

HISTORICAL ANALYSIS

J.C. PENNEY COMPANY, INC.							
INCOME STATEMENT							
	(000) OMITTED YR END: January 31						
	2006	2007	2008	2009	2010	2011	
Net Sales	19,903	19,860	18,486	17,556	17,759	17,260	
Cost Of Goods Sold	12,078	12,189	11,571	10,646	10,799	11,042	
GROSS PROFIT	7,825	7,671	6,915	6,910	6,960	6,218	
Sell General Adm	3,902	5,060	5,093	5,106	5,054	4,804	
R&D							
Advertising	1,324						
Pre-Opening	27	46	31				
Executive Salaries							
Deprec/Amort	389	426	469	495	511	518	
Pension Income/Exp			(90)	337	255	121	
Oper Exp Rentals	295	297	302	304	304	305	
Fixed Charges							
Other Oper Expense					32	451	
TOTAL OPER EXP	5,937	5,829	5,805	6,242	6,156	6,199	
OPER PROFIT	1,888	1,842	1,110	668	804	19	
Other Income	53	52	30	2	39		
Extra Item (Net)							
Other Expense		12		5	20	21	
Interest Expense	130	153	225	260	231	227	
Minority Interest (+)							
PRE TAX PROFIT	1,811	1,729	915	405	592	(229)	
Income Tax	658	618	343	154	203	(77)	
NET PROFIT	1,153	1,111	572	251	389	(152)	

J.C. PENNEY COMPANY, INC.							
BALANCE SHEET							
(000) OMITTED YR END: January 31							
	2006	2007	2008	2009	2010	2011	
Cash	2,747	2,532	2,352	3,010	2,621	1,506	
Mkt. Securities							
Acct Receivable	263	1	1	1	1	1	
Allow Bad Debt (-)							
Total Inventory	3,400	3,640	3,258	3,024	3,213	2,916	
Raw Materials							
Work-in-Process							
Finished Goods							
LIFO Reserve (-)	(8)	(1)					
Tax Refund Receivable		313	352	395	334	413	
DIT							
Prepays & Other	238	265	257	222	201	245	
TOT CURR ASSET	6,648	6,751	6,220	6,652	6,370	5,081	
Land	237	303	308	308	315	312	
Buildings							
Mach & Equipment	6,040	6,873	7,498	7,750	7,770	7,829	
Furn, Fixt & Other							
Constr In Progress							
Acm Depr & Amt (-)	(2,115)	(2,217)	(2,439)	(2,701)	(2,854)	(2,965)	
NET FIXED ASSETS	4,162	4,959	5,367	5,357	5,231	5,176	
Contracts In Progress							
LT Investments							
Investment in Sub							
Prepaid Retirement Pla	1,235	2,030			763		
Intangibles (Net)							
Other	628	569	424	572	678	1,167	
TOTAL ASSETS	12,673	14,309	12,011	12,581	13,042	11,424	
Commercial Paper							
Notes Payable							
LTD Current	434	203		393		231	
Accts Payable	1,366	1,472	1,194	1,226	1,133	1,022	
Deferred Revenues	231						
Dividends Payable	41						
Income Tax Payable							
Taxes Non-Income	116						
Marketing & Distrib							
Employee Compens	455						
Customer Vol Discts							
Rent							
Insurance							
Warranty Costs							
Other	849	1,663	1,600	1,630	1,514	1,503	
TOTAL CURR LIAB	3,492	3,338	2,794	3,249	2,647	2,756	
LTD	3,010	3,505	3,505	2,999	3,099	2,871	
Repurch Agrm Oblig							
Notes							
Notes							
Bonds							
Bonds							
Securitization of A/Rs							
Other - Non-Int Debt	677	691	958	738	644	899	
Post Retirement Obligation							
Subordinated Debt							
Subordinated Debt							
TOTAL LIABILITIES	7,179	7,534	7,257	6,986	6,390	6,526	
DIT	1,206	1,463	599	817	1,192	888	
Minority Interest							
Reserves							
Forgn Curr Transl Adj							
Min Pension Liab Adj							
Stock Option Loans							
Cumm Unreal Inv G/L	(176)	208	(1,414)	(1,230)	(805)	(1,209)	
Deferred Compensation (-)							
Treasury Stock (-)							
Retained Earnings	922	1,540	1,959	2,023	2,222	1,412	
Paid-In-Capital	3,430	3,453	3,499	3,867	3,925	3,699	
Preferred Stock A							
Preferred Stock B							
Common Stock A	112	111	111	118	118	108	
Common Stock B							
TOT NET WORTH	4,288	5,312	4,155	4,778	5,460	4,010	
TOT LIAB + NW	12,673	14,309	12,011	12,581	13,042	11,424	



