Your 401(k) Savings Plan – Administrative Expenses

Administrative Expenses and Investment Fees 2008 Total Estimated Participant Cost				
Investment Type	**Total Administrative Expenses**	**Investment Management Fees**	**Total Fees**	**Annual Participant Cost per $1,000 Balance**
Tier I Trusts – as of March 1, 2008				
VFTC Target Retirement Trusts	0.185%	0.140%	0.325%	$3.25
Tier 2 Funds				
S&P 500 Fund	0.185%	0.010%	0.195%	$1.95
Russell 1000 Growth Fund	0.185%	0.040%	0.225%	$2.25
Russell 1000 Value Fund	0.185%	0.040%	0.225%	$2.25
Russell 2000 Fund	0.185%	0.040%	0.225%	$2.25
EAFE Fund	0.185%	0.060%	0.245%	$2.45
Intermediate Bond Fund	0.185%	0.040%	0.225%	$2.25
Interest Income Fund	0.185%	0.052%	0.237%	$2.37
JCPenney Common Stock Fund	0.185%	0.010%	0.195%	$1.95
Tier 3 – as of March 1, 2008				
Self-Directed Brokerage Window*	0.185%	**	**	**

*Brokerage option is offered through Hewitt Financial Services.
**Depends on the type of investments purchased and/or the frequency of trading within the brokerage account as stated in the schedule below.

Your 401(k) Savings Plan – Brokerage Investment Expenses

You may buy stocks, mutual funds or other approved securities within the Self-Directed Brokerage Window. See page 4 and the back cover of your 401(k) Savings Plan Changes guide for more information. You'll also receive a Welcome Kit with more details if you enroll online for a brokerage account in your 401(k) Savings Plan.

- **Stocks** (trade under a Tiered pricing schedule, based on your balance and/or number of trades)
  - $9.95 per trade (brokerage account balance greater than $500K or 30+ trades per quarter)
  - $12.95 per trade (brokerage account balance greater than $50K)
  - $19.95 per trade (brokerage account balance less than $50K)
  - Broker-assisted trades will incur an additional $40 charge

- **Mutual Funds** - you may buy mutual funds in your brokerage account in one of three ways:
  - Load funds at Net Asset Value (NAV), when NAV is allowed by the fund prospectus. This means that you may buy shares of a mutual fund that normally has a sales "load," but you would not pay the sales load if the fund's prospectus allows this sales load to be waived.
  - No Transaction Fee (NTF) Funds - these funds have no sales charge or transaction fee
  - $19.95 for any purchase of No Load Funds which are not NTF eligible (see above)