Your 401(k) Savings Plan – Access & Transactions on PowerLine

How do you enroll in the 401(k) Savings Plan,* see your investments or change/transfer your savings?

You can go online to enroll in the 401(k) Savings Plan, view your investments, transfer your savings from one investment to another or change your future contribution investment election(s):

1) Log on to the PowerLine website via the Associate Kiosk or the Associate Kiosk@Home (access www.jcpenney.net and select Associate Information in the upper right corner). If you are a retired associate, you can access PowerLine at www.jcpenneypowerline.com.
2) Move your cursor over the **Savings and Retirement** tab to learn about the plan, enroll or change contributions, review or manage investments, or print an account statement
3) To enroll in the 401(k) Savings Plan, simply change your contribution election to a percent greater than zero.

*J. C. Penney Corporation, Inc., Savings, Profit-Sharing and Stock Ownership Plan, referred to as the 401(k) Savings Plan.

Your 401(k) Savings Plan – Investment Performance

Investments	1 Year	3 Years	5 Years	10 Years
Tier 1[+]				
VFTC Target Income Trust II	14.20%	3.10%	3.80%	-
VFTC Target Retirement 2005 Trust II	16.10%	1.70%	3.40%	-
VFTC Target Retirement 2010 Trust II	19.30%	0.60%	-	-
VFTC Target Retirement 2015 Trust II	21.20%	-0.30%	3.00%	-
VFTC Target Retirement 2020 Trust II	22.90%	-1.30%	-	-
VFTC Target Retirement 2025 Trust II	24.80%	-2.10%	2.30%	-
VFTC Target Retirement 2030 Trust II	26.50%	-3.10%	-	-
VFTC Target Retirement 2035 Trust II	28.10%	-3.50%	1.90%	-
VFTC Target Retirement 2040 Trust II	28.20%	-3.40%	-	-
VFTC Target Retirement 2045 Trust II	28.20%	-3.50%	2.20%	-
VFTC Target Retirement 2050 Trust II	28.30%	-3.50%	-	-
Tier 2				
S&P 500 Index Fund	26.40%	-5.70%	0.30%	-1.00%
Russell 1000 Growth Fund	36.80%	-2.10%	1.40%	-4.10%
Russell 1000 Value Fund	19.60%	-9.00%	-0.40%	2.40%
Russell 2000 Fund	27.20%	-6.00%	0.40%	3.40%
EAFE Fund	31.80%	-6.00%	3.50%	0.70%
Intermediate Bond Fund	5.30%	5.90%	4.50%	5.80%
Interest Income Fund	4.00%	4.40%	4.40%	4.90%
Penney Common Stock Fund	38.80%	-28.10%	-6.90%	5.00%

Performance is shown as of December 31, 2009. Past investment results are not a guarantee of future performance. The value of investments will fluctuate and is not guaranteed. All investments are subject to certain risks. Returns are net of investment fees.

[+]Historical performance is given for Vanguard Target Retirement Funds retail investment product. The Vanguard Fiduciary Trust Company (VFTC) Target Retirement Trusts are made up of the same investments as the retail products, but are offered for investment solely to qualified plans and institutional investors at a lower investment fee expense (VFTC fee of .14% as opposed to the retail product fee of .20%).

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Your 401(k) Savings Plan – Investment Fees and Expenses

Administrative Expenses and Investment Fees 2010 Total Estimated Participant Cost				
Investment Type	**Total Administrative Expenses**	**Investment Management Fees**	**Total Fees**	**Annual Participant Cost per $1,000 Balance**
Tier I				
VFTC Target Retirement Trusts	0.206%	0.140%	0.346%	$3.46
Tier 2				
S&P 500 Fund	0.206%	0.010%	0.216%	$2.16
Russell 1000 Growth Fund	0.206%	0.040%	0.246%	$2.46
Russell 1000 Value Fund	0.206%	0.040%	0.246%	$2.46
Russell 2000 Fund	0.206%	0.040%	0.246%	$2.46
EAFE Fund	0.206%	0.060%	0.266%	$2.66
Intermediate Bond Fund	0.206%	0.040%	0.246%	$2.46
Interest Income Fund	0.206%	0.052%	0.258%	$2.58
JCPenney Common Stock Fund	0.206%	0.015%	0.220%	$2.20
Tier 3				
Self-Directed Brokerage Window	0.206%	**	**	**

**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. You'll receive a Welcome Kit with more details if you enroll online for a brokerage account in your 401(k) Savings Plan. For more information about the Brokerage Account, log on to the PowerLine website, move your cursor over the **Savings and Retirement** tab and click the Brokerage Account link.

- **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), or
  - Broker-assisted trades will incur an additional $25 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, or
  - $19.95 for any purchase of No Load Funds which are not NTF eligible (see above).

+For more about the 401(k) Savings Plan, log on to the PowerLine website, move your cursor over the **Savings and Retirement** tab and click the 401(k) Savings Plan Overview link.

*Due to fund procedures, orders placed for the following fund families will incur a $10 surcharge over and above the normal transaction fee: Alpine Funds, Bridgeway Funds, CGM Funds, Dodge & Cox Funds, Fairholme Funds, Longleaf Partners Funds, Meridian Funds, and Vanguard Funds.