J.C. PENNEY COMPANY, INC.							
MISCELLANEOUS DATA							
	2006	2007	2008	2009	2010	2011	
Common Dividends	153	174	178	183	189	178	
Depreciation	389	426	469	495	511	518	
Other Non Cash Chg		12	10	50	40	387	
= Depletion							
+ Amortization							
- G/L On Sale Secs							
- G/L On Sale Land		(12)	(10)	(2)	(8)	(6)	
- Equity Earnings							
+ Equity Dividends							
+ Other				48	32	381	
Preferred Dividends							
Other Fixed Chg							
Costs Capitalized							
Int Exp Capitalized							
CF Interest Exp Paid	281	283	265	264	258	227	
CF Income Tax Paid	620	616	209	130	50	91	
Defer Inc Taxes (+)	87	19	165	71	115	(153)	
CFFO Def Inc Tax (+)	(6)	37	167	78	126	(153)	
Bal Sh Change DFIT	XXX	257	(864)	218	375	(304)	
Tax Val Allowance							
Capital Expenditures	772	1,243	969	600	449	634	
Proceeds Asset Sale	20	26	13	13	14	15	
Maintenance Exp.							
# Yr-End Employees	155,000	155,000	147,000	154,000	156,000	159,000	
Σ Square Footage	103.1	106.6	109.9	111.7	111.6	111.2	
Accountants:	KPMG LLP						
Audit Fees							
Non-Audit Fees							
Commitments and Contingencies:							
LT Lease Obligations	1,735	2,128	2,609	2,646	2,675	2,656	
Total Amount	13,542	17,513	16,907	17,038	17,030	16,471	
Depreciation & Amortization Estimates of Useful Asset Lives (Years):							
	Buildings		Mach & Equip		Goodwill		
Investments:							
	Held-Maturity		Trading		Available-Sale		
PENSION + POST-RETIREMENT PLAN(S) DATA							Smoothing or Pure Market Values?
FV Plan Assets							
Projected Bene Oblig							
Assumed Rate of Return							
Funded Status							
Expected Return							
Actual Return							
Recognized on BalSheet							
OperStm Net CR/Cost							
STOCK DATA							
# C/S Outstanding	226	222	222	232	236	217	
# Diluted C/S Outstd	232	225	223	233	238	218	
\$ Amt Dilution Adjstm							
Treasury Stk Repur	750	400				800	
Proceeds Ex Stk Opt	135	45	4	4	8	18	
Stk Option Tax Bene							
Stk Opt Compensation							
Stock Based Comp	60	45	47	40	53	46	
Excess Tax Benefit	39	17	1		2	10	
# Shares Under Option							
Wted Avg Price/Opt Shr							
STOCK MARKET DATA							
High Price	84.09	87.18	51.42	37.21	35.12	42.29	43.18
Low Price	54.18	33.27	13.95	13.71	19.42	23.44	15.69
Last Price	81.24	47.35	16.75	24.83	32.07	41.55	19.15
MARKET CAPITAL	18,848	10,654	3,735	5,788	7,633	9,037	

