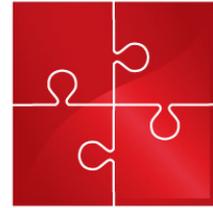


JCPenney



July 20, 2009

**RE: CHANGE TO THE SAVINGS PLAN (Your Benefits Book 2)**

Dear JCPenney Associate:

We are required to send you this notification since you are eligible to participate in the J.C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (“Savings Plan”). The purpose of this notice is to communicate a change affecting the handling of certain loan repayments under the Savings Plan when a unit is closed for at least 30 days due to a disaster (as determined by the Company).

Page 37 of the *Your Benefits Book 2, 401(k) Savings Plan Summary Plan Description Effective January 1, 2008*, is hereby amended by adding the following new subsection entitled “Disaster Leaves” under the heading “While on a Leave of Absence”:

**Disaster Leaves**

If you have an outstanding loan or loans, PowerLine automatically sends loan repayment coupons after they are notified you are on an unpaid leave of absence.

Effective as of June 1, 2008, and unless otherwise requested by you, your Savings Plan loan repayments will be suspended for up to 12 months during a leave of absence caused by the closing of a unit for at least 30 days as a result of a disaster (as determined by the Company). To qualify for this suspension, your leave of absence also must be either without pay or at a rate of pay (after income and employment tax withholding) that is less than the amount of the loan installment.

Even though you will not have to make payments during this time, this suspension does not change the end date of your loan agreement terms. After returning to active employment, you must still repay the loan (including interest that accrues during the leave of absence) in full by the end of the loan term specified in the loan agreement to avoid a default and loan discharge. Upon resuming active

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employment, repayment can be done by (1) reamortizing the loan so that you would have a higher loan repayment amount through the rest of the original loan term or (2) paying off the loan in full. PowerLine automatically will reamortize your loan as described above in item (1). If you want to repay the loan in full, you will need to contact PowerLine.

To obtain basic information about the Savings Plan benefit, log on to PowerLine from “Your Benefits Homepage” on the Associate Kiosk or at [www.jcpenneypowerline.com](http://www.jcpenneypowerline.com). You can also speak to a PowerLine specialist between 8 a.m. and 8 p.m., CT, Monday through Friday by calling 1-888-890-8900.

Sincerely,



Sharon C. Leight  
Vice President, Director of Compensation and Benefits

This notice should not be read to imply that any unit or units will be closing. This document is a Summary of Material Modifications (SMM), which updates the Summary Plan Description for the J.C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan, Your Benefits Book 2, dated January 1, 2008. It contains important information about a change to loan provisions under the plan arising from unit closing for at least 30 days due to a Company declared disaster. JCPenney reserves the right to amend or terminate any of its benefits plans and programs at any time.