



April 4, 2022

Dear Members of the Board,

We are writing to you regarding your decision to run what appears to be a flawed and opaque review of strategic alternatives. In all of our years investing in the public market, we have never seen a corporate leadership team operate in a more defensive and insular manner when many shareholders seem very supportive of a sale and various suitors have expressed interest. Perhaps this is why the Company's shares have the rare distinction of trading almost 15% below announced and reported offers. Indeed, you cannot run from the following:

- The Board abruptly rejected indications of interest from two credible and well-capitalized acquirers before apparently providing sufficient access to management, a robust data room and other information that could have informed upward adjustments to offers.
- The Board quickly implemented an onerous, two-tiered poison pill that could only serve to chill acquirers' interest.
- The Board has failed to communicate clearly and effectively about its purported process for evaluating potential acquirers' overtures, even as credible reports swirl about several suitors who are interested in bidding close to or above \$70 per share.
- The Board had management waste time and money on a flashy Investor Day, which featured yet another standalone strategy that was met with a roughly 13% share price decline following its release.
- The Board is championing a capital-intensive and risky three-year plan that only appears to derive Earnings Per Share growth from share repurchases. We struggle to comprehend how this plan could create value anywhere close to a sale – no less risk-adjusted value close to \$70 per share or more.
- The Board rejected our offers to compromise by appointing a Macellum principal as a director and involving that individual in the process.

This pattern of intransigence is all the more disturbing when considering that the Company's share price was below \$44 at one point in late 2021 and was below \$47 prior to recent indications of interest becoming public this year. The Board should consider that absent the prospect of a sale, the Company's share price would likely be even lower due to investors' dissatisfaction with management's three-year plan. We believe Kohl's has traded up nearly 30% over the past two months for one reason: investors are enthusiastic about the possibility of finally achieving a reasonable return via a sale.

At this point, we believe the Board has eroded all of its credibility with shareholders. A number of sizable shareholders have informed us that they are extremely frustrated with the Board's poorly communicated process, which has followed two decades of perpetual stagnation. Perhaps this is why the Company's most recent letter to shareholders was focused on disparaging us and full of seemingly false and misleading statements.

If the Board wants to regain some semblance of credibility and demonstrate respect for its fiduciary duty, we urge it to address the following questions:

- 1. What is the status of the process in terms of the number of interested parties and management's level of engagement and data sharing?**
- 2. When does the Company intend to gather final bids, and will it be before the Annual Meeting so that shareholders can be fully informed before they vote on our respective slates?**



3. **What steps is the Board taking to ensure interested parties have everything they need to expeditiously submit initial and modified bids?**
4. **If new bidders surface, are they being told they are too late or are they being given adequate access to make offers?**
5. **Has the Company's financial advisor, Goldman Sachs, been authorized to canvass the entire market for a full spectrum of financial and strategic bidders and been directed to allow bidders to partner to ensure the highest price can be attained?**
6. **Are there any pre-conditions that could dissuade interested parties?**
7. **Will shareholders have an opportunity to vote on the highest bid sourced via the process?**
8. **Will the 2022 Annual Meeting be delayed if the process needs to extend beyond May 11th?**

Another area the Board should address is its plan for pre-releasing financial results prior to the Annual Meeting. We believe the Board should provide shareholders the fullest possible picture of the Company's recent performance. Given Kohl's has pre-released results in the past, we would like the Company to confirm it intends to pre-release for the first quarter of this fiscal year.

In our view, the fact that the Board has not yet adequately addressed these questions reinforces its credibility deficit. It seems to us like the Board is putting its thumb on the scale to keep Kohl's mired in operational mediocrity within the public market. Rather than promoting uninspiring plans and trying to attack us, we hope the Board finally takes steps to address these critical questions via a public communication well ahead of the Annual Meeting.

While it benefits our campaign for change when the Board keeps shareholders in the dark, we want what is best for Kohl's and all of its stakeholders. The best thing the Board can do in the immediate term is deliver a transparent update on the process.

Sincerely,

Jonathan Duskin
Managing Partner
Macellum Capital Management

VOTE THE WHITE PROXY CARD TO ELECT MACELLUM'S ALIGNED AND EXPERIENCED SLATE.

REVIEW MORE INFORMATION AT WWW.KEEPKOHLACCOUNTABLE.COM.

CONTACT INFO@SARATOGAPROXY.COM WITH ANY QUESTIONS ABOUT YOUR PROXY AND HOW TO VOTE.
