Fidelity National Information Services, Inc.
Form S-4/A
September 19, 2006

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As filed with the Securities and Exchange Commission on September 18, 2006.

Registration No. 333-135845

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

AMENDMENT NO. 1
TO
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIDELITY NATIONAL INFORMATION SERVICES, INC.
(Exact name of Registrant as specified in its Charter)

Georgia	**7389**	**58-2606325**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

601 Riverside Avenue
Jacksonville, Florida 32204
(904) 854-8100
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Jeffrey S. Carbiener
Executive Vice President and Chief Financial Officer
601 Riverside Avenue
Jacksonville, Florida 32204
(904) 854-8100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Robert S. Rachofsky, Esq.
Gary D. Boss, Esq.

LeBoeuf, Lamb, Greene & MacRae LLP
125 West 55th Street
New York, NY 10019
(212) 424-8000

Approximate date of commencement of proposed sale to public: As soon as practicable following the effective date of this Registration Statement and the date on which all other conditions to the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value $.01 per share	96,624,336	Not Applicable	$3,295,914,450	$352,663

(1) Represents the maximum number of shares that may be issued by the registrant to holders of Fidelity National Financial, Inc. common stock, par value $0.0001 per share, in connection with the merger described in this proxy statement/prospectus.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f).

(3) Of this registration fee, $351,058 has been previously paid and $1,605 is being paid herewith.

(4) The registration fee is calculated pursuant to Rule 457(f) by multiplying the proposed maximum aggregate offering price for all securities to be registered by 0.000107.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TO THE SHAREHOLDERS OF FIDELITY NATIONAL INFORMATION SERVICES, INC. AND THE STOCKHOLDERS OF FIDELITY NATIONAL FINANCIAL, INC.

The boards of directors of Fidelity National Information Services, Inc., which we refer to as FIS, and Fidelity National Financial, Inc., which we refer to as FNF, have each unanimously approved a business combination of the two companies. FIS and FNF have entered into an agreement and plan of merger, dated as of June 25, 2006, as amended and restated as of September 18, 2006, whereby FNF would merge into FIS. We refer to the agreement and plan of merger, dated as of June 25, 2006 (prior to its amendment and restatement) as the original merger agreement and the agreement and plan of merger as amended and restated as of September 18, 2006 as the merger agreement. The merger agreement contemplates that the merger will be consummated approximately two weeks after the completion of the transactions contemplated under a securities exchange and distribution agreement, which we refer to as the distribution agreement, dated as of June 25, 2006, as amended and restated as of September 18, 2006, between FNF and Fidelity National Title Group, Inc., which we refer to as FNT. We refer to the securities exchange and distribution agreement dated as of June 25, 2006 (prior to its amendment and restatement) as the original distribution agreement. The distribution agreement, which was entered into at the same time as the merger agreement, provides for the contribution of substantially all of FNF s assets and liabilities other than its ownership interest in FIS to FNT in exchange for shares of FNT s Class A common stock and the conversion of shares of FNT s Class B common stock held by FNF into FNT s Class A common stock, followed immediately by the distribution by FNF to its stockholders of all FNT shares then held by FNF. We refer to this distribution of the FNT shares as the spin-off. Shortly after the spin-off, FNF Capital Leasing, Inc., which we refer to as FNF Leasing, will merge with and into a newly formed wholly owned subsidiary of FIS, which we refer to as the Leasing merger. Immediately prior to the merger, FNF s only asset would be its equity ownership in FIS.

If the merger is completed, FNF stockholders will have the right to receive a number of shares of FIS common stock, par value $0.01 per share, in exchange for each share of FNF common stock, par value $0.0001 per share, that they hold equal to 96,521,877 (subject to increase under certain circumstances as described herein) divided by the number of FNF shares outstanding immediately prior to the effective time of the merger. On the date of this proxy statement/prospectus, FNF and its subsidiaries own approximately 51.3% of the issued and outstanding shares of FIS common stock. Based upon the outstanding shares of FNF common stock on August 31, 2006, FIS would be obligated to issue 0.547 shares of FIS common stock in the merger for each outstanding FNF share (assuming the number of outstanding shares of FNF common stock was the same immediately prior to the effective time of the merger), representing in the aggregate approximately 50.6% of the issued and outstanding FIS common stock after the merger.

This proxy statement/prospectus is being furnished to the stockholders of FNF in connection with the solicitation of proxies by the board of directors of FNF for use at the FNF Annual Meeting of stockholders to be held on October 23, 2006, and any adjournment or postponement thereof. At the FNF Annual Meeting, stockholders will be asked to consider and vote upon a proposal seeking adoption of the merger agreement as well as other proposals related to the business of FNF. All of these proposals are discussed in greater detail in this proxy statement/prospectus.

This proxy statement/prospectus also constitutes an information statement of FIS being furnished to FIS shareholders in connection with the FIS Annual Meeting of shareholders to be held on October 23, 2006, and any adjournment or postponement thereof. ***Because of FNF s controlling interest in FIS, the board of directors of FIS is not soliciting proxies from FIS shareholders with respect to the FIS Annual Meeting.*** At the FIS Annual Meeting, FIS shareholders will be voting on (i) the issuance of shares of FIS common stock in the merger, (ii) the amendment and restatement of the Amended and Restated Certegy Inc. Stock Incentive Plan to increase the total number of shares available and (iii) the other annual meeting items identified below. All of these proposals are discussed in greater detail in this proxy statement/prospectus. ***Subject to the approval of the merger by its stockholders at its annual meeting, FNF intends to vote the FIS shares that it owns and that represent FNF s controlling interest in FIS at***

the FIS Annual Meeting in favor of all proposals, and accordingly the approval of these proposals is virtually assured.

Upon the completion of the merger, FNF will cease to exist as a separate entity. FIS s current shareholders will continue to own their existing shares, which will not be affected by the merger, except as otherwise described in this proxy statement/prospectus.

Shares of FIS common stock are listed on the New York Stock Exchange, which we refer to as the NYSE, under the trading symbol FIS. Upon completion of the merger, FNF common stock, which is listed on the NYSE under the trading symbol FNF, will be delisted. Once the FNF common stock is delisted, FNT will apply to have its shares listed and traded on the NYSE under the trading symbol FNF.

We cannot complete the merger unless the holders of FNF common stock approve the merger and the holders of FIS common stock approve the issuance of FIS common stock in connection with the merger. If you are an FNF stockholder, whether or not you plan to attend the FNF Annual Meeting, we request that you please take the time to vote by following the instructions on your proxy card(s).

We urge you to carefully read this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus. In particular, see Risk Factors beginning on page 29.

We are excited about the benefits the proposed merger brings to both FIS shareholders and FNF stockholders, and we thank you for your consideration and continued support.

Lee A. Kennedy

President and Chief Executive Officer
Fidelity National Information Services, Inc.

William P. Foley, II
Chairman of the Board and Chief Executive Officer
Fidelity National Financial, Inc.

This proxy statement/prospectus also constitutes a prospectus of FIS, filed with the United States Securities and Exchange Commission, which we refer to as the SEC, as part of a registration statement on Form S-4 under the Securities Act of 1933, as amended, hereinafter referred to as the Securities Act, with respect to the shares of FIS common stock to be issued in the merger pursuant to the merger agreement.

Neither the SEC nor any state securities commission has approved or disapproved of the merger or the securities to be issued in the merger, or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated September 18, 2006, and is first being mailed to FIS shareholders and FNF stockholders on or about September 22, 2006.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about FIS and FNF from documents that are not included in or delivered with this proxy statement/prospectus. This information is available for you to review at the SEC s public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC s website, www.sec.gov. You can also obtain those documents incorporated by reference into this proxy statement/prospectus, without charge, by requesting them in writing or telephone or email from the appropriate company at the following addresses and telephone numbers or obtaining them from each company s website listed below:

Fidelity National Information Services, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attention: Corporate Secretary
(904) 854-8100
www.fidelityinfoservices.com

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attention: Corporate Secretary
(904) 854-8100
www.fnf.com

Information contained on the FIS and FNF websites other than the foregoing documents is expressly not incorporated by reference into this proxy statement/prospectus.

You can also obtain documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from Morrow & Co., FNF s proxy solicitor, at the following address and telephone number:

Morrow & Co.
470 West Avenue
Stamford, CT 06902
(800) 662-5200

If you would like to request documents, you must do so by October 16, 2006, so that you may receive them before the annual meetings.

See Where You Can Find More Information beginning on page 1.

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Fidelity National Information Services, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204

September 18, 2006

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
To Be Held on October 23, 2006

To the Shareholders of Fidelity National Information Services, Inc.:

The 2006 Annual Meeting of shareholders of Fidelity National Information Services, Inc., which we refer to as FIS, will be held on October 23, 2006, at 10:00 a.m., local time, in the Peninsular Auditorium at 601 Riverside Avenue, Jacksonville, Florida 32204. At the meeting, shareholders will vote upon the following proposals:

1. To consider and vote upon a proposal to approve the issuance of shares of FIS common stock to the stockholders of Fidelity National Financial, Inc., which we refer to as FNF, in connection with the agreement and plan of merger, dated as of June 25, 2006, as amended and restated as of September 18, 2006, between FIS and FNF, which agreement provides for the merger of FNF with and into FIS with FIS being the surviving corporation;

2. To consider and vote upon a proposal to approve the Amended and Restated Certegy Inc. Stock Incentive Plan, which will, among other things, increase the total number of shares of common stock available for issuance under the plan by an additional 4,000,000 shares and increase the limits on the number of individual awards that may be granted under the plan;

3. To consider and vote upon a proposal to approve the FIS Employee Stock Purchase Plan;

4. To consider and vote upon a proposal to approve the FIS Annual Incentive Plan;

5. To consider and vote upon a proposal to elect four Class I directors to serve until the 2009 FIS Annual Meeting of shareholders;

6. To consider and vote upon a proposal to ratify the appointment of KPMG LLP as FIS s independent registered public accounting firm for its fiscal year ending December 31, 2006; and

7. To transact such other business as may properly be brought before the FIS Annual Meeting.

The board of directors of FIS is not aware of any other business to be presented for a vote at the FIS Annual Meeting.

In connection with the merger referenced in Proposal 1, FIS will issue an aggregate of 96,521,877 (subject to increase under certain circumstances as described in the proxy statement/prospectus accompanying this notice) shares of its common stock in exchange for the shares of FNF common stock outstanding at the effective time of the merger. The terms and provisions of the merger are more fully described in the accompanying proxy statement/prospectus. A copy of the merger agreement is attached to the proxy statement/prospectus as Annex A. Under Georgia law, dissenters rights will not be available to FIS shareholders in connection with the merger.

The affirmative vote of the holders of a majority of the votes cast at the FIS Annual Meeting is required to approve the issuance of shares required under the merger agreement. On the date of the proxy statement/prospectus FNF and its subsidiaries owned 97,646,500 shares of FIS common stock, representing approximately 51.3% of the issued and outstanding shares of FIS. FNF intends to vote all of its FIS shares (and cause its subsidiaries to vote all of their FIS shares) at the FIS Annual Meeting with respect to all of the proposals listed above. ***If FNF receives the requisite number of votes of its stockholders at the FNF Annual Meeting in favor of adoption of the merger agreement and approval of the merger, it intends to vote its FIS shares FOR Proposal 1 relating to the issuance of***

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shares of FIS common stock required under the merger agreement at the FIS Annual Meeting. In that case, FNF s vote of its FIS shares alone will suffice for approval by FIS shareholders of the issuance of shares of FIS common stock under the merger agreement. If FNF does not receive the requisite vote of its stockholders for adoption of the merger agreement and approval of the merger it will not vote its FIS shares FOR Proposal 1, relating to the issuance of FIS common stock under the merger agreement, at the FIS Annual Meeting.

Irrespective of the vote on the issuance of shares of FIS common stock pursuant to the merger agreement, FNF intends to vote all of its FIS shares **FOR** Proposals 2 through 6.

All FIS shareholders are cordially invited to attend the FIS Annual Meeting, although only those shareholders of record at the close of business on September 11, 2006 will be entitled to receive notice of, and to vote at, the FIS Annual Meeting or any adjournment thereof. Approval of Proposal 1 relating to the issuance of shares of FIS common stock pursuant to the merger agreement requires an affirmative vote of a majority of the votes cast at the FIS Annual Meeting, approval of Proposal 2 relating to the amendment of the Certegy Inc. Stock Incentive Plan requires an affirmative vote of a majority of the votes cast at the FIS Annual Meeting, approval of Proposal 3 relating to approval of the FIS Employee Stock Purchase Plan requires an affirmative vote of a majority of the votes cast at the FIS Annual Meeting, approval of Proposal 4 relating to the approval of the FIS Annual Incentive Plan requires an affirmative vote of a majority of the votes cast at the FIS Annual Meeting, approval of Proposal 5 relating to the election of directors requires an affirmative vote of a plurality of the votes cast at the FIS Annual Meeting and approval of Proposal 6 relating to the ratification of the appointment of KPMG LLP as FIS s independent auditors, as well as any other proposal that may be properly presented at the FIS Annual Meeting, requires an affirmative vote of a majority of the votes cast at the FIS Annual Meeting. Your attention is directed to the proxy statement/prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

FIS s board of directors has unanimously approved the merger agreement, approved the transactions contemplated by the merger agreement and determined that the merger is in the best interests of FIS and its shareholders. FIS s board of directors recommends that you vote FOR proposal 1 relating to the issuance of FIS common stock pursuant to the merger agreement and the other proposals described above.

ON ACCOUNT OF FNF S CONTROLLING INTEREST IN FIS, THE BOARD OF DIRECTORS OF FIS IS NOT SOLICITING PROXIES FROM SHAREHOLDERS OF FIS IN CONNECTION WITH THE PROPOSALS TO BE VOTED UPON AT THE FIS ANNUAL MEETING. FIS SHAREHOLDERS ARE NEVERTHELESS INVITED TO ATTEND AND VOTE AT THE FIS ANNUAL MEETING.

By Order of the Board of Directors

Todd C. Johnson
Secretary

September 18, 2006

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Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204

September 18, 2006

NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
To Be Held on October 23, 2006

To the Stockholders of Fidelity National Financial, Inc.:

The 2006 Annual Meeting of stockholders of Fidelity National Financial, Inc., which we refer to as FNF, will be held on October 23, 2006, at 9:00 a.m., local time, in the Peninsular Auditorium at 601 Riverside Avenue, Jacksonville, Florida 32204. At the meeting, stockholders will vote upon the following proposals:

1. To adopt the agreement and plan of merger, dated June 25, 2006, as amended and restated as of September 18, 2006, and approve the merger of FNF with and into Fidelity National Information Services, Inc., which we refer to as FIS, with FIS being the surviving corporation.

2. To elect two directors to serve until the earlier of the 2009 annual meeting of stockholders or the consummation of the proposed merger.

3. To ratify the appointment of KPMG LLP as FNF s independent registered public accounting firm for its fiscal year ending December 31, 2006.

4. To conduct any other matters as may properly come before the meeting and any adjournment or postponement of the meeting.

In connection with the merger referenced in Proposal 1, FNF stockholders will have the right to receive a number of shares of FIS common stock in exchange for each share of FNF common stock that they hold, equal to 96,521,877 (subject to increase under certain circumstances as described in the proxy statement/prospectus accompanying this notice) divided by the number of shares of FNF common stock outstanding immediately prior to the effective time of the merger. The terms and provisions of the merger are more fully described in the accompanying proxy statement/prospectus. A copy of the merger agreement is attached to the accompanying proxy statement/prospectus as Annex A. Under Delaware law, dissenters rights will not be available to FNF stockholders in connection with the merger.

Your vote is very important. To ensure that your shares of FNF common stock are represented at the FNF Annual Meeting, please complete, date, sign and return the enclosed proxy card(s) and mail it promptly in the envelope provided, or vote your shares by telephone or over the Internet as described in the accompanying proxy statement/prospectus. Completing a proxy now will not prevent you from being able to vote at the FNF Annual Meeting by attending in person and casting a vote but will help to secure a quorum and avoid additional solicitation costs. However, if you do not return or submit the proxy or vote in person at the FNF Annual Meeting, the effect will be the same as a vote against the proposal to adopt the merger agreement and approve the merger. You may revoke your proxy at any time before it is voted. Any executed but unmarked proxy card(s) will be voted **FOR** adoption of the merger agreement and approval of the merger and **FOR** the other proposals properly brought before the FNF Annual Meeting.

All FNF stockholders are cordially invited to attend this FNF Annual Meeting, although only those stockholders of record at the close of business on September 11, 2006 will be entitled to receive notice of, and to vote at, the FNF Annual Meeting or any adjournment thereof. Approval of Proposal 1 relating to the adoption of the merger agreement and approval of the merger requires an affirmative vote of a majority of the outstanding shares of common stock of FNF, approval of Proposal 2 relating to the election of directors requires an affirmative vote of a plurality of the votes cast at the FNF Annual Meeting and approval of Proposal 3 relating to ratification of the

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appointment of KPMG LLP as FNF s independent auditors as well as any other proposal that may be properly presented at the FNF Annual Meeting requires an affirmative vote of a majority of the votes cast at the FNF Annual Meeting. Your attention is directed to the proxy statement/prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

If the proposal relating to the adoption of the merger agreement and approval of the merger receives the requisite number of affirmative votes, it is expected that the merger would be consummated shortly thereafter. In that event, and if the proposal relating to the election of directors receives the requisite number of affirmative votes, the newly elected directors would serve only until such time as the merger is consummated, as FNF will no longer exist as a separate entity.

FNF s board of directors has unanimously adopted the merger agreement and approved the merger and determined that the transactions contemplated by the merger agreement are advisable and in the best interests of FNF and its stockholders. FNF s board of directors recommends that you vote FOR the adoption of the merger agreement and approval of the merger.

Your vote is very important. Whether or not you plan to be present at the FNF Annual Meeting, please complete, sign, date and return the enclosed proxy card(s) or vote by telephone or Internet as provided on the proxy card(s).

By Order of the Board of Directors,

Todd C. Johnson
Secretary

September 18, 2006

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WHERE YOU CAN FIND MORE INFORMATION

FIS and FNF file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission, which we refer to as the SEC. In addition, FIS has filed a registration statement under the Securities Act with the SEC that registers the shares of FIS common stock that may be issued in the merger. This proxy statement/prospectus is a part of that registration statement. The registration statement, including the attached exhibits and schedules, contains additional relevant information about FIS. The rules and regulations of the SEC allow us to omit from this proxy statement/prospectus some of the information included in the registration statement.

You may read and copy reports, statements or other information filed by FIS and FNF at the SEC s public reference room:

100 F Street, N.E.
Room 1580
Washington, DC 20549

Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

SEC filings made by FIS and FNF are also available for free to the public on the SEC s Internet website at www.sec.gov, which contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC.

In addition, FIS s SEC filings are also available for free to the public on FIS s website, www.fidelityinfoservices.com, and FNF s filings with the SEC are also available for free to the public on FNF s website, www.fnf.com. These URLs and the SEC s URL above are intended to be inactive textual references only. Information contained on FIS s website and FNF s website is not incorporated by reference into this proxy statement/prospectus, and you should not consider information contained on those websites as part of this proxy statement/prospectus.

The SEC allows FIS and FNF to incorporate by reference information into this proxy statement/prospectus. This means that companies can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is part of this proxy statement/prospectus, except to the extent information included in this proxy statement/prospectus or in a document subsequently filed with the SEC that is incorporated by reference supersedes it.

This proxy statement/prospectus incorporates by reference the documents listed below that FIS and FNF have previously filed with the SEC. These documents contain important information about FIS and FNF and their respective financial condition.

FIS SEC Filings (SEC File Number 1-6427)

Annual Report on Form 10-K for the year ended December 31, 2005;

Amended Annual Report on Form 10-K for the year ended December 31, 2005;

Quarterly Reports on Forms 10-Q for the quarters ended March 31 and June 30, 2006;

Current Reports on Form 8-K filed with the SEC on January 25, February 6, March 17, and June 29, 2006; and

The description of FIS s common stock, par value $0.01 per share, contained in FIS s Registration Statement on Form 10-12B/A filed with the SEC on June 11, 2004, including any amendment or report filed for the purpose of updating such description.

FNF SEC Filings (SEC File Number 1-9396)

Annual Report on Form 10-K for the year ended December 31, 2005;

Amended Annual Report on Form 10-K for the year ended December 31, 2005;

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Quarterly Reports on Forms 10-Q for the quarters ended March 31 and June 30, 2006;

Current Reports on Form 8-K filed with the SEC on January 24, February 6, February 6, February 14, March 6, May 5, June 6, 2006 and June 29, 2006; and

The description of FNF s common stock, par value $0.0001 per share, contained in FNF s Registration Statement on Form 8-A filed with the SEC on February 4, 1992, including any amendment or report filed for the purpose of updating such description.

FNF and FIS are also incorporating by reference any additional documents that either of them may file with the SEC after the date of this proxy statement/prospectus and before the date of its respective annual meeting. These documents include reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. Nothing in this proxy statement/prospectus shall be deemed to incorporate information furnished but not filed with the SEC pursuant to applicable SEC rules and forms unless such furnished information otherwise provides it is to be incorporated by reference.

FIS has supplied all information contained or incorporated by reference in this proxy statement/prospectus relating to FIS, and FNF has supplied all information contained or incorporated by reference in this proxy statement/prospectus relating to FNF.

