Every Day Matters™
jcp.com

Investor Fact Book

September 18, 2008

About JCPenney

JCPenney is one of America's leading retailers, operating 1,082 department stores throughout the United States and Puerto Rico, as well as one of the largest apparel and home furnishing sites on the Internet, jcp.com, and the nation's largest general merchandise catalog business. Through these integrated channels, JCPenney offers a wide array of national, private and exclusive brands which reflect the Company's commitment to providing customers with style and quality at a smart price. Traded as "JCP" on the New York Stock Exchange, the Company posted revenue of $19.9 billion in 2007 and is executing its strategic plan to be the growth leader in the retail industry. Key to this strategy is JCPenney's "Every Day Matters" brand positioning, intended to generate deeper, more emotionally driven relationships with customers by fully engaging the Company's 155,000 Associates to offer encouragement, provide ideas and inspire customers every time they shop with JCPenney.

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, which reflect the Company's current views of future events and financial performance, involve known and unknown risks and uncertainties that may cause the Company's actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, general economic conditions, including inflation, consumer spending patterns and debt levels, the cost of goods, trade restrictions, changes in tariff, freight, paper and postal rates, changes in the cost of fuel and other energy and transportation costs, competition and retail industry consolidations, interest rate fluctuations, dollar and other currency valuations, risks associated with war, an act of terrorism or pandemic, and a systems failure and/or security breach that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information. Please refer to the Company's most recent Form 10-K and subsequent filings for a further discussion of risks and uncertainties. Investors should take such risks into account when making investment decisions. We do not undertake to update these forward-looking statements as of any future date.

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Executive Summary

JCPenney Vision for Growth

To be the **preferred** shopping choice for Middle America

Long-Range Plan Goals

- **Customers:** Build deeper, more enduring customer relationships
- **Associates:** Increase associate engagement and retention
- **Shareholders:** Deliver industry leading financial performance

Four Key Strategies of the Long-Range Plan

- **Customers:** Develop an emotional connection with our customer that is strong and enduring
- **Merchandise:** Inspire our customer with our merchandise and services
- **Associates:** Become the preferred choice for a retail career
- **Performance:** Establish JCPenney as the growth leader in the retail industry

2008 Bridge Plan

- **Approach:** Balance long-term growth opportunities with near-term economic realities
    - Maintain financial strength and flexibility
    - Opportunity to gain market share

2008 Bridge Plan (continued)

- **Prioritize:** Balance different aspects of Long-Range Plan
  - **Moderate**
    - New store openings
      - 35 stores in 2008 & 20 stores in 2009
    - Major store renovations
    - Home office overhead/expense disciplines
    - Align store staffing to traffic patterns
    - Inventory management
  - **Maintain**
    - American Living and Sephora concepts
    - 8 power brands
    - Key destination brands
    - Merchandise flow initiatives
    - Commitment to corporate social responsibility
  - **Accelerate**
    - Merchandise innovation and excitement
    - Focused marketing and messaging
    - Merchandise and marketing channel alignment
    - Invest in top talent and technology
    - “CustomerFIRST” initiatives

10 Key Differentiators – JCPenney Competitive Advantages

- “Every Day Matters” . . . Inspiring Customers
- American Living – traditional, classic merchandise across 40 product categories
- Sephora Inside JCPenney (currently in 81 locations, including 34 opened to date in 2008)
- 8 Power Brands (private brands accounted for ~45% of 2007 sales)
- Merchandise flow strategy (sophisticated end-to-end merchandising process)
- jcp.com leadership (fastest growing sales channel -- 2007 sales of approximately $1.5 billion)
- New store growth (35 new/relocated stores planned for 2008, primarily in off-mall locations)
- Investing in existing Stores (enhance store environment – renovating 20 stores in 2008)
- Best talent in retail
- Positioning business to gain market share

