



Long-Range Plan Fact Sheet

2007- 2011

JCPenney's vision for growth is to be the preferred shopping choice for Middle America. Currently, JCPenney does business with over half of the households in America each year. We're focused on getting those customers to spend more with us, while also finding ways to engage the other half to experience our great style and quality at smart prices.

To do this, we are executing a strategic Long-Range Plan that consists of four integrated strategies aimed at building a deeper, more enduring relationship with our customers, increasing the engagement and retention of our Associates, and delivering industry leading financial performance to our shareholders.

Led by a highly respected and experienced management team with substantial expertise across our divisions and functions, our Long-Range Plan focuses on compelling business strategies that position JCPenney to deliver both top and bottom-line growth to achieve best-in-class financial metrics.

Our strategies include:

Customers:

Develop an emotional connection with our customers that is strong and enduring.

- "Know our customer" – Be the leader in understanding our current and potential new customers.
- "Communicate with our customer" – Effectively communicate why we are their best shopping choice.
- "Serve our customer" – Deliver an easy, enjoyable and exciting shopping experience that meets or exceeds our customers' expectations every time.

Merchandise:

Inspire our customers with our merchandise and services:

- Be the leading retailer in delivering style and quality at smart prices.
- 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."

Associates:

Become the preferred choice for a retail career:

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

Performance:

Establish JCPenney as the growth leader in the retail industry:

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

In April 2008, JCPenney announced details of a "Bridge Plan" for its Long-Range Plan, designed to allow the Company to successfully navigate through the current environment and position itself to benefit when conditions become more favorable. Along with a reduced store opening and renovation plan as well as

rigorous control over operating expenses, the Bridge Plan is focused on balancing the Company's long-term growth opportunities with the near-term pressures of the consumer environment.

Strategies of the Bridge Plan include:

Bridge Plan

- **Approach:** Balance long-term growth opportunities with near-term economic realities
 - Maintain financial strength and flexibility
 - Opportunity to gain market share
- **Prioritize:** Balance different aspects of Long-Range Plan
 - **Moderate**
 - New store openings
 - 35 stores in 2008 and 17 stores in 2009
 - Major store renovations
 - Corporate overhead/expense disciplines
 - Align store staffing to traffic patterns
 - Inventory management
 - **Maintain**
 - American Living and Sephora concepts
 - 12 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

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