You can obtain any of the documents incorporated by reference in this document through FIS or FNF, as appropriate, or from the SEC through the SEC web site referred to above. Documents incorporated by reference are available from the applicable company without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone or email from the appropriate company at the following addresses and telephone numbers or obtaining them from each company s website listed below:

Fidelity National Information Services, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attention: Corporate Secretary
(904) 854-8100
www.fidelityinfoservices.com

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attention: Corporate Secretary
(904) 854-8100
www.fnf.com

If you would like to request documents, you must do so by October 16, 2006, in order to receive them before the annual meetings. Requested documents will be mailed to you by first-class mail, or another equally prompt means, as promptly as practicable after receipt of your request.

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus in voting your shares at the annual meetings. We have not authorized anyone to give any information or make any representation about the merger or our companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that we have incorporated into this proxy statement/prospectus. If anyone does give you information of this type, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the shares of FIS common stock offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the

offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETINGS AND THE MERGER

The following questions and answers briefly address some commonly asked questions about the annual meetings and the merger. They do not include all the information that may be important to you. FIS and FNF urge you to carefully read this entire proxy statement/prospectus, including the annexes and the other documents referenced in this proxy statement/prospectus. Page references are included in certain parts of this summary to direct you to a more detailed description of topics presented elsewhere in this proxy statement/prospectus.

The Merger

Q: Why am I receiving this proxy statement/prospectus?

A: FNF and FIS (FNF s public subsidiary in which FNF currently has a direct 50.5% interest and an indirect 0.8% interest through subsidiaries) have agreed to enter into a merger transaction whereby FNF would be merged with and into FIS, and FNF stockholders would receive shares of FIS common stock in exchange for their shares in connection with the merger. Upon the consummation of the merger, FIS would be the surviving corporation in the merger and FNF s separate corporate existence would cease. The terms of the merger are set forth in the merger agreement which is described in this proxy statement/prospectus and attached to this proxy statement/prospectus as Annex A. When the merger is completed, FNF stockholders will have the right to receive a number of shares of FIS common stock, par value $0.01 per share, in exchange for each share of FNF common stock, par value $0.0001 per share, that they hold, equal to the conversion ratio as defined below. As a result of this formula, if the merger were effected as of the date of this proxy statement/prospectus, FNF stockholders would own 51.0% of the outstanding common stock of FIS. FIS shareholders will not be directly affected by the merger, except for FNF, whose shares of FIS common stock will be retired as part of the merger, and for limited changes described elsewhere in this proxy statement/prospectus (such as changes in the potential number of outstanding shares of FIS common stock and changes in management and related-party agreements).

To complete the merger, FIS shareholders must vote to approve the issuance of shares of FIS common stock in the merger and FNF stockholders must vote to adopt the merger agreement and approve the merger. FIS and FNF will hold separate annual meetings to obtain these approvals.

This proxy statement/prospectus, which you should read carefully, contains important information about the merger, the merger agreement and the annual meetings. As to FNF stockholders, the enclosed voting materials allow you to vote your shares without attending the FNF Annual Meeting. The vote of each FNF stockholder is very important. We encourage FNF stockholders to vote as soon as possible.

Q: What other transactions are contemplated in connection with the merger?

A: The merger is part of a larger organizational restructuring of FNF and its subsidiaries. In connection with the merger, on June 25, 2006 Fidelity National Title Group, Inc., which we refer to as FNT, entered into a securities exchange and distribution agreement, as amended and restated as of September 18, 2006, which we refer to as the distribution agreement, with FNF. Under the distribution agreement, FNF will contribute substantially all of its assets (other than its ownership interests in the capital stock of FIS, FNT and a small wholly owned subsidiary of FNF, FNF Capital Leasing, Inc., which we refer to as FNF Leasing) and liabilities to FNT in exchange for shares of FNT s Class A common stock. Concurrently with these transactions, all of the shares of FNT Class B common stock held by FNF will be converted into shares of FNT Class A common stock, and immediately thereafter, these converted shares, together with the shares of FNT acquired by FNF from FNT, will be distributed by FNF to the holders of FNF outstanding capital stock. This distribution is referred to as the spin-off. Pursuant to the spin-off, such FNF stockholders will receive shares of FNT common stock representing approximately 85% of FNT s common stock outstanding on a fully-diluted basis immediately after the proposed transactions. Shortly after the spin-off, FNF Leasing will merge with and into a newly formed wholly owned subsidiary of FIS, which we refer to as the Leasing merger, in exchange for the issuance to FNF of 307,377 shares of FIS common stock. After the spin-off and Leasing merger, and immediately prior to the merger, FNF s only asset would be its stock ownership in FIS. It is expected that the merger would be completed approximately two weeks following the spin-off. FNF stockholders will also receive a prospectus of FNT relating to the FNT shares to be distributed in the spin-off, which such stockholders should read carefully.

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In order to complete the proposed transactions under the distribution agreement, all of the conditions to the consummation of the merger of FNF and FIS and the Leasing merger must be satisfied (other than (i) conditions that, by their terms, are to be satisfied on the closing date for such transactions, (ii) the occurrence of the spin-off and (iii) in the case of the merger, the occurrence of the Leasing merger). In addition, in order for the merger to be completed, the proposed transactions under the distribution agreement and the Leasing merger must first be completed.

In general terms, the proposed transactions contemplated under the distribution agreement involve the transfer by FNF to FNT of all of its right, title and interest to FNF s property and casualty specialty insurance business, insurance claim management services, real estate holdings and certain other assets, including cash. In exchange, FNT will transfer to FNF a number of shares of FNT Class A common stock, which we refer to as the FNT exchange number, equal to (i) 33,563,829 plus (ii) the amount of cash and certain investment assets included in the contributed assets (not to exceed $275,000,000 for purposes of this calculation) divided by $23.50. FNT will also assume all liabilities of FNF, except for: liabilities of FNF to the extent FIS or any subsidiary of FIS or FNF Leasing or any subsidiary of FNF Leasing has agreed in writing to be responsible therefor; liabilities of FNF to the extent they relate to the ownership or operation of the assets or properties, or the operations or conduct of the business, of FIS or any subsidiary of FIS or FNF Leasing or any subsidiary of FNF Leasing, in each case to the extent FIS or any subsidiary of FIS or FNF Leasing or any subsidiary of FNF Leasing has, as of or prior to the closing, agreed to be responsible therefor; guaranties or other similar contractual liabilities of FNF in respect of a primary liability of FIS or any subsidiary of FIS or FNF Leasing or any subsidiary of FNF Leasing; certain limited liabilities of FNF in respect of taxes, which are the subject of a tax disaffiliation agreement among FNF, FIS and FNT; certain liabilities arising from the operations or conduct of the business of FNF after the date that is 30 days after the closing under the distribution agreement if the merger is not then complete; and liabilities for any transaction bonuses (described below) that may be paid to certain executive officers of FNF.

Following the completion of the proposed transactions, FNT will change its name to Fidelity National Financial, Inc. and FNT s common stock will be listed and traded on the New York Stock Exchange under the symbol FNF.

Q. Why are FNF and FIS entering into the merger?

A: FNF and FIS are proposing the merger because they believe that it will benefit the holders of stock of both companies. From FNF s perspective, stockholders of FNF will receive equivalent value for their current indirect holdings of FNT and FIS in the form of direct holdings of FIS shares and FNT shares. FNF believes that the holding company structure, with FNF holding ownership stakes in public and private operating subsidiaries, including FIS, has resulted in a discount in the value of FNF in relation to the aggregate value of the businesses it owns. Further, both FNF and FIS believe that the majority ownership stake that FNF has in FIS limits the public float of FIS, which may reduce the number of eligible shareholders for FIS and limit trading liquidity, and thus limit the valuation of the stock of FIS. Furthermore, eliminating the majority ownership stake is expected to make it easier for FIS to issue shares for acquisitions and for management incentives.

Q: When is the merger expected to be completed?

A: If the shareholders of FIS and the stockholders of FNF both give their approval in connection with the merger, the merger is expected to be completed following the satisfaction of the other conditions to the merger, including stockholders of FNT approving the proposed transactions under the distribution agreement, the occurrence of the spin-off in accordance with its terms, the occurrence of the Leasing merger in accordance with its terms, the receipt of a private letter ruling from the Internal Revenue Service and one or more opinions from the parties tax advisors, receipt of governmental and regulatory consents and termination or expiration of any waiting period under the Hart-Scott Rodino Act. There may be a substantial period of time between the approval of the proposals at the FIS Annual Meeting and the FNF Annual Meeting and the effectiveness of the merger. The merger is currently expected to be completed in the fourth quarter of 2006.

Q: What will FNF stockholders receive in the merger?

A: Under the terms of the merger agreement, for each FNF share FIS will issue that number of shares of FIS common stock equal to 96,521,877 divided by the aggregate number of shares of FNF common stock outstanding immediately prior to the effective time of the merger. Alternatively, for each FNF share FIS may issue that number of shares at FIS common stock equal to 96,624,336 divided by the aggregate number of shares of FNF common stock outstanding immediately prior to the effective time of the merger under certain circumstances described below. We refer to the number determined based on the foregoing calculations as the conversion ratio.

The aggregate number of shares of FIS common stock that current FNF stockholders will receive in connection with the merger depends on the number of shares of FIS common stock issued to FNF in connection with the Leasing merger. FNF Leasing currently owns 75% of FNF Capital LLC, and based on that 75% ownership, the number of shares of FIS common stock to be issued to FNF in connection with the Leasing merger is 307,377. In such event, the aggregate number of FIS shares to be issued to FNF stockholders would be 96,521,877. If FNF Leasing s ownership of FNF Capital LLC increases to 100%, the number of shares of FIS common stock to be issued to FNF in connection with the Leasing merger would be 409,836. In such event, FNF stockholders will have the right to receive an aggregate of 96,624,336 shares of FIS common stock.

Unless otherwise noted, this proxy statement/prospectus assumes that FNF Leasing will continue to own only 75% of its subsidiary FNF Capital LLC. However, approval of the issuance of shares under the merger agreement will constitute approval of the issuance of all shares that may be issued, including any additional shares of FIS common stock that would be issued if FNF Leasing increased its ownership of its subsidiary FNF Capital LLC to 100%.

Accordingly, based on the 176,444,440 shares of FNF common stock issued and outstanding as of August 31, 2006, each FNF stockholder would receive 0.547 of a share of FIS common stock (assuming the number of outstanding shares of FNF common stock is the same immediately prior to the effective time of the merger) per share of FNF common stock, which would represent approximately 51.0% of the issued and outstanding FIS common stock after the merger. In addition, as of such date there were approximately 13.5 million outstanding options to purchase FNF common stock. To the extent that any of these options are exercised prior to the effective time of the merger, the amount of FIS common stock received for each FNF share will decrease.

Q. What will FIS shareholders receive in the merger?

A: FIS shareholders (except FNF) will keep their current holdings of FIS common stock.

Q: What will happen to the shares of FIS common stock owned by FNF at the time of the merger?

A: These shares will be retired as of the effective time of the merger. Consequently they will not be outstanding after such time and will be returned to FIS s authorized and unissued share capital.

Q: Will FIS issue fractional shares in the merger?

A: No fractional shares of FIS common stock will be issued. Any holder of shares of FNF common stock entitled to receive a fractional share of FIS common stock will be entitled to receive a cash payment in lieu thereof, in an amount equal to the holder s proportionate interest in the net proceeds from the sale or sales in the open market by the exchange agent, on behalf of all such holders, of the shares of FIS common stock constituting the excess of (i) the number of whole shares of FIS common stock delivered to the exchange agent by FIS over (ii) the aggregate number of whole shares of FIS common stock to be distributed to holders of FNF common stock, which we refer to as the excess shares. As soon as practicable following the effective time of the merger, the exchange agent will determine the number of excess shares and, as agent for the former holders of FNF common stock, will sell the excess shares at the prevailing prices on the NYSE. The exchange agent will deduct from the proceeds of the sale of the excess shares all commissions, withholding taxes, transfer taxes and other out-of-pocket transaction costs including the expenses and compensation of the exchange agent incurred, in connection with such sale of excess shares.

Q: What will happen to FNF stock options and shares of FNF restricted stock?

A: Prior to the merger, FNF stock options and shares of restricted stock held by persons who will be employed by or serve as a director of FNT, referred to as FNT service providers, will be replaced with FNT stock options and shares of restricted stock pursuant to the terms of the distribution agreement, except as set forth below with respect to the dual service providers. At the time of the merger, FNF stock options and shares of FNF restricted stock held by persons who will be employed by or serve as a director of FIS, referred to as FIS service providers, will be treated as follows:

Stock Options: FNF stock options held by FIS service providers (other than dual service providers) will be assumed by FIS, with the same terms and conditions as the FNF options, but with equitable adjustments made to the exercise prices and the number of shares underlying the options to reflect the difference in value of FNF and FIS common stock.

Restricted Stock: All holders of FNF restricted stock will receive FNT shares in connection with the distribution of FNT shares in the same proportion as other FNF stockholders, with such shares subject to the same transfer restrictions and forfeiture conditions as the corresponding FNF restricted stock based upon continued service with FNT or FIS, as the case may be. Each share of FNF restricted stock held by an FIS service provider (other than dual service providers) will be converted into shares of FIS restricted stock based on the conversion ratio. This FIS restricted stock will be subject to the same transfer restrictions and forfeiture conditions as the corresponding FNF restricted stock based upon continued service with FIS.

In addition, William P. Foley, II, Alan L. Stinson and Brent B. Bickett entered into an agreement with FNF on June 25, 2006, pursuant to which FNF has the right to cash out a certain number of the FNF stock options held by Messrs. Foley, Stinson and Bickett for their fair market value as of the date FNF elects to exercise such right or cause these individuals to exercise such options. With respect to FNF stock options held by Messrs. Foley, Stinson and Bickett that are not subject to the agreement, and with respect to FNF stock options held by other persons who, like Messrs. Foley, Stinson and Bickett, will be employed by or serve as a director of both FNT and FIS after the transactions, whom we refer to as dual service providers, 50% of the FNF options held by these individuals will be assumed by FIS as explained above, and the remaining 50% will be replaced with FNT stock options pursuant to the terms of the distribution agreement. In addition, with respect to dual service providers, 50% of their FNF restricted stock will be replaced with FNT restricted stock and 50% will be converted into FIS restricted stock.

As of August 31, 2006, the intrinsic value of all FNF options held by FIS employees (including dual service providers) would have resulted in the issuance of approximately 3.1 million FIS options.

Q: Will the merger affect FIS stock options?

A: For most employees, no. However, FIS stock options held by an employee or director who will be employed solely by or serve solely as a director of FNT will fully vest as of the effective time of the spin-off.

Q: What will happen to FNF s employee benefits plans in the merger?

A: Prior to the spin-off under the distribution agreement, FNF will cause the sponsorship of all FNF employee benefit plans, including all related insurance policies and service agreements, to be transferred to FNT, and FNT will assume sponsorship of such plans.

Q: Will FNF employees who will work for FIS be eligible to participate in FIS s employee benefit plans?

A: Yes. FIS will provide coverage for FNF employees who will become employees of FIS under its health and welfare plans. FIS will also cause any benefit plan in which employees of FNF and its subsidiaries are eligible to participate after the spin-off to take into account the employees service with FNF and its subsidiaries for purposes of eligibility, vesting, and benefit accrual.

Q: What are the tax consequences of the merger to me?

A: As one of the conditions to the consummation of the spin-off and merger, FNF is to receive a ruling from the Internal Revenue Service and an opinion of its special tax advisor, Deloitte Tax LLP, together to the effect that the spin-off and merger will be tax free under the Internal Revenue Code to FNF, FIS and FNF s stockholders (except that FNF s stockholders will recognize gain or loss attributable to the receipt of cash in lieu of fractional shares of FNT common stock pursuant to the spin-off and FIS common stock pursuant to the merger). The FIS shareholders (other than FNF) are not parties to the proposed transactions; therefore, there will be no tax consequences to them as a result of the proposed transactions.

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Q: What will happen to the dividend on common shares for FIS and FNF after completion of the merger?

A: Upon completion of the merger, holders of FIS common stock will continue to receive dividends, if declared by the FIS board of directors, as they have been receiving them from FIS prior to the merger. After the closing, former FNF stockholders who were holders of certificated FNF common stock and have surrendered their FNF share certificates according to the instructions provided to them, will receive the same dividends, if any, on the FIS shares that they receive in the merger that all other holders will receive on FIS common stock with any dividend record date that occurs after the merger is completed. Former FNF stockholders who hold FNF stock certificates will not be entitled to receive dividends otherwise payable on the FIS common stock into which their FNF common stock is exchangeable until they surrender their FNF stock certificates according to the instructions provided to them. Dividends will be accrued for these stockholders and they will receive the accrued dividends when they surrender their FNF stock certificates.

FIS began declaring cash dividends to common shareholders in the first quarter of 2006. The declaration and payment of future dividends is at the discretion of the FIS board of directors, and depends on, among other things, FIS s investment policy and opportunities, results of operations, financial condition, cash requirements, future prospects, and other factors that may be considered relevant by the FIS board of directors, including legal and contractual restrictions.

Q: Are there risks I should consider in deciding whether to vote for the merger?

A: Yes. A description of some of the risks that should be considered in connection with the merger is included in this proxy statement/prospectus under the heading Risk Factors.

Q: How do I vote?

A: If you are a stockholder of FNF, you may vote before the FNF Annual Meeting in one of the following ways:

- use the toll-free number shown on your proxy card and follow the instructions on the proxy card;
- by Internet, use a unique password printed on your proxy card and follow instructions on the proxy card; or
- complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

If you are a shareholder of FIS, you are not being solicited to complete and return a proxy card. You are invited to attend and vote at the FIS Annual Meeting, but based on FNF s and its subsidiaries ownership of approximately 51.3% of FIS s voting power, the minimum requisite amount of votes for adoption of the proposal that FIS issue shares of its common stock pursuant to the merger agreement and for all the other proposals at the FIS Annual Meeting will be obtained through the vote by FNF of its FIS shares.

Q: What does it mean to vote by proxy?

A: It means that you give someone else the right to vote your shares in accordance with your instructions. In this case, FNF is asking you to give your proxy to FNF s Chief Executive Officer and Chairman of the Board and to FNF s Executive Vice President and Chief Operating Officer, who are sometimes referred to as the proxy holders. By giving your proxy to the proxy holders, you assure that your vote will be counted even if you are unable to attend the annual meeting. If you give your proxy but do not include specific instructions on how to vote on a particular proposal described in this proxy statement/prospectus, the proxy holders will vote your shares in accordance with the recommendation of the board of directors for such proposal.

Q: If my FNF shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker does not have authority to vote on the proposals in connection with the merger without instruction from you. Your broker will vote your FNF shares held by it in street name only if you provide instructions to it on how to vote with respect to these matters. You should follow the directions your broker provides.

Q: What if I do not vote my FNF shares on the matters relating to the merger?

A: If you are an FNF stockholder and you fail to respond with a vote or instruct your broker how to vote on the merger proposal, it will have the same effect as a vote against the proposal. If you respond and abstain from voting, your proxy will have the same effect as a vote against the proposal. If you respond but do not indicate how you want to vote on the proposal, your proxy will be counted as a vote in favor of the proposal.

Q: What happens if other matters are raised at the meeting?

A: Although FIS and FNF are not aware of any matters to be presented at the annual meetings other than those contained in the Notices of Annual Meeting, if other matters are properly raised at either meeting in accordance with the procedures specified in FIS s charter and bylaws or in FNF s charter and bylaws, such matters will be acted upon. In the case of FNF, all FNF proxies given to the proxy holders will be voted in accordance with the proxy holders best judgment and stockholders attending the FNF Annual Meeting (other than those who have given and not revoked proxies) will be given the chance to vote on such other matters, and in the case of FIS, shareholders attending the FIS annual meeting will be given the chance to vote on such other matters.

Q: Who can answer questions about the merger?

A: If you are an FIS shareholder or an FNF stockholder and you have any questions about the merger or your annual meeting, need assistance in voting your shares, or need additional copies of this proxy statement/prospectus or the enclosed proxy card(s), you should contact:

Morrow & Co.
470 West Avenue
Stamford, CT 06902
(800) 662-5200

Q: What should I do now?

A: You should read this proxy statement/prospectus carefully, including the annexes. If you are an FNF stockholder and you own FNF common stock in your own name, return your completed, signed and dated proxy card(s) by mail in the enclosed postage-paid envelope or vote by telephone or over the Internet as soon as possible so that your shares will be represented and voted at the FNF Annual Meeting. If you are an FNF stockholder and your shares are held in street name through a broker, bank or other nominee, please follow the voting instructions provided by your broker, bank or other nominee.

Q: Should I send in my FNF stock certificates with my proxy card?

A: No. On or promptly after the completion of the merger, Continental Stock Transfer & Trust, FNF s exchange agent for purposes of the merger, will mail a transmittal letter to FNF stockholders, which transmittal letter will provide instructions for use in effecting the surrender of FNF stock certificates in exchange for FIS shares and, if applicable, cash in lieu of fractional shares. No stock certificates should be sent to either FNF or FIS.

Q: If I am an FNF stockholder and am going to attend the FNF Annual Meeting, should I return my proxy card(s)?

A: Yes. Returning your signed and dated proxy card(s) or voting by telephone or over the Internet ensures that your shares will be represented and voted at the FNF Annual Meeting. See The FNF Annual Meeting How to Vote beginning on page 40.

Q: What does it mean if I receive multiple proxy card(s)?

A: Your shares may be registered in more than one account, such as a brokerage account and a 401(k) account. It is important that you complete, sign, date and return each proxy card you receive, or, if available, vote using the telephone or the Internet as described in the instructions included with your proxy card(s).

Q: If I am an FNF stockholder, can I change my vote after I deliver my proxy?

