

TODCO
Form PRE 14A
March 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

PROXY STATEMENT

Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material pursuant to § 240.14a-11(c) or § 240.14a-12

TODCO

(Name of Registrant as specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which the transaction applies:

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- (1) Amount previously paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

2000 W. Sam Houston Pkwy. S., Suite 800

Houston, Texas 77042-3615

Main 713.278.6000 Fax 713.278.6100

www.theoffshoredrillingcompany.com

March 24, 2006

DEAR FELLOW STOCKHOLDER:

On behalf of the Board of Directors, I cordially invite you to attend the 2006 Annual Meeting of Stockholders of TODCO. The meeting will be held at 10:00 a.m., Houston time, on Tuesday, May 9, 2006, at the Westchase Hilton Hotel, 9999 Westheimer, Houston, Texas.

At the meeting, stockholders will be asked to vote on the election of two Class II Directors and the approval of certain amendments to our certificate of incorporation, all as described in detail in the attached Proxy Statement. TODCO's Board of Directors recommends that you vote **FOR** the individuals nominated for election as Class II Directors and **FOR** each of Proposals 2 through 8 amending certain provisions of our certificate of incorporation.

Your vote is important. Whether or not you are able to attend the meeting, I hope you will vote promptly. This will ensure that your shares are represented at the meeting. Stockholders may vote by mailing the enclosed proxy card. Voting by proxy will ensure your representation at the meeting if you do not attend in person. Please review the instructions on the proxy card regarding each of the voting options available to you. You may vote in person at the meeting even if you have previously submitted your proxy.

Yours respectfully,

Jan Rask

President and Chief Executive Officer

TODCO

2000 W. Sam Houston Parkway S.

Suite 800

Houston, Texas 77042-3615

(713) 278-6000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 9, 2006

Notice is hereby given that the annual meeting of stockholders (the Annual Meeting) of TODCO will be held at the Westchase Hilton Hotel, 9999 Westheimer, Houston, Texas, at 10:00 a.m., Houston time, on Tuesday, May 9, 2006, to consider and vote on:

1. the election of two Class II Directors, each for a three-year term;
2. the approval of certain amendments to our Third Amended and Restated Certificate of Incorporation (the Charter); and
3. such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on March 17, 2006, are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. A list of all stockholders entitled to vote at the Annual Meeting will be available at TODCO 's office at 2000 W. Sam Houston Parkway S., Suite 800, Houston, Texas 77042-3615, for a period of at least ten days prior to the Annual Meeting, and will also be available at the Annual Meeting.

By Order of the Board of Directors

Randall A. Stafford

Vice President, General Counsel and Corporate Secretary

March 24, 2006

Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card as promptly as possible in the envelope provided. No postage is required if mailed in the United States. Should you receive more than one proxy card because your shares are registered in different names and addresses, each proxy card should be signed and returned to ensure that all your shares will be voted. Your proxy may be revoked at any time prior to the time it is voted at the Annual Meeting.

TODCO

2000 W. Sam Houston Parkway S.

Suite 800

Houston, Texas 77042-3615

(713) 278-6000

PROXY STATEMENT

FOR

THE ANNUAL MEETING OF STOCKHOLDERS

OF

TODCO

TO BE HELD ON MAY 9, 2006

GENERAL INFORMATION

Proxies are solicited on behalf of the Board of Directors of the Company to vote on the matters to be acted upon at the Annual Meeting of Stockholders (the Annual Meeting) of TODCO (the Company) to be held at Westchase Hilton Hotel, 9999 Westheimer, Houston, Texas, at 10:00 a.m., Houston time, on Tuesday, May 9, 2006, or any adjournment or postponement thereof. This proxy statement, the notice of Annual Meeting and the enclosed proxy card are first being sent to holders of the Company's shares of Class A common stock, par value \$.01 per share (Common Stock), entitled to vote at the Annual Meeting (the Stockholders) on or about March 24, 2006.

VOTING AND PROXY

Stockholders may vote by completing the enclosed proxy card and mailing it in the envelope provided. Please refer to your proxy card for voting options available to you. A proxy may be revoked by a Stockholder at any time prior to the voting thereof by (i) filing with the Secretary of the Company a written revocation or (ii) by delivering to the Company a duly executed proxy bearing a later date. A proxy shall also be revoked if a Stockholder of record is present at the Annual Meeting and elects to vote in person.

Unless contrary instructions are indicated, all shares represented at the Annual Meeting by a validly executed proxy (and which have not been revoked before they are voted) will be voted:

1. FOR the election of the Class II nominees for Director named herein;
2. FOR each of Proposals 2 through 8 amending certain provisions of our Charter; and
3. in accordance with the recommendation of management as to any other matters which may properly come before the Annual Meeting.

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In the event a Stockholder specifies a different choice by means of the enclosed proxy, the Stockholder's shares will be voted in accordance with the specification so made.

The cost of solicitation of proxies, if any, will be borne by the Company and, upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees for reasonable expenses incurred by them in forwarding proxy material to and solicitation of proxies from beneficial owners of the Common Stock. In addition to the use of mail, regular employees of the Company may solicit proxies by telephone or other means of communication.

VOTING SECURITIES OUTSTANDING

The Board of Directors set March 17, 2006 as the record date (the Record Date) for determining the Stockholders entitled to vote at the Annual Meeting. On the Record Date there were approximately _____ outstanding shares of Common Stock. Each outstanding share of Common Stock is entitled to one vote on each matter to come before the Annual Meeting. There are no cumulative voting rights. A list of all Stockholders entitled to vote will be available at the executive offices of the Company, 2000 W. Sam Houston Parkway S., Suite 800, Houston, Texas 77042-3615, for a period of at least ten days prior to the Annual Meeting, and will also be available at the Annual Meeting. Only Stockholders of record on the books of the Company on the Record Date will be entitled to vote at the Annual Meeting.

For purposes of conducting the Annual Meeting, the holders of at least a majority of the stock issued and outstanding and entitled to vote at the Annual Meeting shall constitute a quorum. A holder of stock shall be treated as being present at the Annual Meeting if the holder of such stock is (i) present in person at the Annual Meeting or (ii) represented at the Annual Meeting by a valid proxy, whether the instrument granting such proxy is marked as casting a vote or abstaining, is left blank or does not empower such proxy to vote with respect to some or all matters to be voted upon at the Annual Meeting. If a quorum is not present or represented at the Annual Meeting, the Chairman of the Board of Directors or the Stockholders holding a majority of the Common Stock present at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, without notice other than an announcement at the Annual Meeting. In determining the number of votes cast, shares abstaining from voting on a matter and shares that are indicated as not being voted on a matter by brokers due to lack of discretionary authority will not be treated as votes cast except as otherwise provided by law or New York Stock Exchange (NYSE) rules.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Charter provides that the Board of Directors of the Company is divided or classified into three classes (Class I , Class II and Class III , respectively) serving staggered three year terms. The Company's Corporate Governance Guidelines established by the Board of Directors specify that the Board of Directors will be comprised of not less than five nor more than twelve directors. The Company's Board of Directors currently is comprised of seven members and will be comprised of seven members following the Annual Meeting if the two Class II Director nominees are elected. If elected, each Class II Director will hold office for a term ending on the date of the third annual meeting following the Annual Meeting. The current term for Class II Directors expires at the Annual Meeting. The current term for Class I and Class III Directors will expire at the 2008 and 2007 Annual Meetings of Stockholders, respectively.

Two persons have been nominated by the Board of Directors for election as Class II Directors at the Annual Meeting, each nominee is currently a member of the Board of Directors. The Board of Directors urges you to vote FOR the election of the individuals who have been nominated to serve as Class II Directors. It is intended that each validly executed proxy solicited hereby will be voted FOR the election of the listed nominees for Class II Directors, unless a contrary instruction has been indicated on such proxy. If, at the time of the Annual Meeting, any of the nominees should be unable or decline to serve, the discretionary authority provided in the proxy will be used to vote for a substitute or substitutes as may be designated by the Board of Directors. The Board of Directors has no reason to believe that any substitute nominee or nominees will be required.