Growth Initiatives

- Fundamentally improve brand positioning of JCPenney through “Every Day Matters”
- Continue to drive private brand growth through elevation of existing brands
- Launch new brands and merchandise concepts
- Capitalize on, and invest in, industry leadership position and infrastructure of jcp.com
- New store openings – off-mall locations supplement strong mall presence
- Improve sales productivity of existing store base
- Improve inventory flow and cycle time

2007 Accomplishments

- Launched/expanded the following new brands at JCPenney:
  - Sephora (continued rollout of beauty concept)
  - Ambrielle, Flirtitude (lingerie)
  - liz&co, (women's)
  - CONCEPTS by Claiborne (men's)
  - C7P (junior's and young men's)
- Announced American Living, a traditional/classic merchandise concept that is a key element of women's, men's, children's, accessories and home beginning spring 2008
- Accelerated new store growth with the opening of 50 new/relocated stores, increasing square footage by ~3.5%
- Renovated 65 existing stores
- Grew sales through jcp.com by ~15% to $1.5 billion (52-week basis)
- Total operating expenses leveraged 50 basis points as a percent of sales despite 50 new stores and a difficult selling environment
- Completed $1 billion debt offering to refinance maturities and higher cost debt
- Completed $400 million common stock buyback program

Long-Range Plan For Growth

Four Key Strategies of the Long-Range Plan

I. Develop an emotional connection with our customer that is strong and enduring:

1. Be the leader in understanding our current and potential new customers
2. Effectively communicate why we are the best shopping choice
3. Deliver an easy, enjoyable and exciting shopping experience that meets or exceeds our customer's expectations every time

II. Inspire our customer with our merchandise and services:

4. Be the leading retailer in delivering style and quality at smart prices.
5. Improve merchandise relevancy by offering the right products at the right place, at the right time, in the right quantities and at the right price

III. Become the preferred choice for a retail career:

6. Build a "WINNING TOGETHER" culture – a meaningful, challenging and exciting place to work
7. Retain, attract and develop the best people in retail, reflecting the diversity of our customers

IV. Establish JCPenney as the growth leader in the retail industry:

8. Optimize growth in our core business, balancing sales, productivity, profitability, and return on investment
9. Execute new growth opportunities that leverage our core strengths

Strong and Enduring Emotional Connection

Marketing

- Overarching strategy is to develop an emotional connection with JCPenney customers that is strong and enduring
- Know our customer:
  - Understand style preferences, needs, wants and aspirations
  - Improve performance through evaluation of customer feedback and scorecards
  - Identify new customers and determine what would motivate them to shop at JCPenney
  - Understand current customers better to increase shopping frequency, conversion and cross shopping
- Communicate with our customer:
  - Execute the Company's brand positioning and connect with our customer
    * In their busy daily lives, women seek inspiration to create a better life for themselves and their families, and to find moments every day that make it better than the one before. -- "Every Day Matters"
  - Articulate what JCPenney offers, communicating leadership and relevant points of difference that inspires the customer
  - Continue to execute powerful, effective events and promotions that drive store traffic

- Our goal every day is to offer inspiration and let customers know that what matters to them matters to us
- Redefine the customer relationship moving from/to:

  Functional → Emotional

  Transactional → Inspirational

  Department store → their Preferred Shopping Choice

- Serve our customer:
  - Connect with the values of both customers and JCPenney associates, becoming one of the retail industry leaders in corporate social responsibility
- Grow the share of wallet from our existing customer base:
  - Over 40 million "known" JCPenney customers (made a purchase in the previous 12 months) with approximately 6% wallet share for JCPenney-type merchandise
  - Significant opportunity to expand market penetration
- Spring brand campaign:
  - Nearly 90% of the total U.S. population of women ages 18 to 54 viewed the campaign about 12 times over a 4-week period
  - Focused on key primetime, "appointment television" with large audiences
- Academy Awards sponsorship:
  - Reached 41 million total viewers, including 19 million women between the ages of 18 and 54
- Hispanic marketing:
  - Exclusive retail sponsorship of Premio lo Nuestro, 11 million Hispanic viewers

- Overall marketing message is balanced between promotion and branding, however, JCPenney is not moving away from being a promotional retailer
- Manage customer profitability through customer analysis

