

## **Tiburon Research Group**

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**Earnings Preview: JCP**  
**November 8, 2011**

### **Bridge to Nowhere as Underperforming CEO Departs – EPS of \$1.60 Next Year Optimistic**

How **J.C. Penney (JCP - \$33.77)** plans on delivering EPS north of \$1.60 next year is beyond us (\$2.04 current consensus estimate).

JCP again missed the company's top-line guidance in Q3 2011, this time after the company stopped providing a variety of comp sales metrics on its monthly sales recordings (e.g. transaction counts, AUR, UPT, etc.). Hmmm.

In addition, the company continues to report anemic Internet sales growth. In the past 3-4 years, JCP has reported Internet sales growth that comes up well short of the numbers that **KSS** and **M** have reported. The **Google** search engine manipulation fiasco (February 2011) has only exacerbated what was a materially underperforming business segment.

The CEO's ridiculous suggestion on the Q2 2011 conference call that its "identified growth initiatives" are performing double digits ahead of last year should be investigated by the SEC. This statement by an outgoing CEO is an affront to the company's investors and a black eye to Mr. Ullman as he prepares to leave the company.

### **JCP Q2 2011 Conference Call – August 12, 2011 – CEO Mike Ullman**

*“Our identified growth initiatives – Liz Claiborne, Sephora Inside J.C. Penney, our tops business, modern shoes and handbags, fast fashion, Modern Bride, fine jewelry, housewares, and center core – are performing double-digit ahead of last year.”*

JCP management can talk about improving the “center core” of the store and its various “growth initiatives” all they want. But, the company's comp store sales results in the past 3-4 years have come up well short of its peer group.

Unlike its peers, JCP does not appear to have the ability to greatly reduce SG&A from the income generated via its third party credit card relationship. At no point over the past few years has JCP management highlighted a negative impact (or, positive for that matter) on total company profitability via its credit card profit sharing arrangement.

The final nail in the coffin is the company's inventory explosion over the past 5 quarters (see chart below). This lack of inventory control only exacerbates the level of additional downside EPS risk when the company discusses its Q4 2011 guidance this week.

We're well below the consensus in Q4 2011 as 2-year profitability comparisons materially toughen. In the long run, incoming CEO Ron Johnson may be able to provide a needed spark to get this ship moving in the right direction. Let's face it, the proverbial 'bar' has been set extremely low. But, it's going to get much uglier before investors begin to see tangible signs of hope.

**In Q4 2011, we're forecasting EPS of \$0.92 versus the current consensus sell-side estimate of \$1.17.** Our estimate implies -3.0% comp store sales, a -175 Bps GPM% decline versus LY, and a -235 Bps EBIT margin decline versus LY (excluding *Pension Expense*).

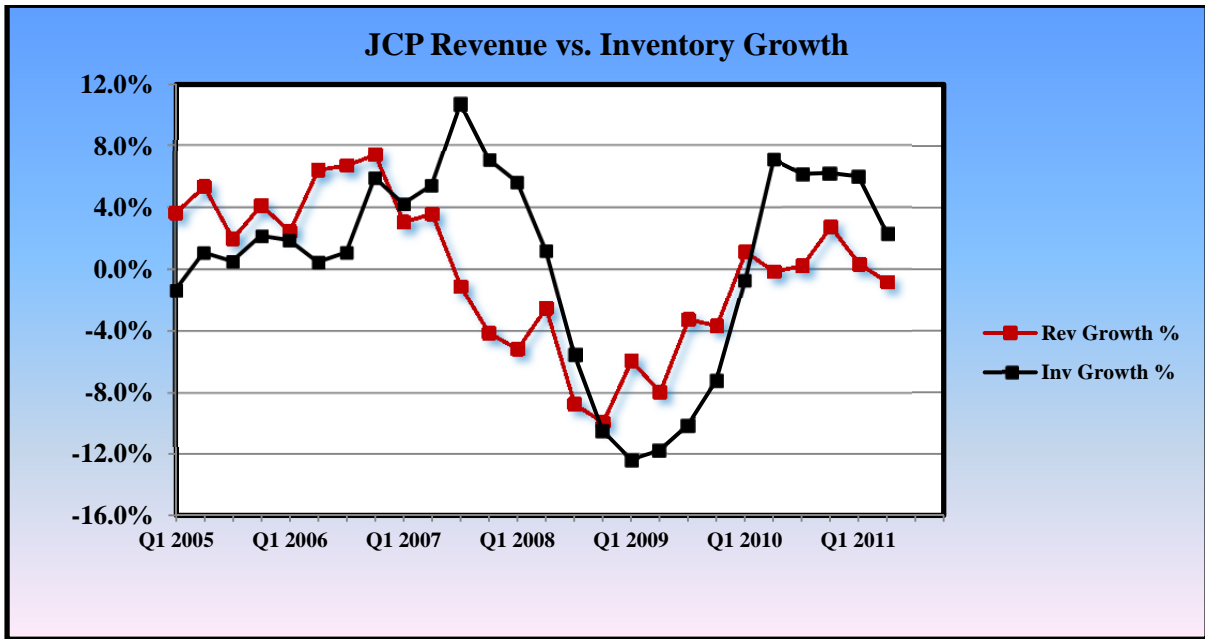
**In FY 2012, we're forecasting EPS of \$1.59 versus the current consensus sell-side estimate of \$2.04.** Our estimate implies +0.2% comp store sales and a 4.7% EBIT margin (excluding *Pension Expense*).

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## JCP Noteworthy

- The company's inventory explosion over the past 5 quarters (see chart below) is mind boggling.



- JCP continues to report relatively weak online results (see table below).

### E-Commerce Sales Growth

	<u>Mar 2011</u>	<u>Apr 2011</u>	<u>May 2011</u>	<u>Jun 2011</u>	<u>Jul 2011</u>	<u>Aug 2011</u>	<u>Sep 2011</u>	<u>Oct 2011</u>
DEST	+10.5%	+23.0%	+21.8%	+9.4%	+9.7%	+56.5%	+35.5%	NR
JCP	+7.6%	Higher Slt	+2.8%	+2.2%	+3.5%	-8.3%	-3.8%	-4.5%
M	<b>+34.8%</b>	<b>+50.3%</b>	<b>+37.7%</b>	<b>+45.0%</b>	<b>+36.7%</b>	<b>+35.5%</b>	<b>+43.3%</b>	<b>+39.2%</b>
V/S DTC	+8.0%	+5.0%	Flat	-2.0%	+5.0%	+4.0%	+7.0%	+12.0%
WTSLA	+7.0%	+14.0%	-6.0%	-17.0%	-17.0%	-23.0%	-22.0%	-24.0%

Actually, it gets worse. Let's take a look at the fiscal October Internet sales growth over the past 3 years for both JCP and M:

### E-Commerce Sales Growth

	<u>Oct 2009</u>	<u>Oct 2010</u>	<u>Oct 2011</u>	<u>3-Year Stack</u>
JCP	+6.0%	+1.2%	-4.5%	+2.7%
M	<b>+34.6%</b>	<b>+19.7%</b>	<b>+39.2%</b>	<b>+93.5%</b>

