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Kohl's Announces Evolution of its Multi-Year Greatness Agenda Strategy

MENOMONEE FALLS, Wis., October 27, 2015 – [Kohl's](#) (NYSE: KSS) today unveiled new initiatives under the company's overarching strategic framework, called the Greatness Agenda. The multi-year plan was designed to drive organic top-line growth by seeking out and taking advantage of opportunities that will elevate the course of business, while also creating a clear focus around those business critical activities that are required to accelerate growth. While recommitting to the purpose, pillars and values established by the Greatness Agenda one year ago, the Greatness Agenda has evolved based on customer and associate insights from the first year.

"The Greatness Agenda is our multi-year plan and it's working. Since announcing this strategy one year ago, we've changed the trajectory of our performance trend line from negative to positive," said Kevin Mansell, Kohl's chairman, CEO and president, as he shared the updated strategy to an audience of retail industry leaders at the WWD Apparel & Retail CEO Summit in New York today. "The key business initiatives outlined in the Greatness Agenda one year ago have delivered, or in most cases over delivered, to our plan. With one year of key wins and further customer insights under our belts, we are on course to meet our three-year goals and become the most engaging retailer in America."

Driven by a clear purpose "to inspire and empower families to lead fulfilled lives," the Greatness Agenda continues to be supported by the five pillars it is built upon: amazing product, incredible savings, easy experience, personalized connections and winning teams. To measure success in the near-term, Kohl's set out to reach three primary goals by the end of 2017: to increase sales to \$21 billion, be in the 90th percentile for associate engagement and best-in-class for customer engagement.

In the first year of the Greatness Agenda, Kohl's saw immediate success in its newly launched [Yes2You Rewards](#) loyalty program – now more than 33 million members strong, the rollout of an expanded and elevated beauty department, introduction of truly personalized marketing efforts, launch of a highly-ranked new mobile app, double digit year-to-date growth and significant market share gain in the active and wellness business, and the launch of several key national brands, including FitBit, Madden Girl, Columbia, Samsung, Bliss and more.

During the second year of the Greatness Agenda, Kohl's will seek out and take advantage of the following opportunities, supporting each of the five strategic pillars, that Kohl's believes will accelerate the course of business:

Amazing Products

- Create **unique assortments by store** to drive local relevancy
- Intensify the focus on **growing the women's apparel business**

"We recognized quickly that our actions on localization were bearing fruit and we needed to elevate our vision," Mansell said. "Our goal now is to create unique assortments by individual store and complete the process across our entire merchandise offering by the middle of next year."

Easy Experience

- **Launch new formats** and distribution channels to increase sales
- **Become world class in digital** by creating a seamless experience in-store, online or on mobile devices
- Drive traffic in stores through **buy online, pick-up in stores**



"We are in a strong position to explore new formats as an additional avenue for growth and diversification. We have created a smaller, more nimble 35,000 square foot Kohl's prototype and will open five to ten of these Kohl's stores in underserved markets next year," Mansell said. "We have also leveraged the strength of our exclusive brands to create completely new retail outlet locations solely selling our proprietary brands, starting with FILA. Next year, we will open 10 to 15 FILA stores in outlet malls across the country. Additionally, after seeing the potential from our first Off-Aisle by Kohl's pilot store opened last year, we will open two more Off-Aisle by Kohl's locations in 2016. All three of these new formats create new revenue streams and growth for Kohl's."

Personalized Connections

- **Accelerate personalization** as a key competitive advantage across all customer experience touchpoints
- **Win new customers** by capturing greater share of Kohl's core customer audience and targeting two growing segments of the population: millennials and Hispanic families
- **Activate Kohl's Yes2You Rewards** loyalty program by realizing the power and potential of the program – now 33 million members strong after its first year

"With almost 80 percent of our sales tied to known customers, we know, better than any other retailer, how our customers behave and what they purchase," Mansell said. "We are doubling-down in our personalization efforts and unlocking the power of all of this data to create truly personalized experiences with Kohl's. This will allow us to offer experiences that are most relevant to individuals' habits, interests and families. We will engage with our customers in a manner way beyond deals."

Incredible Savings

- **Elevate our value leadership** through insights-driven pricing and promotion excellence

"Kohl's has always been a destination for great value, but we are not getting full credit for the value we offer," Mansell said. "We have analyzed multiple years of Kohl's data and conducted extensive consumer research and are now positioned to use data-driven insights to make our value leadership more apparent to customers. We will focus intensely on the categories and items that create the greatest impact on value perception and reclaim our spot as the value leader."

Winning Teams

- **Be famous for engaging, developing and recognizing great teams**

"We have two efforts underway to ensure we have the winning teams in place that will drive the success of the business. First, we developed new competencies and capabilities for talent throughout our organization and invested in developing associates and attracting new, key leaders. In fact, 25 percent of the corporate roles we have today did not exist three years ago," Mansell said. "Second, we are laser focused on having the most engaged associates in the industry – as spelled out in the creation of the Greatness Agenda and driven by the associate engagement metric in our goals for 2017. In the first year, we've already achieved engagement scores in the 90th percentile for three of our four business areas and have seen significant increases in all categories throughout the company."

*MEDIA NOTE: This presentation will be available on KohlsCorporation.com.

Cautionary Statement Regarding Forward-Looking Information

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Kohl's 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 Kohl's actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Item

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1A in Kohl's Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described in Kohl's filings with the SEC.

About Kohl's

Kohl's (NYSE: KSS) is a leading specialty department store with 1,166 stores in 49 states. With a commitment to inspiring and empowering families to lead fulfilled lives, the company offers amazing national and exclusive brands, incredible savings and inspiring shopping experiences in-store, online at Kohls.com and via mobile devices. Committed to its communities, Kohl's has raised more than \$274 million for children's initiatives nationwide through its Kohl's Cares[®] cause merchandise program, which operates under Kohl's Cares, LLC, a wholly-owned subsidiary of Kohl's Department Stores, Inc. For additional information about Kohl's philanthropic and environmental initiatives, visit www.Kohls.com/Cares. For a list of store locations and information, or for the added convenience of shopping online, visit www.Kohls.com.

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