A: Yes. You may change your vote at any time before the vote takes place at the FNF Annual Meeting. To change your vote, you may submit a new proxy card(s) by mail or submit a new proxy by telephone or over the Internet. An FNF stockholder of record may send a signed written notice to FNF s Corporate Secretary stating that he/she would like to revoke his/her proxy. If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

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You may also change your vote by attending the FNF Annual Meeting and voting in person. However, if you elect to vote in person at the FNF Annual Meeting and your shares are held by a broker, bank or other nominee, you must bring to the meeting a legal proxy from the broker, bank or other nominee authorizing you to vote the shares.

Q: What constitutes a quorum?

A: A quorum is present if a majority of the outstanding shares of common stock entitled to vote is represented. Broker non-votes and abstentions will be counted for purposes of determining whether a quorum is present.

Q: What are broker non-votes?

A: Broker non-votes occur when nominees, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial holders at least ten days before the meeting. If that happens, the nominees may vote those shares only on matters deemed routine by the NYSE, such as election of directors or ratification of auditors. Nominees cannot vote on non-routine matters, unless they receive voting instructions from beneficial holders, resulting in so-called broker non-votes. For purposes of the NYSE requirement that the total votes cast represent over fifty percent of all shares entitled to vote on a proposal, broker non-votes will not count as votes cast. For purposes of the Delaware law requirement that the FNF proposals receive the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote, broker non-votes will have no effect.

Q: What if I share a household with another stockholder?

A: Both FIS and FNF have adopted a procedure approved by the SEC called householding. Under this procedure, shareholders/stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of an annual report and this proxy statement/prospectus unless one or more of these shareholders/stockholders notifies FIS or FNF that they wish to continue receiving individual copies. This procedure will reduce printing costs and postage fees for both companies. Shareholders/stockholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings. If you are eligible for householding, but you and other shareholders/stockholders of record with whom you share an address currently receive multiple copies of annual reports and/or proxy statements, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of the annual report and/or proxy statement for your household, please contact FNF s transfer agent, Continental Stock Transfer & Trust (in writing: 17 Battery Place, 8th Floor, New York, NY 10004; by telephone: (212) 509-4000) or FIS s transfer agent, Computershare Investor Services (in writing: P.O. Box 43023, Providence, RI 02940, by telephone: (781) 575-3605). If you participate in householding and wish to receive a separate copy of the 2005 Annual Report for FIS or FNF or this proxy statement/prospectus, or if you do not wish to participate in householding and prefer to receive separate copies of future annual reports and/or proxy statements, please contact Continental Stock Transfer & Trust, in the case of FNF, or Computershare Investor Services, in the case of FIS, as indicated above. Beneficial stockholders can request information about householding from their banks, brokers or other holders of record. Both FIS and FNF hereby undertake to deliver promptly upon written or oral request, a separate copy of their respective annual report to stockholders, or proxy statement, as applicable, to FIS shareholders or FNF stockholders at a shared address to which a single copy of the document was delivered.

Q: Where can I find more information about FIS and FNF?

A:

You can find more information about FIS and FNF from various sources described under Where You Can Find More Information beginning on page 1.

SUMMARY

This summary highlights selected information contained in this proxy statement/prospectus and may not include all the information that is important to you. To understand fully the proposed merger, and for a more detailed description of the terms and conditions of the merger and other matters being considered at your annual meeting, you should read this entire proxy statement/prospectus and the documents to which we have referred you. See Where You Can Find More Information beginning on page 1. We have included page references parenthetically in this summary to direct you to a more detailed description of each topic presented in this summary.

Information about FIS (beginning on page 146)

On February 1, 2006, FIS, then named Certegy Inc., which we refer to as Certegy, consummated a business combination with Fidelity National Information Services, Inc., a Delaware corporation, which we refer to as Old FIS. FIS has combined the technology solutions, processing services and information services of Old FIS with the card and check services of Certegy to create a business that offers a wide range of product, service and solutions offerings to financial institutions, mortgage lenders, real estate professionals and merchants in the United States and internationally.

Over 7,800 financial institutions use FIS s technology solutions, processing services and information services, including 44 of the 50 largest banks in the United States. FIS s technology solutions process nearly 50% of all U.S. residential mortgage loans by dollar volume with balances exceeding $3.8 trillion, and over 235 million deposit accounts and non-mortgage consumer loans and leases are processed on its core bank processing platform. FIS also provides customized business process outsourcing related to aspects of the origination and management of mortgage loans to national lenders and loan servicers. As a result of the combination with Old FIS, FIS now provides services that span the entire home purchase and ownership life cycle, from contract through closing, refinancing and resale. The information services FIS offers, including property data and real estate-related services, are used by mortgage lenders, mortgage investors and real estate professionals to complete residential real estate transactions throughout the United States.

Information about FNF (beginning on page 146)

FNF is a holding company that, through its operating subsidiaries, provides outsourced products and services to a variety of industries. During 2005, FNF completed certain strategic initiatives, including contributing its title operations to a newly formed subsidiary, FNT, which in turn became a majority-owned, publicly traded company; selling a minority interest in FNF s subsidiary, Old FIS; and agreeing to merge Old FIS with a separate publicly-traded company, Certegy. Through FNT, FNF is one of the largest title insurance companies in the United States, with FNT having approximately 29.0% national market share. Through FIS, FNF provides industry leading data processing, payment and risk management services to financial institutions and retailers. Through FNF s other wholly-owned subsidiaries, FNF provides specialty insurance products, including flood insurance, homeowners insurance and home warranty insurance. Since February 1, 2006, when FNF closed its acquisition of an approximately 40% interest in Sedgwick CMS Holdings, Inc., which we refer to as Sedgwick, FNF has, through its operating subsidiaries, been a provider of outsourced insurance claims management services to large corporate and public sector entities. As described below, immediately prior to the merger, FNF will have no assets other than its ownership of FIS common stock and its rights under certain agreements entered into pursuant to the securities exchange and distribution agreement between FNF and FNT.

The Merger (beginning on page 43)

General

FIS and FNF have reached an agreement for FIS to acquire FNF by merging FNF with and into FIS. Upon completion of the merger, the separate corporate existence of FNF will cease and FIS will continue as the surviving corporation. At the same time that it entered into the merger agreement with FIS, FNF entered into the securities exchange and distribution agreement, which we refer to as the distribution agreement, with FNT under which FNF will transfer its interests in certain companies and certain other assets to FNT in exchange for shares of FNT Class A common stock and the assumption by FNT of certain liabilities of FNF (as provided in the distribution agreement) prior to the merger of FNF into FIS. Following the contribution of assets by FNF to FNT, FNF will convert all of its shares of FNT Class B common stock into shares of FNT Class A common stock. Immediately thereafter, FNF will distribute the converted shares, together with the shares of FNT Class A common stock transferred to FNF by FNT, to the holders of the outstanding capital stock of FNF. We refer to this distribution as the spin-off. Upon completion of the spin-off, FNF will have no assets other than its ownership of FIS common stock and ownership of FNF Leasing, which will merge with and into a subsidiary of FIS shortly after the spin-off. The merger agreement provides that prior to the effective time of the merger, FIS will amend and restate the Amended and Restated Certegy Inc. Stock Incentive Plan to increase the total number of shares available by an additional 4,000,000 shares. It is contemplated that the merger would be completed approximately two weeks following the spin-off.

The boards of directors of FIS and FNF both believe that the merger will provide benefits to their respective shareholders and stockholders and that the merger will be in the best interests of their respective companies, shareholders and stockholders. To review the reasons for the merger in greater detail, see The Merger FIS s Reasons for the Merger and Recommendation of FIS s Board of Directors beginning on page 51 and The Merger FNF s Reasons for the Merger and Recommendation of FNF s Board of Directors beginning on page 52.

We urge you to read carefully the entire merger agreement attached to this proxy statement/prospectus as Annex A because it sets forth the terms of and is the principal legal document governing the merger.

Required Votes

The proposal relating to the issuance of shares of FIS common stock in connection with the merger requires the approval of a majority of the votes cast on such proposal by the holders of FIS common stock at the FIS Annual Meeting. FNF will vote its FIS common stock in favor of the issuance of shares. See The FIS Annual Meeting Quorum and Voting Rights beginning on page 36.

The affirmative vote of holders of a majority of the outstanding shares of FNF common stock is required for adoption of the merger agreement and approval of the merger by the FNF stockholders. See The FNF Annual Meeting Quorum and Voting Rights beginning on page 38.

Merger Consideration

When the merger is completed, FNF stockholders will have the right to receive that number of shares of FIS common stock in exchange for each share of FNF common stock that they hold, equal to 96,521,877 divided by the number of FNF shares outstanding immediately prior to the effective time of the merger. Alternatively, FNF stockholders may have the right to receive that number of shares of FIS common stock in exchange for each share of FNF common stock that they hold, equal to 96,624,336 divided by the aggregate number of FNF shares outstanding immediately prior to the effective time of the merger under certain circumstances described below. We refer to the number determined based on the foregoing calculations as the conversion ratio.

The aggregate number of shares of FIS common stock that current FNF stockholders will receive in connection with the merger depends on the number of shares of FIS common stock issued to FNF in connection with the Leasing merger. FNF Leasing currently owns 75% of FNF Capital LLC, and based on that 75% ownership, the number of shares of FIS common stock to be issued to FNF in connection with the Leasing merger is 307,377. In such event, the aggregate number of FIS shares to be issued to FNF stockholders would be 96,521,877. If FNF Leasing s ownership of FNF Capital LLC increases to 100%, the number of shares of FIS common stock to be issued to FNF in connection with the Leasing merger would be 409,836. In such event, FNF stockholders will have the right to receive an aggregate of 96,624,336 shares of FIS common stock.

Unless otherwise noted, this proxy statement/prospectus assumes that FNF Leasing will continue to own only 75% of its subsidiary FNF Capital LLC. However, approval of the issuance of shares under the merger agreement will constitute approval of the issuance of all shares that may be issued, including any additional shares of FIS common stock that would be issued if FNF Leasing increased its ownership of its subsidiary FNF Capital LLC to 100%.

Accordingly, based on the 176,444,440 shares of FNF common stock issued and outstanding as of August 31, 2006, each FNF stockholder would receive 0.547 of a share of FIS common stock (assuming the number of outstanding shares of FNF common stock is the same immediately prior to the effective time of the merger) for each share of FNF common stock. In addition, as of August 31, 2006, the number of outstanding options to purchase FNF common stock was approximately 13.5 million. To the extent any of these FNF options are exercised prior to the effective time of the merger, the amount of FIS common stock received for each FNF share will decrease. Upon consummation of the merger, FNF s existence as a separate entity will cease, its ownership interest in FIS will terminate and its FIS shares will be retired to FIS s authorized and unissued share capital. FIS s shareholders will not be directly affected by the merger, except as otherwise described under the section of this proxy statement/prospectus captioned The Merger Agreement Holders of FIS Common Stock on page 75.

No fractional shares of FIS common stock will be issued. Any holder of shares of FNF common stock entitled to receive a fractional share of FIS common stock will be entitled to receive a cash payment in lieu thereof, in an amount equal to that holder s proportionate interest in the net proceeds from the sale or sales in the open market by the exchange agent, on behalf of all such holders, of the shares of FIS common stock constituting the excess of (i) the number of whole shares of FIS common stock delivered to the exchange agent by FIS over (ii) the aggregate number of whole shares of FIS common stock to be distributed to holders of FNF common stock, which we refer to as the excess shares. As soon as practicable following the effective time of the merger, the exchange agent will determine the number of excess shares and, as agent for the former holders of FNF common stock, will sell the excess shares at the prevailing prices on the NYSE. The exchange agent will deduct from the proceeds of the sale of the excess shares all commissions, withholding taxes, transfer taxes and other out-of-pocket transaction costs, including the expenses and compensation of the exchange agent, incurred in connection with such sale of excess shares.

The stock consideration and cash in lieu of fractional shares that FIS will pay to FNF stockholders is referred to as the merger consideration. The number of shares to be issued by FIS is fixed and neither FIS nor FNF has the right to terminate the merger agreement based solely on changes in either party s stock price. The market value of FIS common stock that FNF stockholders receive in the merger may fluctuate significantly from its current value.

Holders of FIS Common Stock (beginning on page 75)

The shares of FIS common stock held by FIS shareholders will not be directly affected by the merger, except that the shares of FIS common stock held by FNF will be retired and the percentage of total FIS common shares outstanding owned by FIS shareholders immediately prior to the consummation of the merger will be subject to dilution by FNF stock options assumed by FIS and converted into FIS stock options in connection with the merger. As of August 31, 2006, there were approximately 2.8 million FNF options outstanding that were held by employees of FIS or employees and directors of FNF who will become employees or directors of FIS. Any of these options that remain outstanding as of the consummation of the merger will be assumed by FIS and converted into FIS options based on their intrinsic value as of the consummation of the merger. Additionally, we anticipate that 1,410,000 FIS options will be granted to certain executive officers and non-employee FIS directors upon consummation of the merger.

Interests of Directors and Executive Officers in the Proposed Transactions (beginning on page 66)

In connection with the proposed transactions, FIS will enter into a new employment agreement with Mr. Foley effective as of the spin-off, and he will also receive a grant of 830,000 options to purchase shares of FIS s common stock, with 3 year graded vesting (1/3 each year) and a 7 year term, immediately following the merger. Additionally, Mr. Foley currently holds 5,408,216 options to purchase FNF common stock, a portion of which will be converted into options to purchase FIS or FNT stock as described below, although 3,856,684 of such options will be exercised or cashed out prior to the spin-off pursuant to the terms of the option letter agreement among FNF, William P. Foley, II, Alan L. Stinson and Brent B. Bickett. See The Merger Agreement Principal Covenants and Agreements Other Covenants and Agreements Option Letter Agreement beginning on page 76. In addition, Mr. Foley owns, in the aggregate, 5,752,040 shares including 110,000 restricted shares of FNF common stock and will receive shares of FIS s common stock, with the shares received in respect of restricted stock to be subject to the same terms, conditions and restrictions, in respect thereof in connection with the merger. Other officers and directors of FNF and FIS also own shares of FNF stock, FNF options and restricted stock that will be similarly treated in connection with the merger.

Also in connection with the proposed transactions, FNT will enter into a new employment agreement with Mr. Foley and he will also receive a grant of 475,000 shares of FNT restricted stock.

Both FIS and FNT will enter into new employment agreements with Messrs. Stinson and Bickett, and both will receive equity awards from FIS and FNT in connection with the proposed transactions.

Under the distribution agreement, FNT has agreed to indemnify each person who, prior to the closing, was an officer or director of FNF to the same extent that such officer or director was indemnified by FNF under FNF s charter and by-laws. FNT will also purchase and maintain for at least six years after date of closing a directors and officers insurance policy insuring directors, officers and employees of FNF and its subsidiaries (but not directors, officers or employees of FIS and its subsidiaries acting in their capacity as such) and providing coverage at least as favorable to the insured persons as FNF s current director s and officer s insurance.

In addition, the FNF Compensation Committee is evaluating paying transaction bonuses to a group of officers of FNF, including Messrs. Foley, Stinson, and Bickett. The purpose of the transaction bonus is to reward certain officers for their efforts towards successful completion of the merger and the proposed transactions. The merger is the final step of FNF s long-term strategy, which has included previous acquisitions (Alltel Information Services for example) and reorganizations. The result of FNF s long-term strategy has been the creation of significant value for shareholders and a rate of return that has consistently been better than that of the S&P 500 since 1987. If FNF shareholders approve the proposed transactions and the Committee is confident that the transactions will close, the Committee will grant the bonuses (the bonuses would be paid just prior to the closing of the spin-off). Although no bonus will actually be granted by the Committee until shortly prior to the spin-off, the Committee currently would expect to award Mr. Foley a bonus of $19.0 million and Messrs. Stinson and Bickett each a bonus of $2.2 million. The other officers would receive aggregate bonuses of $1.6 million. The FNF special committee has reviewed the proposed transaction bonuses and approved the grant thereof in connection with the transaction.

Certain members of FNF s board of directors will become members of the board of FIS or FNT in connection with the transactions.

FNF Equity Awards (beginning on page 74)

As of the spin-off, FNF stock options and shares of restricted stock held by persons who will be employed by or serve as a director of FNT, which we refer to as an FNT service provider, will be replaced with FNT stock options and shares of restricted stock pursuant to the terms of the distribution agreement. At the time of the merger, FNF stock options and shares of FNF restricted stock held by persons who will be employed by or serve as a director of FIS, which we refer to as FIS service providers, will be treated as follows:

Stock Options

FNF stock options held by FIS service providers will be assumed by FIS and converted into FIS stock options, with the same terms and conditions as the FNF stock options, but with equitable adjustments made to the exercise prices and the number of shares underlying the options to reflect the difference in value of FNF and FIS common stock.

In addition, Messrs. Foley, Stinson and Bickett entered into an agreement with FNF, pursuant to which FNF has the right to cash out a certain number of the FNF stock options held by Messrs. Foley, Stinson and Bickett for their fair market value as of the date FNF elects to exercise such right or cause these individuals to exercise such options. With respect to the FNF stock options held by Messrs. Foley, Stinson and Bickett that are not subject to the agreement, and with respect to FNF stock options held by other persons who, like Messrs. Foley, Stinson and Bickett, will be employed by or serve as a director of both FNT and FIS after the transactions, whom we refer to as dual service providers, 50% of such options will be assumed by FIS and converted into FIS stock options, as described above, and the remaining 50% of such options will be replaced with FNT stock options pursuant to the terms of the distribution agreement. In addition, with respect to dual service providers, 50% of their FNF restricted stock will be replaced with FNT restricted stock and 50% will be converted into FIS restricted stock.

As of August 31, 2006, the intrinsic value of the FNF options that, if outstanding as of the merger closing, would have been converted into FIS options would have resulted in the issuance of approximately 3.1 million FIS options.

Restricted Stock

All holders of shares of FNF restricted stock will receive FNT shares in connection with the spin-off in the same proportion with respect to their restricted stock as other FNF stockholders, with such shares subject to the same terms, conditions and restrictions applicable to the corresponding FNF restricted stock based upon continued service with FNT or FIS, as the case may be. At the time of the merger, the shares of FNF restricted stock held by FIS service providers will be converted into shares of FIS restricted stock based on the conversion ratio. This FIS restricted stock will be subject to the same transfer restrictions and forfeiture conditions as the corresponding FNF restricted stock based upon continued service with FIS.

For a full description of the treatment of FNF equity awards, see The Merger Agreement Effect of Merger on FNF Equity Awards beginning on page 74.

Employee Benefit Plans (beginning on page 75)

FIS has agreed to provide coverage under its health and welfare plans to employees of FNF who will become employees of FIS. FIS has also agreed to cause any benefit plan in which employees of FNF and its subsidiaries are eligible to participate after the spin-off to take into account for purposes of eligibility, vesting and benefit accrual, service with FNF and its subsidiaries. Prior to the spin-off under the distribution agreement, FNF will cause the sponsorship of all FNF employee benefit plans, including all related insurance policies and service agreements, to be transferred to FNT, and FNT will assume sponsorship of such plans.

Opinions of Financial Advisors (beginning on page 53)

Under the original securities exchange and distribution agreement, FNT agreed to transfer to FNF a number of shares of FNT Class A common stock equal to (i) 34,042,553 plus (ii) the amount of cash and certain investment assets included in the contributed assets (not to exceed $275,000,000 for purposes of this calculation) divided by $23.50 (we refer to this number as the original FNT exchange number). Under the original merger agreement, when the merger is completed, FNF stockholders would have had the right to receive that number of shares of FIS common stock in exchange for each share of FNF common stock that they hold, equal to 96,214,500 divided by the number of FNF shares outstanding immediately prior to the effective time of the merger (we refer to the number determined after giving effect to this calculation as the original conversion ratio).

In connection with the original merger agreement, FIS s board of directors has received an opinion, dated June 25, 2006, from its financial advisor Stephens, Inc. to the effect that as of the date of the opinion, the original conversion ratio in the merger is fair, from a financial point of view, to the shareholders of FIS other than FNF. The FIS Board also considered Stephens advice that the Leasing merger would not have materially affected its original opinion. FNF s board of directors has received an opinion, dated June 25, 2006, from its financial advisor Bear Stearns & Co. Inc. to the effect that as of the date of the opinion, the original conversion ratio, the original FNT exchange number and the spin-off, taken as a whole, were fair, from a financial point of view, to FNF and the FNF stockholders. The opinions are attached as Annexes D and E to this proxy statement/prospectus. FIS and FNF encourage you to read these opinions in their entirety.

Record Date; Shares Entitled to Vote; Outstanding Shares (beginning on page 36 for FIS and page 38 for FNF)

FIS Shareholders. The record date for the FIS Annual Meeting was September 11, 2006. This means that you must have been a shareholder of record of FIS common stock at the close of business on September 11, 2006 in order to vote at the FIS Annual Meeting. You are entitled to one vote for each share of FIS common stock you owned on the record date. On FIS s record date, a total of 190,412,587 shares of FIS common stock were outstanding.

FNF Stockholders. The record date for the FNF Annual Meeting was September 11, 2006. This means that you must have been a stockholder of record of FNF s common stock at the close of business on September 11, 2006, in order to vote at the FNF Annual Meeting. You are entitled to one vote for each share of FNF common stock you owned on the record date. On FNF s record date, a total of 176,603,760 shares of FNF common stock were outstanding.

