 19, 2012  
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Filed Pursuant to Rule 424(b)(5)

Registration Statement No. 333-177252

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per security</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee</b>
3.250% Notes due 2023	350,000,000	99.994%	\$349,979,000	\$40,107.59

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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**PROSPECTUS SUPPLEMENT**

(To Prospectus dated October 12, 2011)

**\$350,000,000**

**Kohl's Corporation**

**3.250% Notes due 2023**

Kohl's Corporation will pay interest on the \$350,000,000 3.250% notes due 2023 (the "notes") on February 1 and August 1 of each year, beginning February 1, 2013. The notes will mature on February 1, 2023. We may redeem the notes in whole or in part at the redemption prices set forth under "Description of the Notes - Optional Redemption." If we experience a change of control repurchase event, we may be required to offer to repurchase the notes from holders as described under "Description of the Notes - Repurchase upon Change of Control Repurchase Event."

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness from time to time outstanding. The notes will be issued only in registered form in denominations of \$2,000 and integral multiples of \$1,000 above that amount.

**Investing in the notes involves risks that are described under Risk Factors beginning on page S-8.**

	<b>Per Note</b>	<b>Total</b>
Public offering price (1)	99.994%	\$ 349,979,000
Underwriting discount	0.600%	\$ 2,100,000
Proceeds, before expenses, to us (1)	99.394%	\$ 347,879,000

(1) Plus accrued interest, if any, from September 25, 2012

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The notes will be ready for delivery in book-entry form only through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, on or about September 25, 2012.

*Joint Book-Running Managers*

**Goldman, Sachs & Co.**

**UBS Investment Bank**  
*Co-Managers*

**US Bancorp**

**BofA Merrill Lynch**

**J.P. Morgan**

**Morgan Stanley**

**Wells Fargo Securities**

**September 18, 2012**

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

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the prospectus dated October 12, 2011, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we have authorized in making your investment decision. See [Where You Can Find More Information About Kohl's](#) in the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus we have authorized and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement, the accompanying prospectus and any free writing prospectus we have authorized do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement, the accompanying prospectus or any free writing prospectus we have authorized, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus we have authorized is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize do not constitute an offer, or an invitation on our behalf or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See [Underwriting](#).

In this prospectus supplement and the accompanying prospectus, unless otherwise stated, references to [Kohl's](#), [we](#), [us](#) and [our](#) refer to Kohl's Corporation and its subsidiaries.

**CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION**

This prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein by reference, may contain forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events we expect or anticipate will occur in the future. Words such as [believes](#), [anticipates](#), [may](#), [should](#), [could](#), [plans](#), [expects](#) and similar expressions identify forward-looking statements. Those statements may relate to future revenues, earnings, store openings, market conditions, new strategies and the competitive environment. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated

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by the forward-looking statements. These risks and uncertainties include, but are not limited to those described in Item 1A of our annual report on Form 10-K for the fiscal year ended January 28, 2012, which is expressly incorporated into this prospectus supplement and the accompanying prospectus by reference, and other factors as may periodically be described in our filings with the SEC. Forward-looking statements relate to the date they are made, and we undertake no obligation to update them except as required by law.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information about us and this offering. It may not contain all of the information that is important to you in deciding whether to purchase notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus, any free writing prospectus we have authorized and the documents that we have filed with the Securities and Exchange Commission (the "SEC") that are incorporated by reference prior to deciding whether to purchase notes.*

**Kohl's Corporation**

We operate family-oriented department stores that sell moderately priced apparel, footwear and accessories for women, men and children; soft home products such as sheets and pillows; and housewares. Our stores generally carry a consistent merchandise assortment with some differences attributable to regional preferences. Our stores feature quality private and exclusive brands which are found Only at Kohl's as well as national brands. Our apparel and home fashions appeal to classic, modern classic and contemporary customers. As of July 28, 2012, we operated 1,134 stores in 49 states.

In addition, Kohl's offers on-line shopping on our website at [www.Kohls.com](http://www.Kohls.com). Launched in 2001 as an added service for customers who prefer to shop using the internet, the website has grown to include a selection of items and categories beyond what is available in stores, with a primary focus on extended sizes, product line extensions, and web-exclusive product lines. The website is designed to provide a convenient, easy-to-navigate, on-line shopping environment that complements our in-store focus.