Inspiring Customers with Merchandise and Services

JCPenney Value Proposition

- Best brands -- offering style and quality equal to specialty stores and better department stores at a smart price
- Provide an attractive and compelling assortment of good/better/best merchandise
- Lifestyle merchandise, reflecting the customers' life and style preferences:
  - Conservative - practical, conventional, hesitant to change and not influenced by many trends; Fashion trends are very stable and styles typically include appliqués and embroideries
  - Traditional - largest customer segment, looks for classic, timeless merchandise, likes natural fibers, ease of care and stretch fabric
  - Modern - fastest growing lifestyle, more adventurous, open to change and interested in being current/in-line with trends; Not consumed with trends but rather attitude
  - Trendy - smallest customer segment, adds life and direction to entire assortment; Trendy customer always looking for the latest trend, willing to push the envelope in every aspect of their wardrobe, they want to stand out; This segment requires fresh merchandise and quick cycle time

Continue to Launch Relevant Brands and Concepts

- Destination brands – brands that are important to our customer, we are the destination for the customer to get the best assortment at a smart price (e.g., Levi's, Dockers, Nike, Van Heusen)
- Power brands – our key private brands, leaders in their category for style and value that drive traffic and build customer loyalty (e.g., Arizona, St. John's Bay, a.n.a., Ambrielle)
- Concepts – big ideas that go beyond lifestyle and are true draws for JCPenney (American Living and Sephora)
- In 2008, JCPenney has launched the following new brands and concepts:

  (p)rivate, (e)xclusive, or (n)ational brands denoted

  - Decree (p) -- (in juniors)
  - Fabulosity by Kimora Lee Simons (e)
  - White Tag (n), -- (in young men's)
  - Messages from the Heart by Sandra Magsamen -- (in children's)
  - Le Tigre (n) – (juniors and young men's)
  - Linden Street (p) -- (in home)
- American Living, a traditional/classic brand launched spring 2008 and carried in women's, men's, children's, accessories, shoes, and home (e)
- Recent brand announcements include Decree (p), Fabulosity (e), Whitetag (n), LeTigre (e), Dorm Life (p) and Linden Street (p)

Growing Private Brands

- Well established design and sourcing organization drives successful new private brand launches
- Private brand strategy for growth:
  - Private brands accounted for 45% of JCPenney sales in 2007 – optimal mix of private vs. national brands will be determined by the customer
  - Private brand gross margins are generally 300 to 500 basis points higher than national brands
  - Private and exclusive brands develop customer loyalty through differentiation, smart pricing
- Eight power brands generate about 80% of private brand sales:
  - Ambrielle (intimate apparel)
  - Arizona* (juniors, young men's, children's)
  - a.n.a (women's casual)
  - Cooks for The JCPenney Home Collection (home)
  - Chris Madden for The JCPenney Home Collection (home)
  - St. John's Bay* (women's and men's casual sportswear)
  - Stafford (men's career and accessories)
  - Worthington (women's career and accessories)

  ** sales exceeded $1 billion in 2007*
- New private brands announced for 2008:
  - Linden Street (Neo-traditional home furnishings)
  - Decree (juniors)
  - Dorm Life (home)

Sephora Inside JCPenney

- Successfully integrated into JCPenney stores with substantially higher sales per square foot than Company average
- Sephora brings the most exciting new beauty concept to JCPenney:
  - Customers now have access to beauty products at JCPenney
  - Drives more frequent shopping visits
  - Attracts younger, more affluent customers
  - Provides a substantial cross-sell shopping opportunity
- Currently operate 81 Sephora Inside JCPenney locations, including 34 opened in 2008 YTD
- Continue rollout in 2008 and beyond at a measured pace
- Created JCPenney/Sephora teams for merchandise, planning, allocation and training
- Key elements that create an impactful customer experience with Sephora:
  - Sephora inside JCPenney has same look and feel as a stand alone Sephora store
  - The best brands and products from Sephora are available at JCPenney
  - Sell-through rates consistent between Sephora and JCPenney
  - Associate engagement and training is paramount to the success of bringing Sephora to life