J.C. PENNEY COMPANY, INC.						
ANALYSIS RATIOS						
	2006	2007	2008	2009	2010	2011
SOLVENCY						
Debt/Equity	63%	55%	74%	61%	47%	63%
TNW+Sub Debt	4,288	5,312	4,155	4,778	5,460	4,010
Tangible NW/Debt	0.60	0.71	0.57	0.68	0.85	0.61
(TNW+SubDebt)/(Debt-SubDebt)	0.60	0.71	0.57	0.68	0.85	0.61
Solvency Ratio	0.21	0.20	0.14	0.11	0.14	0.06
Debt/CFFO	XXX	2.12	2.22	3.31	4.80	3.01
Times Interest Earned	8.93	7.86	3.81	2.12	2.78	0.30
Fixed Charge Coverage	5.26	4.84	2.74	1.72	2.11	0.57
CFFO/Fixed Charges	XXX	3.88	2.99	1.82	1.21	1.94
CFFO/EBITDA	XXX	0.72	0.92	0.81	0.45	1.31
Debt/EBITDA	0.28	0.48	0.67	0.30	0.33	2.03
EBITDA/Interest	8.83	8.61	5.25	3.49	4.32	2.39
Funds Flow Coverage	1.74	2.47	4.69	1.47	6.57	1.90
Avg Int Exp Rate	XXX	4.28%	6.24%	7.54%	7.12%	7.32%
TAKEOVER TARGET						
EBITDA	2481	2438	1709.667	1261.333	1435.333	785.6667
EV/EBITDA	7.88	4.85	2.86	4.89	5.65	13.53
SALES						
Sales Growth	XXX	(0.22)	(6.92)	(5.03)	1.16	(2.81)
CGS Growth	XXX	0.92	(5.07)	(7.99)	1.44	2.25
Oper Exp. Growth	XXX	(1.82)	(0.41)	7.53	(1.38)	0.70
Sales/Square Foot	193	186	168	157	159	155
FUNDS MANAGEMENT						
A/R Turn Days	4.83	0.02	0.02	0.02	0.02	0.02
A/R Debt Allowance						
Collections/Sales	XXX	0.99	1.00	1.00	1.00	1.00
Inv Turn Days	102.82	109.07	102.84	103.75	108.67	96.46
Raw Materials						
Work-in-Process						
Finished Goods						
A/P Turn Days	XXX	44.79	40.68	45.15	39.50	36.50
Net Trade Cycle	XXX	64.30	62.18	58.62	69.19	59.98
Acct Pay/Inv	40.18%	40.44%	36.65%	40.54%	35.26%	35.05%
Net FA/Sales	XXX	22.96%	27.93%	30.54%	29.81%	30.15%
DeprExp/(NFA-L-CIP)	XXX	9.93%	9.66%	9.79%	10.26%	10.59%
Inc AccmDeprec/Deprec	XXX	23.94%	47.33%	52.93%	29.94%	21.43%
Asset Utilization Ratios						
Sales/Cash	XXX	7.52	7.57	6.55	6.31	8.36
Sales/Tot Assets	XXX	1.47	1.40	1.43	1.39	1.41
Accrued Accounting						
Prepays/Sales	1.20%	1.33%	1.39%	1.26%	1.13%	1.42%
Accruals/Sales	7.34%	8.37%	8.66%	9.28%	8.53%	8.71%
Inc Pay/Inc Tax Exp						
R&D/Sales						
CDiv/(NP-Exl-Pfd)	13.27%	15.66%	31.12%	72.91%	48.59%	-117.11%
PROFITABILITY AND LEVERAGE						
Profit Margin	5.79%	5.59%	3.09%	1.43%	2.19%	-0.88%
Net Profit/Employee	XXX	7	4	2	3	-1
Return on Tot Assets	XXX	9%	5%	3%	4%	0%
Return on C/S Equity	XXX	23%	12%	6%	8%	-3%
Du Pont's Formula for ROE:						
Profit/Sales	XXX	0.06	0.03	0.01	0.02	(0.01)
Sales/Assets	XXX	1.47	1.40	1.43	1.39	1.41
Assets/Equity	XXX	2.81	2.78	2.75	2.50	2.58
Finl Leverage Index	XXX	2.58	2.23	1.68	1.80	
Operating Leverage	XXX	11.28	5.74	7.92	17.61	34.75
LIQUIDITY						
Working Capital	3,156	3,413	3,426	3,403	3,723	2,325
Current Ratio	1.90	2.02	2.23	2.05	2.41	1.84
Quick Ratio	0.86	0.76	0.84	0.93	0.99	0.55
CFFO/AvgCL	XXX	0.51	0.51	0.34	0.22	0.38
"Free Cash Flow"	XXX	356	442	254	21	233
Total Debt/FrCFflow	XXX	12.37	10.09	16.24	176.09	17.17
WORKING CAPITAL PERFORMANCE						
Days Sales Outstanding	4.82	0.02	0.02	0.02	0.02	0.02
Days Inventory Outstanding	62.35	66.90	64.33	62.87	66.04	61.67
Days Payables Outstanding	25.05	27.05	23.58	25.49	23.29	21.61
Days Working Capital	42.12	39.86	40.77	37.40	42.77	40.07



J.C. PENNEY COMPANY, INC.							
PREDICTOR OF FINANCIAL DISTRESS							
	2006	2007	2008	2009	2010	2011	
ALTMAN							
Privately Held Non-Manufacturing Firms							
Z Score	3.53	3.54	3.64	3.37	3.75	2.38	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.10. 1.10 =< "gray area" =< 2.60. Low probability if Z Score > 2.60.							
Privately Held Firms							
Z Score (1983)	2.53	2.35	2.41	2.17	2.26	2.02	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.20. 1.20 =< "gray area" =< 2.90. Low probability if Z Score > 2.90.							
Publicly Held Firms							
Z Score (1968)	4.01	3.09	2.73	2.61	2.86	2.76	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 1.81. 1.81 =< "gray area" =< 2.99. Low probability if Z Score > 2.99.							
SPRINGATE (Canadian)							
Z Score (1978)	2.14	1.94	1.87	1.48	1.57	1.22	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < .862.							
FULMER							
Z Score (1984)	XXX	(0.53)	(0.60)	(0.91)	(0.80)	(1.66)	
Z Score is a predictor of bankruptcy within one (1) time period. High probability if Z Score < 0.0.							
LEGAULT (Canadian)							
Manufacturing Firms							
CA Score (1987)	XXX	XXX	0.15	(0.20)	(0.17)	(0.01)	
CA Score is a predictor of bankruptcy within one (1) time period. High probability if CA Score < -0.3.							
ZMIJEWSKI							
(1984)	7%	5%	14%	11%	5%	16%	
Probability of bankruptcy.							