An important aspect of our pricing strategy and overall profitability is a culture focused on maintaining a low-cost structure. Critical elements of this low-cost structure are our unique store format, lean staffing levels, sophisticated management information systems and operating efficiencies which are the result of centralized buying, advertising and distribution.

**Meaningful Brands**

The success of our recently-launched brands, as well as the growth of our other exclusive and private brands, continue to drive increased penetration of our exclusive and private brand sales as a percentage of total sales. This penetration increased approximately 240 basis points to 50.3% for 2011.

**In-Store Shopping Experience**

We believe practical, easy shopping is about convenience. At Kohl's, convenience includes a neighborhood location close to home, convenient parking, easily accessible entry, knowledgeable and friendly associates, wide aisles, a functional store layout, shopping carts/strollers and fast, centralized checkouts. Though our stores have fewer departments than traditional, full-line department stores, the physical layout of the store and our focus on strong in-stock positions in style, color and size is aimed at providing a convenient shopping experience for an increasingly time-starved customer.

**Expansion**

At the time of our initial public offering in 1992, we had 79 stores in the Midwest. As of July 28, 2012, we operated 1,134 stores. We have stores in 49 states and in every large and intermediate sized market in the United States.

Though our expansion rate has slowed in recent years, our new store program continues to target profitable growth opportunities. We plan to continue to focus our future expansion efforts on opportunistic acquisitions as well as fill-in stores in our better performing markets.

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Remodels are also an important part of our in-store shopping experience initiatives as we believe it is extremely important to maintain our existing store base. We have effectively compressed the remodel duration period which minimizes costs and disruption to our stores and benefits our sales and customer experience.

We believe the transferability of the Kohl's retailing strategy; our experience in acquiring and converting pre-existing stores and in building new stores; and our substantial investment in store remodels, management information systems, centralized distribution and headquarters functions provide a solid foundation for our existing operations and further expansion.

## **Distribution**

We receive substantially all of our 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 through the United States, ship merchandise to each store by contract carrier several times a week. We also operate fulfillment centers in Monroe, Ohio; San Bernardino, California; Edgewood, Maryland and De Soto, Texas that service our E-Commerce business.

## **Corporate Information**

Kohl's was organized in 1988 as a Wisconsin corporation. Kohl's principal executive offices are located at N56 W17000 Ridgewood Drive, Menomonee Falls, Wisconsin 53051, and our telephone number is (262) 703-7000. Our website is [www.kohls.com](http://www.kohls.com). The information on our website is not part of this prospectus supplement.

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**The Offering**

Issuer	Kohl's Corporation
Securities Offered	\$350,000,000 principal amount of 3.250% Notes due 2023
Maturity	The notes will mature on February 1, 2023.
Interest	Interest on the notes will accrue from September 25, 2012. Interest on the notes will be payable semi-annually in arrears at the rate set forth on the cover page of this prospectus supplement on February 1 and August 1 of each year, beginning February 1, 2013.
Optional Redemption	<p>We may redeem the notes at our option, in whole or in part at any time prior to November 1, 2022 (three months prior to the maturity date) at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">100% of the principal amount of the notes being redeemed; and</p> <p style="padding-left: 40px;">the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in Description of the Notes Optional Redemption ), plus 25 basis points,</p> <p style="padding-left: 40px;">plus accrued and unpaid interest on the notes to the redemption date.</p> <p>We may redeem the notes at our option, in whole or in part at any time on or after November 1, 2022 (three months prior to the maturity date) at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest on the notes to the redemption date.</p>
Repurchase at the Option of Holders Upon a Change of Control Repurchase Event	If we experience a Change of Control Repurchase Event (as defined in Description of the Notes Repurchase upon Change of Control Repurchase Event ), we will be required, unless we have exercised our right to redeem the notes, to offer to repurchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest to the repurchase date.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment to our other senior unsecured debt from time to time outstanding. At July 28, 2012, we had approximately \$4,241 million in principal amount of indebtedness

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outstanding on a consolidated basis, of which \$2,091 million of subsidiary indebtedness would be structurally senior to the notes.

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Use of Proceeds	The proceeds from this offering will be used for general corporate purposes, which may include funding our share repurchase program, meeting our working capital requirements, and funding capital expenditures related to our continued store growth and our store remodeling program. See Use of Proceeds.
Further Issues	We may from time to time, without notice to or the consent of the holders of the notes of any series, create and issue additional debt securities having the same terms (except for the issue date, the public offering price and, in some cases, the first interest payment date) and ranking equally and ratably with the notes offered hereby in all respects, as described under Description of the Notes General.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, <i>société anonyme</i> and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	Investing in the notes involves risks. See Risk Factors for a description of certain risks you should particularly consider before investing in the notes.
Trustee	The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to The Bank of New York.
Governing Law	New York.