American Living

- Largest launch in Company's history
- Formal launch was in February 2008 in men's, women's children's, accessories, shoes, and home
- Available in ~600 stores, catalog, and Internet through jcp.com
- Product being designed and developed by best talent in the U.S.
- Merchandise represents best price point at JCPenney, with an appropriate pricing strategy
- Merchandise will participate in normal promotional cadence

Building a Power Brand

- Assess opportunity (consumer research, competitive review, white space)
- Define brand (lifestyle alignment, assortment plan, pricing, promotion, flow strategy)
- Design the concept (collection, silhouette, fabrication)
- Production (placement, quality assurance, shipping)
- Messaging (imaging, print, media, promotion)
- Brand identity and experience – ensure consistency of merchandise, marketing, presentation, packaging, etc.

The Store Experience

- The focus of the store organization is improving the shopping experience
- Customer satisfaction surveys measure the effectiveness and improvement of the store shopping experience. Topics surveyed include: customer loyalty, associate interaction, merchandise assortments, store execution and store environment
- Satisfied customers are:
  - 1.5 times more likely to return to JCPenney
  - 2 times more likely to recommend JCPenney to a friend
  - Half of these customers returned to JCPenney within 30 days

Growth Initiatives

jcp.com – Leveraging Technology to Accelerate Growth

- Establish jcp.com as the “gateway” for customers to experience the compelling merchandise assortments offered at JCPenney
- Continue to innovate and introduce new functionality
- Focus on “game-changing” business processes
- Invest in a durable asset
- Build a flexible business model

Accelerated Opening of New Stores

- New stores open at a sales productivity level which exceeds the Company average
- Strong financial performance of new stores
- Mall stores core to business, off-mall stores represent new growth opportunity (now have about 106 new off-mall prototype)
- New stores will primarily be in the off-mall format (approx. 80-90% of new stores in this format)
- Create more frequent shopping trips (off-mall locations)
- Capture greater share of wallet
- Smaller trade areas required to open stores; fewer transfer sales
- Approximately 10% of our store base has been opened in the past 5 years

- Opened 6 stores in 2003, 14 in 2004, 18 in 2005, 28 in 2006, 50 in 2007
- Announced slowdown in new store growth in 2008/09 in light of current environment - plan to open 35 new stores in 2008
- Square footage growth of ~3.5% in 2007, plan ~2.5% growth in 2008
- On a long-term basis, have identified up to 400 opportunities for new stores, relocations or expansions
- New store location strategy:

Mall	**Off-Mall**
Core strength	New Customer
Opportunistic acquisitions	Future growth opportunity
Weekends and holiday destination	Weekday destination

Accelerated Rate of Existing Store Renovations

- Maintain a focus on enhancing the store portfolio through renovations of the existing store base and evolving the store prototype to provide a best-in-class shopping experience
  - Have slowed store renovations in the near term in light of current environment
  - Renovated 65 existing stores in 2007, 20 planned for 2008
  - Currently 50% of the store base is in a new or renovated state
  - Goal is to have about 80% of the store base in a new or renovated state over the next several years
  - Additional fixture roll-outs in support of new product and concept launches such as Ambrielle, Sephora and American Living will also enhance existing stores
- Store signage, wayfinders (maps), price check scanners and other initiatives increase the ease of shopping in existing stores

Improved Merchandise Flow and Cycle Time Reduction

Improved Merchandise Flow

- Objective of better merchandise flow:
  - Getting the Right Product
  - In the Right Quantity
  - In the Right Size
  - At the Right Time
  - To the Right Store
- Strategic merchandise flow is a markdown optimization strategy, managing inventory from the planning phase to store receipt
- Store grading is a tool used to adapt assortments by store, an aid in developing floor sets and a process in preparing initial inventory allocations
- Merchandise flow benefits:
  - Increase customer satisfaction (fewer out-of-stocks)
  - Increase opportunity for full price selling (reduces markdowns)
  - Reduces inventory handling costs by limiting multiple handling opportunities
  - Alleviate stock room crowding, lower inventory carrying levels, increase inventory turnover