**JC Penney (JCP)**

06-Nov-11

	53-Weeks			2009					2010					2011					53-Weeks
	2006	2007	2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	Q1 2011	Q2 2011	Q3 2011E	Q4 2011E	2011E	2012E
<b>Store Location Count:</b>																			
03-Feb-07	02-Feb-08	31-Jan-09	02-May-09	01-Aug-09	31-Oct-09	30-Jan-10	01-May-10	31-Jul-10	30-Oct-10	29-Jan-11	30-Apr-11	30-Jul-11	29-Oct-11	2011E					
Department Stores	1,033	1,067	1,093	1,101	1,106	1,109	1,108	1,108	1,107	1,106	1,106	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,105
The Foundry Big & Tall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Selling Sq Footage (Dept)	103,100,000	106,600,000	109,900,000	111,000,000	111,595,400	111,454,500	111,700,000	111,700,000	112,000,000	112,000,000	112,000,000	111,600,000	111,600,000	112,000,000	111,072,100	111,072,100	111,072,100	111,072,100	111,273,500
Avg Gross Sq Ft per Unit (Dept)	99,806	99,906	100,549	100,817	100,900	100,500	100,812	100,812	100,992	101,174	101,174	100,904	100,904	101,083	100,635	100,700	100,700	100,700	100,700
<b>Income Statement:</b>																			
Retail Sales	16,948,000	17,014,000																	
Catalog Sales	2,955,000	2,845,000																	
Total Revenue	19,903,000	19,860,000	18,486,000	3,884,000	3,943,000	4,179,000	5,550,000	17,556,000	3,929,000	3,938,000	4,189,000	5,703,000	17,759,000	3,943,000	3,906,000	3,986,000	5,358,075	17,193,075	17,484,844
Cost Goods Sold	(12,078,000)	(12,189,000)	(11,571,000)	(2,310,000)	(2,423,000)	(2,483,000)	(3,430,000)	(10,646,000)	(2,299,000)	(2,386,000)	(2,554,000)	(3,560,000)	(10,799,000)	(2,348,000)	(2,409,000)	(2,480,058)	(3,438,453)	(10,675,511)	(10,868,140)
Non-Recurring Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Profit	7,825,000	7,671,000	6,915,000	1,574,000	1,520,000	1,696,000	2,120,000	6,910,000	1,630,000	1,552,000	1,635,000	2,143,000	6,960,000	1,595,000	1,497,000	1,505,942	1,919,622	6,517,565	6,616,704
Selling, General & Admin Expense	(5,470,000)	(5,402,000)	(5,395,000)	(1,255,000)	(1,242,000)	(1,376,000)	(1,509,000)	(5,382,000)	(1,289,000)	(1,273,000)	(1,324,000)	(1,464,000)	(5,350,000)	(1,281,000)	(1,243,000)	(1,269,769)	(1,397,415)	(5,191,184)	(5,268,868)
Pension Expense	(51,000)	45,000	90,000	(90,000)	(83,000)	(83,000)	(81,000)	(337,000)	(64,000)	(63,000)	(64,000)	(64,000)	(255,000)	(29,000)	(28,000)	(28,000)	(28,000)	(113,000)	(104,000)
Depreciation & Amort Expense	(389,000)	(426,000)	(469,000)	(120,000)	(121,000)	(123,000)	(131,000)	(495,000)	(125,000)	(126,000)	(128,000)	(132,000)	(511,000)	(128,000)	(128,000)	(132,700)	(135,336)	(524,035)	(534,545)
Pre-Opening Expense	(27,000)	(46,000)	(31,000)	(9,000)	(14,000)	(4,000)	(1,000)	(28,000)	(3,000)	(2,000)	(2,000)	(1,000)	(8,000)	0	0	0	0	0	0
Real Estate and Other	34,000	46,000	25,000	6,000	7,000	(3,000)	(15,000)	(5,000)	6,000	7,000	7,000	8,000	28,000	13,000	6,000	5,000	5,000	29,000	20,000
Non-Recurring Items	0	0	0	0	0	0	0	0	0	0	0	(32,000)	(32,000)	(9,000)	(23,000)	(75,000)	0	(107,000)	0
Operating Income	1,922,000	1,888,000	1,135,000	106,000	67,000	107,000	383,000	663,000	155,000	95,000	124,000	458,000	832,000	161,000	81,000	5,474	363,871	611,346	729,291
Interest Income/(Expense)	(130,000)	(153,000)	(225,000)	(63,000)	(68,000)	(64,000)	(65,000)	(260,000)	(59,000)	(57,000)	(57,000)	(58,000)	(231,000)	(58,000)	(57,000)	(57,000)	(56,000)	(228,000)	(220,000)
Other	0	(12,000)	0	0	0	0	0	0	0	(20,000)	0	0	(20,000)	0	0	0	0	0	0
Income Before Tax	1,792,000	1,723,000	910,000	43,000	(1,000)	43,000	318,000	403,000	96,000	18,000	67,000	400,000	581,000	103,000	24,000	(51,526)	307,871	383,346	509,291
Income Tax (Exp)/Benefit	(658,000)	(618,000)	(343,000)	(18,000)	0	(16,000)	(120,000)	(154,000)	(36,000)	(4,000)	(23,000)	(140,000)	(203,000)	(39,000)	(10,000)	19,065	(113,912)	(143,848)	(39,000)
Preferred Stock Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income Bef Discontinued</b>	<b>1,134,000</b>	<b>1,105,000</b>	<b>567,000</b>	<b>25,000</b>	<b>(1,000)</b>	<b>27,000</b>	<b>198,000</b>	<b>249,000</b>	<b>60,000</b>	<b>14,000</b>	<b>44,000</b>	<b>260,000</b>	<b>378,000</b>	<b>64,000</b>	<b>14,000</b>	<b>(32,461)</b>	<b>193,959</b>	<b>239,498</b>	<b>320,853</b>
<b>Net Income per share - Dil</b>	<b>4.88</b>	<b>4.90</b>	<b>2.54</b>	<b>0.11</b>	<b>(0.00)</b>	<b>0.11</b>	<b>0.83</b>	<b>1.07</b>	<b>0.25</b>	<b>0.06</b>	<b>0.19</b>	<b>1.09</b>	<b>1.59</b>	<b>0.28</b>	<b>0.06</b>	<b>(0.15)</b>	<b>0.92</b>	<b>1.10</b>	<b>1.59</b>
Discontinued Operations	19,000	6,000	5,000	0	0	0	2,000	2,000	0	0	0	11,000	11,000	0	0	0	0	0	0
<b>Net Income</b>	<b>1,153,000</b>	<b>1,111,000</b>	<b>572,000</b>	<b>25,000</b>	<b>(1,000)</b>	<b>27,000</b>	<b>200,000</b>	<b>251,000</b>	<b>60,000</b>	<b>14,000</b>	<b>44,000</b>	<b>271,000</b>	<b>389,000</b>	<b>64,000</b>	<b>14,000</b>	<b>(32,461)</b>	<b>193,959</b>	<b>239,498</b>	<b>320,853</b>
<b>Net Income per share - Dil</b>	<b>4.97</b>	<b>4.93</b>	<b>2.57</b>	<b>0.11</b>	<b>(0.00)</b>	<b>0.11</b>	<b>0.84</b>	<b>1.08</b>	<b>0.25</b>	<b>0.06</b>	<b>0.19</b>	<b>1.13</b>	<b>1.63</b>	<b>0.28</b>	<b>0.06</b>	<b>(0.15)</b>	<b>0.92</b>	<b>1.10</b>	<b>1.59</b>
Weighted shares - Basic	229,100	222,900	222,000	222,300	233,800	235,900	236,000	232,000	236,200	236,400	236,400	236,600	236,400	229,200	213,300	211,000	207,000	215,125	199,500
Weighted shares - Diluted	232,200	225,300	222,900	222,700	233,800	237,600	237,300	233,100	237,600	237,600	237,800	239,000	238,000	231,700	216,300	214,000	210,000	217,625	202,000
<b>Profitability Metrics:</b>																			
Gross Profit Margin	39.32%	38.63%	37.41%	40.53%	38.55%	40.58%	38.20%	39.36%	41.49%	39.41%	39.03%	37.58%	39.19%	40.45%	38.33%	37.78%	35.83%	37.91%	37.84%
SG&A Expense Ratio	-27.48%	-27.20%	-29.18%	-32.31%	-31.50%	-32.93%	-27.19%	-30.66%	-32.81%	-32.33%	-31.61%	-25.67%	-30.13%	-32.49%	-31.82%	-31.86%	-26.08%	-30.19%	-30.13%
Pension Expense Ratio	-0.26%	0.23%	0.49%	-2.32%	-2.10%	-1.99%	-1.46%	-1.63%	-1.60%	-1.53%	-1.12%	-1.44%	-0.72%	-0.74%	-0.70%	-0.52%	-0.66%	-0.59%	
Depr & Amort Expense Ratio	-1.95%	-2.15%	-2.54%	-3.09%	-3.07%	-2.94%	-2.36%	-2.82%	-3.18%	-3.20%	-3.06%	-2.31%	-2.88%	-3.25%	-3.28%	-3.33%	-2.53%	-3.05%	
Pre-Opening Expense Ratio	-0.14%	-0.23%	-0.17%	-0.02%	-0.36%	-0.02%	-0.16%	-0.08%	-0.08%	-0.05%	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Operating Margin (ex-Items & RE)	9.49%	9.27%	6.00%	2.57%	1.52%	2.63%	7.17%	3.80%	3.79%	2.23%	2.79%	8.45%	4.71%	3.98%	2.51%	1.89%	6.70%	4.01%	4.06%
Depreciation Expense	389,000	426,000	469,000	120,000	121,000	123,000	131,000	495,000	125,000	126,000	128,000	132,000	511,000	128,000	128,000	132,700	135,336	524,035	534,545
EBITDA (ex-Items & RE)	2,277,000	2,268,000	1,579,000	220,000	181,000	233,000	529,000	1,163,000	274,000	214,000	245,000	614,000	1,347,000	285,000	226,000	208,174	494,207	1,213,381	1,243,836
<b>Sales Metrics:</b>																			
<b>Total Company Revenue</b>	<b>6.0%</b>	<b>-0.2%</b>	<b>-6.9%</b>	<b>-5.9%</b>	<b>-7.9%</b>	<b>-3.2%</b>	<b>-3.6%</b>	<b>-5.0%</b>	<b>1.2%</b>	<b>-0.1%</b>	<b>0.2%</b>	<b>2.8%</b>	<b>1.2%</b>	<b>0.4%</b>	<b>-0.8%</b>	<b>-4.8%</b>	<b>-6.0%</b>	<b>-3.2%</b>	<b>1.7%</b>
<b>Comp Store Sales</b>	<b>4.9%</b>	<b>0.0%</b>	<b>-8.5%</b>	<b>-7.5%</b>	<b>-9.5%</b>	<b>-4.6%</b>	<b>-4.5%</b>	<b>-6.3%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>1.9%</b>	<b>4.5%</b>	<b>2.5%</b>	<b>3.8%</b>	<b>1.5%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>-0.1%</b>	<b>0.2%</b>
Sales per Avg Gross Sq Ft	166	162	171	35	35	37	50	158	35	35	37	51	159	35	35	36	48	154	157
<b>Balance Sheet Highlights:</b>																			
Cash & Marketable Securities	2,747,000	2,532,000	2,352,000	2,138,000	2,312,000	2,129,000	3,011,000	3,011,000	2,378,000	2,003,000	1,666,000	2,622,000	2,622,000	1,767,000	1,551,000				
Inventory	3,400,000	3,641,000	3,259,000	3,237,000	3,258,000	4,018,000	3,024,000	3,024,000	3,214,000	3,490,000	4,267,000	3,213,000	3,213,000	3,408,000	3,572,000	4,162,528	3,018,674	3,018,674	3,276,286
Inventory per Fwd Qtr CGS				133.6%	131.2%	117.1%	131.5%		134.7%	119.9%	136.6%			141.5%	144.0%	121.1%	139.6%		
Inventory Turnover	3.4	3.2	3.1				3.2						3.1					3.1	3.1
Capital Expenditures	772,000	1,243,000	969,000	156,000	148,000	120,000	176,000	600,000	116,000	113,000	151,000	119,000	499,000	117,000	178,000	200,000	150,000	645,000	650,000
Total Debt	3,444,000	3,708,000	3,505,000	3,505,000	3,392,000	3,392,000	3,392,000	3,392,000	2,999,000	3,099,000	3,099,000	3,099,000	3,099,000	3,099,000	3,099,000	3,100,000	3,100,000	3,100,000	3,000,000
Total Debt % Total Inv Capital	45%	41%	46%	46%	43%	43%	42%	42%	38%	39%	39%	36%	36%	40%	40%	40%	39%	39%	37%
Total Shareholder's Equity	4,288,000	5,312,000	4,155,000	4,196,000	4,536,00														

### JC Penney (JCP) 3-Year Profitability Run Rates

	FY 2008 vs. LY	FY 2009 vs. LY	Combined 2-Year	FY 2010 vs. LY	Combined 3-Year
<b>Gross Profit Margin %</b>					
Q1	Lower 156 Bps +	Higher 55 Bps =	Lower 101 Bps +	Higher 96 Bps =	Lower 5 Bps
Q2	Lower 61 Bps +	Higher 104 Bps =	Higher 43 Bps +	Higher 86 Bps =	Higher 129 Bps
Q3	Lower 119 Bps +	Higher 204 Bps =	Higher 85 Bps +	Lower 155 Bps =	Lower 70 Bps
Q4	Lower 153 Bps +	Higher 356 Bps =	Higher 203 Bps +	Lower 62 Bps =	Higher 141 Bps
<b>SG&amp;A %</b>					
Q1	Higher 198 Bps +	Higher 40 Bps =	Higher 238 Bps +	Higher 50 Bps =	Higher 288 Bps
Q2	Higher 110 Bps +	Higher 184 Bps =	Higher 294 Bps +	Higher 83 Bps =	Higher 377 Bps
Q3	Higher 179 Bps +	Higher 236 Bps =	Higher 415 Bps +	Lower 132 Bps =	Higher 283 Bps
Q4	Higher 260 Bps +	Higher 135 Bps =	Higher 395 Bps +	Lower 152 Bps =	Higher 243 Bps
<b>Pension Expense %</b>					
Q1	Lower 28 Bps +	Higher 285 Bps =	Higher 257 Bps +	Lower 69 Bps =	Higher 188 Bps
Q2	Lower 26 Bps +	Higher 261 Bps =	Higher 235 Bps +	Lower 50 Bps =	Higher 185 Bps
Q3	Lower 24 Bps +	Higher 250 Bps =	Higher 226 Bps +	Lower 46 Bps =	Higher 180 Bps
Q4	Lower 26 Bps +	Higher 188 Bps =	Higher 162 Bps +	Lower 34 Bps =	Higher 128 Bps
<b>Depreciation &amp; Amort Exp %</b>					
Q1	Higher 37 Bps +	Higher 42 Bps =	Higher 79 Bps +	Higher 9 Bps =	Higher 88 Bps
Q2	Higher 41 Bps +	Higher 38 Bps =	Higher 79 Bps +	Higher 13 Bps =	Higher 92 Bps
Q3	Higher 40 Bps +	Higher 21 Bps =	Higher 61 Bps +	Higher 12 Bps =	Higher 73 Bps
Q4	Higher 37 Bps +	Higher 17 Bps =	Higher 54 Bps +	Lower 5 Bps =	Higher 49 Bps
<b>Pre-Opening Exp %</b>					
Q1	Higher 1 Bps +	Higher 8 Bps =	Higher 9 Bps +	Lower 15 Bps =	Lower 6 Bps
Q2	Lower 13 Bps +	Higher 11 Bps =	Lower 2 Bps +	Lower 31 Bps =	Lower 33 Bps
Q3	Lower 15 Bps +	Lower 15 Bps =	Lower 30 Bps +	Lower 5 Bps =	Lower 35 Bps
Q4	Flat +	Lower 7 Bps =	Lower 7 Bps +	Flat =	Lower 7 Bps
<b>Operating Margin % (ex-Items)</b>					
Q1	Lower 364 Bps +	Lower 322 Bps =	Lower 686 Bps +	Higher 122 Bps =	Lower 564 Bps
Q2	Lower 174 Bps +	Lower 394 Bps =	Lower 568 Bps +	Higher 71 Bps =	Lower 497 Bps
Q3	Lower 301 Bps +	Lower 286 Bps =	Lower 587 Bps +	Higher 16 Bps =	Lower 573 Bps
Q4	Lower 422 Bps +	Higher 117 Bps =	Lower 305 Bps +	Higher 128 Bps =	Lower 177 Bps
<b>Operating Margin % (ex-Items, Pension Expense)</b>					
Q1	Lower 391 Bps +	Lower 37 Bps =	Lower 428 Bps +	Higher 53 Bps =	Lower 375 Bps
Q2	Lower 200 Bps +	Lower 133 Bps =	Lower 333 Bps +	Higher 21 Bps =	Lower 312 Bps
Q3	Lower 325 Bps +	Lower 36 Bps =	Lower 361 Bps +	Lower 30 Bps =	Lower 391 Bps
Q4	Lower 449 Bps +	Higher 210 Bps =	Lower 239 Bps +	Higher 94 Bps =	Lower 145 Bps