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The following table sets forth our summary consolidated financial information at the dates and for the periods presented. Our fiscal year ends on the Saturday closest to January 31. The fiscal years presented below were fifty-two week periods. The six months ended July 28, 2012 and July 30, 2011 were both twenty-six week periods. The fiscal year financial information has been derived from our audited financial statements. The interim financial information has been derived from our unaudited consolidated financial statements and includes, in the opinion of our management, all normal and recurring adjustments necessary for a fair presentation of the financial information. The results for the six-month periods do not necessarily indicate the results to be expected for the full year. You should read the following information in conjunction with our consolidated financial statements and related notes and the other financial and statistical information that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus.

	Six Months Ended		Fiscal Year				
	July 28, 2012	July 30, 2011	2011	2010	2009	2008	2007
<b>(Dollars in Millions, except per square foot data)</b>							
<b>Statement of Operations Data:</b>							
Net sales	\$ 8,447	\$ 8,410	\$ 18,804	\$ 18,391	\$ 17,178	\$ 16,389	\$ 16,474
Cost of merchandise sold	5,281	5,095	11,625	11,359	10,680	10,334	10,460
Gross margin	3,166	3,315	7,179	7,032	6,498	6,055	6,014
Selling, general and administrative expenses	1,977	1,995	4,243	4,190	3,951	3,769	3,548
Depreciation and amortization	411	382	778	750	688	632	535
Operating income	778	938	2,158	2,092	1,859	1,654	1,931
Interest expense, net	162	148	299	304	301	275	228
Income before income taxes	616	790	1,859	1,788	1,558	1,379	1,703
Provision for income taxes	222	290	692	668	585	522	643
Net income	\$ 394	\$ 500	\$ 1,167	\$ 1,120	\$ 973	\$ 857	\$ 1,060
<b>Balance Sheet Data (end of period):</b>							
Working capital	\$ 1,840	\$ 2,018	\$ 2,222	\$ 2,861	\$ 3,030	\$ 1,828	\$ 1,903
Property and equipment, net	9,010	8,876	8,905	8,692	8,506	8,402	7,937
Total assets	13,829	13,974	14,131	14,849	14,465	12,588	11,796
Long-term debt (including current portion)	2,141	1,594	2,141	1,894	1,894	1,893	1,892
Capital lease and financing obligations (including current portion)	2,091	2,076	2,103	2,104	2,046	1,914	1,864
Shareholders' equity	6,188	7,078	6,508	7,850	7,595	6,499	5,890
<b>Operating Data:</b>							
Comparable store sales growth (1)	(1.3%)	1.6%	0.5%	4.4%	0.4%	(6.9%)	(0.8%)
Net sales per selling square foot (2)	\$ 97	\$ 100	\$ 220	\$ 222	\$ 217	\$ 222	\$ 249
Total square feet of selling space (in thousands; end of period)	82,549	80,597	82,226	80,139	78,396	74,992	69,889
Number of stores open (end of period)	1,134	1,097	1,127	1,089	1,058	1,004	929

(1)

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Comparable store sales growth for each period is based on sales of stores (including e-commerce sales, relocated or expanded stores) open throughout the full period and throughout the full prior period.

- (2) Net sales per selling square foot is calculated using net sales of stores open for the full current period, excluding E-Commerce, divided by their square footage of selling space.

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**RISK FACTORS**

You should carefully consider the following risk factors, the risk factors described in Item 1A to our annual report on Form 10-K for the fiscal year ended January 28, 2012 as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.

*The notes are effectively subordinated to the existing and future liabilities of our subsidiaries.*

The notes are our senior unsecured obligations and will rank equally in right of payment to our other senior unsecured debt from time to time outstanding. The notes are not secured by any of our assets. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to holders of the notes to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. At July 28, 2012, we had approximately \$4,241 million in principal amount of indebtedness outstanding on a consolidated basis, of which \$2,091 million of subsidiary indebtedness would be structurally senior to the notes.

*The indenture under which the notes will be issued does not restrict the amount of additional debt that we may incur.*

The notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes, if any, and a risk that the credit rating of the notes is lowered or withdrawn.