Nominees

Class II Directors

Thomas M Hamilton, 62, has served as a director since May 2004. He served as the Chairman, President and Chief Executive Officer of EEX Corporation from January 1997 until his retirement in November 2002. From 1992 to 1997, Mr. Hamilton served as Executive Vice President of Pennzoil Company and as President of Pennzoil Exploration and Production Company. Mr. Hamilton was a director of BP Exploration, where he served as Chief Executive Officer of the Frontier and International Operating Company of BP Exploration from 1989 to 1991 and as the General Manager for East Asia/Australia/Latin America from 1988 to 1989. From 1985 to 1988, he held the position of Senior Vice President of Exploration at Standard Oil Company, prior to its being merged into BP. Mr. Hamilton is also a director and member of the audit committee of FMC Technologies Inc.

Thomas R. Hix, 58, was appointed as a director in February 2004. He was Senior Vice President and Chief Financial Officer of Cooper Cameron Corporation, a petroleum and industrial equipment and services company, from January 1995 until December 2002. Mr. Hix has been retired since January 2003. Previously, he was Senior Vice President of Finance, Treasurer and Chief Financial Officer of The Western Company of North America from September 1993 to April 1995. He is also a director of and chairman of the audit committee of El Paso Corporation and a director of and member of the audit committee of Health Care Service Corporation.

Continuing Directors

Class I Directors

Thomas N. Amonett, 63, Chairman, has served as a director since May 2004. He was appointed as lead independent director in October 2004 and was appointed Chairman in February 2005. He has been President and Chief Executive Officer of Champion Technologies, Inc., a manufacturer and distributor of specialty chemicals and related services since 1999. From November 1998 to June 1999, he was President, Chief Executive Officer

and a director of American Residential Services, Inc., a company providing equipment and services relating to residential heating, ventilating, air conditioning, plumbing, electrical and indoor air quality systems and appliances. From July 1996 until June 1997, Mr. Amonett was Interim President and Chief Executive Officer of Weatherford Enterra, Inc., an energy services and manufacturing company. Mr. Amonett also serves as a director and member of the audit committee of Reunion Industries Inc., a specialty manufacturing company, and a director and member of the Audit Committee of Bristow Group Inc., a global provider of helicopter services.

Suzanne V. Baer, 58, served as Executive Vice President and Chief Financial Officer of Energy Partners Ltd., an independent oil and natural gas exploration and production company focused on the shallow to moderate depth waters of the Gulf of Mexico Shelf from 2001 until her retirement in April 2005. She joined Energy Partners Ltd. in March 2000. From July 1998 until March 2000, Ms. Baer was Vice President and Treasurer of Burlington Resources Inc., an independent oil and natural gas exploration and production company, and, from October 1997 to July 1998, was Vice President and Assistant Treasurer of Burlington Resources.

Jan Rask, 50, has been President and Chief Executive Officer and has served as a director since July 2002. Mr. Rask was Managing Director, Acquisitions and Special Projects, of Pride International, Inc., a contract drilling company, from September 2001 to July 2002. From July 1996 to September 2001, Mr. Rask was President, Chief Executive Officer and a director of Marine Drilling Companies, Inc., a contract drilling company. Mr. Rask served as President and Chief Executive Officer of Arethusa (Off-Shore) Limited from May 1993 until the acquisition of Arethusa (Off-Shore) Limited by Diamond Offshore Drilling, Inc. in May 1996. Mr. Rask joined Arethusa (Off-Shore) Limited's principal operating subsidiary in 1990 as its President and Chief Executive Officer. Mr. Rask has been a director of Veritas DGC Inc., an integrated geophysical service company, since 1998.

Class III Directors

R. Don Cash, 63, has served as a director since May 2004. He is a director of Questar Corporation, an integrated natural gas company. He served as the Chairman of the Board of Directors of Questar from May 1985 to May 2003, as Chief Executive Officer from May 1984 to May 2002 and as President from May 1984 to February 2001. Mr. Cash also serves as a director and member of the compensation committee of National Fuel Gas Co., a diversified energy company, a director of Aegis Mutual Insurance Services, a mutual insurance company, a director and chairman of the compensation committee of Zions Bancorporation and a director of The Texas Tech Foundation.

Robert L. Zorich, 56, was appointed to our Board of Directors in July 2005. He is a managing director and co-founder of EnCap Investments L.P., a leading provider of private equity to independent oil and gas companies, founded in 1988. From 1974 to 1988, Mr. Zorich held senior management positions with Trust Company of the West, Republic Bank of Dallas and MAZE Exploration, Inc., a private oil and gas company he co-founded. Mr. Zorich currently serves on the Board of Directors of Enerplus Resources Fund, a publicly traded oil and gas income fund, GFI Oil and Gas Corporation, an independent exploration and production company and several private portfolio companies.

Vote Required

The two nominees for election as Class II Directors at the Annual Meeting who receive the greatest number of votes cast by the Stockholders, a plurality, will be elected as Class II Directors. If you hold your shares through a broker, bank or other nominee and you do not instruct them how to vote on this proposal, they may have authority to vote your shares. You may vote FOR all nominees, AGAINST all nominees or withhold your vote for any one or both of the nominees. Abstentions and broker non-votes will not affect the outcome of the election of directors.

The Board of Directors recommends a vote FOR each Class II Director nominee.

PROPOSALS 2-8

AMENDMENTS TO THE CHARTER

On February 7, 2006, the Board of Directors approved proposals to amend the Company's Charter, descriptions of which are set forth below. These descriptions are summaries only and are qualified in their entirety by reference to *Annex A*.

A revised Charter, excluding historical recitals and reflecting the proposed amendments is attached to this proxy statement as Annex A and has been marked to show changes from the Company's current Charter assuming Stockholders approve each of the Proposals 2 through 8. Each proposal approved by stockholders will be effected by the filing of an amendment to the Charter with the Secretary of State of the State of Delaware promptly after the Annual Meeting.

Prior to the Company's initial public offering of Class A Common Stock par value \$0.01 per share (Class A Common Stock) in February 2004 (the IPO), Transocean Inc. and its affiliates (collectively Transocean) were the Company's sole stockholders. Transocean remained our largest stockholder immediately after the IPO. The Company's Charter included many corporate governance provisions specifically benefiting Transocean by name. The Charter also gave greater voting rights to the Class B Common Stock, par value \$0.01 per share (Class B Common Stock), of which Transocean was the sole owner, than were given to public stockholders who owned Class A Common Stock.

The Charter provisions for the benefit of Transocean were required to be left in place for so long as Transocean was a significant stockholder of the Company. This was mandated by the terms of the Charter itself, and by contracts entered into between the Company and Transocean in connection with the IPO.

Transocean remained a significant stockholder of the Company throughout 2004 and into the second quarter 2005 but continued to reduce its ownership of the Company through public offerings and private sales. Transocean held all of our outstanding Class B Common Stock until December 2004, at which time it converted all of its then remaining Class B Common Stock into to Class A Common Stock. In June of 2005, Transocean reported that it had sold all of its remaining Class A Common Stock and was no longer a stockholder of the Company.

Because Transocean is no longer a stockholder of the Company and no shares of Class B Common Stock remain outstanding, the Charter provisions specifically benefiting Transocean and referring to Class B Common Stock are now superfluous. Accordingly, Proposals 2 through 6 would eliminate these lengthy and unneeded provisions from the Charter.

If you hold your shares through a broker, bank or other nominee, and you do not instruct your nominee how to vote on any of the proposals to amend the Charter, your nominee may not have authority to vote your shares. Broker non-votes and abstentions will have the same effect as vote against Proposals 2 through 6. **We therefore urge you to instruct your nominee to vote your shares FOR each of the proposals.**

Proposal 2 and 3; Approval of Amendments to the Company's Charter to Remove Unnecessary and Outdated References to Transocean

The Board of Directors believes it is beneficial to amend the Charter to delete the non-operative provisions relating to Transocean and its subsidiaries (the Transocean Companies) because doing so will simplify the Charter and make it more understandable to the reader. If this proposal is adopted, no substantive change will occur to the rights and privileges afforded to the Company or its stockholders by the Charter because the references to Transocean and the voting and corporate governance rights granted to Transocean are no longer relevant.

