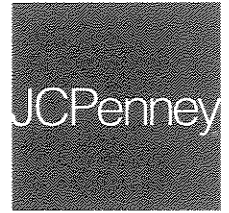


Sent via e-mail

March 8, 2006

it'sallinside.



stores catalog .com

Greg Regaignon  
Business & Human Rights Resource Centre  
[regaignon@business-humanrights.org](mailto:regaignon@business-humanrights.org)

Dear Mr. Regaignon:

We welcome the opportunity to respond to your e-mail regarding practices in the gold mining industry.

JCPenney has long been committed to legal, ethical and environmentally sound business practices. We require our suppliers to share that commitment and to ensure that it is kept in their own operations and those of their suppliers and contractors. Our requirements are reflected in our Supplier Legal Compliance Program and our statement of principles on environmental responsibility, both of which can be found at [www.jcpenney.com](http://www.jcpenney.com).

As a purchaser of gold jewelry, we, like our customers, are concerned about the environmental and social impact of gold mining and refining operations. To address those issues effectively, we advocate a comprehensive approach of the type in which our suppliers and their industry organizations have been engaged with the mining and refining industries, NGOs and other stakeholders. Only through vigorous debate and cooperative consultation among these players can a set of principles be developed that will provide a common standard for responsible business practices.

It was such an approach, bringing together the mining, processing and jewelry producing industries, NGOs and other stakeholders, that produced the Kimberly Process, which has provided an effective mechanism for addressing the issue of conflict diamonds. Through an industry-initiated system of supplier warranties, supported by governmental regulation, JCPenney and its customers are ensured that the jewelry we sell does not contain diamonds illegally mined or smuggled or sold to finance acts of war or civil conflict.

We understand that the mining and jewelry industries are currently in discussions with the No Dirty Gold Campaign and other interested parties to determine how best to ensure that gold is responsibly mined. We urge their consideration of the Kimberly Process as a model for effective action, but we would welcome any meaningful and practical resolution of this issue.

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J. C. Penney Company, Inc.  
P.O. Box 10001, Dallas, TX 75301-0001  
6501 Legacy Drive, Plano, TX 75024-3698

If you have any further questions regarding JCPenney's policy on this matter, please do not hesitate to contact me directly at (972) 431-1282.

Very truly yours,

A handwritten signature in cursive script that reads "Kathleen F. McGuigan". The signature is written in black ink and is positioned above the printed name and title.

Kathleen F. McGuigan  
Senior Counsel