*Our credit ratings may not reflect all risks of your investments in the notes.*

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

*If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.*

The notes are a new issue of securities for which there currently is no established trading market. We do not intend to list the notes on a national securities exchange. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may stop their market-making at any time. No assurance can be given:

that a market for the notes will develop or continue;

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as to the liquidity of any market that does develop; or

as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

***We may not be able to repurchase the notes upon a change of control.***

Upon the occurrence of specific kinds of change of control events, unless we have exercised our right to redeem the notes, each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If we experience a Change of Control Repurchase Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See Description of the Notes Repurchase Upon Change of Control Repurchase Event.

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**USE OF PROCEEDS**

The net proceeds to us from the sale of the notes will be approximately \$347 million (after deducting the underwriting discount and our offering expenses). We intend to use the net proceeds from the sale of the notes for general corporate purposes, which may include funding our share repurchase program, meeting our working capital requirements and funding capital expenditures related to our continued store growth and our store remodeling program. Pending application from the proceeds of sale of the notes, we intend to invest such proceeds in short-term investments.

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The following table sets forth, as of July 28, 2012, our consolidated cash and cash equivalents, short-term debt and long-term debt and shareholders' equity on an actual basis and as adjusted to give effect to the sale of the notes and the application of the proceeds therefrom. You should read this table in conjunction with our consolidated financial statements and related notes thereto which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	At July 28, 2012	
	Actual (Dollars in Millions)	As Adjusted
Cash and cash equivalents	\$ 600	\$ 947
Short-term debt:		
Short-term debt		
Current portion of long-term debt		
Current portion of capital lease and financing obligations	94	94
Total short-term debt	\$ 94	\$ 94
Long-term debt:		
7.25% Debentures due 2029	\$ 200	\$ 200
6% Debentures due 2033	300	300
6-7/8% Notes due 2037	350	350
6.25% Notes due 2017	650	650
4.00% Notes due 2021	650	650
Notes offered hereby		350
Capital lease and financing obligations	1,997	1,997
Unamortized debt discount	(9)	(9)
Total long-term debt, capital lease and financing obligations	4,138	4,488
Shareholders' equity:		
Common stock	4	4
Paid-in capital	2,381	2,381
Treasury stock, at cost	(6,580)	(6,580)
Accumulated other comprehensive loss	(51)	(51)
Retained earnings	10,434	10,434
Total shareholders' equity	6,188	6,188
Total capitalization	\$ 10,420	\$ 10,770

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**DESCRIPTION OF THE NOTES**

The following description of the particular terms of the notes supplements the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which reference is made. References to we, us and our in this section are only to Kohl's Corporation and not to its subsidiaries.

The notes will be issued under an indenture dated as of December 1, 1995, between us and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to The Bank of New York, as trustee, as supplemented by the sixth supplemental indenture. The following description of the particular terms of the notes supplements the description of the general terms and provisions of debt securities in the accompanying prospectus.

**General**

The notes will be our senior unsecured obligations and will rank equally in right of payment to our other senior unsecured debt from time to time outstanding. The notes will be effectively subordinated to all liabilities of our subsidiaries, including trade payables. Since we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of the subsidiary. This means that your right as a holder of our notes will also be subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. Unless we are considered a creditor of the subsidiary, your claims will be recognized behind these creditors. At July, 28, 2012 we had approximately \$4,241 million in principal amount of indebtedness outstanding on a consolidated basis, of which \$2,091 million of subsidiary indebtedness would be structurally senior to the notes. See Risk Factors The notes are effectively subordinated to the existing and future liabilities of our subsidiaries.

The indenture does not limit the amount of notes, debentures or other evidences of indebtedness that we may issue under the indenture and provides that notes, debentures or other evidences of indebtedness may be issued from time to time in one or more series. We may from time to time, without giving notice to or seeking the consent of the holders of the notes, issue notes having the same terms (except for the issue date, the public offering price and, in some cases, the first interest payment date) and ranking equally and ratably with the notes offered hereby. Any additional securities having such similar terms, together with the applicable notes, will constitute a single series of securities under the indenture.

The notes will be issued only in fully registered form without coupons and in denominations of \$2,000 or any whole multiple of \$1,000 above that amount.

Principal and interest will be payable, and the notes will be transferable or exchangeable, at the office or offices or agency maintained by us for these purposes. Payment of interest on the notes may be made at our option by check mailed to the registered holders.