Proposal 2

To reflect Proposal 2, the Charter would be amended to delete the following:

the second sentence of Section (2) of Article Fifth, which provides that prior to the date the Transocean Companies cease to own a majority of the shares of capital stock entitled to vote generally on the election of directors (Trigger Date), each director shall serve for a term ending on the next annual meeting;

the last sentence of Section (2) of Article Fifth, which provides that the Board of Directors are to decide either prior to the Trigger Date or as soon as practicable after the Trigger Date which directors are to serve in which class of directors;

the first sentence of Section (3) of Article Fifth, which provides that prior to the Trigger Date, any director may be removed with or without cause by a majority of shares of capital stock entitled to vote generally on the election of directors; and

all other references to Trigger Date in the Charter.

Vote Required

The affirmative vote of holders of shares representing at least 66 2/3% of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non-votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 2.

Proposal 3

To reflect Proposal 3, the Charter would be amended to delete Article Eighth in its entirety, which provides for certain acknowledgements, agreements, and duties related to Transocean as a stockholder and by renumbering the following Articles. These provisions in Article Eighth are now extraneous because Transocean is no longer a stockholder.

Vote Required

The affirmative vote of holders of shares representing at least 80% of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non-votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 3.

Proposals 4 and 5; Approval of Amendments to the Charter to Eliminate Supermajority Voting Requirements

The Company's Charter requires a 66 2/3% vote for each of the following:

to amend any provision of Article Fifth, Article Sixth or Division B, Section 4(B) of Article Fourth (Article Fourth);

to amend the provisions relating to the number, classification, election, terms, removal and vacancies of the Company's directors (Article Fifth); and

to amend the provisions relating to no stockholder action by written consent and calling for special meetings of stockholders (Article Sixth).

In addition, the Company's Charter requires an 80% vote to amend the provisions of Article Tenth, which empowers the Board of Directors to amend the bylaws of the Company.

These provisions of the Charter were intended to make it more difficult to effect certain changes in the Charter without Transocean's approval. Transocean is no longer a stockholder of the Company and, therefore, the supermajority voting intended to protect its interest are unnecessary. These provisions limit the ability of our stockholders to influence the corporate governance of the Company. As a result, the Board of Directors believes that the elimination of the supermajority provisions in the Company's Charter is in the stockholders' best interest and will provide them with greater power to influence their Company's affairs.

Proposal 4

Under Proposal 4, the Charter would be amended to delete the following:

Division B, Section 4(B) of Article Fourth of the Company's Charter will be amended by deleting the second and third sentences, which require a 66 2/3% vote to amend Division B, Section 4(B) of Article Fourth, Article Fifth and Article Sixth;

Article Fifth will be amended by deleting Section (5) of Article Fifth that requires a 66 2/3% vote to amend Article Fifth; and

Article Sixth will be amended by deleting Section (2) of Article Sixth that requires a 66 2/3% vote to amend Article Sixth.

Vote Required

The affirmative vote of holders of shares representing at least 66-2/3% of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non-votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 4.

Proposal 5

To reflect Proposal 5, Article Tenth of the Charter would be amended to delete the last sentence in the article.

Vote Required

The affirmative vote of holders of shares representing at least 80% of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non-votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 5.

Proposal 6; Amendments to the Charter to Eliminate the Class B Common Stock and Provide for a Single Class of Common Stock

The Company established the dual classes of common stock in connection with its IPO. Each share of Class B Common Stock was entitled to five votes while Class A Common Stock was entitled to only one vote. Transocean and its affiliates were the sole holders of Class B Common Stock. Transocean is no longer a stockholder of the Company and no shares of Class B Common Stock are outstanding.

The Company currently has 810,000,000 authorized shares of capital stock, with 500,000,000 shares classified as Class A Common Stock, 260,000,000 shares classified as Class B Common Stock, and 50,000,000 classified as preferred stock. As of March 17, 2006, the Company's issued and outstanding capital stock consisted of _____ shares of Class A Common Stock.

The Board of Directors considered a number of factors in its determination to recommend stockholder approval of this proposal to eliminate our Class B Common Stock and to rename our Class A Common Stock to Common Stock, including the simplification of our capital structure and reduction in investor confusion resulting from the dual classes of common stock in our Charter. This proposal, if approved, would result in the Company having 550,000,000 authorized shares of capital stock, with 500,000,000 shares classified as a single class of Common Stock par value of \$0.01 per share, and 50,000,000 shares classified as preferred stock.

In light of the above, the Board of Directors has determined that it would be in the best interest of the Company and its stockholders to amend the Charter as follows:

replace the reference to 810,000,000 authorized shares of capital stock in the first paragraph of Article Fourth with a reference to 550,000,000 such shares;

delete the reference to 260,000,000 authorized shares of Class B Common Stock in the first paragraph of Article Fourth;

delete the first paragraph of Division B of Article Fourth, referring to the relative rights of Class A Common Stock and Class B Common Stock;

replace all references to Class A Common Stock and Class B Common Stock in the first paragraph of Article Fourth and in Division B, Sections 1, 4(A) and the first clause of Section 4(B) of Article Fourth, with references to Common Stock ;

delete the last three sentences of Division B, Section 1 of Article Fourth relating to the treatment of Class A Common Stock and Class B Common Stock in connection with dividends, distribution, reclassification, subdivision and combinations of common stock;

delete the reference to equal treatment of Class A Common Stock and Class B Common Stock in Division B, Section 2 of Article Fourth relating to distribution of assets;

delete Division B, Section 3 of Article Fourth relating to the equal treatment of the Class A Common Stock and Class B Common Stock upon any reorganization, consolidation or certain mergers;

delete all references to voting rights of Class A Common Stock and Class B Common Stock in Division B, Section 4(A) of Article Fourth;

delete all of Division B, Section 4(B) of Article Fourth and all of Division B, Section 4(C) of Article Fourth relating to the relative voting rights of Class A Common Stock and Class B Common Stock;

delete Division C, Section 2(A)-(I) of Article Fourth, which contains the terms and provisions governing the conversion of shares of Class B Common Stock into Class A Common Stock; and

add a final paragraph to Article Fourth stating that following the adoption of the proposed amendment, each certificate representing shares of Class A Common Stock would be deemed, for all purposes, to evidence ownership of the same number of shares of Common Stock represented by that certificate.

Vote Required

The affirmative vote of holders of shares representing a majority of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 6.

Proposal 7; Amendments to the Charter to Clarify that the Company may Issue Stock Dividends

The purpose of the proposed amendment is to clarify and make explicit that the Company may pay dividends in shares of its Capital Stock. The first sentence of Division B, Section 1 of Article Fourth in the Charter could be interpreted to mean that the Company is prohibited from paying dividends in shares of its own capital stock. It is the intention of the Company to have the option, if it so desires, to pay dividends in shares of its own capital stock, and the Board of Directors believes that this is advisable and in the best interests of the Company that the stockholders approve the proposed amendment.

Vote Required

The affirmative vote of holders of shares representing a majority of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non-votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 7.

Proposal 8; Authority to Amend and Restate the Charter to Reflect Amendments Approved by the Stockholders

The purpose of this proposal is to provide authority for the Company to file an amended and restated certificate of incorporation (Amended Charter) to reflect those amendments set forth in Proposals 2-7 that are approved by the stockholders. The Amended Charter will also (i) integrate and restate the terms and provisions related to the Company's Certificate of Designations of Series A Junior Participating Preferred Stock and (ii) contain other conforming changes to reflect those amendments approved by the stockholders.

Vote Required

The affirmative vote of holders of shares representing a majority of the outstanding shares of Common Stock is required to approve this proposal. Therefore, the failure to vote, abstentions and broker non votes will have the same effect as a vote against this amendment.

The Board of Directors recommends a vote FOR Proposal 8.