Expected Completion of the Merger (beginning on page 82)

If the issuance of shares of FIS common stock is approved at the FIS Annual Meeting and the merger agreement and merger adopted and approved at the FNF Annual Meeting, the merger is expected to be completed approximately two weeks following the completion of the spin-off in accordance with its terms. There may be a substantial period of time between the approval of the proposals by shareholders at the FIS Annual Meeting and stockholders at the FNF

Annual Meeting and the effectiveness of the merger. The merger is currently expected to be completed in the fourth quarter of 2006. See The Merger Agreement Principal Conditions to Completion of the Merger.

Stock Ownership of Directors and Executive Officers (beginning on page 37 for FIS and page 39 for FNF)

FIS. At the close of business on the record date for the FIS Annual Meeting, directors and executive officers of FIS and their affiliates were entitled to vote approximately 0.33 million shares of FIS common stock, collectively representing 0.1% of the shares of FIS common stock outstanding on that date.

FNF. At the close of business on the record date for the FNF Annual Meeting, directors and executive officers of FNF and their affiliates were entitled to vote approximately 6.27 million shares of FNF common stock, collectively representing 3.6% of the shares of FNF common stock outstanding on that date.

FNF Stock Ownership of FIS Before the Merger

FNF currently directly owns approximately 50.5% of the issued and outstanding shares of FIS common stock and indirectly, through FNT s wholly owned subsidiaries Chicago Title Insurance Company and Fidelity National Title Insurance Company, owns approximately a further 0.8% of the issued and outstanding shares of FIS common stock. Wherever in this proxy statement/prospectus we state that FNF currently owns approximately 51.3%, this is a reference to FNF directly owning approximately 50.5% of the shares of FIS common stock and indirectly owning approximately 0.8% of the shares of FIS common stock. FIS has agreed to purchase all FIS shares held by FNT and its subsidiaries as of the business day prior to the completion of the spin-off for a price in cash equal to the closing price of such stock as of the preceding trading day.

Post-Merger Executive Officers and Directors (beginning on page 66)

The size of FIS s board of directors will be increased from ten to eleven in connection with the merger through the addition as a director of Richard N. Massey, who currently serves on the FNF board.

This proxy statement/prospectus contains a proposal relating to the election of four members of the board of directors of FIS: William P. Foley, II, Thomas M. Hagerty, Daniel D. (Ron) Lane and Robert M. Clements. See Additional Proposals for the FIS Annual Meeting Proposal 5: Election of Directors.

This proxy statement/prospectus also contains a proposal relating to the election of two members of the board of directors of FNF: John F. Farrell, Jr. and Daniel D. (Ron) Lane. If the proposals relating to the adoption of the merger agreement receive the requisite number of affirmative votes, it is expected that the merger would be consummated shortly thereafter. In that event, and if the proposal relating to the election of FNF directors receives the requisite number of affirmative votes, the newly elected FNF directors would serve only until such time as the merger is consummated given that upon the consummation of the merger FNF will no longer exist as a separate entity. See Additional Proposals for the FNF Annual Meeting Proposal 2: Election of Directors.

Listing of FIS Common Stock and Delisting of FNF Common Stock (beginning on page 68)

The shares of FIS common stock issued in connection with the merger will be listed on the NYSE together with the other shares of FIS common stock currently listed for trading on the NYSE under the symbol FIS. If the merger is completed, FNF common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and FNF will no longer file periodic reports with the SEC.

Dissenters Rights (beginning on page 69)

Under Georgia law, holders of FIS common stock are not entitled to dissenters rights in connection with the merger. Under Delaware law, holders of FNF common stock are not entitled to dissenters rights in connection with the merger.

Conditions to Completion of the Merger (beginning on page 82)

The completion of the merger depends upon the satisfaction or waiver of a number of conditions, including the consummation of the spin-off and the Leasing merger. See the information under the caption The Merger Agreement Principal Conditions to Completion of the Merger.

Termination of the Merger Agreement (beginning on page 82)

Before the effective time of the merger, the merger agreement may be terminated by the mutual written consent of FIS and FNF, or by either FIS or FNF under certain specified circumstances.

For example, either FIS or FNF may terminate the merger agreement prior to the effective time if:

- any required approval of the shareholders of FIS or stockholders of FNF has not been obtained;
- the distribution agreement or the Agreement and Plan of Merger entered into among FIS, its subsidiary, FIS Capital Leasing, Inc. and FNF Leasing, which we refer to as the Leasing merger agreement, has been terminated;
- the merger has not been completed on or before the earlier of (x) the date that is 30 days after the closing under the distribution agreement or (y) December 31, 2006;
- a governmental entity prohibits the merger;
- the other party s special committee of independent directors withdraws or materially modifies its approval of the merger agreement or its recommendation to its shareholders in a manner adverse to the terminating party; or
- the other party breaches any of the representations or warranties it made in the merger agreement in a manner that would have a material adverse effect, and the breach cannot be cured prior to December 31, 2006.

No Solicitation by FIS (beginning on page 78)

The merger agreement restricts the ability of FIS to: (i) solicit, initiate or encourage the submission of any proposal or offer to acquire or cause to be acquired in any manner, directly or indirectly, all or substantially all of the business, assets or capital stock of FIS (referred to as an acquisition proposal), or take any other action to knowingly facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any acquisition proposal or (ii) participate in or continue any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, any acquisition proposal. However, prior to the time, but not after, the requisite vote of the FIS shareholders is obtained, if the FIS board of directors determines in good faith, following consultation with outside counsel, that such action is required in order for such directors to comply with their fiduciary duties under applicable law, FIS, any FIS subsidiary or any officer, director or employee of, or any investment banker, attorney or other advisor, representative or agent of, FIS or any FIS subsidiary may, following the receipt of an unsolicited acquisition proposal by FIS, participate in negotiations regarding such acquisition proposal or furnish information regarding FIS and its business pursuant to an appropriate confidentiality agreement to the person making such acquisition proposal.

Fiduciary Duties (beginning on page 78)

Prior to (but not after) the approval of the FIS shareholders or the FNF stockholders, as the case may be, the board of directors of FIS or FNF, as the case may be, may withdraw or modify its recommendation with respect to the merger agreement if it concludes in good faith, after consultation with its independent financial advisor and outside legal counsel, that doing so is required in order for the board of directors to comply with its fiduciary duties under applicable law.

No change of recommendation may be made by FIS until at least 48 hours following FNF s receipt of notice from FIS that the FIS board of directors intends to change its recommendation and the basis therefor. In determining whether to make a change of recommendation, the FIS board of directors will take into account any changes to the terms of the merger agreement proposed by FNF and any other information provided by FNF in response to such notice.

Material United States Federal Income Tax Considerations (beginning on page 70)

As one of the conditions to the consummation of the spin-off and merger, FNF is to receive a ruling from the Internal Revenue Service, which we refer to as the IRS, and an opinion of its special tax advisor, Deloitte Tax LLP, together to the effect that the spin-off and merger will be tax free under the Internal Revenue Code, which we refer to as the Code, to FNF, FIS and to FNF s stockholders (except that FNF s stockholders will recognize any gain or loss attributable to the receipt of cash in lieu of fractional shares of FNT common stock pursuant to the spin-off and FIS common stock pursuant to the merger). The FIS shareholders (other than FNF) are not parties to the proposed transactions; therefore, there will be no tax consequences to them as a result of the proposed transactions.

Accounting Treatment (beginning on page 68)

U.S. generally accepted accounting principles require that one of the two parties to the merger be designated as the acquirer for accounting purposes. However, Financial Accounting Standards Board Technical Bulletin 85-5, Issues Relating to Accounting for Business Combinations provides that if a transaction lacks substance, it is not a purchase event and should be accounted for based on existing carrying amounts. In the proposed transaction, because the minority interest of FIS does not change and in substance the only assets and liabilities of the combined entity after the exchange are those of FIS prior to the exchange, a change in ownership of the minority interest has not taken place, and the exchange should be accounted for based on the carrying amounts of FIS s assets and liabilities. FIS believes that in the merger there is no change in the value held by the existing minority interest shareholders and the only assets and liabilities of the combined entity after the transaction are those owned by FIS prior to the transaction, and therefore the merger should be accounted for at historical cost.

The Securities Exchange and Distribution Agreement (beginning on page 84); The Leasing Merger Agreement (beginning on page 81)

The securities exchange and distribution agreement provides for the contribution of substantially all of FNF s assets (other than its ownership interests in FIS, FNT and FNF Leasing) and liabilities to FNT in exchange for shares of FNT s Class A common stock, followed immediately by the distribution by FNF to its stockholders as a dividend of all FNT shares held by FNF. Shortly after the spin-off, pursuant to the Leasing merger agreement, FNF Leasing will merge with and into a subsidiary of FIS in exchange for the issuance to FNF of 307,377 shares of FIS common stock. These transactions will leave FNF with an approximately 51.0% ownership position in FIS as its only asset prior to the merger of FNF with and into FIS pursuant to the merger agreement.

It is contemplated that the merger between FNF and FIS will be completed approximately two weeks following the occurrence of the spin-off in accordance with its terms, and that immediately after the merger, FNT will file amended and restated articles of incorporation that, among other things, will change the name of FNT to Fidelity National Financial, Inc.

Risk Factors (beginning on page 29)

In evaluating the merger, the merger agreement or the issuance of shares of FIS common stock in the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors.

Related Party Agreements (beginning on page 78)

At or prior to the closing under the merger agreement, FIS and FNF will, and will cause their relevant subsidiaries to, amend or terminate certain specified intercompany and related party agreements and, in the case of FIS, enter into certain specified additional agreements with FNT. Generally speaking, the intercompany and related party agreements to which FNF is a party will either be terminated or assigned to FNT. Certain of the intercompany and related party agreements between FIS and/or its subsidiaries, on the one hand, and FNT and/or its subsidiaries, on the other, will require amendment to reflect the merger as well as other changes necessary to take into account changes in the relationship between the parties after the merger.

Comparison of Shareholder Rights and Corporate Governance Matters (beginning on page 149)

FNF. As a result of the merger, the holders of FNF common stock will become holders of FIS common stock. Following the merger, former FNF stockholders will have rights as FIS shareholders different from those that they had as FNF stockholders due to differences between the laws of the states of incorporation and between the articles of incorporation and bylaws of FIS and FNF.

FIS. FIS shareholders will retain their shares of FIS common stock and their rights will continue to be governed by FIS s articles of incorporation and bylaws and by Georgia law.

For a copy of FIS s or FNF s current articles of incorporation or bylaws, see Where You Can Find More Information beginning on page 1.

Restrictions on the Ability to Sell FIS Common Stock (beginning on page 69)

All shares of FIS common stock you receive in connection with the merger will be freely transferable unless you are considered an affiliate of either FNF or FIS for the purposes of the Securities Act at the time the proposal to adopt the merger agreement and approve the merger is submitted to FNF stockholders for approval, in which case you will be permitted to sell the shares of FIS common stock you receive in the merger only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This proxy statement/prospectus does not register the resale of stock held by affiliates.

MARKET PRICE AND DIVIDEND INFORMATION

Historical Market Price Data

FIS s common stock is traded on the NYSE under the symbol FIS. FNF s common stock is traded on the NYSE under the symbol FNF.

The following table sets forth the high and low sales prices per share of FIS and FNF common stock as adjusted for all stock splits, as reported on the NYSE for the periods indicated:

	FIS Common Stock(a)		FNF Common Stock	
	High	Low	High	Low
2003				
Quarter ended March 31, 2003	$ N/A	$ N/A	$ 25.31	$ 22.35
Quarter ended June 30, 2003	N/A	N/A	29.50	25.02
Quarter ended September 30, 2003	N/A	N/A	30.52	25.59
Quarter ended December 31, 2003	N/A	N/A	35.25	26.53
2004	N/A	N/A		
Quarter ended March 31, 2004	N/A	N/A	39.62	34.59
Quarter ended June 30, 2004	N/A	N/A	41.06	33.34
Quarter ended September 30, 2004	N/A	N/A	38.94	35.69
Quarter ended December 31, 2004	N/A	N/A	45.67	34.90
2005	N/A	N/A		
Quarter ended March 31, 2005	N/A	N/A	47.00	30.35(b)
Quarter ended June 30, 2005	N/A	N/A	36.98	30.05
Quarter ended September 30, 2005	N/A	N/A	44.71	35.56
Quarter ended December 31, 2005	N/A	N/A	45.56	35.50(c)
2006				
Quarter ended March 31, 2006	44.02	36.25	39.86	35.15
Quarter ended June 30, 2006	40.16	35.15	43.53	34.82
Quarter ended September 30, 2006 (through September 15, 2006)	37.62	33.50	42.30	36.72

(a) On February 1, 2006, Certegy merged into FIS and FIS as the surviving entity in the merger became a separate publicly traded company.

(b) During the first quarter of 2005, FNF declared and paid a $10.00 special dividend.

(c) During the fourth quarter of 2005, FNF distributed to its stockholders 17.5% of the outstanding shares of common stock of FNT which resulted in a reduction in its stock price of $4.06 on the ex-dividend date.

Dividend Information

The following table presents information on dividends declared each quarter on FIS common stock and FNF common stock, respectively, for the periods indicated.

	FIS Dividends(a)	FNF Dividends
2003		
Quarter ended March 31, 2003	$	$ .11
Quarter ended June 30, 2003		.11
Quarter ended September 30, 2003		.16
Quarter ended December 31, 2003		.16
2004		
Quarter ended March 31, 2004		.18
Quarter ended June 30, 2004		.18
Quarter ended September 30, 2004		.43(b)
Quarter ended December 31, 2004		
2005		
Quarter ended March 31, 2005		10.25(c)
Quarter ended June 30, 2005		.25
Quarter ended September 30, 2005		.25
Quarter ended December 31, 2005		.25
2006		
Quarter ended March 31, 2006	.05	.25
Quarter ended June 30, 2006	.05	.25
Quarter ended September 30, 2006 (through September 15, 2006)	.05(d)	.25(d)

(a) On February 1, 2006, Certegy merged into FIS and FIS as the surviving entity in the merger became a separate publicly traded company.

(b) During the third quarter of 2004, FNF declared and paid a $.18 dividend and declared a $.25 dividend that was paid in the fourth quarter on its common stock.

(c) During the first quarter of 2005, FNF declared and paid a $10.00 special dividend.

(d) On July 20, 2006 FNF declared a quarterly cash dividend payable September 29, 2006 to stockholders of record as of September 14, 2006. On July 19, 2006, FIS declared a quarterly dividend payable September 27, 2006 to stockholders of record as of September 14, 2006.

The merger agreement permits each of FIS and FNF to continue to pay its respective shareholders and stockholders its regular quarterly cash dividend consistent with past dividend policy until closing.

FIS began declaring cash dividends to common shareholders in the first quarter of 2006. The declaration and payment of future dividends is at the discretion of the FIS board of directors, and depends on among other things, FIS s investment policy and opportunities, results of operations, financial condition, cash requirements, future prospects, and other factors that may be considered relevant by the FIS board of directors, including legal and contractual restrictions. Additionally, the payment of cash dividends may be limited by covenants in certain debt agreements of FIS, including FIS s credit facility. Under its credit facilities, FIS is limited in the amount of dividends it can pay to $60 million per year, plus certain other amounts, except that dividends may not be paid if any event of default under such facilities shall have occurred or be continuing or would result from such payment.

Since the time of its merger with Certegy, FIS has sought to limit dilution to FNF s stock ownership caused by option exercises by repurchasing shares on the open market or in privately negotiated transactions. As of September 15, 2006, FIS has repurchased 2,829,200 shares at an average price of $36.68 under this program.

Under the current plan approved by FIS s board of directors, FIS is authorized to purchase an additional 170,800 shares.

In addition, FIS has agreed that it will repurchase the approximately 1,431,000 FIS shares held by FNT and its subsidiaries. Such purchase will be made on the business day prior to the closing for a cash price equal to the closing trading price of such shares on the preceding trading day.

Recent Closing Prices and Comparative Market Price Information

The following table presents the closing prices per share of FIS common stock and FNF common stock, in each case based on closing prices for those shares on the NYSE, as well as the equivalent price per share and the equivalent total market value of shares of FNF common stock. These prices and values are presented on two dates:

April 26, 2006, the last trading day prior to the public announcement of the proposed merger; and

September 15, 2006 the last trading day for which this information could be calculated prior to the date of this proxy statement/prospectus.

	FIS Common Stock (price per share)	FNF Common Stock (price per share)	FNF Equivalent Stock Price (price per share)
April 26, 2006			
Closing price per share of common stock	$ 38.79	$ 34.99	$ 21.14(1)
September 15, 2006			
Closing price per share of common stock	$ 36.60	$ 42.30	$ 20.02(1)

(1) The FNF equivalent stock prices were calculated by multiplying the per share price of FIS common stock on each date by the conversion ratio of 0.547, which is calculated using 176,444,440 shares as an estimate of the number of FNF common shares that will be outstanding at the time of the merger.

Because the number of FIS shares to be issued as merger consideration is fixed and will not be adjusted as a result of changes in market price, the implied value of the merger consideration will fluctuate with the market price of FIS common stock. You should obtain current market quotations for the shares of FIS common stock from a newspaper, the Internet or your broker or banker.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

Selected Historical Consolidated Financial Data of FIS

The following table shows selected historical consolidated financial data for FIS. The data of FIS as of December 31, 2005, 2004 and 2003 and for each of the years in the four-year period ended December 31, 2005, are derived from FIS s audited consolidated and combined financial statements and related notes. The data as of December 31, 2002 and 2001 and June 30, 2006 and 2005 and for the year ended December 31, 2001 and the six-month periods ended June 30, 2006 and 2005 are derived from FIS s unaudited annual and interim consolidated and combined financial statements. In the opinion of FIS s management, the unaudited annual and interim consolidated and combined financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the annual and interim consolidated and combined financial statements. Results for the interim periods are not necessarily indicative of the results to be expected for the full year.

Detailed historical financial information is included in the audited consolidated and combined balance sheets as of December 31, 2005 and 2004, and the related consolidated and combined statements of earnings, comprehensive earnings, stockholders equity and cash flows for each of the years in the three-year period ended December 31, 2005 included in FIS s Annual Report on Form 10-K for the year ended December 31, 2005, as well as the unaudited interim consolidated balance sheet as of June 30, 2006 and the related unaudited interim consolidated statements of earnings, comprehensive earnings, stockholders equity and cash flows for the six month periods ended June 30, 2006 and 2005 included in FIS s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006. You should read the following selected financial data together with FIS s historical consolidated and combined financial statements, including the related notes, and the other information incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information beginning on page 1.

FIS s selected historical financial data have been prepared from the historical results of operations and bases of the assets and liabilities of the operations transferred to FIS by FNF and gives effect to allocations of certain corporate expenses from FNF. FIS s selected historical financial data may not be indicative of FIS s future performance and does not necessarily reflect what its financial position and results of operations would have been had it operated as a separate, stand-alone entity during the periods presented. Further, as a result of FIS s acquisitions, the results in the periods shown below may not be directly comparable.

	Six Months Ended June 30,		Year Ended December 31,				
	2006(2)	2005(2)	2005(2)	2004(2)	2003(2)	2002	2001(1)
	(in thousands, except per share data)						
Statement of Earnings Data:							
Processing and services revenues	$ 1,922,882	$ 1,360,293	$ 2,766,085	$ 2,331,527	$ 1,830,924	$ 619,723	$ 402,224
Cost of revenues	1,342,055	883,579	1,793,285	1,525,174	1,101,569	379,508	255,349
Gross profit	580,827	476,714	972,800	806,353	729,355	240,215	146,875
	271,595	219,874	422,623	432,310	331,751	144,761	92,486

Selling, general and administrative expenses							
Research and development costs	51,706	52,239	113,498	74,214	38,345		
Operating income	257,526	204,601	436,679	299,829	359,259	95,454	54,389
Other income (expense)	(90,121)	(49,985)	(124,623)	14,911	(3,654)	10,149	96
Earnings before income taxes, equity in earnings (loss) of unconsolidated entities and minority interest	167,405	154,616	312,056	314,740	355,605	105,603	54,485
Income tax expense	64,116	59,434	116,085	118,343	137,975	39,390	20,097

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Six Months Ended
June 30,

Edgewood, Maryland
2011

1,450,000

DeSoto, Texas
2012

1,200,000

We own all of the distribution centers except Corsicana, Texas, which is leased.

Corporate Facilities

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable

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PART II

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

(a) Market information

Our Common Stock has been traded on the New York Stock Exchange since May 19, 1992, under the symbol “KSS.” The prices in the table set forth below indicate the high and low sales prices of our Common Stock per the New York Stock Exchange Composite Price History and our quarterly cash dividends per common share for each quarter in 2013 and 2012.

	2013			2012		
	High	Low	Dividend	High	Low	Dividend
Fourth Quarter	$58.47	$49.97	$0.35	$55.11	$41.81	$0.32
Third Quarter	57.04	49.84	0.35	53.77	49.72	0.32
Second Quarter	54.16	47.00	0.35	51.25	43.13	0.32
First Quarter	49.32	45.21	0.35	52.19	45.56	0.32

We have filed with the Securities and Exchange Commission (“SEC”), as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K, the Sarbanes-Oxley Act Section 302 certifications. In 2013, Kevin Mansell, our Chief Executive Officer, submitted a certification with the New York Stock Exchange (“NYSE”) in accordance with Section 303A.12 of the NYSE Listed Company Manual stating that, as of the date of the certification, he was not aware that we had violated any of the NYSE’s corporate governance listing standards.

On February 26, 2014, our Board of Directors approved a dividend of $0.39 per share which will be paid on March 26, 2014 to shareholders of record as of March 12, 2014. In 2013, we paid aggregate cash dividends of $302 million.

(b) Holders

As of March 12, 2014, there were approximately 4,400 record holders of our Common Stock.