J.C. PENNEY COMPANY, INC.							
QUALITY OF REPORTED EARNINGS							
	2006	2007	2008	2009	2010	2011	
Net Profit	XXX	1,111	572	251	389	(152)	
CFFO	XXX	1,747	1,576	1,024	645	1,030	
Earnings Quality Ratio	XXX						
Acctg Int/CF Int Paid	46%	54%	85%	98%	90%	100%	
Acctg Tax/CF Tax Paid	XXX	97%	85%	64%	176%	84%	
Def Tax/Tax Exp	13%	3%	48%	46%	57%	199%	
Effective Rate<30%?	36%	36%	37%	38%	34%	34%	
Manipulation Index	XXX	(3.17)	(2.86)	(2.99)	(1.67)	(3.08)	
Prob of Manipulation	XXX	0.08%	0.21%	0.14%	4.77%	0.10%	
M-Score (5 VAR)	XXX	(3.58)	(3.36)	(2.79)	(2.07)	(2.88)	
M-Score (8 VAR)	XXX	(3.52)	(3.22)	(2.67)	(1.96)	(2.98)	
Fraud Score	XXX	XXX	0.26	0.30	0.37	0.29	
ROIC	XXX	18.97%	11.85%	7.75%	8.58%	0.21%	
ROIC With LT Leases	XXX	15.82%	9.46%	5.94%	6.68%	0.16%	
Oper CF ROIC	XXX	23.55%	19.80%	11.52%	13.46%	13.28%	
Sales Growth	XXX	-0.22%	-6.92%	-5.03%	1.16%	-2.81%	
Inventory Growth	XXX	7.06%	-10.49%	-7.18%	6.25%	-9.24%	
Raw Materials	XXX						
Work-in-Process	XXX						
Finished Goods	XXX						
A/R Growth	XXX	-99.62%					
A/P Growth	XXX	7.76%	-18.89%	2.68%	-7.59%	-9.80%	
Chg Cash for Inventory	XXX	134	(104)	(266)	282	(186)	
Fictitious Inventory?							
Gross Mgn & Inventory	XXX			Problem!			
Sales, Gross Mgn & Inv	XXX			Real Problem!			
Overstated Inv & A/Rs?							
A/R / Total Sales	0.01	0.00	0.00	0.00	0.00	0.00	
Inventory / CGS	0.28	0.30	0.28	0.28	0.30	0.26	
Fictitious Assets?							
Sales/NFA	XXX	4.35	3.58	3.27	3.35	3.32	
Sales/Total Assets	XXX	1.47	1.40	1.43	1.39	1.41	
Rate: E/ee Dec > TA Dec?	XXX	Yes	Yes				
Inventory	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Raw Materials							
Work-in-Process							
Finished Goods							
Hidden LIFO Liquidation?	XXX	No.	No.	343	No.	No.	
Reserve Changes Impact on Net Profit							
LIFO	XXX	7	1				
A/R Allowance	XXX						
Tax Val Allowance	XXX						
Long-Term Accruals	XXX	(14)	(267)	220	94	(255)	
Intangibles/NW							
PENSION + POST-RETIREMENT PLAN(S) ANALYSIS							
Rate of Return Chg?	XXX						
Funded Status							
Unfunded/TNW							
Bal Sheet Surplus/Deficit							
Additional Liability?							
Actual-Expected ROPA?							
Chg Unrecogn Actual G/L	XXX						
Pension Income/NP							
Future Asset Write-Offs?	XXX	Maybe.	Maybe.	Maybe.	No.	Maybe.	
Dec Deferred Revenue?	XXX	100%					