CORPORATE GOVERNANCE

The Corporate Governance Committee and the Board of Directors have approved several corporate governance initiatives. The Board of Directors approved the TODCO Code of Business Conduct and Ethics, the TODCO Corporate Governance Guidelines, and the Committee Charters for the Audit, Executive Compensation and Corporate Governance Committees. The Company's Committee Charters and Corporate Governance Guidelines were reviewed by the Board of Directors in February 2006 to, among other things, ensure that they comply with the applicable corporate governance requirements contained in NYSE listing standards and make other enhancements to the Company's corporate governance policies. All of these documents are published in full in the Governance section of Investor Relations of the Company's website: <http://www.theoffshoredrillingcompany.com> under the tab labeled Governance Documentation and are available in print without charge from the Company's Investor Relations Department. Such requests should be directed to the Investor Relations Department, TODCO, 2000 W. Sam Houston Parkway S., Suite 800, Houston, Texas 77042-3615.

The TODCO Code of Business Conduct and Ethics (Ethics Code) applies to all of the Company's directors and employees, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. The Ethics Code includes provisions addressing:

- conflicts of interest,
- corporate opportunities,
- confidentiality,
- fair dealing,
- protection and proper use of Company assets, and
- compliance with laws, rules and regulations, including laws addressing insider trading, antitrust and the Foreign Corrupt Practices Act.

No waivers of the Ethics Code have been requested or granted since the Company became publicly traded in February 2004. Pursuant to the Ethics Code, the Company and the Board of Directors established provisions for confidential and anonymous submission of reports of non-compliance with Company policies, practices, standards and procedures to the Company's General Counsel and Executive Vice President, Finance and Administration. The Company and the Board of Directors also established means for submission of reports of accounting, auditing or other business irregularities by any employee through an anonymous toll free hotline. There were no substantive revisions or amendments to the Ethics Code during 2005.

The Corporate Governance Guidelines adopted by the Board of Directors provide, among other things, that it shall conduct:

- regular executive sessions without management,
- separate meetings of only independent directors,
- a formal annual evaluation of the CEO's performance by independent directors,
- an annual self-evaluation of the Board of Directors and its committees, and annual reviews of the committee charters, the Ethics Code and the TODCO Corporate Governance Guidelines.

Independence of Board Members/Committee Structure. The Company's corporate governance guidelines require that at least a majority of the directors meet the independence requirements of the NYSE. The standards of the NYSE relating to independence of a director consist of both a requirement for a board determination that the director has no material relationship with the listed company and the director cannot have any of several specific listed relationships that preclude independence. The Board of Directors considers all relevant facts and circumstances in assessing whether a director is independent.

All of the members of the Board of Directors standing committees are independent directors. In this regard, the Board of Directors has affirmatively determined that Ms. Baer and Messrs. Amonett, Cash, Hamilton, Hix and Zorich are independent and have no material relationship with the Company. Presently, all but one of the members of the Board of Directors are independent. All of the directors that serve on the Company's Corporate Governance Committee, Audit Committee and Executive Compensation Committee are independent.

The Board of Directors has also considered what types of disclosures should be made relating to the process of determining director independence. To assist in making disclosures regarding its determinations of independence, the Board of Directors has adopted categorical standards as permitted under the listing standards of the NYSE. These categorical standards deal only with what types of relationships need to be disclosed and not whether a particular director is independent. The Board of Directors considers all relevant facts and circumstances in determining whether a director is independent.

A relationship satisfies the categorical standards adopted by the Board of Directors if it:

is a type of relationship addressed in:

- Item 404 of Regulation S-K of the Securities and Exchange Commission, but under those rules, disclosure is not required, or
- Section 303A.02(b) of the NYSE Listed Company Manual (listing relationships that preclude a determination of independence), but under those rules, a determination of independence is not precluded; or

consists of charitable contributions by the Company to an organization where a director is an executive officer and such contributions do not exceed the greater of \$100,000 or 1% of the organization's gross revenue in any of the last three years.

None of the independent directors has ongoing relationships relevant to an independence determination that were outside the scope of the Board's categorical standards.

Presiding Director for Executive Sessions. The non-management directors of the Company met in executive session at each regularly scheduled Board of Directors meeting in 2005. During 2006, they are again scheduled to meet in executive session without management at each regularly scheduled board meeting. The Chairman of the Board, Mr. Amonett, presides over meetings of the independent directors.

Director Nomination Process. The Board of Directors has designated the Corporate Governance Committee as the committee authorized to consider and recommend nominees for the Board of Directors. The Company's Corporate Governance Guidelines require that the Corporate Governance Committee assess the needs of the Company and the Board of Directors so as to recommend candidates who will further the Company's goals. In making that assessment, the Corporate Governance Committee has determined that a candidate must have high professional and personal ethics and values; a record of professional accomplishment in his/her chosen field; relevant expertise and experience; and a reputation, both personal and professional, consistent with the values expressed in the Company's Ethics Code. In addition to these minimum qualities, the Corporate Governance Committee considers other qualities that may be desirable. For example, the Board of Directors is committed to having a majority of independent directors and, accordingly, the Corporate Governance Committee evaluates the independence status of any potential director. The Corporate Governance Committee evaluates whether or not a candidate contributes to the Board of Directors overall diversity and whether or not the candidate can contribute positively to the skill sets of the existing board members.

The Corporate Governance Committee has several methods of identifying candidates. First, the Corporate Governance Committee considers and evaluates whether or not the existing directors whose terms are expiring remain appropriate candidates for the board. Second, the Corporate Governance Committee requests from time to

time that its members and other board members identify possible candidates. Mr. Hix was recommended to the Board of Directors by another director. Third, the Corporate Governance Committee has the authority to retain one or more search firms to aid in its search. Messrs. Amonett, Cash, Hamilton, Zorich and Ms. Baer were included in a group of candidates identified by a search firm retained by the Corporate Governance Committee.

Stockholder Nominations. The Company's Bylaws provide that nominations for the election of directors may be made by the Board of Directors or by any stockholder (each, a *Nominator*) entitled to vote in the election of directors. No person is eligible for election as a director of the Company unless nominated in accordance with the procedures set forth therein. Such nominations, other than those made by the Board of Directors, must be made in writing pursuant to timely notice delivered to or mailed and received by the Corporate Secretary of the Company at the address for shareholder communication set forth below and must include the information required in this paragraph. To be timely in connection with an annual meeting of stockholders, a Nominator's notice, setting forth the name and address of the person to be nominated, must be delivered to or mailed and received at the principal executive offices of the Company not less than 120 days nor more than 180 days prior to the date on which the immediately preceding year's annual meeting of stockholders was held; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 120th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. To be timely in connection with any election of a director at a special meeting of the stockholders, a Nominator's notice, setting forth the name of the person to be nominated, must be delivered to or mailed and received at the principal executive offices of the Company not less than 40 days nor more than 60 days prior to the date of such meeting; provided, however, that in the event that less than 55 days' notice or prior public disclosure of the date of the special meeting of the stockholders is given or made to the stockholders, the Nominator's notice to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. At such time, the Nominator must also submit written evidence, reasonably satisfactory to the Corporate Secretary of the Company, that the Nominator is a stockholder of the Company and must identify in writing (a) the name and address of the Nominator, as they appear on the Company's books and records, (b) the number of shares of each class or series of capital stock of the Company of which such stockholder is the beneficial owner, (c) a description of all arrangements or understandings between the Nominator and each nominee and any other persons with whom the Nominator is acting in concert (including their names and addresses, as they appear on the Company's books and records, and the number of shares beneficially owned by them) pursuant to which the nomination or nominations are to be made. At such time, the Nominator must also submit in writing (i) the name, age, business address and residence address of such proposed nominee, (ii) the principal occupation or employment of such proposed nominee, (iii) the number of shares of each class of capital stock of the Company beneficially owned by such proposed nominee, (iv) the written consent of such proposed nominee to having such person's name placed in nomination at the meeting and to serve as a director if elected, (v) any other information relating to such proposed nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Exchange Act and (vi) a notarized affidavit executed by each such proposed nominee to the effect that, if elected as a member of the Board of Directors, he or she will serve and that he or she is eligible for election as a member of the Board of Directors. Within 30 days (or such shorter time period that may exist prior to the date of the meeting) after the Nominator has submitted the aforesaid items to the Corporate Secretary of the Company, the Corporate Secretary of the Company shall determine whether the evidence of the Nominator's status as a stockholder submitted by the Nominator is reasonably satisfactory and shall notify the Nominator in writing of his determination. The failure of the Corporate Secretary of the Company to find such evidence reasonably satisfactory, or the failure of the Nominator and/or nominee to submit the requisite information in the form or within the time indicated, shall make the person to be nominated ineligible for nomination at the meeting at which such person is proposed to be nominated. The Chairman of the Meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded. Beneficial ownership shall be determined in accordance with Rule 13d-3 under the Exchange Act.

