



**J.C. Penney Corporation, Inc.
Savings, Profit-Sharing and Stock Ownership Plan**

SUMMARY OF MATERIAL MODIFICATIONS

This document is a Summary of Material Modifications, which updates *Your Benefits Book 2, 401(k) Savings Plan Summary Plan Description*, dated January 1, 2008, effective December 17, 2009, (unless otherwise noted). The following sections of the Summary Plan Description are amended to read as follows:

1. **Page 15:** The fourth sentence of the first paragraph in the section entitled "Investing Your Savings" is amended in its entirety to read as follows:

Neither the plan trustee, plan administrator, Independent Fiduciary for the Penney Common Stock Fund, nor the Company recommends one investment fund over another.

2. **Page 17:** The Lehman Brothers Index paragraph in the list of Benchmarks under the "Investments at-a-Glance" section is deleted in its entirety and replaced with the following benchmark effective as of November 3, 2008:

Barclays Capital U. S. Intermediate Government/Credit Bond Index – The Barclays Capital U. S. Intermediate Government/Credit Bond Index is composed of bonds issued by the U. S. government, U. S. government agencies, and U. S. corporations. All the bonds in the index are rated BBB- to AAA by Standard & Poor's. The index is composed of bonds with maturities between 1 and 9.9 years.

3. **Page 20:** The "Penney Common Stock Fund" description under the "Fund Name" column in the Tier 2 chart is amended to read as follows:

Penney Common Stock Fund (stock portion managed by Evercore Trust Company, N.A.; daily cash liquidity portion managed by State Street Bank and Trust Company within liquidity target determined by Evercore Trust Company, N.A.).

4. **Page 22:** The first sentence of the second paragraph under the "Tier 1 and Tier 2 Funds" heading is amended to read as follows:

Except for the fees of Evercore Trust Company, N.A., the Independent Fiduciary for the Penney Common Stock Fund (which are paid by the Company), Investment Management fees (including brokerage commissions) are paid from the assets of the related investment fund.

5. **Page 22:** The last paragraph under the heading "Tier 1 and Tier 2 Funds" is amended by adding the following sentence at the end:

Fees of the Independent Fiduciary for the Penney Common Stock Fund are paid by the Company.

6. **Page 26:** The "JCPenney Stock Fund Information" section is amended by inserting at the beginning thereof the following new subsection entitled "Fund Purpose and Fiduciary Oversight" to read as follows:

Fund Purpose and Fiduciary Oversight

The purpose of the Penney Common Stock Fund is to support associate ownership by providing an opportunity to invest in Penney Common Stock. In view of this goal, the Penney Common Stock Fund is intended to be a permanent feature of the Plan and is invested exclusively in Penney Common Stock (except for cash or cash equivalent investments required to facilitate Participant transactions into and out of the Penney Common Stock Fund) .

In December, 2009, the Corporation named an independent third party, Evercore Trust Company, N.A. ("Independent Fiduciary"), as the named fiduciary and investment manager for the Penney Common Stock Fund. As the Independent Fiduciary responsible for the fiduciary oversight of the Penney Common Stock Fund, Evercore Trust Company will have the sole authority to impose changes in this fund. For example, the Independent Fiduciary may limit or restrict your future investments in the fund, or even order the fund to sell its shares and hold the proceeds in cash under the Penney Common Stock Fund until such time as all JCP Common Stock in the Penney Common Stock Fund is sold. The proceeds would then be transferred to the investment fund which provides a fixed rate of return pending Participant elections to transfer the proceeds to another Investment Fund. In the absence of a timely participant election, the proceeds would be transferred pursuant to Section 4.03(b) of the Plan to the applicable default target retirement date Investment Fund. The Independent Fiduciary will make decisions about the Penney Common Stock Fund based solely on publicly available information, its independent judgment and on the terms of the Plan. The Independent Fiduciary will not be in possession of any

inside information regarding the Company or the Corporation. The Independent Fiduciary is obligated to act only in the interests of Plan Participants.

7. **Page 52:** The chart entitled "Important Contacts" is amended by adding the following contact information after the information for the "Agent for Service of Legal Process":

Independent Fiduciary for Penney Common Stock Fund	Evercore Trust Company, N.A.	Fiduciary oversight of the Penney Common Stock Fund with the sole authority to impose changes in the fund.	Evercore Trust Company, N.A. 1099 New York Avenue, N.W. Washington, DC 20001 1-202-471-3500 jcpennyplan@evercore.com
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8. **Page 53:** The "Responsibilities" column for the Investment Fiduciary in the chart entitled "Important Contacts" is amended in its entirety to read as follows:

- Establishing and implementing overall investment objections, philosophy and policy relating to investment and reinvestment of 401(k) Savings Plan assets (other than the Penney Common Stock Fund).
- Appointment of investment managers (other than for the Penney Common Stock Fund).
- Selection of investment funds other than the Penney Common Stock Fund.

9. **Page 53:** The last item under the "Responsibilities" column for the Human Resources Committee in the "Important Contacts" chart is amended in its entirety to read as follows:

- Adoption of amendments to the 401(k) Savings Plan, other than amendments that remove or affect the Penney Common Stock Fund, appoint or remove the Independent Fiduciary for the Penney Common Stock Fund, or increase, decrease, or dispense with any Company contributions.

10. **Page 54:** The first sentence under the heading "Plan Amendment" is amended in its entirety to read as follows:

The Human Resources Committee has the right to amend the 401(k) Savings Plan for any reason except to increase, decrease, or discontinue Company contributions to the 401(k) Savings Plan; remove or affect the Penney Common Stock Fund; or appoint or

remove the Independent Fiduciary for the Penney Common Stock Fund.

11. **Page 54:** The "Plan Amendment" section is further amended by adding the following new sentence after the second sentence to read as follows:

Any amendment related to the Penney Common Stock Fund or the appointment of the Independent Fiduciary for the Penney Common Stock Fund shall be made by the Board of Directors of the Corporation.

12. **Page 55:** A new subsection entitled "Plan Conversions" is added before the subsection entitled "Transferring Between Companies" to read as follows:

Plan Conversions

A "blackout" period or conversion period may result because of actions such as a merger of another defined contribution plan into the 401(k) Savings Plan, a transfer of assets from another defined contribution plan into the 401(k) Savings Plan, or a change in recordkeeper. During any "blackout" period or conversion period, the 401(k) Savings Plan Administrator or its delegate may temporarily suspend, in whole or in part, certain provisions of the 401(k) Savings Plan, which may include, but are not limited to, your right to (a) change your deposit election, (b) change your investment election, (c) transfer amounts among investment options or (d) borrow or withdraw or obtain a distribution from your accounts. However, the Plan Administrator or its delegate will have no authority to suspend any transaction with respect to the Penney Common Stock Fund, other than a temporary suspension related to a conversion, change in recordkeeper, or similar administrative or ministerial purpose.

13. **Page 60:** The "Key Terms" section is amended by adding in alphabetical order a new definition for the term "Independent Fiduciary" to read as follows:

Independent Fiduciary

Evercore Trust Company, N.A., or such other fiduciary appointed as such from time to time by the Board of Directors of the Corporation. The Independent Fiduciary shall be the sole "investment manager" and "named fiduciary" as those terms are defined in ERISA with respect to the management and disposition of the Penney Common Stock Fund.