(c) Securities Authorized For Issuance Under Equity Compensation Plans

See the information provided in the “Equity Compensation Plan Information” section of the Proxy Statement for our May 15, 2014 Annual Meeting of Shareholders, which information is incorporated herein by reference.

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(d) Performance Graph

The graph below compares our cumulative five-year shareholder return to that of the Standard & Poor’s 500 Index and a Peer Group Index that is consistent with the retail peer group used in the Compensation Discussion & Analysis section of our Proxy Statement for our May 15, 2014 Annual Meeting of Shareholders. The Peer Group Index was calculated by Capital IQ, a Standard & Poor’s business and includes Bed, Bath & Beyond Inc.; The Gap, Inc.; J.C Penney Company, Inc.; Limited Brands, Inc.; Macy’s, Inc.; Nordstrom, Inc.; Ross Stores, Inc.; Sears Holding Corporation; Target Corporation; and The TJX Companies, Inc. The Peer Group Index is weighted by the market capitalization of each component company at the beginning of each period. The graph assumes an investment of $100 on January 31, 2009 and reinvestment of dividends. The calculations exclude trading commissions and taxes.

Company / Index	Jan 31, 2009	Jan 30, 2010	Jan 29, 2011	Jan 28, 2012	Feb 2, 2013	Feb 1, 2014
Kohl’s Corporation	$100.00	$137.21	$139.47	$129.78	$131.42	$148.60
S&P 500 Index	100.00	133.14	161.44	170.04	199.98	240.58
Peer Group Index	100.00	183.36	217.01	257.88	311.11	343.50

(e) Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We did not sell any equity securities during 2013 which were not registered under the Securities Act.

(f) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Since first authorizing our share repurchase program in 2007, our Board of Directors has increased the authorization in 2011 and again in November 2012. Purchases under the repurchase program may be made in the open market, through block trades and other negotiated transactions. We expect to execute the share repurchase program primarily in open market transactions, subject to market conditions and to complete the program in early fiscal 2016. There is no fixed termination date for the repurchase program, and the program may be suspended, discontinued or accelerated at any time.

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The following table contains information for shares repurchased and shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' restricted stock during the three fiscal months ended February 1, 2014:

Period	Total Number of Shares Purchased During Period	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
				(Dollars In Millions)
November 3 – November 30, 2013	550,943	$54.94	549,082	$ 2,542
December 1, 2013 – January 4, 2014	1,909,447	55.12	1,908,334	2,437
January 5 – February 1, 2014	2,184,134	52.40	2,179,209	2,322
Total	4,644,524	$53.82	4,636,625	$ 2,322

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Item 6. Selected Consolidated Financial Data

The selected consolidated financial data presented below should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this document. The Statement of Income and Balance Sheet Data have been derived from our audited consolidated financial statements.

	2013	2012(a)	2011	2010	2009
	(Dollars in Millions, Except Per Share and Per Square Foot Data)				
Statement of Income Data:					
Net sales	$19,031	$19,279	$18,804	$18,391	$17,178
Cost of merchandise sold	12,087	12,289	11,625	11,359	10,680
Gross margin	6,944	6,990	7,179	7,032	6,498
Selling, general and administrative expenses	4,313	4,267	4,243	4,190	3,951
Depreciation and amortization	889	833	778	750	688
Operating income	1,742	1,890	2,158	2,092	1,859
Interest expense, net	338	329	299	304	301
Income before income taxes	1,404	1,561	1,859	1,788	1,558
Provision for income taxes	515	575	692	668	585
Net income	$889	$986	$1,167	$1,120	$973
Net income per share:					
Basic	$4.08	$4.19	$4.33	$3.69	$3.19
Diluted	$4.05	$4.17	$4.30	$3.66	$3.17
Dividends per share	$1.40	$1.28	$1.00	—	—
Operating Data:					
Net sales growth	(1.3)%	2.5%	2.2%	7.1%	4.8%
Comparable sales growth (b)	(1.2)%	0.3%	0.5%	4.4%	0.4%
Net sales per selling square foot (c)	$207	$213	$220	$222	$217
As a percent of sales:					
Gross margin	36.5%	36.3%	38.2%	38.2%	37.8%
Operating income	9.2%	9.8%	11.5%	11.4%	10.8%
Net income	4.7%	5.1%	6.2%	6.1%	5.7%
Total square feet of selling space (in thousands)	83,671	83,098	82,226	80,139	78,396
Number of stores open (end of period)	1,158	1,146	1,127	1,089	1,058
Return on average shareholders' equity (d)	14.8%	15.8%	16.4%	14.1%	13.8%
Balance Sheet Data (end of period):					
Working capital	$2,556	$2,184	$2,222	$2,888	$3,054
Property and equipment, net	8,745	8,872	8,905	8,692	8,506
Total assets	14,378	13,905	14,148	14,891	14,502
Long-term debt	2,792	2,492	2,141	1,894	1,894
Capital lease and financing obligations	2,069	2,061	2,103	2,104	2,046
Shareholders' equity	5,978	6,048	6,508	7,850	7,595

(a) Fiscal 2012 was a 53-week year. During the 53rd week, total sales were $169 million; selling, general and administrative expenses were approximately $30 million; interest was approximately $2 million; net income was approximately $15 million and diluted earnings per share was approximately $0.06.

(b) Comparable sales growth is based on sales for stores (including relocated or remodeled stores) which were open throughout both the full current and prior year periods and E-Commerce. Fiscal 2013 comparable sales growth compares the 52 weeks ended February 1, 2014 to the 52 weeks ended January 26, 2013. Fiscal 2012 comparable sales growth compares the 52 weeks ended January 26, 2013 to the 52 weeks ended January 28, 2012.

(c)

Net sales per selling square foot is based on stores open for the full current period, excluding E-Commerce. 2012 excludes the impact of the 53rd week.

(d) Average shareholders' equity is based on a 5-quarter average for 2013, 2012, 2011, and 2010, and the two most recent year-end balances for 2009.

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

Executive Summary

As of February 1, 2014, we operated 1,158 family-focused, value-oriented department stores and a website (www.Kohls.com) that sell moderately priced exclusive and national brand apparel, footwear, accessories, beauty and home products. Our stores generally carry a consistent merchandise assortment with some differences attributable to regional preferences. Our website includes merchandise which is available in our stores, as well as merchandise which is available only on-line.

The following table summarizes our recent financial results:

	2013	2012	2011
	(Dollars and Shares in Millions)		
Net sales	$19,031	$19,279	$18,804
Change in:			
Net sales	(1.3)%	2.5%	2.2%
Comparable sales	(1.2)%	0.3%	0.5%
Gross margin as a percent of net sales	36.5%	36.3%	38.2%
Selling, general and administrative expenses	$4,313	$4,267	$4,243
Net income	$889	$986	$1,167
Net income per diluted share	$4.05	$4.17	$4.30
Shares repurchased	15	26	46
Treasury stock purchases	$799	$1,259	$2,331
Cash flow from operations	$1,884	$1,265	$2,139

For additional details about our financial results, see Results of Operations and Liquidity and Capital Resources.

Our main business objective is to profitably increase sales. In order to increase sales, we believe that we need to continue to increase transactions per store, which is our primary sales driver. We have a number of initiatives which we believe will increase transactions per store.

- We continue to improve the quality of our merchandise and to offer items at great values. We are pleased with the progress we have made in these areas, but believe that we have additional opportunities to improve.
- We continue to focus on creating excitement for our customers to increase customer traffic to our stores and website.

In fiscal 2014, we expect to launch several new brands, including Juicy Couture, IZOD, and a Jumping Beans collection featuring Disney characters. The Juicy Couture assortment will include women's and girl's apparel, footwear, accessories, bedding, and home accessories. The IZOD assortment will be one of the largest men's launches in our history and will feature men's sportswear and dress apparel, including golf separates, woven sport shirts, sweaters, knit shirts, shorts, suit separates, dress shirts, and dress pants. The Jumping Beans collection will combine Disney, one of the most recognizable brands in the world, and our own highly-successful Jumping Beans brand. We will also launch the next DesigNation designer, our limited-time special collection.

Approximately 280 of our stores had renovated beauty departments at the end of fiscal 2013. We expect to renovate the beauty department in approximately another 200 stores in 2014. We are testing three different beauty renovations - new fixtures with expanded and/or relocated floor space, new fixtures with no change to department size or location, and existing fixtures with acrylic retrofits. Initial test results are showing a significant increase in beauty sales in the renovated stores.

- We are designing a rewards system to increase customer loyalty, especially for customers who do not have a Kohl's-branded credit card. The program allows enrolled customers to earn various rewards or discounts based upon the volume of their purchases. The loyalty program is currently available in approximately 30% of our stores. Initial results have been very positive and we expect this loyalty program to be available in all stores by the end of fiscal

2014.

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We are also making significant investments to create an exciting omni-channel shopping experience for our customers. Whether they are shopping in one of our stores, from their phones or from their laptops, we are creating a consistent experience to ensure that they can connect with us wherever and however they wish.
We remain committed to meeting the changing shopping needs of our customer, to strengthening our omni-channel experience and to investing in our future in a strategic and profitable manner.

2014 Outlook
Our current expectations for fiscal 2014 compared to 2013 including estimated impacts of these initiatives are as follows:

Total sales	Increase 0.5 - 2.5%
Comparable sales	Increase 0 - 2%
Gross margin as a percent of sales	Increase 10 - 30 bps
SG&A	Increase 1.5 - 2.5%
Earnings per diluted share	$4.05 - $4.45

Our earnings per diluted share expectation assumes share repurchases of $1 billion at an average price of $50 per share.

Results of Operations
53rd Week.

Fiscal 2012 was a 53-week year. During the 53rd week, total sales were $169 million; selling, general and administrative expenses were approximately $30 million; interest was approximately $2 million; net income was approximately $15 million and diluted earnings per share was approximately $0.06. Our comparable sales in both 2013 and 2012 exclude the impact of the 53rd week.

Net Sales.

Comparable sales include sales for stores (including relocated or remodeled stores) which were open during both the current and prior year periods. We also include E-Commerce sales in our comparable sales. Omni-channel sales are recorded as store or E-Commerce sales based on the fulfillment channel. For example, customer purchases from our in-store kiosks are generally recognized as E-Commerce sales as the orders are shipped from our E-Commerce fulfillment centers and on-line orders which are shipped from our stores are recognized as store sales. Merchandise returns reduce sales at the location of the return. As a result, store sales are reduced by merchandise purchased on-line, but returned to a store.

The following table summarizes net sales:

	2013	2012	2011
Net sales (In Millions)	$ 19,031	$ 19,279	$ 18,804
Sales growth:			
Total	(1.3)%	2.5 %	2.2 %
Comparable stores (a)	(1.2)%	0.3 %	0.5 %
Net sales per selling square foot (b)	$ 207	$ 213	$ 220

(a)Includes sales for stores (including relocated or remodeled stores) which were open throughout both the full current and prior year periods and E-Commerce. 2013 compares the 52 weeks ended February 1, 2014 to the 52 weeks ended January 26, 2013. 2012 compares the 52 weeks ended January 26, 2013 to the 52 weeks ended January 28, 2012.

(b)Net sales per selling square foot is based on stores open for the full current period, excluding E-Commerce. 2012 excludes the impact of the 53rd week.

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The following table summarizes the changes in net sales:

	2013		2012	
	$	%	$	%
Comparable sales:	(Dollars in Millions)			
Stores	$(517)	(3.0)%	(354)	(2.0)%
E-Commerce	284	20.4%	411	41.8%
Total (a)	(233)	(1.2)%	57	0.3%
New stores and other revenues	154	—	249	—
Net change before 53rd week	(79)	(0.4)%	306	1.6%
Net sales in 53rd week	(169)	—	169	—
Increase (decrease) in net sales	$(248)	(1.3)%	$475	2.5%

(a)2013 compares the 52 weeks ended February 1, 2014 to the 52 weeks ended January 26, 2013. 2012 compares the 52 weeks ended January 26, 2013 to the 52 weeks ended January 28, 2012.

Drivers of the changes in comparable sales were as follows:

	2013	2012
Selling price per unit	(0.4)%	1.8%
Units per transaction	1.5	—
Average transaction value	1.1	1.8
Number of transactions	(2.3)	(1.5)
Comparable sales	(1.2)%	0.3%

The decrease in selling price per unit was primarily due to slightly deeper discounts and clearance merchandise which represented a slightly higher percentage of our total sales than in the prior year periods. Units per transaction increased as customers purchased more items in response to the lower prices. Increases in the number of E-Commerce transactions were more than offset by decreases in our stores. Transactions in 2013 were also negatively impacted by an unseasonably cold spring and winter which reduced customer visits throughout the year.

From a regional perspective, the West, which reported sales consistent with 2012, was the strongest region in 2013. All other regions reported low to mid single-digit sales decreases. E-Commerce revenue, which includes shipping and other revenues and the 53rd week in 2012, increased $286 million to $1.7 billion for 2013. The increase is primarily due to increased transactions and units per transaction.

We have renewed our emphasis on national brands in 2013 in an effort to drive customer traffic and maximize sales growth. In the last 6 months of 2013, national brands had improved sales results and represented a growing percentage of our sales. This focus will continue into 2014, as we continue to rebalance our mix between private and exclusive brands and national brands to drive sales growth.

By line of business, all categories reported low single-digit sales decreases in 2013. Children's, Men's and Home outperformed the Company average and Women's was consistent with the Company average. Toys was the strongest category in Children's. Outerwear and active were the strongest categories in both the Men's and the Women's businesses. Electrics and luggage reported the highest sales increases in the Home business. Comparable sales in the Accessories and Footwear categories were below the Company average. Bath and beauty reported the strongest increase in the Accessories business as a result of our beauty remodel program. In Footwear, athletic shoes reported the highest sales increase.

Net sales per selling square foot (which is based on stores open for the full current period and excludes E-Commerce and the 53rd week in 2012), decreased $6 to $207 in 2013. The decrease is primarily due to a 3% decrease in sales at our comparable stores.

Net sales for 2012 increased 2.5% over 2011 and comparable sales increased 0.3%. From a line of business perspective, Children's and Men's reported the strongest comparable sales in 2012. Footwear outperformed the

Company average for the year, with a low single-digit increase. Comparable sales in the Accessories, Women's and Home businesses declined slightly for the year. All regions reported modest comparable sales decreases. E-Commerce revenue, which includes shipping and other revenues and the 53rd week, increased $432 million to $1.4 billion in 2012.

Gross margin.

	2013	2012	2011
	(Dollars in Millions)		
Gross margin	$6,944	$6,990	$7,179
As a percent of net sales	36.5 %	36.3 %	38.2 %

Gross margin 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 and handling expenses of E-Commerce sales; and terms cash discount. Our gross margin may not be comparable with that of other retailers because we include distribution center costs in selling, general and administrative expenses while other retailers may include these expenses in cost of merchandise sold.

Gross margin as a percentage of sales increased approximately 20 basis points over 2012. The increase includes a 45 basis point increase in our merchandise sales margin. This increase was primarily due to modest decreases in apparel costs in 2013. Partially offsetting this increase were higher shipping losses in our on-line business. The losses were due to higher costs to ship merchandise during the fourth quarter holiday season and to growth in our on-line business.

Gross margin as a percent of net sales decreased approximately 190 basis points from 2012 to 2011 due to reductions in selling price to drive customer traffic and higher apparel costs, especially in the first six months of 2012, which were only partially offset by higher selling prices early in the year.

Selling, general and administrative expenses.

	2013	2012	2011
	(Dollars in Millions)		
Selling, general, and administrative expenses	$4,313	$4,267	$4,243
As a percent of net sales	22.7 %	22.1 %	22.6 %

Selling, general and administrative expenses (“SG&A”) include compensation and benefit costs (including stores, headquarters, buying and merchandising 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; advertising expenses, offset by vendor payments for reimbursement of specific, incremental and identifiable costs; net revenues from our Kohl’s 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.

The following table summarizes the changes in SG&A by expense type:

	2013	2012
	(Dollars In Millions)	
Distribution costs	$27	$42
Corporate expenses	32	(10)
Store expenses	27	(11)
Marketing costs, excluding credit card operations	9	14
Net revenues from credit card operations	(19)	(41)
SG&A in 53rd week	(30)	30
Total increase	$46	$24

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” and indicates that the expense was well-managed or effectively generated additional sales. If the expense as a percent of sales increased over the prior year, the expense "deleveraged" and indicates that sales growth was less than expense growth. SG&A as a percent of sales increased, or "deleveraged," by approximately 60 basis points in 2013.

Distribution costs increased in 2013 due to higher distribution and fulfillment costs related to our growing on-line business, particularly in the fourth quarter.

IT spending, which is included in corporate expenses, increased over 2012 due to growth and infrastructure investments related to our omni-channel strategy.

The increases in store expenses are the result of higher store payroll, higher rent-related expenses due to new stores, increases in real estate taxes, and higher controllable expenses including repairs and maintenance.

Marketing costs were higher in 2013 as we increased our spending in digital and broadcast and added additional markets to our loyalty program pilot.

The increases in net revenues from credit card operations are the result of higher finance charge revenues and late fees due to growth in the portfolio. Partially offsetting these increases were higher bad debt expenses and operational costs. The increased operating costs were primarily due to growth in the portfolio.

SG&A for 2012 increased $24 million, or 1% over 2011. As a percentage of sales, SG&A decreased, or "leveraged", by approximately 40 basis points in 2012. The increase in SG&A is due primarily to higher distribution costs, increased marketing, investments in technology and infrastructure related to our E-Commerce business and the extra week in the 2012 retail calendar. These increases were partially offset by lower incentive costs.

Other Expenses.

	2013	2012	2011
	(Dollars In Millions)		
Depreciation and amortization	$889	$833	$778
Interest expense, net	338	329	299
Provision for income taxes	515	575	692
Effective tax rate	36.7 %	36.8 %	37.2 %

The increase in depreciation and amortization in 2013 was primarily due to our E-Commerce fulfillment centers and IT amortization. The increase in depreciation and amortization in 2012 was primarily due to recent computer and hardware additions which have a short amortization period as well as the addition of new stores, remodels and the opening of our fourth E-Commerce fullfillment center in DeSoto, Texas.

Net interest expense, including $2 million in the 53rd week of 2012, increased $9 million, or 3%, in 2013 and increased $30 million in 2012. The increases in interest expense are primarily due to the increases in our outstanding long-term debt.

The decreases in the effective tax rate for 2013 and 2012 were primarily due to favorable settlements of state tax audits in the first six months of both years.

Inflation

Although we expect that our operations will be influenced by general economic conditions, including rising food, fuel and energy prices, we do not believe that inflation has had a material effect on our results of operations. However, there can be no assurance that our business will not be affected by such factors in the future. We experienced 10-15% increases in apparel costs in 2011. We saw modest increases in apparel costs in the first six months of 2012 and modest decreases in the last six months of 2012 and in 2013. In 2014, we expect to see modest increases in apparel costs.

Liquidity and Capital Resources

Our primary ongoing cash requirements are for capital expenditures for new stores, remodels and IT spending and for seasonal and new store inventory purchases. Share repurchases and dividend payments to shareholders are currently other significant usages of cash. These payments are discretionary and can be discontinued at any time should we require cash for other uses. Our primary source of funds is cash flow provided by operations. Short-term trade credit, in the form of extended payment terms for inventory purchases, often represents a significant source of financing for merchandise inventories. We also have a line of credit available under our revolving credit facility which could be used to meet cash needs. Our working capital and inventory levels typically build throughout the fall, peaking during the November and December holiday selling season.

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As of February 1, 2014, we had cash and cash equivalents of $971 million. We generated $1.1 billion of free cash flow in 2013. (See the Free Cash Flow discussion later in this Liquidity and Capital Resources section for additional discussion of this non-GAAP financial measure.)

	2013	2012	2011
	(In Millions)		
Net cash provided by (used in):			
Operating activities	$1,884	$1,265	$2,139
Investing activities	(623)	(660)	(802)
Financing activities	(827)	(1,273)	(2,409)

Operating activities.

Cash provided by operations increased $619 million, or 49%, in 2013 to $1.9 billion. The increase was primarily due to reduced inventory growth and to lower bonus and other payroll-related liability payments in 2013.

Inventory units per store, excluding E-commerce, as of year-end 2013 were 4% lower than year-end 2012. At cost, inventory per store, excluding E-Commerce, was approximately 1% higher than year-end 2012. The increase in cost per store is primarily due to our renewed focus on national brands which generally have a higher cost than our private and exclusive brands.

Accounts payable as a percent of inventory was 35.2% at February 1, 2014, compared to 34.9% at year-end 2012. The increase reflects lower markdowns and extended payment terms; partially offset by slower inventory turn.

Cash provided by operations decreased $874 million from $2.1 billion in 2011 to $1.3 billion in 2012. The decrease was primarily due to lower earnings, a decrease in deferred taxes related to depreciation and higher inventory levels.

Investing activities.

Net cash used in investing activities decreased $37 million to $623 million in 2013. The decrease reflects a $142 million decrease in capital expenditures which was substantially offset by a $108 million decrease in auction rate securities sales.

Capital expenditures totaled $643 million for 2013, a $142 million decrease from 2012. The decrease reflects multiple changes in our capital expenditures including fewer remodels and new stores and lower spending on E-Commerce fulfillment centers, partially offset by higher IT spending.