Cycle Time Reduction

- Cycle time is:
  - The amount of time it takes to bring a product from initial concept to of merchandise to placement on a store fixture
  - Average cycle time was about 52 weeks in 2005, moving to 25 to 30 weeks; approximately one-third of time relates to pre-order activities
- Benefits of improved cycle time:
  - Provides for trend right merchandise in stores when the customer wants it
  - Higher frequency of new product in stores
  - Drives more frequent customer visits to JCPenney
  - Better gross margins (less fashion risk and lower markdowns)
  - Reduced inventory levels – increased inventory turns, lower carrying costs
  - Better stock balancing
  - Improved advertised item service levels (in-stocks)
  - Higher basics service levels (in-stocks)
- JCPenney has distinct advantage in reducing cycle time:
  - Over 50 years of direct sourcing experience
  - A long history of supplier relationships
  - Substantial private brand economies of scale
  - Exceptionally talented teams
  - Leading edge, proprietary technology

- Cycle time improvement will be achieved through:
  - Pre-planning – from design to merchandise replenishment parameters
  - Better pre-positioning of raw materials
  - Collaboration across the entire supply chain
  - Centralized technical product development

Become “The” Preferred Choice for a Retail Career

Become the preferred choice for a Retail Career

- Associate engagement – associates that build customer relationships by creating a positive shopping experience, turning a transaction into more of an interaction (measured through associate and customer surveys)
- Talent retention and acquisition – turn jobs into careers, provide better reporting and visibility on associate turnover, focus on hiring the right person that matches the position, improve interviewing skills of frontline managers
- Leadership development –the JCPenney Retail Academy led by Ken Hicks (President and Chief Merchandising Officer), and “Winning Together, Leading Together” training classes taught by Mike Ullman (Chief Executive Officer) and Mike Theilmann (EVP-Chief Human Resources and Adminstration Officer) target the highest potential leaders of the Company; store and district management also participate in additional leadership training classes designed for their positions
- Increased focus on corporate responsibility – better integration of social responsibility and environmental concerns with the Company strategy and operating processes

Long Range Growth Leadership & Financials

2007 Financial Accomplishments

- Financial position inflection point through operating performance, operating profit 9.5% of sales, a decrease of 20 basis points off of historic high's despite sharp sales falloff across retail
- Value delivery to investors:
  - Key financial metrics are substantially aligned with industry leaders
  - Completed $400 million stock repurchase program announced
  - Completed $1 billion debt offering that effectively refinanced higher cost debt
- The following table represent the mix of consolidated net retail sales (stores, Direct & services):

	2007
Women's apparel	23%
Home	21%
Men's apparel and accessories	20%
Children's apparel	11%
Women's accessories	9%
Family footwear	6%
Fine jewelry	5%
Services & other	5%
	100%

Second Quarter 2008 Operating Results

	Aug. 2, 2008	Aug. 4, 2007	*Inc./(Dec.)*
Total net sales	$ 4,282	$ 4,391	*(2.5)%*
Gross margin	1,606	1,674	*(4.1)%*
Selling, general and administrative (SG&A)	1,248	1,243	*0.4%*
Depreciation and amortization	115	100	*15.0%*
Pre-opening	9	15	*(40.0%)*
Real estate and other (income)	(9)	(13)	*N/A*
Total operating expenses	1,363	1,345	*1.3%*
Operating income	243	329	*(26.1)%*
Net interest expense	55	37	*48.6%*
Bond premiums and unamortized costs	-	12	*N/A*
Income before income taxes	188	280	*(32.9)%*
Income tax expense	72	105	*(31.4)%*
Income from continuing operations	$ 116	$ 175	*(33.7)%*
Discontinued operations, net of income tax expense of $4 and $1	1	7	*N/A*
Net income	$ 117	$ 182	*(35.7)%*
Earnings per share from continuing operations - diluted	$ 0.52	$ 0.78	*(33.3)%*
Earnings per share - diluted	$ 0.52	$ 0.81	*(35.8)%*