No service charge will be made for any transfer or exchange of the notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

The notes will be represented by one or more global securities registered in the name of a nominee of DTC. Except as described under Book-Entry Delivery and Settlement, the notes will not be issuable in certificated form.

**Principal Amount; Maturity and Interest**

The notes will initially be limited to \$350 million in aggregate principal amount and will mature on February 1, 2023. The notes will bear interest at the rate of 3.250% per annum from the date of original issuance, or from the most recent interest payment date to which interest has been paid or provided for.

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We will make interest payments on the notes semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2013, to the holders of record at the close of business on the preceding January 15 and July 15, respectively. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

If an interest payment date or the maturity date with respect to the notes falls on a day that is not a business day, the payment will be made on the next business day as if it were made on the date the payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date or the maturity date, as the case may be, to the date the payment is made.

Business day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close in the city of New York.

### **Optional Redemption**

The notes will be redeemable at our option, in whole or in part, at any time prior to November 1, 2022 (three months prior to the maturity date) at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the notes to be redeemed; and
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 25 basis points, plus accrued and unpaid interest thereon to the date of redemption.

We may redeem the notes at our option, in whole or in part, at any time on or after November 1, 2022 (three months prior to the maturity date) at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to the date of redemption.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (as measured from the date of redemption) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

Quotation Agent means any Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (i) each of Goldman, Sachs & Co. and UBS Securities LLC (or their respective affiliates that are Primary Treasury Dealers) and their respective successors and (ii) one Primary Treasury Dealer selected by U.S. Bancorp Investments, Inc. or its successor; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (iii) any other Primary Treasury Dealer selected by us.

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**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The trustee shall not obtain the Treasury Rate.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed by us or by the trustee on our behalf; *provided* that notice of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the notes. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by lot by DTC, in the case of notes represented by a global security, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of notes that are not represented by a global security.

## **Sinking Fund**

The notes will not be entitled to any sinking fund.

## **Events of Default**

In addition to the events of default described in the accompanying prospectus under **Description of Debt Securities Events of Default**, the following constitutes an event of default under the indenture with respect to the notes: default under any bond, debenture, note or other debt of Kohl's, which default results in the acceleration of such debt having an aggregate minimum principal amount of \$100,000,000, continued for 10 days after written notice to Kohl's.

## **Repurchase upon Change of Control Repurchase Event**

If a Change of Control Repurchase Event (as defined below) occurs, unless we have exercised our right to redeem the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in integral multiples of \$1,000) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

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On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

accept for payment all notes or portions of notes (in integral multiples of \$1,000) properly tendered pursuant to our offer;

deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers certificate stating the aggregate principal amount of notes being purchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided, that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 above that amount.

We will not be required to make an offer to repurchase the notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control, but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

***Definitions***

Below Investment Grade Rating Event means the rating on the notes is lowered by each of the Rating Agencies and the notes are rated below Investment Grade by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); *provided* that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if any of the Rating Agencies making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

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

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole to any person or group (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries;
- (2) the adoption of a plan relating to our liquidation or dissolution;
- (3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors; or

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(4) the consummation of any transaction or series of related transactions (including, without limitation, any merger or consolidation) the result of which is that any person or group (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our wholly-owned subsidiaries, becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock, measured by voting power rather than number of shares.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, transfer, conveyance or other disposition of less than all of our properties and assets and those of our subsidiaries taken as a whole to another person or group may be uncertain.

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director).

Fitch means Fitch Ratings.

Investment Grade means a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch), Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

Moody's means Moody's Investors Service, Inc.

Rating Agency means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody's or S&P, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Voting Stock means, with respect to any person, capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right so to vote has been suspended by the happening of such a contingency.

**Book-Entry Delivery and Settlement**

***Global Notes***

We will issue the notes in the form of one or more global notes in definitive, fully registered, book-entry form. The global notes will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

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***DTC, Clearstream and Euroclear***

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through either DTC (in the United States), Clearstream Banking, *société anonyme* which we refer to as Clearstream, or Euroclear Bank S.A./N.V., as operator of the Euroclear System, which we refer to as Euroclear, in Europe, either directly if they are participants in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of DTC.

We understand that:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Exchange Act.

DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations.

DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc. and the Financial Industry Regulatory Authority.

Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

The rules applicable to DTC and its direct and indirect participants are on file with the SEC.

We understand that Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry changes in accounts of its customers, thereby eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Section. Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer either directly or indirectly.