The following table summarizes expected and actual capital expenditures by major category:

	2014 Estimate	2013	2012	2011
Computer hardware and software	39 %	45 %	33 %	18 %
Fixtures and store improvements	30	25	18	7
Remodels/relocations	13	10	14	26
New stores	6	9	18	27
Other	12	9	3	7
Distribution centers	—	2	14	15
Total	100 %	100 %	100 %	100 %

We expect total capital expenditures of approximately $725 million in fiscal 2014. The expected increase over 2013 reflects higher spending for corporate expansion and IT, partially offset by fewer new store openings. The actual amount of our future capital expenditures will depend on the number and timing of new stores and remodels, distribution centers and E-Commerce fulfillment centers opened and remodeled; the mix of owned, leased or acquired stores; and IT spending. We do not anticipate that our capital expenditures will be limited by any restrictive covenants in our financing agreements.

Net cash used in investing activities decreased $142 million to $660 million in 2012. The decrease reflects lower capital expenditures primarily due to fewer remodels and new stores, partially offset by higher technology spending.

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Financing activities.

Our financing activities used cash of $827 million in 2013 and $1.3 billion in 2012. The decrease is primarily due to lower share repurchases.

We repurchased 15 million shares of our common stock for $799 million in 2013 and 26 million shares for $1.3 billion in 2012. Share repurchases are discretionary in nature. The timing and amount of repurchases is based upon available cash balances, our stock price and other factors. The shares were purchased as part of our share repurchase program. We have $2.3 billion of authorized share repurchases remaining from the $3.5 billion program approved by our Board of Directors in November 2012. We expect to execute the share repurchase program primarily in open market transactions, subject to market conditions, and to complete the program in early fiscal 2016.

In September 2013, we issued $300 million of 4.75% notes with semi-annual interest payments beginning in December 2013. In September 2012, we issued $350 million of 3.25% notes with semi-annual interest payments beginning in February 2013.

We have various facilities upon which we may draw funds, including a 5-year, $1 billion senior unsecured revolving credit facility. In June 2013, we amended the revolving line of credit that we finalized in June 2011. The amendment extended the remaining term from June 2016 to June 2018 and changed the debt ratio covenant. There were no draws on these facilities during 2013 or 2012.

Our credit ratings have been unchanged since September 2007 when we issued $1 billion in debt. As of February 1, 2014, our ratings were as follows:

	Moody’s	Standard & Poor’s	Fitch
Long-term debt	Baa1	BBB+	BBB+

We may from time to time 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. The amounts involved could be material.

During 2013, we paid cash dividends of $302 million as detailed in the following table:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Declaration date	February 27	May 15	August 13	November 13
Record date	March 13	June 12	September 11	December 11
Payment date	March 27	June 26	September 25	December 24
Amount per common share	$0.35	$0.35	$0.35	$0.35

On February 26, 2014 our Board of Directors approved a dividend of $0.39 per common share which will be paid on March 26, 2014 to shareholders of record as of March 12, 2014.

Our financing activities used cash of $1.3 billion in 2012 and $2.4 billion in 2011. The decrease is primarily due to lower treasury stock purchases.

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Key financial ratios.
The following ratios provide certain measures of our liquidity, return on investments, and capital structure.

	2013	2012	2011
Liquidity Ratios:	(Dollars in Millions)		
Working capital	$2,556	$2,184	$2,222
Current ratio	1.93	1.86	1.85
Free Cash Flow (a)	$1,127	$381	$1,135
Return on Investment Ratios:			
Ratio of earnings to fixed charges	3.7	4.1	4.8
Return on Assets	6.2 %	6.9 %	8.1 %
Return on Gross Investment (a)	15.5 %	16.8 %	18.8 %
Capital Structure Ratios:			
Debt/capitalization	44.8 %	42.9 %	39.5 %
Adjusted Debt to EBITDAR (a)	2.42	2.23	1.99

(a) Non-GAAP financial measure

Liquidity ratios.

Working capital increased $372 million and our current ratio increased 7 basis points over year-end 2012. The increases were primarily due to higher cash balances. The 2012 working capital and current ratio were generally consistent with 2011.

We generated $1.1 billion of free cash flow in 2013; an increase of $746 million over 2012. As discussed above, the increase is primarily the result of higher cash provided by operating activities, and lower capital expenditures in fiscal 2013. Free cash flow is a non-GAAP financial measure which we define as net cash provided by operating activities and proceeds from financing obligations (which generally represent landlord reimbursements of construction costs) less acquisition of property & equipment and capital lease & financing obligation payments. Free cash flow should be evaluated in addition to, and not considered a substitute for, other financial measures such as net income and cash flow provided by operating activities. We believe that free cash flow represents our ability to generate additional cash flow from our business operations. See the key financial ratio calculations section below.

Return on investment ratios.

Lower earnings resulted in decreases in all three of our return on investment ratios - ratio of earnings to fixed charges, return on assets and return on gross investment ("ROI"). See Exhibit 12.1 to this Annual Report on Form 10-K for the calculation of our ratio of earnings to fixed charges and the key financial ratio calculations below for the return on assets calculation.

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

Capital structure ratios.

Our debt agreements contain various covenants including limitations on additional indebtedness and a maximum permitted debt ratio. As of February 1, 2014, we were in compliance with all debt covenants and expect to remain in compliance during fiscal 2014. See the key financial ratio calculations section below for our debt covenant calculation.

Our debt/capitalization ratio was 44.8% at year-end 2013, 42.9% at year-end 2012 and 39.5% at year-end 2011. The increases are primarily due to higher debt levels and lower capitalization as a result of share repurchases.

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Our Adjusted Debt to EBITDAR ratio was 2.42 for 2013, 2.23 for 2012 and 1.99 for 2011. The increases are primarily due to higher debt levels. Adjusted Debt to EBITDAR is a non-GAAP financial measure which we define as our adjusted outstanding debt balance divided by EBITDAR. We believe that our debt levels are best analyzed using this measure. Our current goals are to maintain an Adjusted Debt to EBITDAR ratio of approximately 2.25, to manage debt levels to maintain a BBB+ investment-grade credit rating and to operate with an efficient capital structure for our size, growth plans and industry. We exceeded our target goal in 2013 to take advantage of a favorable, low interest rate debt environment. We expect to manage our business and debt levels to get our overall ratio back to our target goal over the next several years. Our Adjusted Debt to EBITDAR calculation may not be comparable to similarly-titled measures reported by other companies. Adjusted Debt to EBITDAR should be evaluated in addition to, and not considered a substitute for, other financial measures such as debt/capitalization. See the key financial ratio calculations section below for our Adjusted Debt to EBITDAR calculation.

Key financial ratio calculations.

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

	2013	2012	2011
	(Dollars in Millions)		
Net cash provided by operating activities	$1,884	$1,265	$2,139
Acquisition of property & equipment	(643)	(785)	(927)
Capital lease & financing obligation payments	(115)	(111)	(91)
Proceeds from financing obligations	1	12	14
Free cash flow	$1,127	$381	$1,135

The following table includes our ROI and return on assets (the most comparable GAAP measure) calculations:

	2013	2012	2011
	(Dollars in Millions)		
Net income	$889	$986	$1,167
Net interest	338	329	299
Provision for income taxes	515	575	692
Depreciation and amortization	889	833	778
Rent expense	270	265	265
EBITDAR	$2,901	$2,988	$3,201
Average: (a)			
Total assets	$14,335	$14,266	$14,434
Cash equivalents and long-term investments (b)	(321)	(677)	(1,421)
Deferred tax and other assets	(149)	(126)	(124)
Accumulated depreciation and amortization	5,457	4,943	4,473
Accounts payable	(1,556)	(1,622)	(1,439)
Accrued liabilities	(1,082)	(1,079)	(1,068)
Other long-term liabilities	(538)	(478)	(458)
Capitalized rent (c)	2,625	2,573	2,598
Gross Investment (“AGI”)	$18,771	$17,800	$16,995
Return on Assets (“ROA”) (d)	6.2%	6.9%	8.1%
Return on Gross Investment (“ROI”) (e)	15.5%	16.8%	18.8%

(a) Represents average of 5 most recent quarter end balances
(b) Represents excess cash not required for operations
(c) Represents 10 times store rent and 5 times equipment/other rent
(d) Net income divided by average total assets
(e) EBITDAR divided by Gross Investment

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The following table includes our debt ratio calculation, as defined by our debt agreements as of February 1, 2014:

	(Dollars in Millions)
Included Indebtedness	
Total debt	$ 4,869
Permitted exclusions	(8)
Subtotal	4,861
Rent x 8	2,160
Included Indebtedness	$ 7,021
Adjusted Debt Compliance EBITDAR	
Net income	$ 889
Rent expense	270
Depreciation and amortization	889
Net interest	338
Provision for income taxes	515
EBITDAR	2,901
Stock based compensation	55
Other non-cash revenues and expenses	24
Adjusted Debt Compliance EBITDAR	$ 2,980
Debt Ratio (a)	2.36
Maximum permitted Debt Ratio	3.75

(a) Included Indebtedness divided by Adjusted Debt Compliance EBITDAR

The following table includes our Adjusted Debt to EBITDAR and debt/capitalization (a comparable GAAP measure) calculations:

	2013	2012	2011
	(Dollars in Millions)		
Total Debt	$4,861	$4,553	$4,244
Adjusted Rent (a)	2,160	2,120	2,117
Adjusted Debt	$7,021	$6,673	$6,361
Total Equity	$5,978	$6,048	$6,508
EBITDAR (b)	$2,901	$2,988	$3,201
Debt/capitalization (c)	44.8 %	42.9 %	39.5 %
Adjusted Debt to EBITDAR (d)	2.42	2.23	1.99

(a) Represents 8 times annual rent
(b) See details in ROI calculation above
(c) Total debt divided by total debt and shareholders' equity
(d) Adjusted debt divided by EBITDAR

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Contractual Obligations

Our contractual obligations as of February 1, 2014 were as follows:

	Maturing in:				
	Total	2014	2015 and 2016	2017 and 2018	2019 and after
	(Dollars In Millions)				
Recorded contractual obligations:					
Long-term debt	$2,800	$—	$—	$650	$2,150
Capital lease and financing obligations	1,611	127	200	194	1,090
	4,411	127	200	844	3,240
Unrecorded contractual obligations:					
Interest payments:					
Long-term debt	1,765	149	297	263	1,056
Capital lease and financing obligations	2,844	187	350	317	1,990
Operating leases (a)	5,973	245	482	474	4,772
Royalties	330	90	142	83	15
Purchase obligations (b)	4,032	4,032	—	—	—
Other (c)	432	150	114	74	94
	15,376	4,853	1,385	1,211	7,927
Total	$19,787	$4,980	$1,585	$2,055	$11,167

(a) Our leases typically require that we pay real estate taxes, insurance and maintenance costs in addition to the minimum rental payments included in the table above. Such costs vary from period to period and totaled $175 million for 2013, $165 million for 2012 and $161 million for 2011. The lease term includes cancelable option periods where failure to exercise such options would result in economic penalty.

(b) Our purchase obligations consist mainly of purchase orders for merchandise. Amounts committed under open purchase orders for merchandise are cancelable without penalty prior to a date that precedes the vendors' scheduled shipment date.

(c) Our other commitments include legally binding minimum lease and interest payments for stores opening in 2014 or later, as well as payments associated with technology and marketing agreements.

We have not included $146 million of long-term liabilities for unrecognized tax benefits and the related interest and penalties in the contractual obligations table because we are not able to reasonably estimate the timing of cash settlements. It is reasonably possible that such tax positions may change within the next 12 months, primarily as a result of ongoing audits. While it is possible that one or more of these audits may be resolved in the next year, it is not anticipated that payment of any such amounts in future periods will materially affect liquidity and cash flows.

Off-Balance Sheet Arrangements

We have not provided any financial guarantees as of year-end 2013.

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

Critical Accounting Policies and Estimates

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

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Retail Inventory Method and Inventory Valuation

We value our inventory at the lower of cost or market with cost determined on the first-in, first-out ("FIFO") basis using the retail inventory method ("RIM"). Under RIM, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of the inventories. Inherent in the retail inventory method are certain management estimates that may affect the ending inventory valuation as well as gross margin.

The use of RIM will generally result in inventories being valued at the lower of cost or market as permanent markdowns are taken as a reduction of the retail value of inventories. Management estimates the need for an additional markdown reserve based on a review of historical clearance markdowns, current business trends, expected vendor funding and discontinued merchandise categories.

We also record a reserve for estimated inventory shrink between the last physical inventory count and the balance sheet date. Shrink is the difference between the recorded amount of inventory and the physical inventory. Shrink may occur due to theft, loss, inaccurate records for the receipt of inventory or deterioration of goods, among other things. We generally perform an annual physical inventory count at the majority of our stores, distribution centers and E-Commerce fulfillment centers. The shrink reserve is based on sales and actual shrink results from previous inventories.

We did not make any material changes in the methodologies used to value our inventory or to estimate the markdown and shrink reserves during 2013, 2012 or 2011. We believe that we have sufficient current and historical knowledge to record reasonable estimates for our inventory reserves. Though historical reserves have approximated actual markdowns and shrink adjustments, it is possible that future results could differ from current recorded reserves. Because we routinely record permanent markdowns for potentially obsolete merchandise, we do not believe that a markdown reserve was required as of February 1, 2014. Changes in the assumptions used to estimate our markdown reserve requirement would not have had a material impact on our financial statements. A 10 basis point change in estimated inventory shrink would also have had an immaterial impact on our financial statements.

Vendor Allowances

We receive allowances from many of our merchandise vendors. These allowances often are reimbursements for markdowns that we have taken in order to sell the merchandise and/or to support the gross margins earned in connection with the sales of merchandise. The allowances generally relate to sold inventory or permanent markdowns and, accordingly, are reflected as reductions to cost of merchandise sold. Allowances related to merchandise that has not yet been sold are recorded in inventory.

We also receive vendor allowances which represent reimbursements of costs (primarily advertising) that we have incurred to promote the vendors' merchandise. These allowances are generally netted against advertising or the other related costs as the costs are incurred. Advertising allowances in excess of costs incurred are recorded as a reduction of merchandise costs.

Most of our vendor allowance agreements are supported by signed contracts which are binding, but informal in nature. The terms of these arrangements vary significantly from vendor to vendor and are influenced by, among other things, the type of merchandise to be supported. Vendor allowances will fluctuate based on the amount of promotional and clearance markdowns necessary to liquidate the inventory as well as advertising and other reimbursed costs.

Insurance Reserve Estimates

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

We retain the initial risk of $500,000 per occurrence in workers' compensation claims and $250,000 per occurrence in general liability claims. We record reserves for workers' compensation and general liability claims which include the total amounts that we expect to pay for a fully developed loss and related expenses, such as fees paid to attorneys, experts and investigators. The fully developed loss includes amounts for both reported claims and incurred, but not reported losses.

We use a third-party actuary to estimate the liabilities associated with these risks. The actuary considers historical claims experience, demographic and severity factors and actuarial assumptions to estimate the liabilities associated with these risks. As of February 1, 2014, estimated liabilities for workers' compensation and general liability claims were approximately $34 million.

A change in claims frequency and severity of claims from historical experience as well as changes in state statutes and the mix of states in which we operate could result in a change to the required reserve levels. Changes in actuarial assumptions could also have an impact on estimated reserves. Historically, our actuarial estimates have not been materially different from actual results.

We are fully self-insured for employee-related health care benefits, a portion of which is paid by our associates. We use a third-party actuary to estimate the liability for incurred, but not reported, health care claims. This estimate uses historical claims information as well as estimated health care trends. As of February 1, 2014, we had recorded approximately $13 million for medical, pharmacy and dental claims which were incurred in 2013 and expected to be paid in 2014. Historically, our actuarial estimates have not been materially different from actual results.

Impairment of Assets

As of February 1, 2014, our investment in buildings and improvements, before accumulated depreciation, was $10 billion. We review these buildings and improvements for impairment when an event or changes in circumstances, such as decisions to close a store or significant operating losses, indicate the carrying value of the asset may not be recoverable.

For operating stores, a potential impairment has occurred if the fair value of a specific store is less than the net carrying amount of the assets. If required, we would record an impairment loss equal to the amount by which the carrying amount of the asset exceeds its fair value.

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

We have not historically experienced any significant impairment of long-lived assets. Additionally, impairment of an individual building and related improvements, net of accumulated depreciation, would not generally be material to our financial results.

Income Taxes

We regularly evaluate the likelihood of realizing the benefit for income tax positions we have taken in various federal and state filings by considering all relevant facts, circumstances and information available to us. If we believe it is more likely than not that our position will be sustained, we recognize a benefit at the largest amount which we believe is cumulatively greater than 50% likely to be realized. Our unrecognized tax benefit, excluding accrued interest and penalties, was $125 million as of February 1, 2014 and $108 million as of February 2, 2013.

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

Operating Leases

As of February 1, 2014, 747 of our 1,158 retail stores were subject to either a ground or building lease. Accounting for leased properties requires compliance with technical accounting rules and significant judgment by management. Application of these accounting rules and assumptions made by management will determine whether we are considered the owner for accounting purposes or whether the lease is accounted for as a capital or operating lease in accordance with ASC 840, “Leases.”

If we are considered the owner for accounting purposes or the lease is considered a capital lease, we record the property and a related financing or capital lease obligation on our balance sheet. The asset is then depreciated over its expected lease term. Rent payments for these properties are recognized as interest expense and a reduction of the financing or capital lease obligation.

If the lease is considered an operating lease, it is not recorded on our balance sheet and rent expense is recognized on a straight-line basis over the expected lease term.

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The most significant estimates used by management in accounting for property leases and the impact of these estimates are as follows:

- Expected lease term—Our expected lease term includes both contractual lease periods and cancelable option periods where failure to exercise such options would result in an economic penalty. The expected lease term is used in determining whether the lease is accounted for as an operating lease or a capital lease. A lease is considered a capital lease if the lease term exceeds 75% of the leased asset's useful life. The expected lease term is also used in determining the depreciable life of the asset or the straight-line rent recognition period. Increasing the expected lease term will increase the probability that a lease will be considered a capital lease and will generally result in higher rent expense for an operating lease and higher interest and depreciation expenses for a leased property recorded on our balance sheet.
- Incremental borrowing rate—We estimate our incremental borrowing rate using treasury rates for debt with maturities comparable to the expected lease term and our credit spread. The incremental borrowing rate is primarily used in determining whether the lease is accounted for as an operating lease or a capital lease. A lease is considered a capital lease if the net present value of the lease payments is greater than 90% of the fair market value of the property. Increasing the incremental borrowing rate decreases the net present value of the lease payments and reduces the probability that a lease will be considered a capital lease. For leases which are recorded on our balance sheet with a related capital lease or financing obligation, the incremental borrowing rate is also used in allocating our rental payments between interest expense and a reduction of the outstanding obligation.
- Fair market value of leased asset—The fair market value of leased retail property is generally estimated based on comparable market data as provided by third-party appraisers or consideration received from the landlord. Fair market value is used in determining whether the lease is accounted for as an operating lease or a capital lease. A lease is considered a capital lease if the net present value of the lease payments is greater than 90% of the fair market value of the property. Increasing the fair market value reduces the probability that a lease will be considered a capital lease. Fair market value is also used in determining the amount of property and related financing obligation to be recognized on our balance sheet for certain leased properties which are considered owned for accounting purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All of our long-term debt at year-end 2013 is at fixed interest rates and, therefore, is not affected by changes in interest rates. When our long-term debt instruments mature, we may refinance them at then existing market interest rates, which may be more or less than interest rates on the maturing debt.

Cash equivalents and long-term investments earn interest at variable rates and are affected by changes in interest rates. During 2013, average investments were $750 million and average yield was 0.25%. If interest rates on the average 2013 variable rate cash equivalents and long-term investments increased by 100 basis points, our annual interest income would also increase by approximately $7.5 million assuming comparable investment levels.

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

Item 8. Financial Statements and Supplementary Data

The financial statements are included in this report beginning on page F-3.

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

None

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Item 9A. Controls and Procedures

(a) 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 Rules 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.

(b) Management’s Annual Report on Internal Control over Financial Reporting

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

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

Our management assessed the effectiveness of our internal control over financing reporting as of February 1, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control—Integrated Framework (1992 Framework). Based on this assessment, our management has concluded that as of February 1, 2014, our internal control over financial reporting was effective based on those criteria.

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

(c) Changes in Internal Control Over Financial Reporting

During the last fiscal quarter, there were no changes in our internal controls that have materially affected or are reasonably likely to materially affect such controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Kohl's Corporation

We have audited Kohl's Corporation's internal control over financial reporting as of February 1, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). Kohl's Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Kohl's Corporation maintained, in all material respects, effective internal control over financial reporting as of February 1, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of February 1, 2014 and February 2, 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended February 1, 2014 of Kohl's Corporation and our report dated March 21, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin

March 21, 2014

Item 9B. Other Information

None

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

For information with respect to our Directors, the Board of Directors' Audit Committee and our written code of ethics, see the applicable portions of the "Questions and Answers About our Board of Directors and Corporate Governance Matters" and "Item One: Election of Directors" sections of the Proxy Statement for our May 15, 2014 Annual Meeting of Shareholders ("our 2014 Proxy"), which information is incorporated herein by reference. For information with respect to Section 16 reports, see the information provided in the "Section 16(a) Beneficial Ownership Reporting Compliance" section of our 2014 Proxy, which information is incorporated herein by reference.

Our executive officers as of February 1, 2014 were as follows:

Name	Age	Position
Kevin Mansell	61	Chairman, Chief Executive Officer and President
Don Brennan	53	Chief Merchandising Officer
Michelle Gass	45	Chief Customer Officer
Kenneth Bonning	56	Senior Executive Vice President
Peggy Eskenasi	58	Senior Executive Vice President
Wesley S. McDonald	51	Senior Executive Vice President, Chief Financial Officer
Richard D. Schepp	53	Senior Executive Vice President

Mr. Mansell is responsible for Kohl's strategic direction, long-term growth and profitability. He has served as Chairman since September 2009, Chief Executive Officer since August 2008 and President and Director since February 1999. Mr. Mansell began his retail career in 1975.