J.C. PENNEY COMPANY, INC.							
QUALITY OF REPORTED EARNINGS							
	2006	2007	2008	2009	2010	2011	
Fixed Asset Analysis (Under-expensed? Uncompetitive? Milked?)							
Depreciable Life	XXX	15.16	15.32	15.40	15.19	15.06	
Approx Age (Yrs)	5.44	5.20	5.20	5.46	5.59	5.72	
AccDeprec/GFA	0.35	0.32	0.33	0.35	0.37	0.38	
Depreciation/Sales	1.95%	2.15%	2.54%	2.82%	2.88%	3.00%	
Maintenance/Sales							
Dec Deprec Exp?	XXX	No.	No.	No.	No.	No.	
CapExpnd/Deprec	1.98	2.92	2.07	1.21	0.88	1.22	
G/L Asset Sales	XXX	1,249	890	498	399	478	
Stock Option Compensation:							
Stk Opt Comp/NP							
Tax Benefit/CFFO	XXX						
Stock Option Overhang as an Impediment to Growth:							
% Option/Dil Shares							
Wted Avg Pr/Share							
Cash Reinvestment	XXX	12%	12%	7%	3%	7%	



J.C. PENNEY COMPANY, INC.							
STATEMENT OF SHAREHOLDERS' EQUITY							
	2006	2007	2008	2009	2010	2011	
Begin Net Worth	XXX	4,288	5,312	4,155	4,778	5,460	
Net Profit	XXX	1,111	572	251	389	(152)	
Stk Option Shares	XXX	45	4	4	8	18	
Stk Opt Tax Benefits	XXX						
Stock Based Comp	XXX	45	47	40	53	46	
Excess Tax Benefits	XXX	(17)	(1)		(2)	(10)	
Treasury Stk Repur	XXX	(400)				(800)	
Forgn Curr Transl Adj	XXX						
Min Pension Liab Adj	XXX						
Stock Option Loans	XXX						
Unreal Investm G/L	XXX	384	(1,622)	184	425	(404)	
Other *	XXX	30	21	327	(2)	30	
Cash Dividends	XXX	(174)	(178)	(183)	(189)	(178)	
Ending Net Worth	XXX	5,312	4,155	4,778	5,460	4,010	
* E.G. Compensation Under Employee Incentive Plans; Acquisitions; Securities Valuation Adjustment; Conversion of Subordinated Notes; Repayment of Notes Receivable from ESOP.							



J.C. PENNEY COMPANY, INC.							
FUNDS STATEMENT							
	2006	2007	2008	2009	2010	2011	
SOURCES OF FUNDS							
Net Profit	XXX	1,111	572	251	389	(152)	
Depreciation	XXX	426	469	495	511	518	
Other Non-Cash Chg *	XXX	12	10	50	40	387	
CASH FLOW	XXX	1,549	1,051	796	940	753	
Inc Non-Curr Liab	XXX	509	267		6	27	
Dec Fixed Assets	XXX						
Dec Other Non-Curr A	XXX		2,165				
Inc Res & Def Credits	XXX	257		218	375		
Other Inc NW	XXX	87		555	482		
Dec Working Cap	XXX			23		1,398	
TOTAL PROVIDED	XXX	2,402	3,483	1,592	1,803	2,178	
APPLICATIONS OF FUNDS							
Cash Div or Wd	XXX	174	178	183	189	178	
Dec Non-Curr Liab	XXX			726			
Inc Fixed Assets	XXX	1,223	877	485	385	463	
Inc Other Non-Curr A	XXX	748		198	909	113	
Dec Res & Def Credits	XXX		864			304	
Other Dec NW	XXX		1,551			1,120	
Inc Working Capital	XXX	257	13		320		
TOTAL APPLIED	XXX	2,402	3,483	1,592	1,803	2,178	

J.C. PENNEY COMPANY, INC.							
STATEMENT OF COMPREHENSIVE INCOME							
		2006	2007	2008	2009	2010	2011
Net Profit	XXX	1,111	572	251	389	(152)	
Forgn Curr Transl Adj	XXX						
Min Pension Liab Adj	XXX						
Unreal Investm G/L	XXX	384	(1,622)	184	425	(404)	
Comprehensive Inc	XXX	1,495	(1,050)	435	814	(556)	