We understand that Euroclear was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which we refer to as the Cooperative. All operations are



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conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

We understand that the Euroclear Operator is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian bank, it is regulated and examined by the Belgian Banking and Finance Commission.

We have provided the descriptions of the operations and procedures of DTC, Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the underwriters nor the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC, Clearstream and Euroclear or their participants directly to discuss these matters.

We expect that under procedures established by DTC:

upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and

ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or a global note.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the notes.

Payments on the notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants' accounts with payments in amounts proportionate to their

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respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Distributions on the notes held beneficially through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions ). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions on the notes held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

### ***Clearance and Settlement Procedures***

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, as applicable, and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving the notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their U.S. depositories.

Because of time-zone differences, credits of the notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in the notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

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Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

***Certificated Notes***

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes of either series represented by a global note upon surrender by DTC of the global note if:

DTC notifies us that it is no longer willing or able to act as a depository for such global note or ceases to be a clearing agency registered under the Securities Exchange Act of 1934, and we have not appointed a successor depository within 90 days of that notice or becoming aware that DTC is no longer so registered;

an event of default has occurred and is continuing, and DTC requests the issuance of certificated notes; or

we determine not to have the notes of such series represented by a global note.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the certificated notes to be issued.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes certain of the United States federal income tax consequences of the purchase, ownership and disposition of the notes. This summary:

is based on the Internal Revenue Code of 1986, as amended (the Code), United States Treasury regulations issued under the Code, judicial decisions and administrative pronouncements, all of which are subject to different interpretation or to change that may be applied retroactively and may adversely affect the federal income tax consequences described in this prospectus supplement;

addresses only tax consequences to investors that purchase the notes upon their original issuance for cash at their initial offering price, and hold the notes as capital assets within the meaning of Section 1221 of the Code (that is, for investment purposes);

does not discuss all of the tax consequences that may be relevant to particular investors in light of their particular circumstances (such as the application of the alternative minimum tax);

does not discuss all of the tax consequences that may be relevant to investors that are subject to special treatment under the United States federal income tax laws (such as insurance companies, financial institutions, tax-exempt organizations, retirement plans, regulated investment companies, dealers in securities or currencies, holders whose functional currency for tax purposes is not the United States dollar, persons holding the notes as part of a hedge, straddle, constructive sale, conversion or other integrated transaction, former United States citizens or long-term residents subject to taxation as expatriates under Section 877 of the Code, or traders in securities that have elected to use a mark-to-market method of accounting for their securities holdings);

does not discuss the effect of other United States federal tax laws (such as estate and gift tax laws) except to the limited extent specifically indicated below, and does not discuss any state, local or foreign tax laws; and

does not discuss the tax consequences to a person holding notes through a partnership (or other entity or arrangement classified as a partnership for United States federal income tax purposes), except to the limited extent specifically indicated below.

We have not sought and will not seek a ruling from the Internal Revenue Service (the IRS) with respect to any matters discussed in this section, and we cannot assure you that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes, or that any such position would not be sustained.

If a partnership (or other entity or arrangement classified as a partnership for United States federal income tax purposes) holds the notes, the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership holding notes, you should consult your tax advisor regarding the tax consequences of the purchase, ownership or disposition of the notes.

**Prospective investors should consult their own tax advisors with regard to the application of the tax consequences discussed below to their particular situation and the application of any other United States federal as well as state or local or foreign tax laws and tax treaties, including gift and estate tax laws.**

**Certain United States Federal Income Tax Consequences To U.S. Holders**

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the notes by a holder that is a U.S. Holder. For purposes of this summary, U.S. Holder means a beneficial owner of a note or notes that is for United States federal income tax purposes:

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an individual citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or who meets the substantial presence test under Section 7701(b) of the Code;

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a corporation (or other entity taxable as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States (or any state thereof or the District of Columbia);

an estate whose income is subject to United States federal income taxation regardless of its source; or

a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons (within the meaning of the Code) have the authority to control all of its substantial decisions, or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

Under the substantial presence test referred to above, an individual may, subject to certain exceptions, be deemed to be a resident of the United States by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending on the last day of the current calendar year (counting for such purposes all of the days present during the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year).

***Treatment of Interest***

Stated interest on the notes will be taxable to a U.S. Holder as ordinary income as the interest is paid or accrues in accordance with the U.S. Holder's method of tax accounting.