The Company did not receive any nominations for director from stockholders for consideration at the 2006 Annual Meeting.

Process for Stockholder Communications with the Board of Directors. The Board of Directors has established a process whereby interested parties may communicate with the Board of Directors and/or with any individual director. Stockholders may send communications in writing, addressed to the Board of Directors or an individual director, c/o Corporate Secretary, 2000 W. Sam Houston Parkway S., Suite 800, Houston, TX 77042-3615. The Corporate Secretary will forward these communications to the addressee.

Director Compensation

The Company's Board of Directors established its current compensation arrangement effective January 1, 2005. Directors who are also full-time officers or employees of the Company receive no additional compensation for serving as directors. The Chairman of the Board is paid an annual retainer of \$140,000. All other directors receive an annual retainer of \$35,000. The Audit Committee chairman receives an additional \$15,000 annual retainer. The Executive Compensation Committee chairman and Corporate Governance committee chairman receive an additional \$10,000 annual retainer. Non-employee directors also receive a fee of \$1,500 for each Board of Directors or committee meeting attended in person or by telephone, plus incurred expenses where appropriate.

Upon election to the Board of Directors, each outside director is granted 5,000 fully-vested deferred stock units (DSUs) payable in shares of Common Stock on the earlier of five years from the date of grant or termination from the Board of Directors. Directors may also elect to further defer the receipt of the shares of common stock. On the date of each annual meeting thereafter each outside director is granted \$65,000 in fully-vested DSUs, based on the closing price of common stock as reported in Wall Street Journal for that date. DSUs are payable in shares of common stock on the earlier of five years from the date of grant or termination from the Board. Directors also may elect to further defer the receipt of the shares of common stock. Because the level of awards to outside directors are not specified in the Company's 2005 Long Term Incentive Plan, the Board of Directors will have authority to determine the awards made to outside directors from time to time without the prior approval of the Company's stockholders.

Stockholder Proposals

To submit proposals for consideration at the Company's Annual Meeting in 2007, including nomination of individuals for election to the Company's Board of Directors, stockholders may use the procedures set forth in the Company's bylaws, which provide that stockholder proposals may be made by any stockholder entitled to vote at the meeting who timely complies with the notice procedures set forth herein. To be timely, a stockholder's proposal must be delivered to or mailed to and received by the Corporate Secretary of the Company at the principal executive offices of the Company no more than one hundred twenty days prior to the anniversary of the date this proxy statement is first mailed to stockholders, which in 2006 is March 24, 2006. Accordingly, to be considered during the 2007 Annual Meeting, stockholder proposals must be received by the Company's Corporate Secretary no later than November 24, 2006. The Company did not receive any stockholder proposals for consideration at the 2006 Annual Meeting.

Board of Directors

The Board of Directors met six times during the fiscal year ended December 31, 2005. The Board of Directors has three standing committees: the Audit Committee, the Corporate Governance Committee and the Executive Compensation Committee, each of which selects a Committee Chairman from its members. Except for Ms. Baer and Mr. Zorich, during 2005, each incumbent director attended at least 75% of the meetings held by the Board of Directors and the committees of which he/she was a member. Ms. Baer joined the board in May 2005 and Mr. Zorich joined the board in July 2005.

Although the Company does not have a formal policy, the Company expects all of its directors to attend the Annual Meeting of Stockholders. All of our then current directors attended the 2005 Annual Meeting of Stockholders.

Corporate Governance Committee

The Corporate Governance Committee assists the Board of Directors in:

- identifying individuals qualified to become members of the Board of Directors consistent with criteria approved by the Board of Directors,
- recommending to the Board of Directors the director nominees to fill vacancies and to stand for election at the next annual meeting of stockholders,
- reviewing and recommending board compensation,
- developing and recommending to the Board of Directors the corporate governance principles to be applicable to the Company,
- recommending committee assignments for directors to the Board of Directors, and
- overseeing an annual review of Board of Directors performance.

The Corporate Governance Committee is governed by a charter adopted by the Board of Directors. The charter is available on the Company's website at www.theoffshoredrillingcompany.com by following the link to Investor Relations, Governance, and Governance Documentation. The Corporate Governance Committee met twice during 2005. The Committee currently consists of Chairman Mr. Cash and Messrs. Amonett, Hix and Zorich.

Audit Committee

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accountants. The Audit Committee also monitors the integrity of the Company's financial statements and the independence and performance of the Company's auditors and reviews the Company's financial reporting processes. The Audit Committee reviews and reports to the Board of Directors the scope and results of audits by the Company's independent registered public accountants and the Company's internal auditing staff and reviews the audit and other professional services rendered by the independent registered public accountants. It also reviews with the independent registered public accountants the adequacy of the Company's system of internal controls. It reviews transactions between the Company and the Company's directors and officers, the Company's policies regarding those transactions and compliance with the Company's business ethics and conflict of interest policies.

The Board of Directors requires that all members of the Audit Committee meet the financial literacy standard required under the NYSE rules and that at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, the SEC has adopted rules requiring that the Company disclose whether or not the Company's audit committee has an audit committee financial expert as a member. An audit committee financial expert is defined as a person who, based on his or her experience, satisfies all of the following attributes:

an understanding of generally accepted accounting principles and financial statements;

an ability to assess the general application of such principles in connection with accounting for estimates, accruals, and reserves;

experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

an understanding of internal controls and procedures for financial reporting; and

an understanding of audit committee functions.

The person is to further have acquired such attributes through one or more of the following:

education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or other relevant experience.

The Audit Committee is governed by a charter adopted by the Board of Directors. The charter is attached to this Proxy Statement as *Annex B* and is also available on our website at www.theoffshoredrillingcompany.com by following the link to Investor Relations, Governance, and Governance Documentation. The Audit Committee met ten times during 2005. The Audit Committee currently consists of its Chairman, Mr. Hix, Messrs. Hamilton and Zorich and Ms. Baer. The Board of Directors has reviewed the criteria set by the SEC and determined that all four members meet the financial literacy standards required by NYSE rules and that Mr. Hix and Ms. Baer qualify under NYSE rules as having accounting or related financial management expertise. The Board of Directors has also determined that Mr. Hix qualifies as an audit committee financial expert. Mr. Hix is an accountant by education and served as the Chief Financial Officer of Cooper Cameron Corporation and The Western Company of North America, both of which were public companies.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is comprised of four independent directors who satisfy the requirements of independence as established by Section 10A of the Securities Exchange Act of 1934, as amended, and in the NYSE listing standards. The Audit Committee is governed by a written charter adopted by the Board of Directors. To carry out its responsibilities, the Audit Committee met ten times during 2005.

Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee is directly responsible for the appointment, compensation, and oversight of the independent registered public accounting firm employed by the Company (including resolution of any disagreements between management and the registered public accounting firm regarding financial reporting) for the purpose of issuing an audit report or related work. The independent registered public accounting firm reports directly to the Audit Committee.

The Audit Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent registered public firm. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61 (as amended) (Communication with Audit Committees).

The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent registered public firm that firm's independence.

The Audit Committee has recommended, and the Board of Directors has approved, the inclusion of the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Securities and Exchange Commission. The recommendation was based upon the Audit Committee's review, the exercise of its business judgment, the discussions referred to above and reliance upon the Company's management and the Company's independent registered public accounting firm.

Submitted by the Audit Committee,

Thomas R. Hix, Chairman

Suzanne V. Baer

Thomas M Hamilton

Robert L. Zorich

February 28, 2006

Executive Compensation Committee

The Executive Compensation Committee is appointed by the Board of Directors to assist the Board of Directors in developing a fair compensation program for executives and complying with the Board of Directors' legal and regulatory requirements as to executive compensation. The Executive Compensation Committee met three times during 2005. The Executive Compensation Committee currently consists of its Chairman, Mr. Hamilton, Messrs. Cash and Amonett and Ms. Baer.

