



KOHL'S STATEMENT TO CBS SACRAMENTO (KOVV-TV)

STATEMENT – December 16, 2011

Kohl's offers promotional events designed to provide our customers with exceptional value, and we pride ourselves on the incredible savings referenced in your letter. Decisions with respect to the establishment of prices for Kohl's merchandise are made by Kohl's merchandise buyers from corporate headquarters in Wisconsin. Prices are established on a chain-wide basis. Each Kohl's buyer is responsible for a very narrow range of merchandise, which allows them to be experts in their product categories. When determining pricing, including any necessary price changes, the buyers consider a number of factors, including the regular prices of Kohl's competitors for similar merchandise as well as Kohl's costs for the goods being sold.

As is common in the retail industry, from time-to-time, product prices are increased due to production and raw material cost increases. When these types of price increases are implemented, our stores are instructed to re-ticket all items currently in our inventory to match the prices on the tags for all in-coming merchandise. New receipts are correctly priced in accordance with our instructions to our vendor, so no re-ticketing of that merchandise is necessary.

The price increases for the Simply Vera Vera Wang sheet set about which you inquired were in response to the significant and well-documented worldwide cotton cost increases experienced in 2010 and 2011. Kohl's is currently paying our vendor over 35% more for this sheet set than we did in February 2010 when this item was initially priced at \$169.99. Kohl's implemented price increases for this sheet set in April 2010, August 2010 and most recently in March 2011 as the price of cotton continued to rise. During each of these pricing levels, the sheet set was periodically offered at 50% off its then-current price. Kohl's continues to evaluate our competitors' pricing for similar products and we are confident that Kohl's current pricing remains competitive in the department store marketplace. For example, the pricing is in line with similar products sold at other department stores within our competitive set.

Price increases at Kohl's are not common. However, the unprecedented increases in the cost of certain commodities such as cotton over the past 24 months have caused us to take these actions. If any customers are unhappy with their purchases for any reason, we would hope and encourage that they take advantage of Kohl's quick, convenient and hassle-free return policy.

Vicki Shamion

Kohl's Senior Vice President of Public Relations and Community Relations

STATEMENT – January 30, 2012

Changes to Kohls "off sale" prices are infrequently made, and Kohls does not raise "off sale" prices on a short term basis just for purposes of a future sales event.

As previously noted, it is common in the retail industry for product prices to be increased from time to time for various reasons, including production and raw material costs. We provided you with very detailed facts on the Simply Vera Vera Wang sheet set demonstrating the reasons for these increases during the unprecedented period of inflationary pressures we have experienced over the past months. Each of the items about which you subsequently inquired did, in fact, also experience price increases - with most of Kohl's price changes taking effect in late Summer or early Fall 2011.

As with the Simply Vera Vera Wang sheet set about which you originally inquired, Kohl's is confident that our current pricing on all of these items is competitive in the department store marketplace.

While Kohl's prides itself on providing our customers with exceptional value, we would encourage any customers that may be unhappy with their purchases for any reason to take advantage of Kohl's industry leading and hassle-free return policy.

Vicki Shamion

Kohl's Senior Vice President of Public Relations and Community Relations