J.C. PENNEY COMPANY, INC.							
STATEMENT OF CASH FLOW FROM OPERATIONS AND FREE CASH FLOW							
	2006	2007	2008	2009	2010	2011	
Net Profit	XXX	1,111	572	251	389	(152)	
DIT	XXX	37	167	78	126	(153)	
Depreciation	XXX	426	469	495	511	518	
Depletion	XXX						
Amortization	XXX						
Stock Based Comp	XXX	45	47	40	53	46	
Chg LT Accruals	XXX	14	267	(220)	(94)	255	
LIFO Charge(s)	XXX	(7)	(1)				
G/L on Sale of Secs	XXX						
G/L on Sale of Land	XXX	8	6	1	5	4	
Equity Earnings	XXX						
Equity Dividends	XXX						
Other	XXX			48	32	381	
Amt Dilution Adj	XXX						
Extra Item (Net)	XXX						
Minority Interest	XXX						
Capitalized Int/Costs	XXX						
Chg Accts Recv	XXX	262					
Chg Allowance A/Rs	XXX						
Chg Inventory	XXX	(240)	382	234	(189)	297	
Chg Other Curr Assets	XXX	(27)	8	35	21	(44)	
Chg Accts Payable	XXX	106	(278)	32	(93)	(111)	
Chg A/P Adjustment	XXX						
Chg Income Tax Pay	XXX						
Chg Deferred Rev	XXX	(231)					
Chg Other Curr Liabs	XXX	243	(63)	30	(116)	(11)	
Cash Flow From Ops	XXX	1,747	1,576	1,024	645	1,030	
Dividends	XXX	174	178	183	189	178	
Net Cap Expenditure	XXX	1,217	956	587	435	619	
Free Cash Flow	XXX	356	442	254	21	233	

J.C. PENNEY COMPANY, INC.							
CASH-GENERATING EFFICIENCY							
	2006	2007	2008	2009	2010	2011	
CFFO/NetProfits	XXX	1.57	2.76	4.08	1.66	(6.78)	
CFFO/Sales	XXX	0.09	0.09	0.06	0.04	0.06	
CFFO/AvgTotAssets	XXX	0.13	0.12	0.08	0.05	0.08	

J.C. PENNEY COMPANY, INC.							
STATEMENT OF CASH VARIANCE							
		2006	2007	2008	2009	2010	2011
Revenue		XXX	(43)	(1,374)	(930)	203	(499)
Cost of Goods Sold							
Growth		XXX	26	843	582	(123)	303
Efficiency		XXX	(137)	(225)	343	(30)	(546)
Operating Expenses							
Growth		XXX	13	403	292	(72)	173
Efficiency		XXX	95	(379)	(729)	158	(216)
Receivables							
Growth		XXX	1	0	0	(0)	0
Efficiency		XXX	261	(0)	(0)	0	(0)
Inventory (Fifo)							
Growth		XXX	(31)	185	260	(43)	(72)
Efficiency		XXX	(209)	197	(26)	(146)	369
Accounts Payable							
Growth		XXX	13	(75)	(95)	18	25
Efficiency		XXX	93	(203)	127	(111)	(136)
Taxes							
Growth		XXX	30	291	191	(71)	282
Efficiency		XXX	10	(16)	(2)	22	(2)
Deferred Taxes							
Growth		XXX	0	(16)	(92)	25	(174)
Efficiency		XXX	43	146	3	23	(105)
Taxes Payable							
Growth		XXX					
Efficiency		XXX					

J.C. PENNEY COMPANY, INC.							
WORKING CAPITAL ANALYSIS							
	2006	2007	2008	2009	2010	2011	
INC IN WK CAPITAL							
Inc Cash	XXX			658			
Inc Accts Recv	XXX						
Dec Bad Debts	XXX						
Inc Inventory	XXX	247			189		
Inc Other Curr. Asset	XXX	27				44	
Dec Notes Payable	XXX						
Dec Accts Payable	XXX		278		93	111	
Dec Tax Payable	XXX						
Dec Other Curr. Liab.	XXX	260	266		509		
DEC IN WK CAPITAL							
Dec Cash	XXX	215	180		389	1,115	
Dec Accts Recv	XXX	262					
Inc Bad Debts	XXX						
Dec Inventory	XXX		381	234		297	
Dec Other Curr. Asse	XXX		8	35	21		
Inc Notes Payable	XXX						
Inc Accts Payable	XXX	106		32			
Inc Tax Payable	XXX						
Inc Other Curr. Liab.	XXX			423		220	
WK CAP CHANGE	XXX	(49)	(25)	(66)	381	(1,477)	