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

From January 1, 2005 to March 23, 2005 the Company's Executive Compensation Committee (the Committee) was comprised of Messrs. Robert L. Long, Chairman, Thomas N. Amonett, R. Don Cash and Thomas M Hamilton. Mr. Long resigned from the Board of Directors and the Executive Compensation Committee on March 23, 2005. Ms. Suzanne V. Baer was elected to the Board and appointed to the committee on May 10, 2005. All past and current members of the Committee are independent directors under the rules of the New York Stock Exchange, other than Mr. Long. The Company was entitled during 2005 to the benefit of the controlled company exception from the requirement that all members of the Committee be independent directors under the rules of the New York Stock Exchange.

During 2005, the Committee met 3 times, including meetings in executive session without representatives of management.

Executive Officer Compensation

Our executive compensation program is designed to attract and retain a highly qualified and motivated management team and appropriately reward individual executives for their contributions to the attainment of the Company's key strategic goals, both short term and long term. We review the compensation principles for the executive officers each year. We also review and establish the individual compensation levels for the executive officers. The Committee retains a nationally recognized compensation consulting firm to assist it in formulating its compensation policies and applying the policies to the compensation of executive officers, as well as to advise the Committee about the types and reasonableness of compensation payable to executives compared to companies in the Company's industry.

The Company's executive officer compensation program is comprised of base salary, annual cash bonus and long-term incentive compensation currently in the form of stock options, restricted stock and deferred performance units. Additionally, executive officers may participate, on the same basis as other employees, in the Company's broad based plans and benefits available to all employees.

Base Salary. Base salary levels for Jan Rask, the Company's Chief Executive Officer (CEO), T. Scott O'Keefe, its Chief Financial Officer (CFO) in 2005, and David J. Crowley, the Company's Vice President Marketing in 2005 were initially established in their respective employment contracts. The employment contracts were entered into in July 2002 in the case of Messrs. Rask and O'Keefe, and in April of 2003 in the case of Mr. Crowley. Under the terms of each employment contract, the Company is required to annually review the executive's base salary.

We set base salaries for executive officers so that they approximate the size-adjusted median for salaries of comparable executives in our compensation peer group. The compensation peer group includes several of the Company's competitors as well as other companies in the oil field service business. We adjust executive officer base salaries when warranted by the individual's experience and performance and when surveys of the compensation peer group and of companies in the offshore drilling industry show increases in base salaries. Individual experience and performance is subjectively assessed by the individual's supervisor or, in the case of the CEO, the Committee.

Cash Bonus. Another element of executive officer compensation is the Company's Performance Bonus Plan, established under the Long Term Incentive Plan and pursuant to which key employees may receive cash bonuses. The purpose of the Performance Bonus Plan is to link the cash compensation of key employees directly to the Company's financial performance and, in the case of most executive officers, to the employee's accomplishment of his individual goals. This variable cash compensation element enables the Company to be competitive in attracting and retaining talented personnel during periods of high demand, without creating an unduly high fixed cost overhead structure that could be burdensome during periods of weak demand in the Company's cyclical industry.

Under the Performance Bonus Plan, executive officers and other key employees can earn a cash bonus ranging from zero to 200% of a target bonus level set as a percentage of the employee's base salary. The target bonus level for each individual is generally set to approximate the median cash bonus opportunities for similarly-situated employees in the compensation peer group companies. The actual bonus awarded under the Performance Bonus Plan generally depends on the level of achievement attained by the Company and the key employee toward multiple, predetermined performance goals.

In 2005, the key performance measurement criteria and corresponding weights utilized under the Performance Bonus Plan for all employees, including executive officers, were as follows:

Performance Criteria	Operations Personnel, Health Safety and Environment Personnel and Rig Level Personnel	Other Shore-Based Personnel(1)
EBITDA	25%	70%
Direct Operating Expenses	25%	-
Downtime	25%	-
Safety	25%	-
Individual Goals	-	30%

(1)	(12)	—	—	5					
Dividends paid (\$0.50 per common share)	—	—	—	—	1	—	(92)	(91)	
Treasury stock purchases	—	—	—	(3)	(126)	—	—	(126)	
Balance at April 30, 2016	372	\$ 4	\$ 2,961	(187)	\$ (9,906)	\$ (16)	\$ 12,254	\$ 5,297	

See accompanying Notes to Consolidated Financial Statements

Table of Contents

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Millions)

	Three Months Ended	
	April 30, 2016	May 2, 2015
Operating activities		
Net income	\$ 17	\$ 127
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	234	227
Share-based compensation	12	14
Excess tax benefits from share-based compensation	—	(9)
Deferred income taxes	(18)	(23)
Other non-cash revenues and expenses	7	10
Impairments, store closing and other costs	64	—
Changes in operating assets and liabilities:		
Merchandise inventories	(44)	(349)
Other current and long-term assets	(15)	28
Accounts payable	95	134
Accrued and other long-term liabilities	(125)	(69)
Income taxes	(87)	12
Net cash provided by operating activities	140	102
Investing activities		
Acquisition of property and equipment	(177)	(176)
Other	3	1
Net cash used in investing activities	(174)	(175)
Financing activities		
Treasury stock purchases	(126)	(147)
Shares withheld for taxes on vested restricted shares	(12)	(18)
Dividends paid	(91)	(90)
Capital lease and financing obligation payments	(31)	(27)
Proceeds from stock option exercises	6	134
Excess tax benefits from share-based compensation	—	9
Proceeds from financing obligations	4	—
Net cash used in financing activities	(250)	(139)
Net decrease in cash and cash equivalents	(284)	(212)
Cash and cash equivalents at beginning of period	707	1,407
Cash and cash equivalents at end of period	\$ 423	\$ 1,195
Supplemental information		
Interest paid, net of capitalized interest	\$ 50	\$ 63
Income taxes paid	126	84
Non-cash investing and financing activities		
Property and equipment acquired through additional liabilities	\$ 9	\$ 10
See accompanying Notes to Consolidated Financial Statements		

Table of Contents

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for fiscal year end consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016 (Commission File No. 1-11084) as filed with the Securities and Exchange Commission on March 18, 2016.

Due to the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

We operate as a single business unit.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") No. 605, "Revenue Recognition". In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date", which defers the effective date of ASU 2014-09 for all entities by one year. The original ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective in the first quarter of 2018. It will change the way we account for sales returns, our loyalty program and certain promotional programs. Based on current estimates, we do not expect this ASU to have a material impact on our financial statements and, therefore, we expect to use the modified retrospective method to adopt the standard.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The core principle of the standard is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in its statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. We will be required to adopt the new standard in the first quarter of 2019. We are currently evaluating the impact this new standard will have on our financial statements.

During 2015, we adopted ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs (Subtopic 835-30)" which requires us to present debt issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as an asset. We also adopted ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes (Topic 740)" which requires us to present deferred tax liabilities and assets as non-current in our balance sheet and corrected the presentation of certain other tax assets and liabilities.

The following table summarizes changes to our May 2, 2015 balance sheet:

(Dollars in Millions) Prior Classification		Current Classification	
Debt issuance costs	Other current and long-term assets	Long-term debt	\$ 13
Deferred taxes	Current deferred tax asset	Long-term deferred tax liability	129
Deferred taxes	Long-term deferred tax liability	Other long-term assets	32
Deferred taxes	Other long-term liabilities	Long-term deferred tax liability	14

Table of Contents

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Debt

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

Maturity	April 30, 2016		Outstanding		May 2, 2015
	Effective Rate	Coupon Rate	Outstanding	January 30, 2016	
	(Dollars in Millions)				
2021	4.81%	4.00%	\$ 650	\$ 650	\$ 650
2023	3.25%	3.25%	350	350	350
2023	4.78%	4.75%	300	300	300
2025	4.25%	4.25%	650	650	—
2029	7.36%	7.25%	99	99	200
2033	6.05%	6.00%	166	166	300
2037	6.89%	6.88%	150	150	350
2045	5.57%	5.55%	450	450	—
2017	—	—	—	—	650
	4.88%		2,815	2,815	2,800
Unamortized debt discount			(5)	(5)	(7)
Deferred financing costs			(17)	(18)	(13)
Long-term debt			\$2,793	\$2,792	\$2,780

ASC No. 820, "Fair Value Measurements and Disclosures", requires fair value measurements be classified in various pricing categories. Our long-term debt is classified as Level 1, financial instruments with unadjusted, quoted prices listed on active market exchanges. The estimated fair value of our long-term debt was \$2.8 billion at both April 30, 2016 and January 30, 2016 and \$3.1 billion at May 2, 2015.