	FY 2009 vs. LY	FY 2010 vs. LY	Combined 2-Year	FY 2011 vs. LY	Combined 3-Year
<b>Gross Profit Margin %</b>					
Q1	Higher 55 Bps +	Higher 96 Bps =	Higher 151 Bps +	Lower 104 Bps =	Higher 47 Bps
Q2	Higher 104 Bps +	Higher 86 Bps =	Higher 190 Bps +	Lower 108 Bps =	Higher 82 Bps
Q3	Higher 204 Bps +	Lower 155 Bps =	Higher 49 Bps +		
Q4	Higher 356 Bps +	Lower 62 Bps =	Higher 294 Bps +		
<b>SG&amp;A %</b>					
Q1	Higher 40 Bps +	Higher 50 Bps =	Higher 90 Bps +	Lower 32 Bps =	Higher 58 Bps
Q2	Higher 184 Bps +	Higher 83 Bps =	Higher 267 Bps +	Lower 51 Bps =	Higher 216 Bps
Q3	Higher 236 Bps +	Lower 132 Bps =	Higher 104 Bps +		
Q4	Higher 135 Bps +	Lower 152 Bps =	Lower 17 Bps +		
<b>Pension Expense %</b>					
Q1	Higher 285 Bps +	Lower 69 Bps =	Higher 216 Bps +	Lower 89 Bps =	Higher 127 Bps
Q2	Higher 261 Bps +	Lower 50 Bps =	Higher 211 Bps +	Lower 88 Bps =	Higher 123 Bps
Q3	Higher 250 Bps +	Lower 46 Bps =	Higher 204 Bps +		
Q4	Higher 188 Bps +	Lower 34 Bps =	Higher 154 Bps +		
<b>Depreciation &amp; Amort Exp %</b>					
Q1	Higher 42 Bps +	Higher 9 Bps =	Higher 51 Bps +	Higher 7 Bps =	Higher 58 Bps
Q2	Higher 38 Bps +	Higher 13 Bps =	Higher 51 Bps +	Higher 8 Bps =	Higher 59 Bps
Q3	Higher 21 Bps +	Higher 12 Bps =	Higher 33 Bps +		
Q4	Higher 17 Bps +	Lower 5 Bps =	Higher 12 Bps +		
<b>Pre-Opening Exp %</b>					
Q1	Higher 8 Bps +	Lower 15 Bps =	Lower 7 Bps +	Lower 8 Bps =	Lower 15 Bps
Q2	Higher 11 Bps +	Lower 31 Bps =	Lower 20 Bps +	Lower 5 Bps =	Lower 25 Bps
Q3	Lower 15 Bps +	Lower 5 Bps =	Lower 20 Bps +		
Q4	Lower 7 Bps +	Flat =	Lower 7 Bps +		
<b>Operating Margin % (ex-Items)</b>					
Q1	Lower 322 Bps +	Higher 122 Bps =	Lower 200 Bps +	Higher 21 Bps =	Lower 179 Bps
Q2	Lower 394 Bps +	Higher 71 Bps =	Lower 323 Bps +	Higher 28 Bps =	Lower 295 Bps
Q3	Lower 286 Bps +	Higher 16 Bps =	Lower 270 Bps +		
Q4	Higher 117 Bps +	Higher 128 Bps =	Higher 245 Bps +		
<b>Operating Margin % (ex-Items, Pension Expense)</b>					
Q1	Lower 37 Bps +	Higher 53 Bps =	Higher 16 Bps +	Lower 70 Bps =	Lower 54 Bps
Q2	Lower 133 Bps +	Higher 21 Bps =	Lower 112 Bps +	Lower 60 Bps =	Lower 172 Bps
Q3	Lower 36 Bps +	Lower 30 Bps =	Lower 66 Bps +		
Q4	Higher 210 Bps +	Higher 94 Bps =	Higher 304 Bps +		

\*Gross Margin / SG&A Ratio / Operating Margin each are adjusted for non-recurring items.

<b>Non-Recurring Items:</b>	
Q2 2006 Tax:	\$26.000 million gain tax credits (\$0.11)
Q2 2007 Int Exp:	\$12.000 million charge early retirement of debt (\$0.03)
Q3 2007 Tax:	\$32.000 million gain tax credits (\$0.14)
Q2 2010 Other:	\$20.000 million charge bond premiums (\$0.05)
Q4 2010 Real Estate & Other:	\$32.000 million charge exit catalog/outlets and other (\$0.09)
Q1 2011 Real Estate & Other:	\$9.000 million charge exit catalog/outlets and other (\$)
Q2 2011 Real Estate & Other:	\$23.000 million charge exit catalog/outlets, close 5 stores, other (\$)

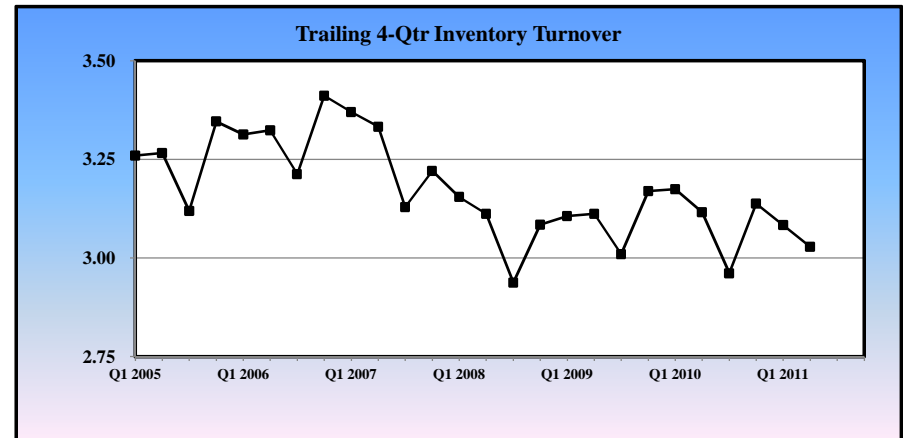
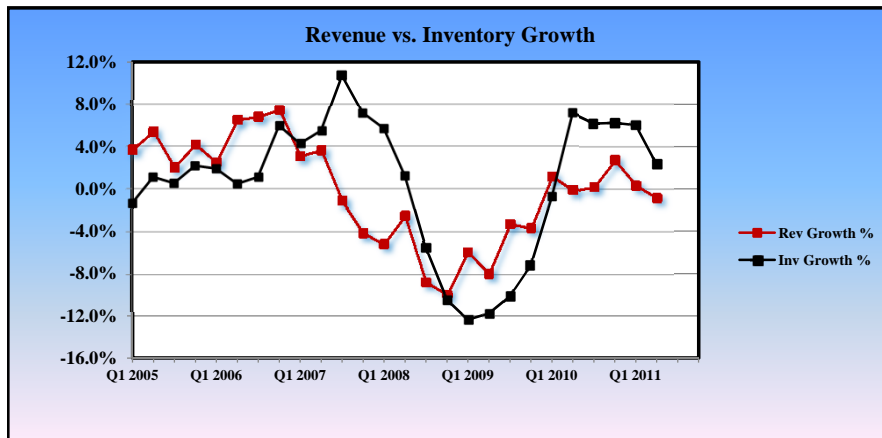
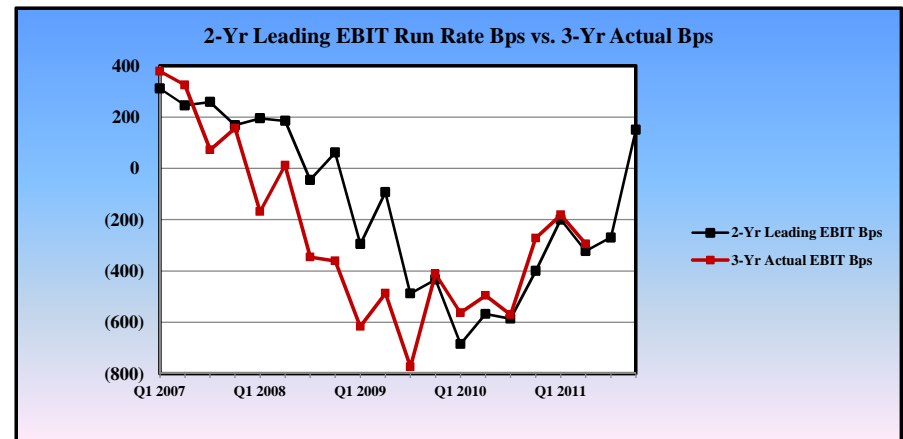
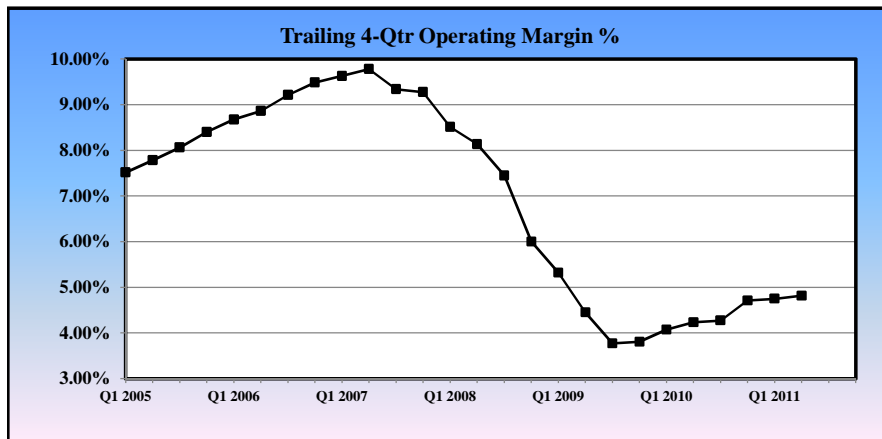
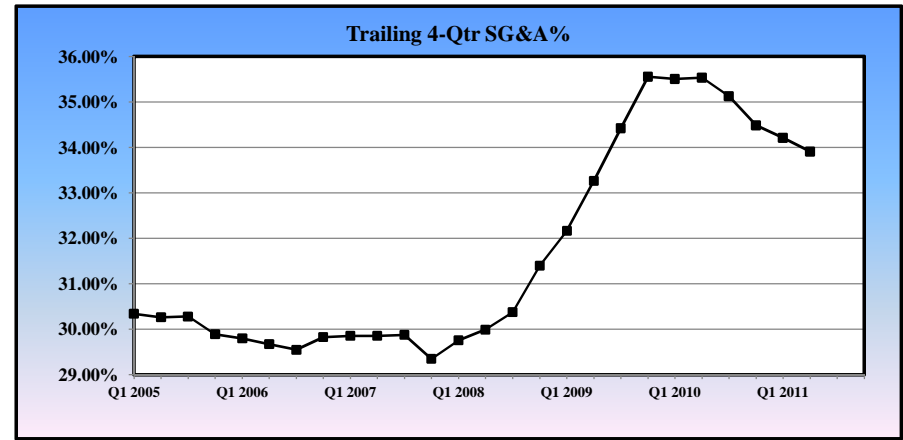
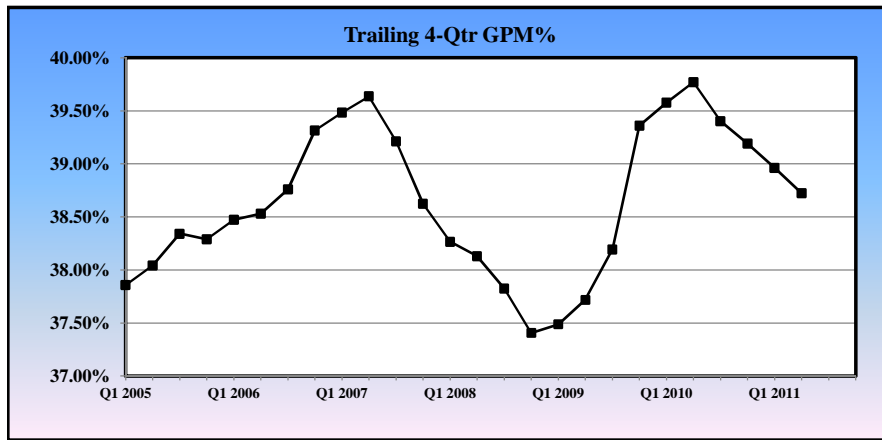
## JC Penney (JCP) Diagnostics