Mr. Brennan was promoted to Chief Merchandising Officer in December 2010 and is responsible for all merchandising divisions, product development, merchandise planning and allocation. Previously, he had served as Senior Executive Vice President since September 2007. Mr. Brennan began his retail career in 1982.

Ms. Gass joined Kohl's in June 2013 as Chief Customer Officer and is responsible for our overall customer engagement strategy, including our digital, marketing, public relations, and social responsibility efforts, as well as our E-Commerce business. Previously, she had served as President, Starbucks Europe, Middle East and Africa. Ms. Gass began her retail career in 1991.

Mr. Bonning was promoted to Senior Executive Vice President in May 2011 and is responsible for logistics, store planning and construction and information systems. Previously, he had served as Executive Vice President, Logistics, Facilities and Store Planning from October 2006 to May 2011. Mr. Bonning began his retail career in 1985.

Ms. Eskenasi was promoted to Senior Executive Vice President in December 2010 and oversees all product development. Previously, she had served as Executive Vice President—Product Development since October 2004. Ms. Eskenasi began her retail career in 1977.

Mr. McDonald was promoted to Senior Executive Vice President, Chief Financial Officer in December 2010 and is responsible for financial planning and analysis, investor relations, financial reporting, accounting operations, tax, treasury, credit and capital investment. Previously, he had served as Executive Vice President, Chief Financial Officer since August 2003. Mr. McDonald began his retail career in 1988.

Mr. Schepp was promoted to Senior Executive Vice President in May 2011 and is responsible for legal affairs, real estate, human resources, and internal audit. Mr. Schepp assumed responsibility for our Human Resource department in April 2012. He previously served as Executive Vice President—General Counsel, Secretary from August 2001 to May 2011. Mr. Schepp began his retail career in 1992.

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Members of our Board of Directors as of February 1, 2014 were as follows:

Kevin Mansell
Chairman, President and Chief Executive Officer,
Kohl's Corporation

Peter Boneparth [(b) (c)]
Senior Advisor,
Irving Place Capital Partners

Steven A. Burd [(b) (c)]
Former Chairman, Chief Executive Officer and President,
Safeway Inc.

Dale E. Jones [(b) (c)]
President,
Diversified Search

John E. Schlifske[(a) (c)]
Chairman, President and Chief Executive Officer,
Northwestern Mutual Life Insurance Company

Frank V. Sica [(b)* (c)]
Managing Partner,
Tailwind Capital

Peter M. Sommerhauser
Shareholder,
Godfrey & Kahn, S.C. Law Firm

Stephanie A. Streeter[(a) (c)*]
Chief Executive Officer and Director
Libbey, Inc.

Nina G. Vaca[(a)(c)]
Chairman, Chief Executive Officer,
Pinnacle Technical Resources, Inc.

Stephen E. Watson[(a)* (c)]
Former President, Chief Executive Officer of Gander Mountain, L.L.C.

Former Chairman and Chief Executive Officer,
Department Store Division of Dayton-Hudson Corporation

(a)Audit Committee member
(b)Compensation Committee member
(c)Governance & Nominating Committee member
* Denotes Chair

Item 11. Executive Compensation
See the information provided in the applicable portions of the "Questions and Answers About our Board of Directors and Corporate Governance Matters" and "Item One: Election of Directors" sections of our 2014 Proxy, including the Compensation Discussion & Analysis, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
See the information provided in the "Security Ownership of Certain Beneficial Owners, Directors and Management" and "Equity Compensation Plan Information" sections of our 2014 Proxy, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence
See the information provided in the "Independence Determinations & Related Party Transactions" section of our 2014 Proxy, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

See the information provided in the “Fees Paid to Ernst & Young” section of our 2014 Proxy, which information is incorporated herein by reference.

PART IV

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Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:
1. Consolidated Financial Statements:
See "Index to Consolidated Financial Statements" on page F-1, the Report of Independent Registered Public Accounting Firm on page F-2 and the Consolidated Financial Statements beginning on page F-3, all of which are incorporated herein by reference.
2. Financial Statement Schedule:
All schedules have been omitted as they are not applicable.
3. Exhibits:
See "Exhibit Index" of this Form 10-K, which is incorporated herein by reference.

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Signatures

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

Kohl's Corporation

By: /S/ KEVIN MANSELL
Kevin Mansell
Chairman, President, Chief Executive Officer and Director
(Principal Executive Officer)

/S/ WESLEY S. MCDONALD
Wesley S. McDonald
Senior Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: March 21, 2014

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

/S/ KEVIN MANSELL
Kevin Mansell
Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)

/S/ PETER BONEPARTH
Peter Boneparth
Director

/S/ STEVEN A. BURD
Steven A. Burd
Director

/S/ DALE E. JONES
Dale E. Jones
Director

/S/ JOHN E. SCHLIFSKE
John E. Schlifske
Director

/S/ FRANK V. SICA
Frank V. Sica
Director

/S/ PETER M. SOMMERHAUSER
Peter M. Sommerhauser
Director

/S/ STEPHANIE A. STREETER
Stephanie A. Streeter
Director

/S/ NINA G. VACA
Nina G. Vaca
Director

/S/ STEPHEN E. WATSON
Stephen E. Watson
Director

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Exhibit Index

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of the Company, incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on May 16, 2011.
3.2	Amended and Restated Bylaws of the Company, incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on October 5, 2011.
4.1	Credit Agreement Amendment dated as of June 21, 2013 by and among the Company, the Lenders party thereto, Bank of America, N.A., as the Administrative Agent and as a Continuing Lender and as an Issuing Bank and a Swing Line Lender, U.S Bank National Association, as a Continuing Lender, an Issuing Bank, and a Swing Line Lender, and Wells Fargo Bank, National Association, as a Continuing Lender, an Issuing Bank, and a Swing Line Lender, incorporated herein by reference to Item 4.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended August 3, 2013.
4.2	Certain other long-term debt is described in Note 2 of the Notes to Consolidated Financial Statements. The Company agrees to furnish to the Commission, upon request, copies of any instruments defining the rights of holders of any such long-term debt described in Note 2 and not filed herewith.
10.1	Private Label Credit Card Program Agreement dated as of August 11, 2010 by and between Kohl's Department Stores, Inc and Capital One, National Association, incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2010.
10.2	Amended and Restated Executive Deferred Compensation Plan, incorporated herein by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2003.*
10.3	Kohl's Corporation 2005 Deferred Compensation Plan, as amended and restated effective January 1, 2005, incorporated herein by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2006.*
10.4	Summary of Executive Medical Plan, incorporated herein by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005.*
10.5	Summary of Executive Life and Accidental Death and Dismemberment Plans, incorporated herein by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005.*
10.6	Kohl's Corporation Annual Incentive Plan, incorporated herein by reference to Annex B to the Proxy Statement on Schedule 14A filed on March 21, 2011 in connection with the Company's 2011 Annual Meeting of Shareholders.*
10.7	1994 Long-Term Compensation Plan, incorporated herein by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 1996.*
10.8	1997 Stock Option Plan for Outside Directors, incorporated herein by reference to Exhibit 4.4 of the Company's registration statement on Form S-8 (File No. 333-26409), filed on May 2, 1997.*

10.9	Amended and Restated 2003 Long-Term Compensation Plan, incorporated herein by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 2008.*
10.10	Kohl's Corporation 2010 Long Term Compensation Plan, incorporated herein by reference to Annex A to the Proxy Statement on Schedule 14A filed on March 26, 2010 in connection with the Company's 2010 Annual Meeting.*

Exhibit Number	Description
10.11	Form of Executive Performance Share Agreement pursuant to the Kohl’s Corporation 2010 Long Term Compensation Plan, incorporated herein by reference to Exhibit 99.1 of the Company’s Current Report on Form 8-K dated as of January 13, 2014.*
10.12	Form of Executive Stock Option Agreement pursuant to the Kohl's Corporation 2010 Long Term Compensation Plan, incorporated herin by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2010.*
10.13	Form of Executive Restricted Stock Agreement pursuant to the Kohl’s Corporation 2010 Long Term Compensation Plan, incorporated herein by reference to Exhibit 10.2 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended May 10, 2010.*
10.14	Form of Outside Director Stock Option Agreement pursuant to the Kohl’s Corporation 2010 Long Term Compensation Plan, incorporated herein by reference to Exhibit 10.3 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2010.*
10.15	Form of Outside Director Restricted Stock Agreement pursuant to the Kohl’s Corporation 2010 Long Term Compensation Plan, incorporated herein by reference to Exhibit 10.4 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2010.*
10.16	Summary of Outside Director Compensation. *
10.17	Amended and Restated Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc. and Kevin Mansell dated as of April 1, 2012, incorporated herein by reference to Exhibit 10.17 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
10.18	Amended and Restated Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc. and Donald Brennan dated as of April 1, 2012, incorporated herein by reference to Exhibit 10.18 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
10.19	Employment Agreement dated as of May 20, 2014 by and between Kohl's Corporation and Kohl's Department Stores, Inc. and Michelle Gass.*
10.20	Amended and Restated Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc. and John Worthington dated as of April 1, 2012, incorporated herein by reference to Exhibit 10.19 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
10.21	Agreement dated as of May 20, 2013 by and between John Worthington and Kohl's Departments Stores, Inc., incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2013.*
10.22	Amended and Restated Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc. and Peggy Eskenasi dated as of April 1, 2012, incorporated herein by reference to Exhibit 10.20 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
10.23	Amended and Restated Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc.and Wesley S. McDonald dated as of April 1, 2012, incorporated herein by reference to

	Exhibit 10.21 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
10.24	Amended and Restated Employment Agreement dated as of April 1, 2012 by and between Kohl's Corporation and Kohl's Department Stores, Inc. and Richard D. Schepp.*

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Exhibit Number	Description
10.25	Form of Employment Agreement between Kohl’s Corporation and Kohl’s Department Stores, Inc. and its Senior Executive Vice Presidents, incorporated herein by reference to Exhibit 10.22 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2013.*
12.1	Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of the Registrant, incorporated herein by reference to Exhibit 21.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2013.
23.1	Consent of Ernst & Young LLP.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* A management contract or compensatory plan or arrangement.

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Index to Consolidated Financial Statements

Schedules have been omitted as they are not applicable.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Kohl's Corporation

We have audited the accompanying consolidated balance sheets of Kohl's Corporation (the "Company") as of February 1, 2014 and February 2, 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended February 1, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kohl's Corporation at February 1, 2014 and February 2, 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 1, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Kohl's Corporation's internal control over financial reporting as of February 1, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated March 21, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Milwaukee, Wisconsin
March 21, 2014

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KOHL'S CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars In Millions)

	February 1, 2014	February 2, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 971	$ 537
Merchandise inventories	3,874	3,748
Deferred income taxes	142	122
Other	305	312
Total current assets	5,292	4,719
Property and equipment, net	8,745	8,872
Long-term investments	64	53
Other assets	277	261
Total assets	$ 14,378	$ 13,905
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 1,365	$ 1,307
Accrued liabilities	1,138	986
Income taxes payable	94	137
Current portion of capital lease and financing obligations	139	105
Total current liabilities	2,736	2,535
Long-term debt	2,792	2,492
Capital lease and financing obligations	1,930	1,956
Deferred income taxes	382	362
Other long-term liabilities	560	512
Shareholders' equity:		
Common stock - 364 and 360 million shares issued	4	4
Paid-in capital	2,598	2,454
Treasury stock, at cost, 153 and 138 million shares	(8,052)	(7,243)
Accumulated other comprehensive loss	(34)	(45)
Retained earnings	11,462	10,878
Total shareholders' equity	5,978	6,048
Total liabilities and shareholders' equity	$ 14,378	$ 13,905

See accompanying Notes to Consolidated Financial Statements

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KOHL’S CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In Millions, Except per Share Data)

	2013	2012	2011
Net sales	$19,031	$19,279	$18,804
Cost of merchandise sold	12,087	12,289	11,625
Gross margin	6,944	6,990	7,179
Operating expenses:			
Selling, general and administrative	4,313	4,267	4,243
Depreciation and amortization	889	833	778
Operating income	1,742	1,890	2,158
Interest expense, net	338	329	299
Income before income taxes	1,404	1,561	1,859
Provision for income taxes	515	575	692
Net income	$889	$986	$1,167
Net income per share:			
Basic	$4.08	$4.19	$4.33
Diluted	$4.05	$4.17	$4.30
Dividends declared and paid per share	$1.40	$1.28	$1.00

See accompanying Notes to Consolidated Financial Statements

KOHL’S CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Millions)

	2013	2012	2011
Net income	$889	$986	$1,167
Other comprehensive income (loss), net of tax:			
Unrealized gains on investments	8	5	13
Interest rate derivatives:			
Unrealized loss arising during period	—	—	(30)
Reclassification adjustment for interest expense included in net income	3	3	1
Other comprehensive income (loss)	11	8	(16)
Comprehensive income	$900	$994	$1,151

See accompanying Notes to Consolidated Financial Statements

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KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Millions, Except per Share Data)

	Common Stock		Paid-In	Treasury Stock		Accumulated Other Comprehensive	Retained	
	Shares	Amount	Capital	Shares	Amount	Loss	Earnings	Total
Balance at January 29, 2011	355	$4	$2,225	(64)	$(3,643)	$(37)	$9,301	$7,850
Comprehensive income (loss)	—	—	—	—	—	(16)	1,167	1,151
Stock options and awards, net of tax	3	—	114	—	(5)	—	—	109
Dividends paid ($1.00 per common share)	—	—	—	—	2	—	(273)	(271)
Treasury stock purchases	—	—	—	(47)	(2,331)	—	—	(2,331)
Balance at January 28, 2012	358	4	2,339	(111)	(5,977)	(53)	10,195	6,508
Comprehensive income	—	—	—	—	—	8	986	994
Stock options and awards, net of tax	2	—	115	—	(9)	—	—	106
Dividends paid ($1.28 per common share)	—	—	—	—	3	—	(303)	(300)
Treasury stock purchases	—	—	—	(27)	(1,260)	—	—	(1,260)
Balance at February 2, 2013	360	4	2,454	(138)	(7,243)	(45)	10,878	6,048
Comprehensive income	—	—	—	—	—	11	889	900
Stock options and awards, net of tax	4	—	144	—	(13)	—	—	131
Dividends paid ($1.40 per common share)	—	—	—	—	3	—	(305)	(302)
Treasury stock purchases	—	—	—	(15)	(799)	—	—	(799)
Balance at February 1, 2014	364	$4	$2,598	(153)	$(8,052)	$(34)	$11,462	$5,978

See accompanying Notes to Consolidated Financial Statements

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KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

	2013	2012	2011
Operating activities			
Net income	$889	$986	$1,167
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	889	833	778
Share-based compensation	55	50	57
Excess tax benefits from share-based compensation	(3)	(4)	(2)
Deferred income taxes	(7)	(79)	144
Other non-cash expenses, net	43	29	39
Changes in operating assets and liabilities:			
Merchandise inventories	(116)	(523)	(160)
Other current and long-term assets	(11)	(37)	(42)
Accounts payable	58	74	96
Accrued and other long-term liabilities	149	(60)	63
Income taxes	(62)	(4)	(1)
Net cash provided by operating activities	1,884	1,265	2,139
Investing activities			
Acquisition of property and equipment	(643)	(785)	(927)
Sales of investments in auction rate securities	1	109	145
Other	19	16	(20)
Net cash used in investing activities	(623)	(660)	(802)
Financing activities			
Treasury stock purchases	(799)	(1,284)	(2,306)
Shares withheld for taxes on vested restricted shares	(13)	(9)	(5)
Dividends paid	(302)	(300)	(271)
Proceeds from issuance of debt	300	350	646
Deferred financing costs	(4)	(3)	(8)
Interest rate hedge payment	—	—	(48)
Long-term debt payments	—	—	(400)
Proceeds from financing obligations	1	12	14
Capital lease and financing obligation payments	(115)	(111)	(91)
Proceeds from stock option exercises	102	68	58
Excess tax benefits from share-based compensation	3	4	2
Net cash used in financing activities	(827)	(1,273)	(2,409)
Net increase (decrease) in cash and cash equivalents	434	(668)	(1,072)
Cash and cash equivalents at beginning of period	537	1,205	2,277
Cash and cash equivalents at end of period	$971	$537	$1,205
Supplemental information:			
Interest paid, net of capitalized interest	$326	$318	$297
Income taxes paid	561	654	550
Non-Cash Investing and Financing Activities			
Property and equipment acquired through capital lease and financing obligations	$121	$63	$79

See accompanying Notes to Consolidated Financial Statements

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KOHL'S CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Summary of Accounting Policies
Business
As of February 1, 2014, Kohl's Corporation operated 1,158 family-oriented department stores and a website (www.Kohls.com) that feature exclusive and national brand apparel, footwear, accessories, soft home products and housewares targeted to middle-income customers. Our stores are located in 49 states.
Our authorized capital stock consists of 800 million shares of $0.01 par value common stock and 10 million shares of $0.01 par value preferred stock.
Consolidation
The consolidated financial statements include the accounts of Kohl's Corporation and its subsidiaries including Kohl's Department Stores, Inc., its primary operating company. All intercompany accounts and transactions have been eliminated.
Accounting Period
Our fiscal year ends on the Saturday closest to January 31st each year. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years. The following fiscal periods are presented in this report.

Fiscal year	Ended	Number of Weeks
2013	February 1, 2014	52
2012	February 2, 2013	53
2011	January 28, 2012	52

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.
Cash and Cash Equivalents
In addition to money market investments, cash equivalents include commercial paper and certificates of deposit with original maturities of three months or less. We carry these investments at cost which approximates fair value.
Also included in cash and cash equivalents are amounts due from credit card transactions with settlement terms of less than five days. Credit and debit card receivables included within cash were $89 million at February 1, 2014 and $84 million at February 2, 2013.
Long-term Investments
Long-term investments consist of investments in auction rate securities ("ARS") which are classified as available-for-sale securities and recorded at fair value.

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

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

1. Business and Summary of Accounting Policies (continued)
Property and Equipment
Property and equipment consist of the following:

	Feb 1, 2014	Feb 2, 2013
	(Dollars In Millions)	
Land	$1,095	$1,089
Buildings and improvements:		
Owned	7,713	7,575
Leased	1,845	1,820
Store fixtures and equipment	2,147	2,517
Computer hardware and software	1,033	779
Construction in progress	291	200
Total property and equipment, at cost	14,124	13,980
Less accumulated depreciation	(5,379)	(5,108)
Property and equipment, net	$8,745	$8,872

Construction in progress includes land, building and improvements, and computer hardware and software which is not ready for its intended use.
Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leased property and improvements to leased property are amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is less. The annual provisions for depreciation and amortization generally use the following ranges of useful lives:

Buildings and improvements	5-40 years
Store fixtures and equipment	3-15 years
Computer hardware and software	3-8 years

Long-Lived Assets
All property and equipment and other long-lived assets are reviewed when events or changes in circumstances indicate that the asset's carrying value may not be recoverable. If such indicators are present, it is determined whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amounts. No material impairments were recorded in 2013, 2012, or 2011 as a result of the tests performed.
Accrued Liabilities
Accrued liabilities consist of the following:

	Feb 1, 2014	Feb 2, 2013
	(Dollars In Millions)	
Various liabilities to customers	$296	$275
Payroll and related fringe benefits	112	101
Sales, property and use taxes	166	153
Credit card liabilities	109	120
Other	455	337
Accrued liabilities	$1,138	$986

The various liabilities to customers include gift cards and merchandise return cards that have been issued but not presented for redemption.

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

1. Business and Summary of Accounting Policies (continued)

Self-Insurance

We use a combination of insurance and self-insurance for a number of risks including workers' compensation, general liability, and employee-related health care benefits, a portion of which is paid by our associates. Liabilities associated with these losses include estimates of both reported losses and losses incurred but not yet reported. We use a third-party actuary, which considers historical claims experience, demographic factors, severity factors and other actuarial assumptions, to estimate the liabilities associated with these risks. Total estimated liabilities for workers' compensation, general liability and employee-related health benefits were approximately $47 million at February 1, 2014 and $42 million at February 2, 2013. Although these amounts are actuarially determined based on analysis of historical trends, the amounts that we will ultimately disburse could differ from these estimates.

As of January 1, 2014, our self insurance exposure differs based on the type of claim. For catastrophic claims like earthquakes, floods and windstorms, we are self insured for 5% of the insurance claim. For other standard claims like fire and building damages, we are self insured for the first $250,000 of property loss claims plus10% of additional losses up to $30 million.