Comparable store sales increase/(decrease)	(4.3)%	2.9%
Gross margin	37.5%	38.1%
SG&A expenses	29.1%	28.3%
Total operating expenses	31.8%	30.6%
Operating income	5.7%	7.5%

Full Year 2007 Operating Results

	Feb. 2, 2008	Feb. 3, 2007 (53 wk)	*Inc./(Dec.)*
Total net sales	$ 19,860	$ 19,903	*1.7%*
Gross margin	7,671	7,825	*1.3%*
Selling, general and administrative (SG&A)	5,387	5,521	*0.6%*
Depreciation and amortization	426	389	*13.1%*
Pre-opening	46	27	*90.5%*
Real estate and other (income)	(46)	(34)	*N/A*
Total operating expenses	5,783	5,903	*1.9%*
Operating income	1,888	1,922	*(0.6)%*
Net interest expense	153	130	*7.8%*
Bond premiums and unamortized costs	12	-	*N/A*
Income from continuing operations before income taxes	1,723	1,792	*(2.5)%*
Income tax expense	618	658	*(6.2)%*
Income from continuing operations	$ 1,105	$ 1,134	*(0.4)%*
Discontinued operations, net of income tax expense of $4 and $1	6	19	*N/A*
Net income	$ 1,111	$ 1,153	*0.7%*
Earnings per share from continuing operations - diluted	$ 4.90	$ 4.88	*2.8%*
Earnings per share - diluted	$ 4.93	$ 4.96	*3.8%*

Comparable store sales increase/(decrease)	0.0%	4.9%
Gross margin	38.6%	39.3%
SG&A expenses	27.0%	27.7%
Total operating expenses	29.1%	29.6%
Operating income	9.5%	9.7%

2004-2006 Operating Results

(in millions, except per share data)	2004	2005	(53 weeks) 2006
Retail sales, net			
Department stores	$ 15,357	$ 15,943	$ 16,950
Direct (Catalog/Internet)	2,739	2,838	2,953
Total	18,096	18,781	19,903
Gross margin	6,792	7,191	7,825
Selling, general and administrative expenses	5,135	5,227	5,521
Depreciation & Amortization	359	372	389
Preopening	11	15	27
Real estate and other (income)/expense	12	(54)	(34)
Operating profit	1,275	1,631	1,922
Net interest expense	223	169	130
Bond premiums and unamortized costs	47	18	-
Income/(loss) from continuing operations before income taxes	1,005	1,444	1,792
Income taxes	348	467	658
Income/(loss) from continuing operations	**657**	**977**	**1,153**
Diluted earnings per share from continuing operations	$ 2.20	$ 3.83	$ 4.88
Average shares used for diluted EPS calculation	307	255	232
Ratios as % of sales			
Gross margin	37.5%	38.3%	39.3%
SG&A expenses	28.4%	27.8%	27.7%
Total operating expenses	30.5%	29.6%	29.6%
Operating profit	7.0%	8.7%	9.7%

End of Year Debt Position

($ in billions)	**2005**	**2006**	**2007**
Long-Term Debt	$3.5	$3.5	$3.7
Cash	3.0	2.8	2.5
Net Debt	.5	.7	1.2
Leverage Ratio (x)	1.8	1.5	1.6
Fixed Charged Coverage Ratio (x)	5.5	6.9	6.5

Capital Expenditures

($in millions)	**2005 Actual**	**2006 Actual**	**2007 Actual**
New stores and relocated stores	$173	$365	$687
Store renewals and updates	$204	$266	$389
Technology & other	$158	$141	$167
Total	$535	$772	$1,243