3. Stock-Based Compensation

The following table summarizes our stock-based compensation activity for the three months ended April 30, 2016:

(Shares and Units in Thousands)	Stock Options		Nonvested Stock Awards		Performance Share Units	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance at beginning of period	3,076	\$ 52.65	2,211	\$ 57.37	347	\$ 67.53
Granted	—	—	1,132	46.97	4	67.47
Exercised/vested	(145)	41.82	(646)	56.61	—	—
Forfeited/expired	(127)	58.47	(113)	55.95	(32)	67.98
Balance at end of period	2,804	\$ 52.94	2,584	\$ 53.06	319	\$ 67.49

4. Contingencies

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

Table of Contents

KOHL'S CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Net Income Per Share

The following table summarizes our basic and diluted net income per share calculations:

	Three Months Ended April 30, 2016	2015
(Dollar and Shares in Millions)		
Numerator—Net income	\$17	\$ 127
Denominator—Weighted average shares:		
Basic	183	200
Impact of dilutive stock-based awards	1	2
Diluted	184	202
Antidilutive shares	4	—

6. Impairments, Store Closing and Other Costs

On February 25, 2016, we announced plans to close 18 underperforming stores in fiscal 2016. The specific locations were announced in March 2016. We intend to close all but one of the stores in June 2016. Employees impacted by the closures were offered the opportunity to work at nearby Kohl's locations or a severance package.

During the quarter ended April 30, 2016, we incurred the following costs related to the store closures and the organizational realignment at our corporate office:

(Dollars in Millions)

Impairment of stores and other store assets	\$53
Severance and other	11
Total	\$64

We expect to incur an additional \$105 - \$110 million in related charges in the second quarter of 2016. This is slightly higher than our prior estimate as more employees than expected chose severance packages over relocation.

Table of Contents

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

For purposes of the following discussion, all references to "the quarter" and "the first quarter" are for the 13-week fiscal periods ended April 30, 2016 and May 2, 2015. References to "2016" are for the quarter ended April 30, 2016. References to "2015" are for the quarter ended May 2, 2015.

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this report, as well as the financial and other information included in our 2015 Annual Report on Form 10-K (our "2015 Form 10-K"). The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed elsewhere in this report and in our 2015 Form 10-K (particularly in "Risk Factors").

Executive Summary

As of April 30, 2016, we operated 1,167 family-focused, value-oriented department stores and a website (www.Kohls.com) that sell moderately-priced private label, 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.

In the first quarter of 2016, we opened three new stores, including our first two 35,000 square foot stores. We also opened two additional clearance centers, which are operated as Off-Aisle stores. We opened 12 FILA outlet stores in May and plan to open six additional smaller format stores in the Fall.

Sales were \$4.0 billion for the quarter, 3.7% lower than the first quarter of last year. On a comparable store basis, sales were 3.9% lower. The decreases were primarily driven by fewer transactions in our stores.

Inventory, gross margin and expenses were well-managed in a challenging sales environment.

Inventory per store decreased 2%, which was consistent with our expectations.

Gross margin as a percentage of sales decreased 139 bp to 35.5%. The decrease was consistent with our expectations as we reduced selling prices to clear excess inventory.

Selling, general and administrative expenses ("SG&A") decreased \$8 million, or 1%, as every area of our business was able to reduce its planned expenses in response to the decrease in sales.

During the quarter, we recorded \$64 million in expenses, \$41 million net of tax, associated with our corporate restructuring and 18 stores that will close later this year. We expect to record an additional \$105 - \$110 million in related costs in the second quarter of 2016.

Net income for the quarter was \$17 million, or \$0.09 per diluted share. Excluding the store closure and corporate restructuring charges, net income was \$58 million, or \$0.31 per diluted share, approximately 50% lower than the first quarter of last year.

See "Results of Operations" and "Financial Condition and Liquidity" for additional details about our financial results.
Results of Operations

Net sales.

Net sales decreased \$151 million, or 3.7%, to \$4.0 billion for the first quarter of 2016. Comparable sales decreased 3.9% for the quarter. 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 omni-channel sales in our comparable sales.

Adjustments for omni-channel sales that have been shipped, but not yet been received by the customer are included in net sales, but are not included in our comparable sales.

10

Table of Contents

Drivers of the changes in comparable sales during the first quarter were as follows:

Change in Comparable Sales

Selling price per unit	(1.0)%
Units per transaction	1.9
Average transaction value	0.9
Number of transactions	(4.8)
Comparable sales	(3.9)%

The decrease in selling price per unit was primarily due to clearance sales during the first quarter. The changes in units per transaction reflect customer reaction to the price changes. Generally, customers purchase more items as prices decrease and fewer items as prices increase. Transactions reflect fewer store transactions, partially offset by an increase in on-line transactions.

From a regional perspective, including on-line originated sales, the Northeast, Mid-Atlantic and Southeast outperformed the Company average for the quarter. The Midwest was consistent with the Company. The South Central and West underperformed the Company average.

By line of business, Men's and Women's outperformed the Company average for the quarter. Children's was consistent with the Company. Accessories, Footwear, and Home underperformed the Company average for the quarter.

Gross margin.

(Dollars in Millions)	2016	2015	(Decrease)	
			\$	%
Gross margin	\$1,412	\$1,523	\$(111)	(7.3)%
As a percent of net sales	35.5%	36.9%		(1.39)%

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

Gross margin as a percentage of sales decreased 139 basis points for the quarter primarily due to clearance markdowns taken to clear excess inventory.

Selling, general and administrative expenses.

(Dollars in Millions)	2016	2015	Increase/(Decrease)	
			\$	%
Selling, general and administrative expenses	\$1,008	\$1,016	\$(8)	(0.8)%
As a percent of net sales	25.4%	24.6%		0.75%

SG&A expenses 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; marketing 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.

Table of Contents

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

(Dollars In Millions)

Marketing costs, excluding credit card operations	\$23
Distribution costs	(2)
Increase in net revenues from credit card operations	(8)
Store expenses	(9)
Corporate expenses	(12)
Total decrease	\$(8)

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 75 basis points for the quarter.

Marketing costs increased due to our Academy Awards sponsorship and higher digital spending. The increase in net revenues from credit card operations is the result of higher finance charge revenues and late fees due to growth in the portfolio, as well as lower marketing costs for our credit card. The decrease in store expenses is due to decreases in our variable store operating expenses, partially offset by higher store payroll due to on-going wage pressure and omni-channel support of ship-from-store and buy on-line, pick-up in store operations. The decrease in corporate expenses reflect lower incentive compensation and corporate store support, partially offset by increased Information Technology ("IT") spending to support our omni-channel strategy.

Other Expenses.

	2016	2015	Increase/ (Decrease)	
(Dollars in Millions)			\$	%
Depreciation and amortization	\$234	\$227	\$7	3 %
Interest expense, net	79	84	(5)	(6)%
Impairments, store closing and other costs	64	—	64	100 %
Provision for income taxes	10	69	(59)	(86)%
Effective tax rate	37.6 %	35.3 %		

Depreciation and amortization increased as a result of higher IT amortization. Interest expense decreased due to the debt refinancing completed in the second quarter of 2015.

During the first quarter of 2016, we recorded \$53 million in store impairment charges and \$11 million of severance and other costs related to the previously announced store closures and corporate re-alignment.

The provision for income taxes decreased due to lower pretax income in the first quarter of 2016, partially offset by a higher effective tax rate. The change in the effective tax rate was primarily due to favorable state audit settlements during 2015.