Treasury Stock

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

Accumulated Other Comprehensive Loss and Other Comprehensive Income (Loss)

Accumulated other comprehensive loss consists of the following:

	Unrealized Gains (Losses) on Investments	Loss on Interest Rate Derivatives	Accumulated Other Comprehensive Loss
	(Dollars In Millions)		
Balance at January 28, 2012	$(24)	$(29)	$(53)
Other comprehensive income	5	3	8
Balance at February 2, 2013	(19)	(26)	(45)
Other comprehensive income	8	3	11
Balance at February 1, 2014	$(11)	$(23)	$(34)

The tax effects of each component of other comprehensive income (loss) are as follows:

	2013	2012	2011
	(Dollars In Millions)		
Unrealized gains on investments:			
Before-tax amounts	$12	$9	$21
Tax expense	(4)	(4)	(8)
After-tax amounts	8	5	13
Interest rate derivatives:			
Before-tax amounts	5	5	(47)
Tax (expense) benefit	(2)	(2)	18
After-tax amounts	3	3	(29)
Other comprehensive income (loss)	$11	$8	$(16)

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

1. Business and Summary of Accounting Policies (continued)

Revenue Recognition
Revenue from the sale of merchandise at our stores is recognized at the time of sale, net of any returns. Sales of merchandise shipped to our customers are recorded based on estimated receipt of merchandise by the customer. Net sales do not include sales tax as we are considered a pass-through conduit for collecting and remitting sales taxes. Revenue from Kohl's gift card sales is recognized when the gift card is redeemed. Gift card breakage revenue is based on historical redemption patterns and represents the balance of gift cards for which we believe the likelihood of redemption by a customer is remote.
Cost of Merchandise Sold and Selling, General and Administrative Expenses
The following table illustrates the primary costs classified in Cost of Merchandise Sold and Selling, General and Administrative Expenses:

Cost of Merchandise Sold	Selling, General and Administrative Expenses
• Total cost of products sold including product development costs, net of vendor payments other than reimbursement of specific, incremental and identifiable costs	• Compensation and benefit costs including: • Stores • Corporate headquarters, including buying and merchandising • Distribution centers
• Inventory shrink	• Occupancy and operating costs of our retail, distribution and corporate facilities
• Markdowns	• Net revenues from the Kohl's credit card program
• Freight expenses associated with moving merchandise from our vendors to our distribution centers	• Freight expenses associated with moving merchandise from our distribution centers to our retail stores, and among distribution and retail facilities
• Shipping and handling expenses of E-Commerce sales	• Advertising expenses, offset by vendor payments for reimbursement of specific, incremental and identifiable costs
• Terms cash discount	• Other administrative revenues and expenses

The classification of these expenses varies across the retail industry.

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

1. Business and Summary of Accounting Policies (continued)

Vendor Allowances

We receive consideration for a variety of vendor-sponsored programs, such as markdown allowances, volume rebates and promotion and advertising support. The vendor consideration is recorded as earned either as a reduction of inventory costs or Selling, General and Administrative ("SG&A") expenses based on the application of Accounting Standards Codification ("ASC") No. 605, Subtopic 50, "Customer Payments and Incentives." Promotional and advertising allowances are intended to offset our advertising costs to promote vendors' merchandise. Markdown allowances and volume rebates are recorded as a reduction of inventory costs.

Leases

We lease certain property and equipment used in our operations.

We are often involved extensively in the construction of leased stores. In many cases, we are responsible for construction cost over runs or non-standard tenant improvements (e.g. roof or HVAC systems). As a result of this involvement, we are deemed the "owner" for accounting purposes during the construction period, so are required to capitalize the construction costs on our Balance Sheet. Upon completion of the project, we perform a sale-leaseback analysis pursuant to ASC 840, "Leases," to determine if we can remove the assets from our Balance Sheet. In many of our leases, we are reimbursed a portion of the construction costs via adjusted rental payments and/or cash payments or have terms which fix the rental payments for a significant percentage of the leased asset's economic life. These items generally are considered "continuing involvement" which precludes us from derecognizing the assets from our Balance Sheet when construction is complete. In conjunction with these leases, we also record financing obligations equal to the cash proceeds or fair market value of the assets received from the landlord. At the end of the lease term, including exercise of any renewal options, the net remaining financing obligation over the net carrying value of the fixed asset will be recognized as a non-cash gain on sale of the property. We do not report rent expense for the properties which are owned for accounting purposes. Rather, rental payments under the lease are recognized as a reduction of the financing obligation and interest expense.

Some of our property and equipment is held under capital leases. These assets are included in property and equipment and depreciated over the term of the lease. We do not report rent expense for capital leases. Rather, rental payments under the lease are recognized as a reduction of the capital lease obligation and interest expense.

All other leases are considered operating leases in accordance with ASC 840. Assets subject to an operating lease and the related lease payments are not recorded on our balance sheet. Rent expense is recognized on a straight-line basis over the expected lease term.

The lease term for all types of leases begins on the date we become legally obligated for the rent payments or we take possession of the building or land, whichever is earlier. The lease term includes cancelable option periods where failure to exercise such options would result in an economic penalty. Failure to exercise such options would result in the recognition of accelerated depreciation expense of the related assets.

Advertising

Advertising costs, which include primarily television and radio broadcast, direct mail, digital, and newspaper circulars, are expensed when the advertisement is first seen. Advertising costs, net of related vendor allowances, were as follows:

	2013	2012	2011
	(Dollars In Millions)		
Gross advertising costs	$1,185	$1,163	$1,123
Vendor allowances	(172)	(170)	(161)
Net advertising costs	$1,013	$993	$962
Net advertising costs as a percent of net sales	5.3%	5.2%	5.1%

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

1. Business and Summary of Accounting Policies (continued)

Income Taxes

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

We recognize interest and penalty expense related to unrecognized tax benefits in our provision for income tax expense.

Net 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 to be issued upon exercise of stock options. The information required to compute basic and diluted net income per share is as follows:

	2013	2012	2011
	(In Millions, Except per Share Data)		
Numerator—net income	$889	$986	$1,167
Denominator—weighted average shares			
Basic	218	235	270
Impact of dilutive employee stock options (a)	2	2	1
Diluted	220	237	271
Net income per share:			
Basic	$4.08	$4.19	$4.33
Diluted	$4.05	$4.17	$4.30

(a) Excludes 10 million share-based awards for 2013, 14 million share-based awards for 2012 and 11 million share-based awards for 2011 as the impact of such awards was antidilutive.

Share-Based Awards

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

To conform to the current year presentation, in our Consolidated Statements of Changes in Shareholders' Equity, we have we reclassed shares withheld for taxes on vested restricted shares from "Treasury stock purchases" to "Stock options and rewards, net of tax". The reclass was $9 million for 2012 and $5 million for 2011.

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

2. Debt

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

Maturing	Effective Rate	Coupon Rate	Outstanding February 1, 2014	February 2, 2013
			(Dollars in Millions)	
2017	6.31%	6.25%	$650	$650
2021	4.81%	4.00%	650	650
2023	3.25%	3.25%	350	350
2023	4.78%	4.75%	300	—
2029	7.36%	7.25%	200	200
2033	6.05%	6.00%	300	300
2037	6.89%	6.88%	350	350
Total senior debt	5.54%		2,800	2,500
Unamortized debt discount			(8)	(8)
Long-term debt			$2,792	$2,492

In September 2013, we issued $300 million of 4.75% notes with semi-annual interest payments beginning December 2013. The notes mature on December 15, 2023.

In September 2012, we issued $350 million of 3.25% notes with semi-annual interest payments beginning February 2013. The notes mature on February 1, 2023.

In June 2013, we amended the $1 billion senior unsecured revolving line of credit that we finalized in June 2011. The amendment extended the remaining term from June 2016 to June 2018 and changed the debt ratio covenant. There were no outstanding borrowings on this line of credit in 2013 or 2012.

Our various debt agreements contain covenants including limitations on additional indebtedness and certain financial tests. As of February 1, 2014, we were in compliance with all covenants of the various debt agreements.

We also have outstanding trade letters of credit and stand-by letters of credit totaling approximately $64 million at February 1, 2014, issued under uncommitted lines with two banks.

3. Fair Value Measurements

ASC No. 820, "Fair Value Measurements and Disclosures," requires fair value measurements be classified and disclosed in one of the following pricing categories:

Level 1:	Financial instruments with unadjusted, quoted prices listed on active market exchanges.
Level 2:	Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.
Level 3:	Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The following table summarizes our financial instruments:

	February 1, 2014 Cost	February 2, 2013 Cost

	Pricing Category		Fair Value		Fair Value
		(In Millions)			
Cash and cash equivalents	Level 1	$971	$971	$537	$537
Long-term investments	Level 3	82	64	84	53
Debt	Level 1	2,792	2,988	$2,492	2,702

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

3. Fair Value Measurements (continued)

Our long-term investments consist primarily of investments in auction rate securities ("ARS"). The fair value for our ARS were based on third-party pricing models which utilized a discounted cash flow model for each of the securities as there was no recent activity in the secondary markets in these types of securities. This model used a combination of observable inputs which were developed using publicly available market data obtained from independent sources and unobservable inputs that reflect our own estimates of the assumptions that market participants would use in pricing the investments. Observable inputs include interest rate currently being paid, maturity and credit ratings.

Unobservable inputs include expected redemption date and discount rate. We assumed a seven-year redemption period in valuing our ARS. We intend to hold our ARS until maturity or until we can liquidate them at par value. Based on our other sources of income, we do not believe we will be required to sell them before recovery of par value. In some cases, holding the security until recovery may mean until maturity, which ranges from 2037 to 2039. The discount rate was calculated using the closest match available for other insured asset backed securities. Discount rates ranged from 7.34% to 7.79%. A market failure scenario was employed as recent successful auctions of these securities were very limited. Assuming a longer redemption period and a higher discount rate would result in a lower fair market value. Similarly, assuming a shorter redemption period and a lower discount rate would result in a higher fair market value.

The following table presents a rollforward of our long-term investments:

	2013	2012
	(Dollars In Millions)	
Balance at beginning of year	$53	$153
Sales	(1)	(109)
Unrealized gains	12	9
Balance at end of year	$64	$53

4. Lease Commitments

Rent expense charged to operations was $270 million for 2013 and $265 million for both 2012 and 2011. In addition, we are often required to pay real estate taxes, insurance and maintenance costs. These items are not included in the rent expenses listed above. Many store leases include multiple renewal options, exercisable at our option, that generally range from four to eight additional five-year periods.

Future minimum lease payments at February 1, 2014 were as follows:

	Capital Lease and Financing Obligations	Operating Leases
	(Dollars In Millions)	
Fiscal year:		
2014	$314	$245
2015	277	243
2016	273	239
2017	262	237
2018	249	237
Thereafter	3,080	4,772
	4,455	$5,973
Non-cash gain on future sale of property	458	
Amount representing interest	(2,844)	

Present value of lease payments	$2,069

5. Benefit Plans

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

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

5. Benefit Plans (continued)

We also have an Employee Stock Ownership Plan ("ESOP") for the benefit of a group of our non-management associates. Contributions are made at the discretion of the Board of Directors. Shares of our stock held by the ESOP are included as shares outstanding for purposes of the net income per share computations.

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

The total costs for these benefit plans were $49 million for 2013, $53 million for 2012, and $57 million for 2011.

6. Income Taxes

Deferred income taxes consist of the following:

	Feb 1, 2014	Feb 2, 2013
	(Dollars In Millions)	
Deferred tax liabilities:		
Property and equipment	$1,416	$1,405
Deferred tax assets:		
Merchandise inventories	24	23
Accrued and other liabilities, including stock options	223	217
Capital lease and financing obligations	813	810
Accrued step rent liability	94	86
Unrealized loss on investments	7	12
Unrealized loss on interest rate swap	15	17
	1,176	1,165
Net deferred tax liability	$240	$240

On September 13, 2013, Treasury and the Internal Revenue Service issued final regulations regarding the deduction and capitalization of expenditures related to tangible property. We are currently analyzing the expected impact of the new regulations and we do not believe the impact will be material to our financial position or results of operations.

The components of the provision for income taxes as follows:

	2013	2012	2011
	(Dollars In Millions)		
Current federal	$469	$590	$497
Current state	45	60	60
Deferred federal	10	(66)	124
Deferred state	(9)	(9)	11
	$515	$575	$692

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

	2013	2012	2011
Provision at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	2.2	2.2	2.7
Tax-exempt interest income	(0.2)	(0.1)	—
Federal HIRE Act tax credit	—	—	(0.4)
Other Federal tax credits	(0.3)	(0.3)	(0.1)
Provision for income taxes	36.7%	36.8%	37.2%

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

6. Income Taxes (continued)
We have analyzed filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. The only federal returns subject to examination are for the 2008 through 2013 tax years. State returns subject to examination vary depending upon the state. Generally, the 2010 through 2013 tax years are subject to state examination; however, in some instances, earlier periods are presently being audited. The earliest open period is 2003. Certain states have proposed adjustments which we are currently appealing. If we do not prevail on our appeals, we do not anticipate that the adjustments would result in a material change in our financial position.
A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

	2013	2012
	(Dollars In Millions)	
Balance at beginning of year	$108	$101
Increases due to:		
Tax positions taken in prior years	6	1
Tax positions taken in current year	21	22
Decreases due to:		
Tax positions taken in prior years	(4)	(9)
Settlements with taxing authorities	(3)	(1)
Lapse of applicable statute of limitations	(3)	(6)
Balance at end of year	$125	$108

Not included in the unrecognized tax benefits reconciliation above are gross unrecognized accrued interest and penalties of $21 million at February 1, 2014 and $18 million at February 2, 2013. Interest and penalty expense was $3 million for 2013 and $1 million for 2012.
Our total unrecognized tax benefits that, if recognized, would affect our effective tax rate were $88 million as of February 1, 2014 and $75 million as of February 2, 2013.
It is reasonably possible that our unrecognized tax positions may change within the next 12 months, primarily as a result of ongoing audits. While it is possible that one or more of these examinations may be resolved in the next year, it is not anticipated that a significant impact to the unrecognized tax benefit balance will occur.

7. Stock-Based Compensation
We currently grant share-based compensation pursuant to the Kohl's Corporation 2010 Long-Term Compensation Plan, which provides for the granting of various forms of equity-based awards, including nonvested stock, performance share units and options to purchase shares of our common stock, to officers, key employees and directors. As of February 1, 2014, there were 18.5 million shares authorized and 12.1 million shares available for grant under the 2010 Long-Term Compensation Plan. Options and nonvested stock that are surrendered or terminated without issuance of shares are available for future grants.
Annual grants of stock options and nonvested stock are typically made in the first quarter of the fiscal year. Grants to newly-hired and promoted employees and other discretionary grants are made periodically throughout the remainder of the year. We also have outstanding options which were granted under previous compensation plans.
Stock options
The majority of stock options granted to employees typically vest in five equal annual installments. Outstanding options granted to employees after 2005 have a term of seven years. Outstanding options granted to employees prior to 2006 have a term of up to 15 years. Options granted to directors have a term of 10 years.

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

7. Stock-Based Compensation (continued)
All stock options have an exercise price equal to the fair market value of the common stock on the date of grant. The fair value of each option award is estimated using a Black-Scholes option valuation model and the following assumptions as of the grant date:

	2013	2012	2011
Dividend yield	2.9%	2.6%	1.8%
Volatility	32.7%	33.7%	33.1%
Risk-free interest rate	0.9%	1.0%	2.0%
Expected life in years	5.5	5.5	5.5
Weighted average fair value at grant date	$10.68	$11.79	$14.54

The dividend yield represents the expected dividends on our stock for the expected term of the option. The expected volatility assumption is based on the historical volatility of our stock. The risk-free interest rate for periods within the life of the option is based on a blend of U.S. Treasury bond rates. We use historical data to estimate the expected life of the option and the period of time that options granted are expected to be outstanding.
The following table summarizes our stock option activity for 2013, 2012, and 2011:

	2013		2012		2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
	(Shares in Thousands)					
Balance at beginning of year	15,212	$53.96	16,564	$53.41	17,869	$53.17
Granted	575	47.86	1,458	49.00	1,056	52.60
Exercised	(2,494)	41.02	(1,718)	40.01	(1,349)	43.12
Forfeited/expired	(1,918)	56.59	(1,092)	60.93	(1,012)	62.07
Balance at end of year	11,375	$56.05	15,212	$53.96	16,564	$53.41

The intrinsic value of options exercised represents the excess of our stock price at the time the option was exercised over the exercise price and was $30 million in 2013, $20 million in 2012 and $16 million in 2011.
Additional information related to stock options outstanding and exercisable at February 1, 2014, segregated by exercise price range, is summarized below:

	Stock Options Outstanding			Stock Options Exercisable		
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
	(Shares in Thousands)					
$ 17.00 – $ 35.50	313	1.1	$34.70	313	1.1	$34.70
$ 35.51 – $ 38.30	37	1.7	37.65	37	1.7	37.65
$ 38.31 – $ 41.63	948	2.3	41.58	634	2.4	41.55
$ 41.64 – $ 45.57	776	2.7	43.57	571	1.5	43.14
$ 45.58 – $ 50.37	2,529	4.9	48.25	1,401	4.6	48.44
$ 50.38 – $ 51.81	851	4.7	50.87	586	4.3	50.69
$ 51.82 – $ 66.25	2,979	3.2	57.24	2,162	2.8	58.51
$ 66.26 – $ 75.90	989	2.2	68.68	989	2.2	68.68
$ 75.91 – $ 77.62	1,953	0.2	75.99	1,953	0.2	75.99
	11,375	2.9	$56.05	8,646	2.3	$58.25

Intrinsic value (in thousands)	$25,656	$18,660

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

7. Stock-Based Compensation (continued)
The intrinsic value of outstanding and exercisable stock options represents the excess of our closing stock price on February 1, 2014 ($50.63) over the exercise price multiplied by the applicable number of stock options.
Nonvested stock awards
We have also awarded shares of nonvested common stock to eligible key employees and to our Board of Directors. Substantially all awards have restriction periods tied primarily to employment and/or service. Nonvested stock awarded to employees generally vests over four or five years. In 2013, 2012, and 2011, we also granted performance-vested restricted shares to selected members of senior management. Vesting of performance-vested shares is contingent upon achievement of certain performance criteria, such as designated net income levels or sales levels that exceed those of a group of our peers. Upon the satisfaction of the contingency, the performance-vested shares vest in accordance with a designated timetable, generally over a five-year period from the date of grant. Director awards vest over the term to which the director was elected, generally one year. In lieu of cash dividends, nonvested stock awards are granted restricted stock equivalents which vest consistently with the underlying nonvested stock awards.
The fair value of nonvested stock awards is the closing price of our common stock on the date of grant. We may acquire shares from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employee's unvested stock award. Such shares are then designated as treasury shares.

The following table summarizes nonvested stock activity, including restricted stock equivalents issued in lieu of cash dividends, for 2013, 2012, and 2011:

	2013		2012		2011	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
	(Shares in Thousands)					
Balance at beginning of year	2,323	$50.47	1,946	$51.11	1,116	$49.30
Granted	1,189	49.22	1,038	48.86	1,198	52.34
Vested	(706)	48.00	(492)	49.77	(308)	49.28
Forfeited	(153)	50.48	(169)	50.04	(60)	51.31
Balance at end of year	2,653	$50.56	2,323	$50.47	1,946	$51.11

The aggregate fair value of awards at the time of vesting was $34 million in 2013, $24 million in 2012 and $16 million in 2011.
Performance share units
In January 2014, we granted performance-based restricted stock units ("performance share units") to certain executives. The performance measurement period for these performance share units is fiscal years 2014 through 2016. The fair market value of the grant was $57.37 per unit and was determined using a Monte-Carlo valuation on the date of grant. The performance share units cover a target of 230,000 shares. The actual number of shares which will be earned at the end of the three-year vesting period will vary based on our cumulative financial performance over the vesting period. The number of performance share units earned will be modified up or down based on Kohl's Relative Total Shareholder Return against a defined peer group during the vesting period. The payouts, if earned, will be settled in Kohl's common stock after the end of each multi-year performance period.
Other required disclosures
Stock-based compensation expense is included in Selling, General and Administrative expense in our Consolidated Statements of Income. Such expense totaled $55 million for 2013, $50 million for 2012 and $57 million for 2011. At February 1, 2014, we had approximately $178 million of unrecognized share-based compensation expense (before forfeitures and capitalization), which is expected to be recognized over a weighted-average period of 3 years.

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

8. Contingencies

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

9. Quarterly Financial Information (Unaudited)

Each quarterly period below was a 13-week accounting period, with the exception of the fourth quarter of 2012, which was a 14-week period.

	2013			
	First	Second	Third	Fourth
	(In Millions, Except per Share Data)			
Net sales	$4,199	$4,289	$4,444	$6,099
Gross margin	$1,528	$1,676	$1,666	$2,075
Net income	$147	$231	$177	$334
Basic shares	222	220	216	213
Basic net income per share	$0.66	$1.05	$0.82	$1.57
Diluted shares	223	222	218	215
Diluted net income per share	$0.66	$1.04	$0.81	$1.56

	2012			
	First	Second	Third	Fourth
	(In Millions, Except per Share Data)			
Net sales	$4,243	$4,205	$4,490	$6,342
Gross margin	$1,524	$1,642	$1,712	$2,112
Net income	$154	$240	$215	$378
Basic shares	243	238	233	227
Basic net income per share	$0.63	$1.01	$0.92	$1.66
Diluted shares	245	239	235	228
Diluted net income per share	$0.63	$1.00	$0.91	$1.66

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

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

10. Related Party Transactions

One of our directors is also a shareholder of a law firm which performs legal services for us.

We have agreements with Blackhawk Network, Inc. (“Blackhawk”) pursuant to which Blackhawk distributes our prepaid gift cards for sale in various retail outlets and to which we sell prepaid gift cards for other retailers in our stores. We pay Blackhawk a fee for Kohl’s gift cards which are sold at other retailers and we receive a fee for selling gift cards for other retailers in our stores. Blackhawk is a subsidiary of Safeway Inc. (“Safeway”) and one of our directors was the Chairman and Chief Executive Officer of Safeway until May 14, 2013. This director also holds a small minority ownership interest in Blackhawk. The Blackhawk agreements were entered into in the ordinary course of our business, and our director was not involved in any negotiations. Blackhawk is a leading provider of gift card marketing services in the retail industry, and Safeway has confirmed that the terms of our agreements with Blackhawk are substantially similar to the terms of Blackhawk’s agreements with other similarly situated national retailers.