In certain circumstances, we may be obligated to pay amounts in excess of the stated interest or principal on the notes (for example, a repurchase upon a change of control). The obligation to make such payments may implicate the provisions of United States Treasury regulations relating to contingent payment debt instruments. Under applicable regulations, the possibility that such an amount will be paid will not affect the amount, timing or character of income recognized by a holder with respect to the notes if, as of the date the notes were issued, there is only a remote chance that such an amount will be paid, the amount is incidental or certain other exceptions apply. We intend to take the position that the likelihood of a redemption of the notes is remote and likewise do not intend to treat the possibility of any premium payable on a redemption as affecting the yield to maturity of our notes. You will be bound by our determination that these contingencies are remote unless you disclose your contrary position in the manner required by applicable Treasury regulation. Our determination is not, however, binding on the IRS.

***Treatment of Dispositions of Notes***

Upon the sale, exchange, retirement or other taxable disposition (collectively, a disposition) of a note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount received on such disposition (other than amounts received in respect of accrued and unpaid interest, which will generally be taxable to that U.S. Holder as ordinary interest income at that time if not previously included in the U.S. Holder's income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note will be, in general, the cost of the note to the U.S. Holder. Gain or loss realized on the disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the note has been held for more than one year. Otherwise, such gain or loss generally will be short-term capital gain or loss. Net long-term capital gain recognized by a non-corporate U.S. Holder generally is eligible for reduced rates of United States federal income taxation. The deductibility of capital losses is subject to limitations.

If a U.S. Holder disposes of a note between interest payment dates, a portion of the amount received by the U.S. Holder will reflect interest that has accrued on the note but has not been paid as of the disposition date. That portion is treated as ordinary interest income and not as sale proceeds.

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### ***Medicare Surtax***

In addition to the United States federal income tax, for taxable years beginning after December 31, 2012, certain individuals, estates and trusts may be required to pay a 3.8% Medicare surtax on the lesser of (i) net investment income including, among other things, interest and proceeds of sale in respect of securities like the notes, subject to certain exceptions, or (ii) the amount by which the taxpayer's adjusted gross income exceeds certain thresholds (\$250,000 for married individuals filing jointly, \$200,000 for unmarried individuals, and \$125,000 for married individuals filing separately). Prospective U.S. Holders should consult with their tax advisors regarding the effect, if any, of this Medicare surtax on their ownership and disposition of the notes.

### **Certain United States Federal Tax Consequences to Non-U.S. Holders**

The following is a summary of the United States federal income and estate tax consequences of the purchase, ownership and disposition of the notes by a holder that is a Non-U.S. Holder. For purposes of this summary, Non-U.S. Holder means a beneficial owner of a note or notes, other than a partnership (or an entity or arrangement classified as a partnership for United States federal income tax purposes), who is not a U.S. Holder.

Special rules may apply to Non-U.S. Holders that are subject to special treatment under the Code, including controlled foreign corporations and passive foreign investment companies. Such Non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

### ***Treatment of Interest***

Subject to the discussion below concerning backup withholding and the provisions of FATCA (as defined below), a Non-U.S. Holder will not be subject to United States federal income or withholding tax in respect of interest income on the notes if the interest income qualifies for the portfolio interest exception. Generally, interest income will qualify for the portfolio interest exception if each of the following requirements is satisfied:

The interest is not effectively connected with the conduct of a trade or business in the United States;

The Non-U.S. Holder appropriately certifies its status as a non-United States person (as described below);

The Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of our stock entitled to vote;

The Non-U.S. Holder is not a controlled foreign corporation that is actually or constructively related to us through stock ownership; and

The Non-U.S. Holder is not a bank which acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business.

The certification requirement referred to above generally will be satisfied if the Non-U.S. Holder provides us or our paying agent with a statement on IRS Form W-8BEN (or suitable substitute or successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating, among other things, that the Non-U.S. Holder is not a United States person (within the meaning of the Code). If the Non-U.S. Holder holds its notes through a financial institution or other agent acting on the holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to that agent, and that agent will then be required to provide appropriate documentation to us or our paying agent (either directly or through other intermediaries). For payments made to foreign partnerships and certain other pass-through entities, the certification requirement will generally apply to the partners or other interest holders rather than the partnership or other pass-through entity. We may be required to report annually to the IRS and to each Non-U.S. Holder the



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amount of interest paid to, and the tax withheld, if any, with respect to each Non-U.S. Holder. Prospective Non-U.S. Holders should consult their tax advisors regarding this certification requirement, and alternative methods for satisfying the certification requirement.