12-Aug-11

	Q1 2008		Q2 2008		Q3 2008		Q4 2008		Q1 2009		Q2 2009		Q3 2009		Q4 2009		Q1 2010		Q2 2010		Q3 2010		Q4 2010		Q1 2011		Q2 2011		Q3 2011		Q4 2011	
	03-May-08	02-Aug-08	01-Nov-08	31-Jan-09	02-May-09	01-Aug-09	31-Oct-09	30-Jan-10	01-May-10	31-Jul-10	30-Oct-10	29-Jan-11	30-Apr-11	30-Jul-11	29-Oct-11																	
Net Revenue	\$4,127,000	\$4,282,000	\$4,318,000	\$5,759,000	\$3,884,000	\$3,943,000	\$4,179,000	\$5,550,000	\$3,929,000	\$3,938,000	\$4,189,000	\$5,703,000	\$3,943,000	\$3,906,000																		
Growth %	-5.1%	-2.5%	-8.7%	-9.9%	-5.9%	-7.9%	-3.2%	-3.6%	1.2%	-0.1%	0.2%	2.8%	0.4%	-0.8%																		
Gross Profit \$	\$1,650,000	\$1,606,000	\$1,664,000	\$1,995,000	\$1,574,000	\$1,520,000	\$1,696,000	\$2,120,000	\$1,630,000	\$1,552,000	\$1,635,000	\$2,143,000	\$1,595,000	\$1,497,000																		
Gross Profit Margin	39.98%	37.51%	38.54%	34.64%	40.53%	38.55%	40.58%	38.20%	41.49%	39.41%	39.03%	37.58%	40.45%	38.33%																		
Bps Change	(156)	(62)	(120)	(152)	54	104	205	356	96	86	(155)	(62)	(103)	(109)																		
Trailing 4-Qtr	38.26%	38.13%	37.82%	37.41%	37.49%	37.72%	38.19%	39.36%	39.58%	39.77%	39.40%	39.19%	38.96%	38.72%																		
Bps Change	(36)	(13)	(30)	(42)	8	23	48	117	22	19	(37)	(21)	(23)	(24)																		
SG&A \$	(\$1,411,000)	(\$1,372,000)	(\$1,427,000)	(\$1,595,000)	(\$1,474,000)	(\$1,460,000)	(\$1,586,000)	(\$1,722,000)	(\$1,481,000)	(\$1,464,000)	(\$1,518,000)	(\$1,661,000)	(\$1,438,000)	(\$1,399,000)																		
SG&A Exp Ratio	-34.19%	-32.04%	-33.05%	-27.70%	-37.95%	-37.03%	-37.95%	-31.03%	-37.69%	-37.18%	-36.24%	-29.13%	-36.47%	-35.82%																		
Bps Change	(207)	(111)	(181)	(270)	(376)	(499)	(490)	(333)	26	(15)	171	190	122	136																		
Trailing 4-Qtr	-29.76%	-29.99%	-30.38%	-31.40%	-32.17%	-33.27%	-34.42%	-35.55%	-35.50%	-35.54%	-35.13%	-34.48%	-34.21%	-33.91%																		
Bps Change	(40)	(24)	(38)	(103)	(76)	(110)	(116)	(113)	5	(3)	41	65	27	30																		
Operating Margin \$	\$239,000	\$234,000	\$237,000	\$400,000	\$100,000	\$60,000	\$110,000	\$398,000	\$149,000	\$88,000	\$117,000	\$482,000	\$157,000	\$98,000																		
Operating Margin	5.79%	5.46%	5.49%	6.95%	2.57%	1.52%	2.63%	7.17%	3.79%	2.23%	2.79%	8.45%	3.98%	2.51%																		
Bps Change	(363)	(173)	(301)	(423)	(322)	(394)	(286)	23	122	71	16	128	19	27																		
Bps Change - 2yr	(295)	(93)	(489)	(434)	(685)	(567)	(587)	(400)	(200)	(323)	(270)	151	141	99																		
Bps Change - 3yr	(169)	11	(346)	(361)	(617)	(487)	(774)	(411)	(563)	(496)	(571)	(272)	(181)	(296)																		
Trailing 4-Qtr	8.51%	8.14%	7.45%	6.00%	5.32%	4.45%	3.77%	3.80%	4.07%	4.23%	4.27%	4.71%	4.75%	4.81%																		
Bps Change	(77)	(37)	(69)	(144)	(68)	(87)	(68)	3	27	16	4	44	4	6																		
Depr/Amort \$	(\$110,000)	(\$115,000)	(\$118,000)	(\$126,000)	(\$120,000)	(\$121,000)	(\$123,000)	(\$131,000)	(\$125,000)	(\$126,000)	(\$128,000)	(\$132,000)	(\$128,000)	(\$128,000)																		
Trailing 4-Qtr	(\$436,000)	(\$451,000)	(\$459,000)	(\$469,000)	(\$479,000)	(\$485,000)	(\$490,000)	(\$495,000)	(\$500,000)	(\$505,000)	(\$510,000)	(\$511,000)	(\$514,000)	(\$516,000)																		
EBITDA \$	\$349,000	\$349,000	\$355,000	\$526,000	\$220,000	\$181,000	\$233,000	\$529,000	\$274,000	\$214,000	\$245,000	\$614,000	\$285,000	\$226,000																		
Trailing 4-Qtr	\$2,107,000	\$2,040,000	\$1,883,000	\$1,579,000	\$1,450,000	\$1,282,000	\$1,160,000	\$1,163,000	\$1,217,000	\$1,250,000	\$1,262,000	\$1,347,000	\$1,358,000	\$1,370,000																		
CapEx \$	(\$269,000)	(\$227,000)	(\$242,000)	(\$231,000)	(\$156,000)	(\$148,000)	(\$120,000)	(\$176,000)	(\$116,000)	(\$113,000)	(\$151,000)	(\$119,000)	(\$117,000)	(\$178,000)																		
Trailing 4-Qtr	(\$1,268,000)	(\$1,141,000)	(\$1,042,000)	(\$969,000)	(\$856,000)	(\$777,000)	(\$655,000)	(\$600,000)	(\$560,000)	(\$525,000)	(\$556,000)	(\$499,000)	(\$500,000)	(\$565,000)																		
Dividends \$	(\$87,000)	(\$47,000)	\$0	(\$44,000)	(\$89,000)	\$0	(\$47,000)	(\$47,000)	(\$47,000)	(\$47,000)	(\$48,000)	(\$47,000)	(\$47,000)	(\$45,000)																		
Trailing 4-Qtr	(\$175,000)	(\$178,000)	(\$135,000)	(\$178,000)	(\$180,000)	(\$133,000)	(\$180,000)	(\$183,000)	(\$141,000)	(\$188,000)	(\$189,000)	(\$189,000)	(\$189,000)	(\$187,000)																		
Share Repo \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$733,000)	(\$167,000)																		
Trailing 4-Qtr	(\$400,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$733,000)	(\$900,000)																		
Inventory \$	\$3,694,000	\$3,693,000	\$4,471,000	\$3,259,000	\$3,237,000	\$3,258,000	\$4,018,000	\$3,024,000	\$3,214,000	\$3,490,000	\$4,267,000	\$3,213,000	\$3,408,000	\$3,572,000																		
Growth %	5.6%	1.2%	-5.6%	-10.5%	-12.4%	-11.8%	-10.1%	-7.2%	-0.7%	7.1%	6.2%	6.3%	6.0%	2.3%																		
% Fwd Qtr CGS	138.0%	139.1%	118.8%	141.1%	133.6%	131.2%	117.1%	131.5%	134.7%	136.6%	119.9%	136.8%	141.5%																			
Inv Turn Trail 4-Qtr	3.2	3.1	2.9	3.1	3.1	3.1	3.0	3.2	3.2	3.1	3.0	3.1	3.1	3.0																		
GMROI % Trail 4-Qtr	195.5%	191.8%	178.7%	184.3%	186.3%	188.4%	186.0%	205.7%	207.9%	205.8%	192.6%	202.2%	196.8%	191.4%																		

Notes: Above metrics exclude non-recurring charges. See EPS model for a summary of what TRG considers non-recurring.

JC Penney (JCP) Chartology



# J.C. Penney (JCP) Revenue Scorecard

04-Nov-11

	Q1 2010 01-May-10	Q2 2010 31-Jul-10	Q3 2010 30-Oct-10	Q4 2010 29-Jan-11	Q1 2011 30-Apr-11	Q2 2011 30-Jul-11	Q3 2011 29-Oct-11	Q4 2011
<b>Revenue:</b>								
Total Company Sales	\$3,929,000	\$3,938,000	\$4,189,000	\$5,703,000	\$3,943,000	\$3,906,000	\$3,986,000	
Growth %	1.2%	-0.1%	0.2%	2.8%	0.4%	-0.8%	-4.8%	
Comp Store Sales %	1.6%	0.9%	1.9%	4.5%	3.8%	1.5%	-1.6%	
Metrics:	transactions higher AUR lower / Units higher	transactions +5.9% (total) AUR slight lower / UPT +2.3%	transactions +7.0% (total) AUR lower / UPT +2.0%		transactions +10.0% (total) AUR lower slight / UPT lower	transactions "higher" AUR lower slight / UPT lower		
	+0.9% mall store traffic +3.7% off-mall store traffic	+1.7% mall store traffic +5.1% off-mall store traffic	+2.0% mall store traffic +8.0% off-mall store traffic		higher mall store traffic higher off-mall store traffic	flat mall store traffic higher off-mall store traffic		
	+3.3% Internet vs LY \$353M Internet Revenue	+4.1% Internet vs LY \$317M Internet Revenue	+3.0% Internet vs LY	+6.7% Internet vs LY	+6.6% Internet vs LY \$376M Internet Revenue	+2.8% Internet vs LY \$326M Internet Revenue		
	pvt/exclusive 54% vs. 53% LY	pvt/exclusive 55% vs. 54% LY	pvt/exclusive 56% vs. 54% LY		pvt/exclusive 56% vs. 54% LY	pvt/exclusive 57% vs. 55% LY		
	193 <i>Sephora</i> in JCP end qtr +75 <i>Sephora</i> in FY 2010	215 <i>Sephora</i> in JCP end qtr	231 <i>Sephora</i> in JCP end qtr +75 <i>Sephora</i> in FY 2011	231 <i>Sephora</i> in JCP end qtr +76 <i>Sephora</i> in FY 2011	254 <i>Sephora</i> end qtr +77 <i>Sephora</i> FY 2011 292 <i>Mango</i> end qtr 100 <i>Call it Spring</i> end qtr	276 <i>Sephora</i> end qtr +77 <i>Sephora</i> FY 2011		
Other Comments:			Higher Conversion		greater mix clearance units (\$135M) catalog/outlets	Higher Conversion (\$98M) via catalog/outlets		
Outperform Categories	Men's Apparel Shoes (esp. women's shoes)	Men's Apparel (+5.5%) Women's Apparel	Shoes, Men's Apparel	Men's Apparel, Wom Access <i>Sephora</i>	Women's Apparel Women's Access, Child App			
Underperform Categories	Home	Home	Home		Home			
Outperform Regions	Southeast (Northeast weakest)	Northeast (Northwest weakest)	SEast, SWest (NE weakest)	Southeast	Southwest (Nwest weakest)	Southwest (Nwest weakest)		
Private Brand Info	<i>One Kiss by Cindy Crawford</i> above fash jewelry / Apr 2010 <i>Uproar</i> Jul 2010	<i>Supergirl by Nastia</i> July 2010 <i>Aldo Call it Spring</i> Spring 2011 above 100 stores Spring 2011 above 600 stores Fall 2011	<i>Liz Claiborne</i> launch Aug '10 <i>MNG</i> launch Aug '10 above 77 stores <i>Modern Bride</i> Oct 2010	<i>MNG</i> 500 stores end FY 2011 <i>People Style Watch</i> Sept 2010 <i>Modern Bride</i> Feb 2011 above jewelry <i>Call it Spring</i> 500 stores end yr				
<b>Dept Store Data:</b>								
Open	2	0	0	0	2	0		
Close	(1)	(2)	0	(1)	(3)	(3)		
Total Store Count	1,109	1,107	1,107	1,107	1,106	1,103		
Growth %	0.7%	0.1%	-0.2%	-0.1%	-0.3%	-0.4%		

\*Italics indicate TRG estimate. Amounts in thousands (000).