Excluding impairments, store closing and other costs, our net income and diluted earnings per share were as follows:

	2016	2015	Decrease	
(Dollars in Millions)			\$	%
Net income	\$58	\$127	\$(69)	(55)%
Diluted earnings per share	\$0.31	\$0.63	\$(0.32)	(50)%

Table of Contents

Seasonality and Inflation

Our business, like that of most retailers, is subject to seasonal influences, with the major portion of sales and income typically realized during the second half of each fiscal year, which includes the back-to-school and holiday seasons. Approximately 15% of annual sales typically occur during the back-to-school season and 30% during the holiday season. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

Although we expect that our operations will be influenced by general economic conditions, including food, fuel and energy prices, and by costs to source our merchandise, 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 impacted by such factors in the future.

Liquidity and Capital Resources

The following table presents our primary cash requirements and sources of funds.

Cash Requirements	Sources of Funds
<ul style="list-style-type: none"> • Operational needs, including salaries, rent, taxes and other costs of running our business • Capital expenditures • Inventory (seasonal and new store) • Share repurchases • Dividend payments 	<ul style="list-style-type: none"> • Cash flow from operations • Short-term trade credit, in the form of extended payment terms • Line of credit under our revolving credit facility

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

(Dollars in Millions)	Increase/(Decrease) in Cash			
	2016	2015	\$	%
Net cash provided by (used in):				
Operating activities	\$140	\$102	\$ 38	37 %
Investing activities	(174)	(175)	1	1 %
Financing activities	(250)	(139)	(111)	(80)%

Operating Activities. Operating activities generated \$140 million of cash in the first quarter of 2016, compared to \$102 million in the first quarter of 2015. The increase reflects lower inventory levels, partially offset by decreases in net income and the timing of tax payments.

Merchandise inventories decreased \$81 million from May 2, 2015 to \$4.1 billion at April 30, 2016. Inventory per store decreased 2% from the first quarter of 2015, as increases in national brands were more than offset by decreases in both private and exclusive brands. Accounts payable as a percent of inventory was 32.9% at April 30, 2016, compared to 39.5% at May 2, 2015. The decrease is primarily due to lower merchandise receipts in March and April 2016. Receipts in 2015 were also impacted by conservative planning after the port disruptions in fall 2014 and spring 2015, increasing last year's accounts payable due to early receipts.

Investing Activities. Investing activities used cash of \$174 million in the first quarter of 2016 and \$175 million in the first quarter of 2015. Capital expenditures were \$177 million in the first quarter of 2016, consistent with the the first quarter of 2015, as higher IT and base capital spending in 2016 were offset by lower beauty remodel and corporate campus spending.

Financing Activities. Financing activities used cash of \$250 million in the first quarter of 2016 and \$139 million in the first quarter of 2015.

We paid cash for treasury stock purchases of \$126 million in the first quarter of 2016 and \$147 million in the first quarter of 2015. Share repurchases are discretionary in nature. The timing and amount of repurchases is based upon available cash balances, our stock price and other factors.

Table of Contents

We received proceeds from stock option exercises of \$6 million in the first quarter of 2016 and \$134 million in the first quarter of 2015. The decrease is due to high stock prices in the first quarter of 2015, which led to a large number of exercised options.

We paid cash dividends of \$91 million (\$0.50 per share) in the first quarter of 2016 and \$90 million (\$0.45 per share) in the first quarter of 2015. On May 23, 2016, our board of directors declared a quarterly cash dividend of \$0.50 per common share. The dividend is payable on June 22, 2016 to shareholders of record at the close of business on June 8, 2016.

As of April 30, 2016, our credit ratings were as follows:

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

Free Cash Flow. Free cash flow is a non-GAAP financial measure which we define as net cash provided by operating activities and proceeds from financing obligation payments (which generally represent landlord reimbursements of construction costs) less capital expenditures and capital lease and financing obligations. 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 operations. We believe that free cash flow represents our ability to generate additional cash flow from our business operations.

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

(Dollars in Millions)	2016	2015	Increase/(Decrease) in Free Cash Flow
Net cash provided by operating activities	\$140	\$102	\$ 38
Acquisition of property and equipment	(177)	(176)	(1)
Capital lease and financing obligation payments	(31)	(27)	(4)
Proceeds from financing obligations	4	—	4
Free cash flow	\$(64)	\$(101)	\$ 37

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

(Dollars in Millions)	April 30, May 2,	
	2016	2015
Working capital	\$2,208	\$2,713
Current ratio	1.83	1.91
Debt/capitalization	47.0	%44.0 %

The decreases in working capital and the current ratio are primarily due to lower cash balances, partially offset by a decrease in accounts payable. The debt/capitalization ratio increased primarily due to lower shareholders' equity, which was primarily due to share repurchases.

Table of Contents

Debt Covenant Compliance. As of April 30, 2016, we were in compliance with all debt covenants and expect to remain in compliance during the remainder of fiscal 2016.

(Dollars in Millions)

Included Indebtedness	
Total debt	\$4,712
Permitted exclusions	(5)
Subtotal	4,707
Rent x 8	2,224
Included Indebtedness	\$6,931

Rolling 12-month Adjusted Debt Compliance EBITDAR

Net income	\$563
Loss on extinguishment of debt	169
Impairments, store closing and other costs	64
Rent expense	278
Depreciation and amortization	941
Net interest	322
Provision for income taxes	325
EBITDAR	2,662
Stock based compensation	48
Other non-cash revenues and expenses	6
Rolling 12-month Adjusted Debt Compliance EBITDAR	\$2,716

Debt Ratio (a)	2.55
Maximum permitted Debt Ratio	3.75

(a) Included Indebtedness divided by Adjusted Debt Compliance EBITDAR

Contractual Obligations

There have been no significant changes in the contractual obligations disclosed in our 2015 Form 10-K.

Off-Balance Sheet Arrangements

We have not provided any financial guarantees as of April 30, 2016. 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 our financial statements that are reasonably likely to materially affect our liquidity or the availability of capital resources.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect reported amounts. Management has discussed the development, selection and disclosure of its estimates and assumptions with the Audit Committee of our Board of Directors. There have been no significant changes in the critical accounting policies and estimates discussed in our 2015 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in the market risks described in our 2015 Form 10-K.

Table of Contents

Item 4. 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 Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") as controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

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

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended April 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no significant changes in the risk factors described in our 2015 Form 10-K.

Forward-looking Statements

This Form 10-Q contains "forward-looking statements" made within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "anticipates," "plans," "may," "intends," "will," "should," "expects" and similar expressions are intended to identify forward-looking statements. Forward-looking statements may include comments about our future sales or financial performance and our plans, performance, and other objectives, expectations or intentions, such as statements regarding our liquidity, debt service requirements, planned capital expenditures, future store initiatives, adequacy of capital resources and reserves. Forward-looking statements are based on our management's then current views and assumptions and, as a result, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Any such forward-looking statements are qualified by the important risk factors described in Item 1A of our 2015 Form 10-K or disclosed from time to time in our filings with the SEC, that could cause actual results to differ materially from those predicted by the forward-looking statements. Forward-looking statements relate to the date initially made, and we undertake no obligation to update them.

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

We did not sell any securities during the quarter ended April 30, 2016, which were not registered under the Securities Act.

Table of Contents

The following table contains information for shares of common stock repurchased and shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' restricted stock during the three fiscal months ended April 30, 2016:

(Dollars in Millions)	Total Number of Shares Purchased	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
January 31 – February 27, 2016	1,584,657	\$ 43.94	1,575,855	\$ 574
February 28 – April 2, 2016	783,256	46.95	541,157	548
April 3 – April 30, 2016	721,510	44.36	702,757	517
Total	3,089,423	\$ 44.80	2,819,769	\$ 517

Table of Contents

Item 6. Exhibits

Exhibit Number	Description
10.1	Form of Chief Executive Officer Restricted Stock Agreement pursuant to the Kohl's Corporation 2010 Long Term Compensation Plan.
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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kohl's Corporation
(Registrant)

Date: June 3, 2016 /s/ Wesley S. McDonald
Wesley S. McDonald
On behalf of the Registrant and as Chief Financial Officer
(Principal Financial Officer)