Long-Range Plan EPS Growth Drivers and Financial Profile

- Total department store sales increase mid-to-high single digits
- Comparable department store sales increase low-to-mid single digits
- Gross margin - about 40%
- Total operating expenses - about 28%
- Operating Income - 12% to 12.5%
- Leverage Ratio approximately 0.6 times
- Fixed Charge Coverage about 10.5 times
- Dividend Outlook – maintain competitive payout within the retail industry
- Continued financial flexibility and strengthening of credit profile

2008 Guidance:

Original Guidance (February 21, 2008)

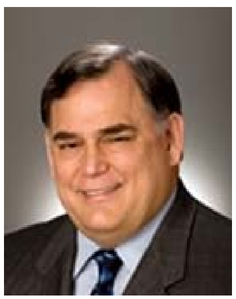
- Total sales increase low-single digits for the year
- Comparable store sales decrease low-single digits for the quarter and low-single digits for the year
- Operating income to decline for the quarter and year, with pressure on both gross margin and operating expenses
- Interest expense of approximately $55 to $60 million per quarter
- Income Tax rate of about 38%
- Average diluted shares of 223 million in the first quarter, 224 million for the year, including 2 million common stock equivalents
- EPS in the range of approximately $0.75 to $0.80 for the first quarter; $3.75 to $4.00 for the year
- Cash flow from operations to decrease slightly for the year
- Capital expenditures of about $1 billion for the year

Updated Guidance (August 15, 2008)

- 3Q Comparable store sales decrease mid-single digits
- 3Q EPS of approximately $0.70 - $0.75 per share
- ***Company chose not to address full year guidance due to limited visibility***

Executive Board Biographies

MYRON E. (MIKE) ULLMAN, III has served as chairman of the board and chief executive officer of J. C. Penney Company, Inc. since 2004. He was directeur general, group managing director of LVMH Möet Hennessy Louis Vuitton from 1999 to 2002. Mike previously served as group chairman and chief executive officer of DFS Group Limited (1995-1999) and as chairman and chief executive officer of R.H. Macy & Co., Inc. (1992-1995). He currently serves on the boards of Starbucks Coffee Company and Pzena Investment Management, Inc., and as chairman of the board for both the National Retail Federation and Mercy Ships International, a global medical and human services charity.



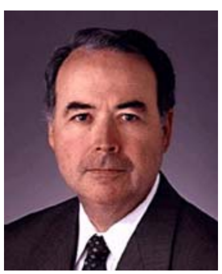
KEN C. HICKS has served as president and chief merchandising officer since January 2005, and was appointed to the Company's board of directors in 2008. Ken joined the Company in 2002 as president and chief operating officer of JCPenney stores and merchandise operations. Previously, he was president of Payless ShoeSource and executive vice president of merchandising and programming for Home Shopping Network. Ken has also held a number of senior merchandise positions at May Department Stores and was a senior engagement manager at McKinsey & Co. Ken serves on the boards of Avery Dennison Corporation, the National 4-H Council and Southern Methodist University's Cox School of Business.

JEFFREY J. ALLISON is executive vice president and general merchandise manager of home and custom decorating. Jeff joined JCPenney in 2000 and previously served as executive vice president and director of planning and allocation. Before joining the Company, he was vice president of finance at Express, Inc., a division of The Limited, Inc.

RUBY ANIK is senior vice president and director of brand marketing. Before joining JCPenney in 2007, Ruby served as senior vice president of marketing communications and business operations for Best Buy Company, Inc. Prior to Best Buy, she was director of advertising and media for The Pillsbury Company. From 1991 to 1997, Ruby served as associate media director and rose to senior partner, group media director, at Euro RSCG Tatham.

MICHAEL J. BOYLSON has served as executive vice president and chief marketing officer since 2003. Prior to his current position, he held a number of senior marketing, store and merchandising positions within the Company. Mike began his career with JCPenney in 1978. In 2006, he was inducted into the Retail Advertising Hall of Fame.

ROBERT B. CAVANAUGH is executive vice president and chief financial officer, a position he has held since 2001. Bob joined JCPenney in 1978 and served as executive vice president and chief financial officer of Eckerd Drug Stores in 1999 and 2000. Prior to that, he held positions of increasing responsibility in corporate finance and was elected vice president and treasurer in 1995.



