

Kohl's Comments on Macellum's Statement and Reaffirms Strategic Progress

1/18/2022

Board of Directors Recently Refreshed with Three Independent Directors as Part of Settlement with Investor Group, which included Macellum, in April 2021

Company Plans to Share Updated Financial Framework and Capital Allocation Strategy at Previously Announced Investor Day on March 7, 2022

Board and Management Refuse to be Distracted and Remain Focused on Executing Strategy to Drive Sustained Shareholder Value

MENOMONEE FALLS, Wis.--(BUSINESS WIRE)-- Kohl's Corporation (NYSE:KSS) ("Kohl's" or the "Company") today issued the following statement in response to Macellum Advisors GP, LLC's (together with its affiliates, "Macellum") press release and letter to shareholders:

We have continued to engage with Macellum since the settlement and are disappointed with the path they have taken and the unfounded speculation in their announcement and letter.

Kohl's strategy is producing results.

Our strategic plan to transform Kohl's into the leading omnichannel destination for the active and casual lifestyle continues to gain traction. Our third quarter 2021 performance demonstrates continued progress: Net sales increased 16%, beating expectations, due to strong performances across both stores and digital. Operating margin reached a nine-year high of 8.4% and our full year EPS outlook represents an all-time high for our company.

We launched several transformational brand partnerships and opened 200 Sephora at Kohl's shops this Fall. These initiatives are off to a great start, attracting new customers and increasing sign-ups for our best-in-class rewards program. Further, through our focus on inventory management, pricing and promotion optimization, sourcing cost savings, and SG&A efficiencies, we are structurally improving the long-term profitability of our business.

Based on our performance in 2021, we are positioned to exceed our key 2023 financial goals two years ahead of plan. We remain confident in our future and have accelerated our share repurchase activity. In 2021, we continue to expect to repurchase \$1.3 billion in shares, reinforcing our commitment to driving shareholder value. We will discuss our 2021 results in more detail on our earnings call on March 1, 2022.

Looking ahead, we believe the continued execution of our strategy will position us to further improve our overall performance. We plan to share an updated financial framework and capital allocation strategy at our previously announced Investor Day on March 7, 2022.

Our refreshed Board of Directors has the skills and expertise to continue driving long-term value creation.

Our recently refreshed Board has the right mix of fresh perspectives, industry and financial expertise and institutional knowledge. As part of our agreement with the Investor Group, which included Macellum, following last year's proxy contest, we added three independent directors to the Board, each with retail experience. In total, six new independent directors have joined Kohl's Board in the last three years. These new directors bring highly relevant experience from top roles at leading retail companies including lululemon, Walmart, Burlington, and Kroger.

Kohl's Board continuously evaluates value-enhancing opportunities and is committed to maximizing value for all shareholders.

Our Board has the deep financial and industry expertise necessary to evaluate all opportunities to enhance shareholder value. The Board regularly works with specialized advisors to evaluate paths that have the potential to create long-term value.

Our Board and management team will continue to aggressively pursue the best interests of all shareholders as we manage the business to increase shareholder value in both the near- and long-term.

Board and Management Refuse to be Distracted

The Company has been open to engagement with shareholders, and after discussion with a larger group of shareholders last year agreed to certain Board level changes. As recently as this weekend, Macellum refused to enter a confidentiality agreement to hear about the Company's progress across operating performance metrics, strategic initiatives and capital allocation plans, and provide input on these matters as a shareholder. They have been unwilling to constructively engage. The Board and management remain focused on sustained value creation. Distracting the Company from this focus does not benefit shareholders.

Cautionary Statement Regarding Forward-Looking Information and Non-GAAP Measures

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends forward-looking terminology such as "believes," "expects," "may," "will," "should," "anticipates," "plans," or similar expressions to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause the Company's actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, risks described more fully in Item 1A in the Company's Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in the Company's filings with the SEC. Forward-looking statements relate to the date initially made, and Kohl's undertakes no obligation to update them.

About Kohl's

Kohl's (NYSE: KSS) is a leading omnichannel retailer. With more than 1,100 stores in 49 states and the online convenience of **Kohls.com** and the Kohl's App, Kohl's offers amazing national and exclusive brands at incredible savings for families nationwide. Kohl's is uniquely positioned to deliver against its strategy and its vision to be the most trusted retailer of choice for the active and casual lifestyle. Kohl's is committed to progress in its diversity and inclusion pledges, and the company's environmental, social and corporate governance (ESG) stewardship. For a list of store locations or to shop online, visit **Kohls.com**. For more information about Kohl's impact in the community or how to join our winning team, visit **Corporate.Kohls.com** or follow @KohlsNews on Twitter.

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