## J.C. Penney (JCP) Profitability & Other Scorecard

04-Nov-11

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
<b>Gross Profit Margin:</b>	41.49% Higher 96 Bps	39.41% Higher 86 Bps	39.03% <b>Lower 155 Bps</b>	37.58% <b>Lower 62 Bps</b>	40.45% <b>Lower 104 Bps</b>	38.33% <b>Lower 108 Bps</b>		
Comments:	higher mark-up above esp. pvt label lower shrink slight higher AUR clearance above via <i>Red Zone</i>	historical peak for Q2 lower AUC via pvt label more profitable clearance above via <i>Red Zone</i> wear now = better sell thru lower shrink	higher markdowns benefit via vendor support mix shift towards good/better above = negative impact lower via elim <i>Big Books</i>	in-line with plan versus historical high	free ship promos JCP.com	higher markdowns free ship promos JCP.com		
<b>SG&amp;A:</b>	-32.81% <b>Higher 50 Bps</b>	-32.33% <b>Higher 83 Bps</b>	-31.61% Lower 132 Bps	-25.67% Lower 152 Bps	-32.49% Lower 32 Bps	-31.82% Lower 51 Bps		
Comments:	higher \$20M via new stores higher min wage lower bonus exp	higher \$17M via new stores higher costs via <i>Sephora</i> higher min wage above began July 2009 lower bonus exp	lower bonus expense lower marketing expense	lower salary/benefits lower marketing	lower marketing lower home office exp higher via growth initiatives higher via new concepts	lower marketing lower store payroll lower bonus expense higher via new concepts		
<b>Depr &amp; Amort:</b>	-3.18% <b>Higher 9 Bps</b>	-3.20% <b>Higher 13 Bps</b>	-3.06% <b>Higher 12 Bps</b>	-2.31% Lower 5 Bps	-3.25% <b>Higher 7 Bps</b>	-3.28% <b>Higher 8 Bps</b>		
<b>Other:</b>								
Tax Rate %	-37.50%	-22.22%	-34.33%	-35.00% (-34.94% year)	-37.86%	-41.67%		
Inventory	\$3,214,000	\$3,490,000	\$4,267,000	\$3,213,000	\$3,408,000	\$3,572,000		
Growth %	-0.7%	<b>7.1%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>2.3%</b>		
Trade Payables	\$1,303,000	\$1,410,000	\$1,766,000	\$1,133,000	\$1,274,000	\$1,386,000		
% Inventory	40.5%	40.4%	<b>41.4%</b>	<b>35.3%</b>	<b>37.4%</b>	<b>38.8%</b>		
Early Qtr. EPS Guide	\$0.16 - \$0.20	\$0.10 - \$0.13	\$0.16 - \$0.20	\$0.90 - \$1.00	\$0.18 - \$0.23	\$0.20 - \$0.24		
EPS Actual (Ex-Items)	\$0.25	\$0.11 (ex-Items)	\$0.19	\$1.09	\$0.28	<b>\$0.06</b>		
Share Repurchase	\$0	\$0	\$0	\$0	(\$733,000)	(\$167,000)		

\*Italics indicate TRG estimate. Amounts in thousands (000). Pension Expense and Pre-Open Expense not shown above.

# J. C. Penney (JCP) Monthly Sales Metrics

03-Nov-11

	FY 2009	FY 2010	FY 2011
<b>February</b>			
Comp/Total Revenue	-8.8% comp sales / -7.2% total sales	+1.2% comp sales / +1.5% total sales	+6.4% comp sales / +2.7% total sales
Internet Revenue	Internet -6.8%	Internet +3.1%	Internet +11.8%
Sales Metrics	Trans lower / AUR higher / UPT lower	Trans higher / AUR lower slight / UPT Flat	Trans +MSD / AUR Flat / UPT Lower
Fwd Month Comp Guide	comps negative low dbl digits to negative mid teens		
<b>March</b>			
Comp/Total Revenue	-7.2% comp sales / -5.4% total sales	+5.4% comp sales / +5.0% total sales	-0.3% comp sales / -4.0% total sales
Internet Revenue	Internet -0.3%	Internet -4.7%	Internet +7.6%
Sales Metrics	Trans lower / AUR lower slight / UPT lower	Trans higher / AUR lower modest / UPT	Trans higher / AUR -LSD / UPT Lower
Fwd Month Comp Guide	comps -12% to -9%		
<b>April</b>			
Comp/Total Revenue	-6.6% comp sales / -5.0% total sales	-3.3% comp sales / -3.7% total sales	+6.4% comp sales / +3.4% total sales
Internet Revenue	Internet -5.3%	Internet +6.3%	Internet "Higher Slightly"
Sales Metrics	Trans lower / AUR higher slight / UPT lower	Trans flat / AUR lower slight / UPT higher	Trans higher / AUR Flat / UPT Lower
Fwd Month Comp Guide	comps -12% to -9%		
<b>May</b>			
Comp/Total Revenue	-8.2% comp sales / -6.7% total sales	-1.8% comp sales / -2.1% total sales	-1.0% comp sales / -3.3% total sales
Internet Revenue	Internet -1.1%	Internet +3.1% (change calc methodology)	Internet +2.8%
Sales Metrics	Trans lower / AUR flat / UPT lower	Trans higher / AUR lower modest / UPT higher slight	Trans Lower Slight / AUR Higher / UPT Lower Slight
Fwd Month Comp Guide	comps -12% to -9%		
<b>June</b>			
Comp/Total Revenue	-8.2% comp sales / -6.7% total sales	+4.5% comp sales / +3.7% total sales	+2.0% comp sales / -0.3% total sales
Internet Revenue	Internet +1.4%	Internet +8.9%	Internet +2.2%
Sales Metrics	Trans lower / AUR flat / UPT lower	Trans higher / AUR lower / UPT higher slight	Trans Higher / AUR Lower / UPT Lower
Fwd Month Comp Guide	comps -16% to -13%		
<b>July</b>			
Comp/Total Revenue	-12.3% comp sales / -10.6% total sales	-0.6% comp sales / -2.8% total sales	+3.3% comp sales / +1.0% total sales
Internet Revenue	Internet -5.2%	Internet "about flat versus LY"	Internet +3.5%
Sales Metrics	Trans lower / AUR higher / UPT lower	Trans higher / AUR lower / UPT higher	Trans Higher / AUR Flat / UPT Lower
Fwd Month Comp Guide	comps -9% to -6%		
<b>August</b>			
Comp/Total Revenue	-7.9% comp sales / -5.6% total sales	+2.3% comp sales / +0.8% total sales	-1.9% comp sales / -4.5% total sales
Internet Revenue	Internet -4.9%	Internet +4.6%	Internet -8.3%
Sales Metrics		Trans higher / AUR lower / UPT higher	Trans Higher / AUR Higher / UPT Lower
Fwd Month Comp Guide	comps -6% to -3%		
<b>September</b>			
Comp/Total Revenue	-1.4% comp sales / -0.6% total sales	+5.1% comp sales / +2.9% total sales	-0.6% comp sales / -3.6% total sales
Internet Revenue	Internet -2.7%	Internet +3.3%	Internet -3.8%
Sales Metrics		Trans higher / AUR lower / UPT higher	No Metrics
Fwd Month Comp Guide	comps -8% to -5%		
<b>October</b>			
Comp/Total Revenue	-4.5% comp sales / -3.5% total sales	-1.9% comp sales / -3.3% total sales	-2.6% comp sales / -6.6% total sales
Internet Revenue	Internet +6.0%	Internet +1.2%	Internet -4.5% (+1.8% ex-Home)
Sales Metrics	negative traffic impact Halloween shift (-250 Bps)	Trans higher / AUR lower / UPT higher	No Metrics
Fwd Month Comp Guide	comps -7% to -4%		
<b>November</b>			
Comp/Total Revenue	-5.9% comp sales / -5.2% total sales	+9.2% comp sales / +7.2% total sales	
Internet Revenue	Internet -7.7% (+Hi Teens post-Tks Day)	Internet +12.0%	
Sales Metrics		Trans higher / AUR lower (planned) / UPT higher	
Fwd Month Comp Guide	comps -6% to -3%		
<b>December</b>			
Comp/Total Revenue	-3.8% comp sales / -2.4% total sales	+3.7% comp sales / +2.3% total sales	
Internet Revenue	Internet +6.3%	Internet +5.4%	
Sales Metrics		Trans higher / AUR lower (mix, environ) / UPT higher	
Fwd Month Comp Guide	comps -8% to -5%		
<b>January</b>			
Comp/Total Revenue	-4.6% comp sales / -4.4% total sales	-1.2% comp sales / -3.9% total sales	
Internet Revenue	Internet +9.2%	Internet +2.6%	
Sales Metrics		Trans flat / AUR lower slight (mix) / UPT higher	
Fwd Month Comp Guide			

\*Source: Monthly company sales recording.

**J. C. Penney (JCP) Monthly Sales Commentary**

03-Nov-11

	FY 2009	FY 2010	FY 2011
<b>February</b>			
Outperform	home, family shoes, women's apparel (continue well)	children's, fine jewelry	women's apparel, wom access, children's, fine jewelry
Underperform	fine jewelry	home	
Regional Performance	Strong: Central / Weak: Southeast	Strong: Southeast / Weak: Northeast	Strong: Northeast, Southwest / Weak:
Mgmt Comments	Home Sale shift Feb vs. Jan LY. Comfort inv levels	all divisions positive ex-home	Liz and Modern Bride notably strong
<b>March</b>			
Outperform	home	children's, men's	women's apparel, fine jewelry, women's access
Underperform	fine jewelry	home	
Regional Performance	Strong: Central / Weak: Southeast	Strong: Southeast / Weak: Northwest	Strong: Southwest, Northwest / Weak:
Mgmt Comments	women's apparel continue perform well. Comfort inv.	expect +2% comps for Q1 2010	calendar shift/unseason weather week #5 - inv in-line
<b>April</b>			
Outperform	women's apparel, children's apparel	women's accessories, shoes, handbags, men's	women's apparel, children's apparel
Underperform	fine jewelry		
Regional Performance	Strong: Southwest / Weak: Central	Strong: Central, Northeast / Weak:	Strong: Southeast / Weak:
Mgmt Comments	difficult Q2 comparison ahead	better than expect GPM% in qtr	off-mall continue stronger than mall stores
<b>May</b>			
Outperform	women's apparel	men's apparel, women's access, shoes, handbags	children's, women's apparel, accessories
Underperform	fine jewelry		home "negative" via shift mailer to April & less promo
Regional Performance	Strong: Southwest / Weak: Southeast	Strong: Central, Northeast / Weak:	Strong: Southwest / Weak:
Mgmt Comments	home stabilized, but remains a challenge		strong week #2 / weak week #3 (elim promo events)
<b>June</b>			
Outperform	Father's Day categories / fine jewelry "better"	men's, women's, children's apparel	fine jewelry, women's apparel
Underperform	children's (lower clearance sales)		
Regional Performance	Strong: Southwest / Weak: Southeast	Strong: Southeast	Strong: Northeast / Weak:
Mgmt Comments	men's sportswear, B&T, athletic wear strong	+mid teens reg/promo sales, lower clearance sales	men's strong Father's Day / home strong July 4th
<b>July</b>			
Outperform	women's apparel, women's accessories	men's apparel, women's accessories, "wear-now app"	women's apparel, accessories, fine jewelry
Underperform	Children's (lower clearance sales)	clearance sales (sharper price points this year)	home (online), furniture (online)
Regional Performance	Strong: Southwest / Weak: Southeast	Strong: Northeast / Weak:	Strong: Southwest / Weak:
Mgmt Comments	later BTS, shift tax-free to Aug, less clearance product	-200 Bps total sales via less Big Book circ	Liz and Modern Bride notably strong
<b>August</b>			
Outperform	women's apparel, children's apparel	men's, children's, (footwear also strong)	men's apparel, women's accessories
Underperform	home		
Regional Performance	Strong: Southwest, Southeast / Weak: Northeast	Strong: Southeast, Southwest / Weak:	Strong: Southwest, Southeast / Weak:
Mgmt Comments	tax-free shift helped / Labor Day help September	Liz launch all stores - exceed initial sales expect	sales trends improve throughout mnth / last wk Hurr
<b>September</b>			
Outperform	women's apparel, shoes, children's apparel	men's apparel, shoes, fine jewelry	children's apparel, women's accessories
Underperform	fine jewelry	-200 Bps total sales via lack of Big Books	
Regional Performance	Strong: Southwest (+LSD) / Weak: Northwest	Strong: Southeast, Central / Weak:	Strong: Southeast / Weak:
Mgmt Comments	better than expected sales / home hurts Internet	unseasonal warm / last 2 wks challenge / Liz "very well"	sales trends improve throughout month
<b>October</b>			
Outperform	women's apparel, shoes	shoes, men's app (also fash jewel, lugg, house, beauty)	women's accessories (also women's apparel positive)
Underperform	fine jewelry	sweaters, outerwear (unfavorable weather)	
Regional Performance	Strong: Southwest / Weak: Southeast	Strong: Northeast, Southwest / Weak: Central, NW	Strong: Southeast / Weak:
Mgmt Comments	weeks #1/#2 > expect, Hallo shift -250 Bps impact	unseasonal warm first 2 wks / Liz "very strong"	mall traffic lower, off-mall traffic higher
<b>November</b>			
Outperform	women's apparel, accessories, shoes	shoes, men's apparel	
Underperform	children's (lower clearance sales)		
Regional Performance	Strong: Southwest / Weak: Southeast	Strong: Central, Southwest / Weak:	
Mgmt Comments	strong B/Fri offset weaker begin month sales	Liz continue "very strong"	
<b>December</b>			
Outperform	women's apparel, newborn app, access, shoes	fine jewelry, women's accessories, men's apparel	
Underperform	home		
Regional Performance	Strong: Central / Weak: Northwest	Strong: Southeast, Northeast / Weak:	
Mgmt Comments	sig higher GPM% / Lower clearance hurt Jan sales slight	Liz "well ahead expect" / private > natl brands	
<b>January</b>			
Outperform	women's apparel, fine jewelry	women's apparel, accessories, Sephora	
Underperform	children's (lower clearance sales)		
Regional Performance	Strong: Central / Weak: Northwest	Strong: Southwest (+MSD), NE, SE / Weak:	
Mgmt Comments	planned lower clearance levels hurt sales	Liz "ahead expect" / private > natl brands	

\*Source: Monthly company sales recording.