THOMAS A. CLERKIN has served as senior vice president and director of finance for stores, catalog and Internet since 2001. He joined JCPenney in 1971 in catalog, and has held a variety of management positions of increasing responsibility in personnel, administrative services, treasurer's, specialty retailing, and planning and research.

MICHAEL P. DASTUGUE has served as senior vice president and director of property development for JCPenney since 2005. Prior to his current position, Michael served as senior vice president and director of corporate finance. He began his career with JCPenney as a treasurer's financial analyst in 1991, and subsequently held a variety of finance management positions of increasing responsibility.

CLARENCE L. KELLEY is executive vice president and director of planning and allocation, responsible for the flow of merchandise to stores. Previously, he was senior vice president and director of planning and allocation for home, family footwear and women's accessories. Clarence came to JCPenney in 2001 as director of planning and allocation in the home division. Prior to joining JCPenney, he held positions of increasing responsibility, including divisional vice president of planning for the Kmart Corporation and divisional controller for Lane Bryant.

MARIE LACERTOSA is senior vice president and director of supply chain management, and president of JCP Logistics LP, an operating subsidiary of the Company, with responsibility for supply chain activities surrounding the movement of merchandise from suppliers to JCPenney stores and Direct customers. Prior to her current position, Marie served as vice president and director of supply chain operations and engineering. She joined JCPenney in 1981 and has held a series of positions of increasing responsibility, primarily in the logistics organization.

STEVEN LAWRENCE is executive vice president and general merchandise manager of the men's division. Prior to his current role, Steve served as senior vice president and general merchandise manager of the children's division. Before that, he was divisional vice president and divisional merchandising manager for young men's sportswear. Steve joined JCPenney in 2000 from Foley's where he held positions of increasing responsibility in men's apparel for more than 10 years.

PETER M. McGRATH has served as executive vice president and director of private brands, product development and sourcing since 2005. Peter joined the Company in 1973 and has held a number of senior positions within the merchandising, product development and sourcing divisions. He is currently chairman of global product marketing for the U.S.D.A. Cotton Board.

THOMAS NEALON is executive vice president and chief information officer, with additional responsibility for the development of innovative technology and process improvements across the business. Tom joined JCPenney in 2006 from EDS, where he served on assignment as senior vice president and chief information officer at Southwest Airlines. Prior to his assignment at Southwest Airlines, Tom served as a partner for the Feld Group, an IT management consultancy firm and as chief information officer of Frito-Lay, Inc.

BERYL RAFF has served as executive vice president and general merchandise manager of fine jewelry since 2005. Prior to joining JCPenney in 2001, Beryl served as chairman and chief executive officer of Zale Corporation. In 1999, the Women's Jewelry Association named her to its Lifetime Hall of Fame and she was the 1999 and 2006 recipient of the UJA – Federation of NY – Diamond, Jewelry, and Watch Division's "Leadership Award of Excellence."

ELIZABETH H. SWENEY is executive vice president and general merchandise manager of women's apparel, the Company's largest division, which includes its leading juniors business. Before joining JCPenney in 2000, she held senior-level positions at Kellwood Co., after serving in merchandising positions of increasing responsibility at Montgomery Ward & Co. for 17 years.

MICHAEL W. TAXTER has served as executive vice president and director of JCPenney stores since 2002, with leadership of all store-level execution strategies and responsibility for district and regional support units. Mike began his career with JCPenney in 1971 and has held several key positions including regional president, director of stores coordination, district manager and store manager.

MICHAEL T. THEILMANN has served as executive vice president, chief human resources and administration officer since 2005, with additional responsibility for the Company's communications, corporate social responsibility, logistics and supply chain functions. Previously, Mike served as senior vice president, international human resources and chief people officer at Yum! Brands, Inc. Before joining Yum!, he worked in human resources at Burger King and Grand Metropolitan. Mike has been in the human resources field for 20 years.

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