J.C. PENNEY COMPANY, INC.							
COMMON SIZE INCOME STATEMENT (%)							
	2006	2007	2008	2009	2010	2011	
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost Of Goods Sold	60.68%	61.37%	62.59%	60.64%	60.81%	63.97%	
GROSS PROFIT	39.32%	38.63%	37.41%	39.36%	39.19%	36.03%	
Sell General Adm	19.61%	25.48%	27.55%	29.08%	28.46%	27.83%	
R&D							
Advertising	6.65%						
Pre-Opening	0.14%	0.23%	0.17%				
Executive Salaries							
Deprec/Amort	1.95%	2.15%	2.54%	2.82%	2.88%	3.00%	
Pension Income/Exp			-0.49%	1.92%	1.44%	0.70%	
Oper Exp Rentals	1.48%	1.50%	1.63%	1.73%	1.71%	1.77%	
Fixed Charges							
Other Oper Expense					0.18%	2.61%	
TOTAL OPER EXP	29.83%	29.35%	31.40%	35.55%	34.66%	35.92%	
OPER PROFIT	9.49%	9.27%	6.00%	3.80%	4.53%	0.11%	
Other Income	0.27%	0.26%	0.16%	0.01%	0.22%		
Extra Item (Net)							
Other Expense		0.06%		0.03%	0.11%	0.12%	
Interest Expense	0.65%	0.77%	1.22%	1.48%	1.30%	1.32%	
Minority Interest (+)							
PRE TAX PROFIT	9.10%	8.71%	4.95%	2.31%	3.33%	-1.33%	
Income Tax	36.33%	35.74%	37.49%	38.02%	34.29%	33.62%	
NET PROFIT	5.79%	5.59%	3.09%	1.43%	2.19%	-0.88%	

J.C. PENNEY COMPANY, INC.							
COMMON SIZE BALANCE SHEET (%)							
	2006	2007	2008	2009	2010	2011	
Cash	21.68%	17.70%	19.58%	23.92%	20.10%	13.18%	
Mkt. Securities							
Acct Receivable	2.08%	0.01%	0.01%	0.01%	0.01%	0.01%	
Allow Bad Debt (-)							
Total Inventory	26.83%	25.44%	27.13%	24.04%	24.64%	25.53%	
Raw Materials							
Work-in-Process							
Finished Goods							
LIFO Reserve (-)	-0.06%	-0.01%					
DIT							
Prepays & Other	1.88%	1.85%	2.14%	1.76%	1.54%	2.14%	
TOT CURR ASSET	52.46%	47.18%	51.79%	52.87%	48.84%	44.48%	
Land	1.87%	2.12%	2.56%	2.45%	2.42%	2.73%	
Buildings							
Mach & Equipment	47.66%	48.03%	62.43%	61.60%	59.58%	68.53%	
Furn, Fixt & Other							
Constr In Progress							
Acm Depr & Amt (-)	-16.69%	-15.49%	-20.31%	-21.47%	-21.88%	-25.95%	
NET FIXED ASSETS	32.84%	34.66%	44.68%	42.58%	40.11%	45.31%	
Contracts In Progress							
LT Investments							
Investment in Sub							
Prepaid Retirement Plans	9.75%	14.19%			5.85%		
Intangibles (Net)							
Other	4.96%	3.98%	3.53%	4.55%	5.20%	10.22%	
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Commercial Paper							
Notes Payable							
LTD Current	3.42%	1.42%		3.12%		2.02%	
Accts Payable	10.78%	10.29%	9.94%	9.74%	8.69%	8.95%	
Deferred Revenues	1.82%						
Dividends Payable	0.32%						
Income Tax Payable							
Taxes Non-Income	0.92%						
Marketing & Distrib							
Employee Compens	3.59%						
Customer Vol Discts							
Rent							
Insurance							
Warranty Costs							
Other	6.70%	11.62%	13.32%	12.96%	11.61%	13.16%	
TOTAL CURR LIAB	27.55%	23.33%	23.26%	25.82%	20.30%	24.12%	
LTD	23.75%	24.50%	29.18%	23.84%	23.76%	25.13%	
Repurch Agrm Oblig							
Notes							
Notes							
Bonds							
Bonds							
Securitization of A/Rs							
Other - Non-Int Debt	5.34%	4.83%	7.98%	5.87%	4.94%	7.87%	
Post Retirement Oblig							
Subordinated Debt							
Subordinated Debt							
TOTAL LIABILITIES	56.65%	52.65%	60.42%	55.53%	49.00%	57.13%	
DIT	9.52%	10.22%	4.99%	6.49%	9.14%	7.77%	
Minority Interest							
Reserves							
Forgn Curr Transl Adj							
Min Pension Liab Adj							
Stock Option Loans							
Cumm Unreal Inv G/L	-1.39%	1.45%	-11.77%	-9.78%	-6.17%	-10.58%	
Deferred Compensatio							
Treasury Stock (-)							
Retained Earnings	7.28%	10.76%	16.31%	16.08%	17.04%	12.36%	
Paid-In-Capital	27.07%	24.13%	29.13%	30.74%	30.10%	32.38%	
Preferred Stock A							
Preferred Stock B							
Common Stock A	0.88%	0.78%	0.92%	0.94%	0.90%	0.95%	
Common Stock B							
TOT NET WORTH	33.84%	37.12%	34.59%	37.98%	41.86%	35.10%	
TOT LIAB + NW	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