## J.C. Penney (JCP) Guidance Worksheet - FY 2011 & FY 2010

04-Nov-11

	Q1 2011 Guidance Date: 02.25.2011	Q1 2011 Actual	Q2 2011 Guidance Date: 05.16.2011	Q2 2011 Actual	Q3 2011 Guidance Date: 08.12.2011	Q3 2011 Actual	Q4 2011 Guidance Date:	Q4 2011 Actual
<b>Revenue:</b>								
Net Revenue Growth %			-250 Bps vs. comps	-230 Bps	-250 Bps vs. comps	-320 Bps	<b>FY 2011 EPS guidance (02.25.2011):</b> EPS = \$2.00 to \$2.10 (exclude share repo) Total Revenue = +LSD Comp Store Sales = +LSD to +MSD GPM% = 39.0% (Flat vs. LY) SG&A % = Flat Depreciation = Modestly Higher vs. LY Interest Exp = Tax Rate = Closer to 2008/2009 historical norm CapEx = \$650 million Qual Pension Exp: \$87M (-\$134M vs. LY)  <b>FY 2011 EPS guidance (05.16.2011):</b> EPS = \$2.15 to \$2.25 (incl. share repo, items)	
Comp Store Sales %	+3.0% to +5.0%	3.8%	+3.0% to +4.0%	1.5%	+2.0% to +3.0%	-1.6%		
<b>GPM %:</b>	"remain under pressure" "no Big Book hurts m/m"		Flat to Slightly Higher vs. LY	-108 Bps vs. LY	Slightly Lower vs. LY			
<b>SG&amp;A Growth %:</b>			Leverage (Slight Higher \$ vs. LY)	-2.4% vs. LY	Flat to Slightly Lower \$ vs. LY			
<b>Depr &amp; Amort:</b>			(\$130.0M)	(\$128.0)	(\$135.0M)			
<b>Interest Inc/(Exp):</b>			(\$57.0M)	(\$57.0)	(\$57.0M)			
<b>Income Tax Rate:</b>			-38.0%	-41.67%	-38.0%			
<b>EPS:</b>	\$0.18 to \$0.23 above include (\$0.03) charges above excludes share repo	\$0.28	\$0.20 to \$0.24 above include (\$0.06) charges above embedded in R/E & Other	\$0.06	\$0.15 to \$0.20 above includes (\$0.05) charges above embedded in R/E & Other			
<b>Dil Share Count:</b>			216.0M Avg Diluted Shares	216.3	216.0M Avg Diluted Shares			

	Q1 2010 Guidance	Q1 2010 Actual	Q2 2010 Guidance	Q2 2010 Actual	Q3 2010 Guidance	Q3 2010 Actual	Q4 2010 Guidance	Q4 2010 Actual
<b>Revenue:</b>								
Net Revenue Growth %	-50 Bps to -30 Bps less comps	1.2%	-50 Bps Bps less comps	-0.1%	-100 Bps Bps less comps	0.2%	-150 Bps Bps less comps	2.8%
Comp Store Sales %	flat to slightly positive	1.3%	+2.5% to +3.0%	0.9%	+2.0% to +3.0%	1.9%	+3.0% to +4.0%	4.5%
<b>GPM %:</b>	higher slightly	Higher 96 Bps	modest improvement	Higher 86 Bps	modest decrease	Lower 155 Bps	modest decrease	Lower 62 Bps
<b>SG&amp;A Growth %:</b>	higher +2.0% dollars vs. LY"	2.7%	higher +4.5% dollars vs. LY"	2.5%	higher +2.0% dollars vs. LY"	-3.8%	higher +1% to +2% dollars vs. LY"	-3.0%
<b>Depr &amp; Amort:</b>	(\$122.0M)	(\$125.0)	(\$123.0M)	(\$126.0)	(\$129.0M)	(\$128.0)	(\$141.0M)	(\$132.0)
<b>Interest Inc/(Exp):</b>	(\$59.0M)	(\$59.0)	(\$56.0M)	(\$57.0)	(\$57.0M)	(\$57.0)	(\$58.0M)	(\$58.0)
<b>Income Tax Rate:</b>	-38.0%	-37.50%	-38.0%	-22.22%	-38.0%	-34.33%	-37.0%	-35.00%
<b>EPS:</b>	\$0.16 to \$0.20	\$0.25	\$0.10 to \$0.13	\$0.11 (ex-Items)	\$0.16 to \$0.20	\$0.19	\$0.90 to \$1.00	\$1.09
<b>Dil Share Count:</b>	238.0M Avg Diluted Shares	237.6	238.0M Avg Diluted Shares	237.6	238.0M Avg Diluted Shares	237.8	238.0M Avg Diluted Shares	239.0

## J.C. Penney (JCP) Guidance Worksheet - FY 2009

04-Nov-11

	Q1 2009 Guidance	Q1 2009 Actual	Q2 2009 Guidance	Q2 2009 Actual	Q3 2009 Guidance	Q3 2009 Actual	Q4 2009 Guidance	Q4 2009 Actual
<b>Revenue:</b>								
Net Revenue Growth %	-13% to -10%	-5.9%	-10% to -7%	-7.9%	-5% to -3%	-3.2%	-5% to -3%	-3.6%
Comp Store Sales %	-15% to -12%	-7.5%	-12% to -9%	-9.5%	-7% to -5%	-4.6%	-6% to -4%	-4.5%
<b>GPM %:</b>			"modest improvement vs. LY"	Higher 104 Bps	"higher 120 Bps to 130 Bps"	Higher 204 Bps	"higher 380 Bps to 390 Bps"	<b>Higher 356 Bps</b>
<b>SG&amp;A Growth %:</b>			"approximately flat vs. LY"	-2.2%	"higher +4.0% dollars vs. LY"	<b>4.2%</b>	"higher +4.5% dollars vs. LY"	1.4%
<b>Depr &amp; Amort:</b>			(\$120.0M)	<b>(\$121.0M)</b>	(\$127.0M)	(\$123.0M)	(\$132.0M)	(\$131.0M)
<b>Pre-Open Exp:</b>			(\$12.0M)	(\$14.0M)	(\$5.0M)	(\$4.0M)	(\$2.0M)	(\$1.0M)
<b>Operating Income:</b>	"decline vs. LY via sales/pension"	Lower 322 Bps	"decline vs. LY via sales/pension"	Lower 394 Bps				
<b>Interest Inc/(Exp):</b>	(\$65.0M)	(\$63.0M)	(\$66.0M)	<b>(\$68.0M)</b>	(\$66.0M)	(\$64.0M)	(\$66.0M)	(\$65.0M)
<b>Income Tax Rate:</b>	-36.5%	-41.86%	-37.0%	0.00%	-38.0%	-37.21%	-38.0%	-37.74%
<b>EPS:</b>	(\$0.30) - (\$0.20)	\$0.11	(\$0.25) - (\$0.15)	\$0.00	(\$0.05) - \$0.05	\$0.11	\$0.70 - \$0.85	\$0.83
<b>Dil Share Count:</b>	223.0M Avg Diluted Shares	222.7M	220.0M Avg Basic Shares	233.8M	237.0M Avg Basic Shares	<b>237.6M</b>	238.0M Avg Basic Shares	237.3M