If the requirements of the portfolio interest exception are not satisfied with respect to a Non-U.S. Holder, payments of interest to that Non-U.S. Holder will be subject to a 30% United States withholding tax, unless another exemption or a reduced withholding rate applies. For example, an applicable income tax treaty may reduce or eliminate such tax, in which event a Non-U.S. Holder claiming the benefit of such treaty must provide the withholding agent with a properly executed IRS Form W-8BEN (or suitable substitute or successor form) claiming the benefit of the applicable tax treaty. Alternatively, an exemption applies to the 30% United States withholding tax if the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly executed IRS Form W-8ECI (or suitable substitute or successor form). In the latter case, such Non-U.S. Holder generally will be subject to United States federal income tax with respect to all income from the notes in the same manner as U.S. Holders, as described above, unless an applicable income tax treaty provides otherwise. In addition, such a Non-U.S. Holder that is a corporation may be subject to a branch profits tax with respect to any such United States trade or business income that is remitted or deemed remitted to the Non-U.S. Holder at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

***Treatment of Dispositions of Notes***

Subject to the discussion below concerning backup withholding and the provisions of FATCA (as defined below), a Non-U.S. Holder generally will not be subject to United States federal income tax or withholding tax on gain realized upon the disposition of a note unless:

the Non-U.S. Holder is an individual present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or

the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (or, if certain tax treaties apply, is attributable to a permanent establishment maintained by the Non-U.S. Holder within the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to United States federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains allocable to United States sources (including gains from the sale, exchange, retirement or other disposition of the notes) exceed capital losses allocable to United States sources. If the second exception applies, the Non-U.S. Holder generally will be subject to United States federal income tax with respect to such gain in the same manner as U.S. Holders, as described above, unless an applicable income tax treaty provides otherwise. Additionally, Non-U.S. Holders that are corporations could be subject to a branch profits tax with respect to such gain at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

***Treatment of Notes for United States Federal Estate Tax Purposes***

A note held, or beneficially held, by an individual who is not a citizen or resident of the United States at the time of his or her death will not be includable in the individual's gross estate for United States federal estate tax purposes, provided that (i) the Non-U.S. Holder does not at the time of death actually or constructively own 10% or more of the combined voting power of all classes of our stock entitled to vote and (ii) at the time of death, payments with respect to such note would not have been effectively connected with the conduct by such holder of a trade or business in the United States. In addition, under the terms of an applicable estate tax treaty, United States federal estate tax may not apply with respect to a note.

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**United States Information Reporting Requirements, Backup Withholding Tax and FATCA Provisions**

***U.S. Holders***

We, or if a U.S. Holder holds notes through a broker or other securities intermediary, the intermediary, may be required to file information returns with respect to payments made to the U.S. Holder of interest, and, in some cases, disposition proceeds on the notes.

In addition, U.S. Holders may be subject to backup withholding at a current rate of 28% (but scheduled to increase to 31% for payments made after December 31, 2012) on those payments if they do not provide their taxpayer identification numbers in the manner required, fail to certify that they are not subject to backup withholding, fail to properly report in full their dividend and interest income, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the U.S. Holder's United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

***Non-U.S. Holders***

The rules concerning information reporting and backup withholding applicable to Non-U.S. Holders are as follows:

Interest payments received by a Non-U.S. Holder will be automatically exempt from the usual backup withholding rules if such payments are subject to the 30% withholding tax on interest or if they are exempt from that tax by application of a tax treaty or the portfolio interest exception, where the non-U.S. Holder satisfies the certification requirements described under Certain United States Federal Tax Consequences to Non-U.S. Holders Treatment of Interest above. The exemption does not apply if the withholding agent or an intermediary knows or has reason to know that the Non-U.S. Holder should be subject to the usual information reporting or backup withholding rules. In addition, information reporting may still apply to payments of interest (on Form 1042-S) even if certification is provided and the interest is exempt from the 30% withholding tax; and

Sale proceeds received by a Non-U.S. Holder on a sale of notes through a broker may be subject to information reporting and/or backup withholding if the Non-U.S. Holder is not eligible for an exemption or does not provide the certification described under Certain United States Federal Tax Consequences to Non-U.S. Holders Treatment of Interest above. In particular, information reporting and backup withholding may apply if the Non-U.S. Holder uses the United States office of a broker, and information reporting (but generally not backup withholding) may apply if a Non-U.S. Holder uses the foreign office of a broker that has certain connections to the United States.