J.C. PENNEY COMPANY, INC.							
STOCK PERFORMANCE ANALYSIS							
	2006	2007	2008	2009	2010	2011	
# Outstanding Shares	226	222	222	232	236	217	
# Diluted C/S Outstd	232	225	223	233	238	218	
\$ Amt Dilution Adjstm							
High Price	84.09	87.18	51.42	37.21	35.12	42.29	
Low Price	54.18	33.27	13.95	13.71	19.42	23.44	
Dividends/Share	0.68	0.78	0.80	0.79	0.80	0.82	
Low Yield/Share	0.81%	0.90%	1.56%	2.12%	2.28%	1.94%	
High Yield/Share	1.25%	2.36%	5.75%	5.75%	4.12%	3.49%	
Earnings Per Share							
Diluted EPS	4.97	4.94	2.57	1.08	1.63	-0.70	
High P/E Ratio	16.92	17.66	20.05	34.56	21.49		
Avg High P/E Ratio Latest 3 Yrs =			18.21	24.09	25.36	18.68	
Low P/E Ratio	10.90	6.74	5.44	12.73	11.88		
Avg Low P/E Ratio Latest 3 Yrs =			7.69	8.30	10.02	8.20	
Is the EPS approximate growth rate implicit in the present PE Multiple (H/L) greater than the actual EPS growth rate? Psychological red flag of overpayment regardless of quality?							
		Y/Y	Y/Y	Y/Y	N/N	Y/Y	
EPS Growth Rate	XXX	-0.64%	-48.05%	-58.02%	51.79%	-142.76%	
Sustainable Growth Rate	XXX	19.52%	8.32%	1.52%	3.91%	-6.97%	
Net Profit Growth Rate	XXX	-3.64%	-48.51%	-56.12%	54.98%	-139.07%	
Is the EPS approximate growth rate implicit in the present PE Multiple (H/L) greater than the ROE? Psychological red flag of overpayment regardless of quality?							
		N/N	Y/N	Y/Y	Y/Y	Y/Y	
Return on C/S Equity	XXX	23.15%	12.08%	5.62%	7.60%	-3.21%	
High EPS Relative Weight =			11.14	2.69	3.08		
Low EPS Relative Weight =			2.70	2.61	2.94		
Cash Flow Per Share							
Dil Cash Flow/Shr	6.62	7.05	5.46	3.75	4.48	2.76	
Cash Flow	1,536	1,586	1,218	874	1,066	600	
High P/CF Ratio	12.70	12.37	9.41	9.92	7.84	15.33	
Avg High P/CF Ratio Latest 3 Yrs =			11.49	10.57	9.06	11.03	
Low P/CF Ratio	8.18	4.72	2.55	3.66	4.34	8.50	
Avg Low P/CF Ratio Latest 3 Yrs =			5.15	3.64	3.52	5.50	
High CF/S Relative Weight =			6.35	6.64	5.08	4.15	
Low CF/S Relative Weight =			1.81	1.96	2.21	2.17	
Sales Per Share							
Diluted Sales/Share	85.79	88.27	82.90	75.32	74.62	79.36	
High P/S Ratio	0.98	0.99	0.62	0.49	0.47	0.53	
Avg High P/S Ratio Latest 3 Yrs =			0.86	0.70	0.53	0.50	
Low P/S Ratio	0.63	0.38	0.17	0.18	0.26	0.30	
Avg Low P/S Ratio Latest 3 Yrs =			0.39	0.24	0.20	0.25	
High Sales/Share Relative Wt =			4.11	3.06	2.78	2.84	
Low Sales/Share Relative Wt =			1.69	1.57	1.70	1.86	

Book Value Per Share						
Tangible BV/Share	18.97	23.93	18.72	20.59	23.10	18.45
Book Value/Share	18.97	23.93	18.72	20.59	23.10	18.45
High P/BV Ratio	4.43	3.64	2.75	1.81	1.52	2.29
	Avg High BV/S Ratio Latest 3 Yrs =		3.61	2.73	2.02	1.87
Low P/BV Ratio	2.86	1.39	0.75	0.67	0.84	1.27
	Avg Low BV/S Ratio Latest 3 Yrs =		1.66	0.93	0.75	0.93
	High BV/Share Relative Wt =		4.28	2.79	2.31	2.45
	Low BV/Share Relative Wt =		1.54	1.39	1.42	1.58

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