**Tiburon Research Group**  
**Compology - Comp Store Sales / Other Top-Line Metrics**

11/8/2011

	Feb	Mar	Apr	Q1	May	Jun	Jul	Q2	Aug	Sep	Oct	Q3	Nov	Dec	Jan	Q4	Year
<b>JC Penney (JCP) FY 2011</b>																	
Department Stores	6.4%	-0.3%	6.4%	3.8%	-1.0%	2.0%	3.3%	1.5%	-1.9%	-0.6%	-2.6%	-1.6%					
Internet Revenue	11.8%	7.6%		6.6%	2.8%	2.2%	3.5%		-8.3%	-3.8%	-4.5%						
Total Co. Sales (Continue)	2.7%	-4.0%	3.4%	0.4%	-3.3%	-0.3%	1.0%	-0.8%	-4.5%	-3.6%	-6.6%	-4.8%					
<b>JC Penney (JCP) FY 2010</b>																	
Department Stores	1.2%	5.4%	-3.3%	1.3%	-1.8%	4.5%	-0.6%	0.9%	2.3%	5.1%	-1.9%	1.9%	9.2%	3.7%	-1.2%	4.5%	2.5%
Internet Revenue	3.1%	-4.7%	6.3%	3.3%	3.1%	8.9%	0.0%	4.1%	4.6%	3.3%	1.2%	3.0%	12.0%	5.4%	2.6%	6.7%	4.4%
Total Co. Sales (Continue)	1.5%	5.0%	-3.7%	1.2%	-2.1%	3.7%	-2.8%	-0.1%	0.8%	2.9%	-3.3%	0.2%	7.2%	2.3%	-3.9%	2.8%	1.2%
<b>JC Penney (JCP) FY 2009</b>																	
Department Stores	-8.8%	-7.2%	-6.6%	-7.5%	-8.2%	-8.2%	-12.3%	-9.5%	-7.9%	-1.4%	-4.5%	-4.6%	-5.9%	-3.8%	-4.6%	-4.5%	-6.3%
Internet Revenue	-6.8%	-0.3%	-5.3%	-3.9%	-1.1%	1.4%	-5.2%	-1.6%	-4.9%	-2.7%	6.0%	-0.6%	-7.7%		9.2%		
Total Co. Sales (Continue)	-7.2%	-5.4%	-5.0%	-5.9%	-6.7%	-6.7%	-10.6%	-7.9%	-5.6%	-0.6%	-3.5%	-3.2%	-5.2%	-2.4%	-4.4%	-3.6%	-5.0%
<b>JC Penney (JCP) FY 2008</b>																	
Department Stores	-6.7%	-12.3%	-1.7%	-7.4%	-4.4%	-2.4%	-6.5%	-4.3%	-4.9%	-12.4%	-13.0%	-10.1%	-11.9%	-8.1%	-16.4%	-10.8%	-8.5%
Internet Revenue	7.0%	5.5%	15.0%	8.7%	10.0%	-2.4%	-6.5%	5.6%	7.6%	-4.0%	-2.9%	-0.3%	-18.2%	1.3%			0.0%
Total Co. Sales (Continue)	-4.4%	-10.3%	0.9%	-5.1%	-2.4%	-0.4%	-4.9%	-2.5%	-3.2%	-10.9%	-11.8%	-8.7%	-11.5%	-6.8%	-15.5%	-9.8%	-6.9%
<b>JC Penney (JCP) FY 2007</b>																	
Department Stores	1.5%	11.0%	-3.4%	3.4%	-0.9%	-0.7%	12.0%	2.9%	-2.4%	-3.7%	-1.0%	-2.4%	5.4%	-7.3%	0.0%	-2.3%	0.0%
Total Catalog Revenue	-2.4%	-1.1%	-8.0%	-3.6%	-5.1%	-10.9%	11.5%	-2.3%	3.6%	-8.5%	-3.8%	-3.6%	17.6%	-12.9%	-17.7%	-4.8%	-3.7%
Total Co. Sales (Continue)	0.9%	10.7%	-3.5%	3.1%	-0.4%	-0.4%	13.3%	3.6%	-1.1%	-2.4%	0.3%	-1.1%	7.6%	-5.6%	-16.6%	-4.1%	-0.2%
<b>JC Penney (JCP) FY 2006</b>																	
Department Stores	3.7%	0.7%	3.4%	2.6%	11.9%	5.5%	5.8%	7.6%	0.3%	10.5%	9.3%	6.5%	2.5%	3.4%	5.2%	3.2%	4.9%
Total Catalog Revenue	4.5%	5.0%	1.5%	3.9%	1.6%	6.0%	0.0%	2.7%	0.5%	11.8%	2.1%	5.3%	-0.3%	-1.4%	-1.5%	-1.2%	2.4%
Total Co. Sales (Continue)	3.7%	0.7%	2.9%	2.5%	9.8%	5.1%	4.6%	6.5%	0.7%	10.4%	9.5%	6.7%	2.7%	3.5%	4.2%	3.3%	4.6%
<b>JC Penney (JCP) FY 2005</b>																	
Department Stores	5.9%	-0.4%	3.5%	2.8%	2.9%	7.4%	1.6%	4.2%	2.8%	1.4%	2.4%	2.5%	3.6%	2.2%	2.5%	2.6%	4.2%
Total Catalog Revenue	6.4%	0.0%	12.5%	5.4%	7.8%	9.1%	4.0%	7.1%	0.0%	0.4%	-2.9%	-0.9%	2.5%	4.3%	4.3%	3.7%	3.6%
Total Co. Sales (Continue)	6.4%	0.4%	5.6%	3.7%	4.9%	8.2%	2.6%	5.4%	3.2%	1.6%	1.7%	2.0%	4.0%	3.1%	3.1%	4.1%	3.8%
<b>JC Penney (JCP) FY 2004</b>																	
Department Stores	12.1%	11.4%	5.3%	9.5%	9.1%	4.8%	8.1%	7.1%	3.8%	1.8%	2.1%	2.7%	12.2%	-1.3%	2.5%	3.1%	5.9%
Eckerd (Discontinued)	-3.5%	-1.8%	-4.0%	-3.2%													
Eckerd Pharmacy	-0.3%	1.1%	-0.4%														
Eckerd Front-End	-10.0%	-8.6%	-12.0%														
Total Catalog Revenue	8.0%	9.7%	0.6%	6.5%	0.0%	-3.4%	-1.1%	-1.6%	6.0%	3.3%	1.7%	3.6%	-4.1%	6.7%	12.6%	3.9%	3.3%
Total Co. Sales (Continue)	11.1%	10.5%	4.4%	8.7%	7.6%	3.6%	6.8%	5.8%	4.4%	2.0%	2.3%	3.0%	9.2%	-0.6%	5.4%	3.1%	4.8%
<b>JC Penney (JCP) FY 2003</b>																	
Department Stores	-2.1%	-5.5%	-6.9%	-4.9%	3.2%	0.1%	3.7%	2.1%	6.5%	0.7%	-2.3%	1.8%	-0.8%	4.3%	6.4%	3.2%	2.4%
Eckerd	-0.4%	-3.0%	0.4%	-1.1%	-1.2%	-0.9%	0.1%	-0.8%	-0.4%	-1.1%	-1.7%	-1.0%	-2.7%	-2.5%	-1.4%	-2.2%	-1.2%
Eckerd Pharmacy	2.0%	1.3%	1.4%	1.6%	1.0%	1.4%	2.9%	1.7%	2.0%	1.2%	1.0%	1.4%	0.0%	1.5%	1.8%		
Eckerd Front-End	-4.9%	-11.6%	-1.7%	-6.5%	-5.8%	-5.7%	-5.8%	-6.0%	-5.3%	-6.2%	-7.9%	-6.5%	-8.5%	-9.0%	-8.8%		
Total Catalog Revenue	-11.2%	-13.1%	-7.4%	-11.1%	0.6%	1.5%	10.6%	3.9%	-2.1%	12.9%	0.4%	4.1%	11.7%	5.6%	9.8%	8.7%	1.5%
Total Co. Sales	-1.3%	-4.2%	-3.3%	-3.0%	1.1%	0.8%	3.4%	1.6%	3.9%	1.3%	-0.9%	1.4%	0.3%	1.8%	3.0%	1.7%	0.5%
<b>JC Penney (JCP) FY 2002</b>																	
Department Stores	12.5%	6.8%	5.5%	7.9%	-5.1%	-0.3%	-2.2%	-2.4%	2.9%	-3.1%	13.7%	3.9%	0.0%	4.7%	-3.8%	1.9%	2.8%
Eckerd	6.7%	10.2%	5.2%	7.6%	6.7%	6.2%	5.5%	6.1%	5.0%	5.7%	3.9%	4.9%	6.7%	0.3%	1.8%	2.5%	5.2%
Total Catalog Revenue	-28.7%	-22.5%	-23.8%	-24.8%	-19.1%	-21.7%	-23.4%	-21.4%	-24.7%	-17.2%	-21.8%	-21.2%	-10.2%	-23.7%	-27.8%	-20.7%	-22.0%
Total Co. Sales	3.3%	3.5%	1.2%	2.7%	-1.0%	0.8%	-0.6%	-0.2%	1.0%	-0.1%	5.0%	1.9%	1.5%	0.6%	-2.8%	0.1%	1.1%
<b>JC Penney (JCP) FY 2001</b>																	
Department Stores	-2.1%	2.7%	3.8%	1.1%	-1.2%	3.8%	2.2%	2.3%	7.5%	8.1%	-0.7%	5.1%	0.7%	5.4%	5.9%	4.0%	3.8%
Eckerd				9.3%				8.2%				8.4%					
Total Catalog Revenue	-10.7%	-10.4%	-14.7%	-11.9%	-14.1%	-29.3%	-23.7%	-23.3%	-11.5%	-28.4%	-11.4%	-17.7%	-31.6%	-20.1%	-24.3%	-24.8%	-19.7%
Total Co. Sales	-0.8%	-0.2%	1.4%	-0.1%	-0.5%	-0.8%	1.1%	0.1%	4.4%	2.3%	0.9%	2.5%	-2.8%	0.5%	1.4%	-0.3%	0.5%

Note: JCP changed its comp store sales calculation methodology in January 2008. Comp store sales now include Internet revenue and FY 2006/FY 2007 and full year 2003-2005 comp store sales metrics were adjusted higher.

## Tiburon Research Group

### Compology - Comp Store Sales 5-Year Run Rates

JC Penney (JCP)	Q1	Q2	Q3	Q4
<b>5-Year Run Rate</b>	<b>-6.4%</b>	<b>-8.5%</b>	<b>-16.8%</b>	
FY 2011	3.8%	1.5%	-1.6%	
<b>4-Year Run Rate</b>	<b>-10.2%</b>	<b>-10.0%</b>	<b>-15.2%</b>	<b>-13.1%</b>
FY 2010	1.3%	0.9%	1.9%	4.5%
<b>3-Year Run Rate</b>	<b>-11.5%</b>	<b>-10.9%</b>	<b>-17.1%</b>	<b>-17.6%</b>
FY 2009	-7.5%	-9.5%	-4.6%	-4.5%
FY 2008	-7.4%	-4.3%	-10.1%	-10.8%
FY 2007	3.4%	2.9%	-2.4%	-2.3%

JCP changed its comp store sales calculation methodology in January 2008. Comp store sales now include Internet revenue and FY 2006/FY 2007 comp store sales metrics were adjusted higher.

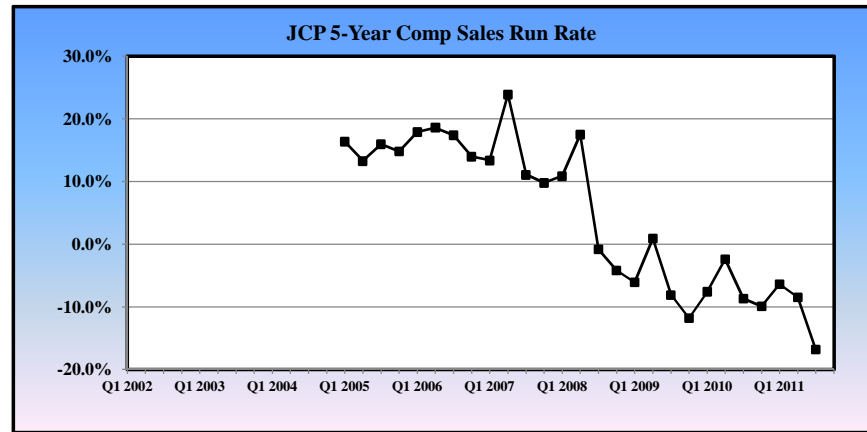
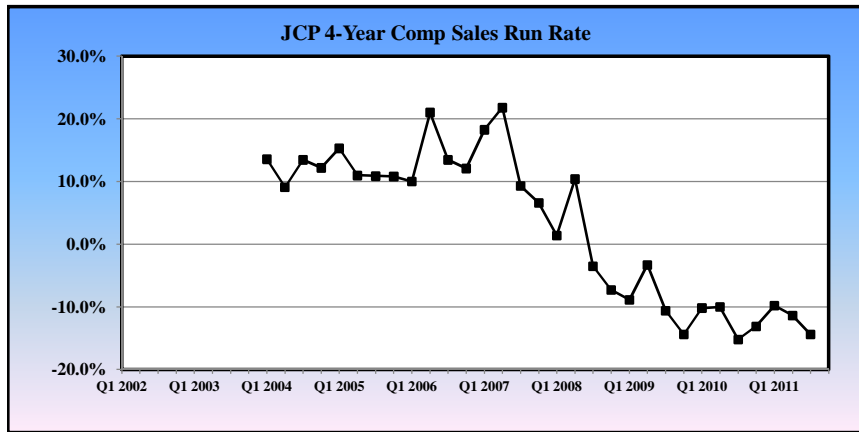
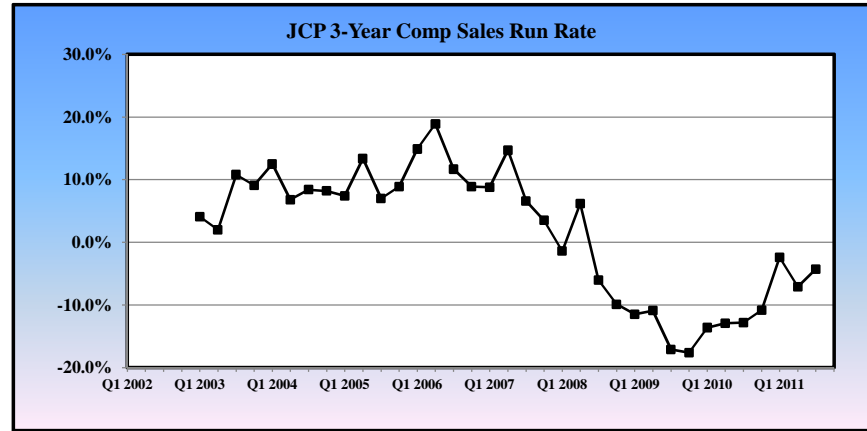
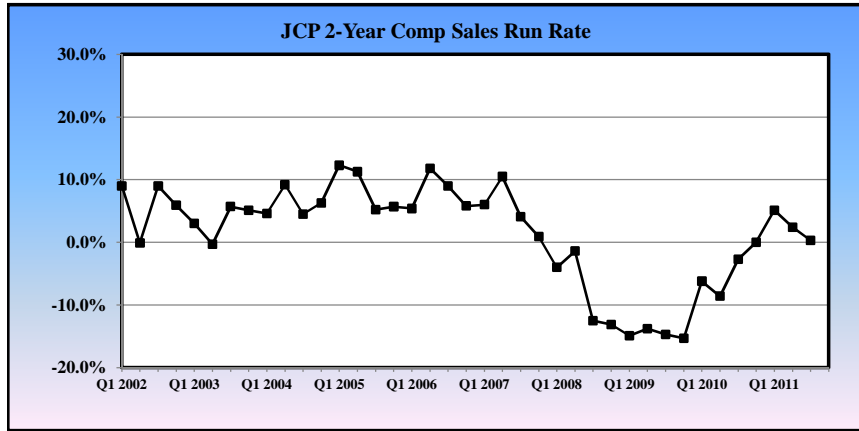
Note: Department Store comps only.

JC Penney Retail (JCP)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>5-Year Run Rate</b>	<b>-6.4%</b>	<b>-3.4%</b>	<b>-8.6%</b>	<b>-16.3%</b>	<b>-4.8%</b>	<b>-4.1%</b>	<b>-14.8%</b>	<b>-13.0%</b>	<b>-23.0%</b>			
FY 2011	6.4%	-0.3%	6.4%	-1.0%	2.0%	3.3%	-1.9%	-0.6%	-2.6%			
<b>4-Year Run Rate</b>	<b>-12.8%</b>	<b>-3.1%</b>	<b>-15.0%</b>	<b>-15.3%</b>	<b>-6.8%</b>	<b>-7.4%</b>	<b>-12.9%</b>	<b>-12.4%</b>	<b>-20.4%</b>	<b>-3.2%</b>	<b>-15.5%</b>	<b>-22.2%</b>
FY 2010	1.2%	5.4%	-3.3%	-1.8%	4.5%	-0.6%	2.3%	5.1%	-1.9%	9.2%	3.7%	-1.2%
<b>3-Year Run Rate</b>	<b>-14.0%</b>	<b>-8.5%</b>	<b>-11.7%</b>	<b>-13.5%</b>	<b>-11.3%</b>	<b>-6.8%</b>	<b>-15.2%</b>	<b>-17.5%</b>	<b>-18.5%</b>	<b>-12.4%</b>	<b>-19.2%</b>	<b>-21.0%</b>
FY 2009	-8.8%	-7.2%	-6.6%	-8.2%	-8.2%	-12.3%	-7.9%	-1.4%	-4.5%	-5.9%	-3.8%	-4.6%
FY 2008	-6.7%	-12.3%	-1.7%	-4.4%	-2.4%	-6.5%	-4.9%	-12.4%	-13.0%	-11.9%	-8.1%	-16.4%
FY 2007	1.5%	11.0%	-3.4%	-0.9%	-0.7%	12.0%	-2.4%	-3.7%	-1.0%	5.4%	-7.3%	0.0%

JC Penney Direct (JCP)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>5-Year Run Rate</b>												
FY 2008												
<b>4-Year Run Rate</b>	<b>16.5%</b>	<b>13.6%</b>	<b>6.6%</b>	<b>4.3%</b>	<b>0.8%</b>	<b>14.4%</b>	<b>10.1%</b>	<b>7.0%</b>	<b>-2.9%</b>	<b>15.7%</b>	<b>-3.3%</b>	<b>19.0%</b>
FY 2007	-2.4%	-1.1%	-8.0%	-5.1%	-10.9%	11.5%	3.6%	-8.5%	-3.8%	17.6%	-12.9%	3.6%
<b>3-Year Run Rate</b>	<b>18.9%</b>	<b>14.7%</b>	<b>14.6%</b>	<b>9.4%</b>	<b>11.7%</b>	<b>2.9%</b>	<b>6.5%</b>	<b>15.5%</b>	<b>0.9%</b>	<b>-1.9%</b>	<b>9.6%</b>	<b>15.4%</b>
FY 2006	4.5%	5.0%	1.5%	1.6%	6.0%	0.0%	0.5%	11.8%	2.1%	-0.3%	-1.4%	-1.5%
FY 2005	6.4%	0.0%	12.5%	7.8%	9.1%	4.0%	0.0%	0.4%	-2.9%	2.5%	4.3%	4.3%
FY 2004	8.0%	9.7%	0.6%	0.0%	-3.4%	-1.1%	6.0%	3.3%	1.7%	-4.1%	6.7%	12.6%

Note: Total sales growth.

## J.C. Penney (JCP) Comp Sales Run Rate Analysis



## Monthly Revenue Data

JC Penney (JCP)	Feb	Mar	Apr	Q1	May	Jun	Jul	Q2	Aug	Sep	Oct	Q3	Nov	Dec	Jan	Q4	FY
FY 2011 Revenue	1,214,000	1,467,000	1,261,000	3,942,000	1,187,000	1,545,000	1,173,000	3,905,000	1,374,000	1,426,000	1,186,000	3,986,000					
FY 2010 Revenue	1,182,000	1,528,000	1,219,000	3,929,000	1,228,000	1,550,000	1,161,000	3,939,000	1,439,000	1,480,000	1,270,000	4,189,000	1,845,000	2,955,000	903,000	5,703,000	17,760,000
FY 2009 Revenue	1,165,000	1,455,000	1,266,000	3,886,000	1,254,000	1,495,000	1,194,000	3,943,000	1,428,000	1,438,000	1,313,000	4,179,000	1,721,000	2,889,000	940,000	5,550,000	17,558,000
FY 2008 Revenue	1,256,000	1,538,000	1,333,000	4,127,000	1,344,000	1,602,000	1,336,000	4,282,000	1,513,000	1,446,000	1,361,000	4,320,000	1,815,000	2,961,000	983,000	5,759,000	18,488,000
FY 2007 Revenue	1,314,000	1,714,000	1,321,000	4,349,000	1,377,000	1,609,000	1,404,000	4,390,000	1,563,000	1,622,000	1,543,000	4,728,000	2,050,000	3,177,000	1,163,000	6,390,000	19,857,000
FY 2006 Revenue	1,302,000	1,548,000	1,369,000	4,219,000	1,383,000	1,615,000	1,239,000	4,237,000	1,581,000	1,662,000	1,538,000	4,781,000	1,906,000	3,366,000	1,396,000	6,668,000	19,905,000
FY 2005 Revenue	1,255,000	1,537,000	1,330,000	4,122,000	1,260,000	1,536,000	1,184,000	3,980,000	1,570,000	1,505,000	1,404,000	4,479,000	1,856,000	3,253,000	1,094,000	6,203,000	18,784,000
FY 2011 Revenue Growth %	2.7%	-4.0%	3.4%	0.3%	-3.3%	-0.3%	1.0%	-0.9%	-4.5%	-3.6%	-6.6%	-4.8%					
FY 2011 Comp Growth %	6.4%	-0.3%	6.4%	3.9%	-1.0%	2.0%	3.3%	1.5%	-1.9%	-0.6%	-2.6%	-1.6%					
FY 2011 "Split"	-3.7%	-3.7%	-3.0%	-3.6%	-2.3%	-2.3%	-2.3%	-2.3%	-2.6%	-3.0%	-4.0%	-3.2%					
FY 2010 Revenue Growth %	1.5%	5.0%	-3.7%	1.1%	-2.1%	3.7%	-2.8%	-0.1%	0.8%	2.9%	-3.3%	0.2%	7.2%	2.3%	-3.9%	2.8%	1.2%
FY 2010 Comp Growth %	1.2%	5.8%	-3.1%	1.7%	-1.8%	4.5%	-0.6%	1.0%	2.3%	5.1%	-1.9%	2.0%	9.2%	3.7%	-1.2%	4.7%	2.6%
FY 2010 "Split"	0.3%	-0.8%	-0.6%	-0.5%	-0.3%	-0.8%	-2.2%	-1.1%	-1.5%	-2.2%	-1.4%	-1.8%	-2.0%	-1.4%	-2.7%	-1.9%	-1.4%
FY 2009 Revenue Growth %	-7.2%	-5.4%	-5.0%	-5.8%	-6.7%	-6.7%	-10.6%	-7.9%	-5.6%	-0.6%	-3.5%	-3.3%	-5.2%	-2.4%	-4.4%	-3.6%	-5.0%
FY 2009 Comp Growth %	-8.8%	-7.2%	-6.6%	-7.5%	-8.2%	-8.2%	-12.3%	-9.4%	-7.9%	-1.4%	-4.5%	-4.6%	-5.9%	-3.8%	-4.6%	-4.6%	-6.3%
FY 2009 "Split"	1.6%	1.8%	1.6%	1.6%	1.5%	1.5%	1.7%	1.5%	2.3%	0.8%	1.0%	1.3%	0.7%	1.4%	0.2%	1.0%	1.3%
FY 2008 Revenue Growth %	-4.4%	-10.3%	0.9%	-5.1%	-2.4%	-0.4%	-4.8%	-2.5%	-3.2%	-10.9%	-11.8%	-8.6%	-11.5%	-6.8%	-15.5%	-9.9%	-6.9%
FY 2008 Comp Growth %	-6.7%	-12.3%	-1.7%	-7.2%	-4.4%	-2.4%	-6.5%	-4.3%	-4.9%	-12.4%	-13.0%	-10.0%	-11.9%	-8.1%	-16.4%	-10.7%	-8.3%
FY 2008 "Split"	2.3%	2.0%	2.6%	2.1%	2.0%	2.0%	1.7%	1.8%	1.7%	1.5%	1.2%	1.3%	0.4%	1.3%	0.9%	0.8%	1.4%
FY 2007 Revenue Growth %	0.9%	10.7%	-3.5%	3.1%	-0.4%	-0.4%	13.3%	3.6%	-1.1%	-2.4%	0.3%	-1.1%	7.6%	-5.6%	-16.7%	-4.2%	-0.2%
FY 2007 Comp Growth %	-0.2%	10.6%	-4.7%	2.7%	-2.0%	-1.5%	10.8%	2.3%	-4.0%	-4.6%	-1.8%	-3.5%	2.6%	-7.5%	-1.9%	-3.2%	-0.8%
FY 2007 "Split"	1.1%	0.1%	1.2%	0.4%	1.6%	1.1%	2.5%	1.3%	2.9%	2.2%	2.1%	2.4%	5.0%	1.9%	-14.8%	-0.9%	0.5%
FY 2006 Revenue Growth %	3.7%	0.7%	2.9%	2.4%	9.8%	5.1%	4.6%	6.5%	0.7%	10.4%	9.5%	6.7%	2.7%	3.5%	27.6%	7.5%	6.0%
FY 2006 Comp Growth %	2.3%	-1.0%	2.6%	1.2%	11.1%	4.3%	4.9%	6.7%	-0.5%	8.7%	8.1%	5.5%	1.4%	2.6%	3.6%	2.5%	3.8%
FY 2006 "Split"	1.4%	1.7%	0.3%	1.2%	-1.3%	0.8%	-0.3%	-0.2%	1.2%	1.7%	1.4%	1.3%	1.3%	0.9%	24.0%	5.0%	2.2%
FY 2011 % Qtr Sales	30.8%	37.2%	32.0%	100.0%	30.4%	39.6%	30.0%	100.0%	34.5%	35.8%	29.8%	100.0%					
FY 2010 % Qtr Sales	30.1%	38.9%	31.0%	100.0%	31.2%	39.4%	29.5%	100.0%	34.4%	35.3%	30.3%	100.0%	32.4%	51.8%	15.8%	100.0%	
FY 2009 % Qtr Sales	30.0%	37.4%	32.6%	100.0%	31.8%	37.9%	30.3%	100.0%	34.2%	34.4%	31.4%	100.0%	31.0%	52.1%	16.9%	100.0%	
FY 2008 % Qtr Sales	30.4%	37.3%	32.3%	100.0%	31.4%	37.4%	31.2%	100.0%	35.0%	33.5%	31.5%	100.0%	31.5%	51.4%	17.1%	100.0%	
FY 2007 % Qtr Sales	30.2%	39.4%	30.4%	100.0%	31.4%	36.7%	32.0%	100.0%	33.1%	34.3%	32.6%	100.0%	32.1%	49.7%	18.2%	100.0%	
FY 2006 % Qtr Sales	30.9%	36.7%	32.4%	100.0%	32.6%	38.1%	29.2%	100.0%	33.1%	34.8%	32.2%	100.0%	28.6%	50.5%	20.9%	100.0%	

Note: Quarterly revenue and quarterly comp store sales numbers above are a sum/average of the monthly sales numbers disclosed by the company each month. Therefore, quarterly revenue/comp store sales numbers above may not tie to the company's disclosure or SEC filings.

Note 2: Historical monthly sales numbers are not updated. Therefore, historical monthly sales numbers may not reflect acquisitions, divestitures, and/or store closings.