



November 7, 2011

Re: 2010 Form 5500 Financial Report for the J.C. Penney, Corporation, Inc. Pension Plan

Dear JCPenney Pension Plan Participant:

Below is a portion of the **2010** Form 5500 Annual Return/Report of Employee Benefit Plan for the J.C. Penney Corporation, Inc. Pension Plan. We are posting this information due to requirements outlined in the Pension Protection Act of 2006 (PPA), which requires any company that sponsors a defined benefit pension plan and maintains an intranet website to post portions of their pension plan's Form 5500 on the website, effective for plan years beginning after December 31, 2007. Therefore, you will find a portion of the 2010 annual report posted below.

You can also use the [ERISA Public Disclosure System](http://www.dol.gov/ebsa/actuarialsearch.html) at <http://www.dol.gov/ebsa/actuarialsearch.html> to find additional schedules, including the Schedule SB. The Schedule SB is part of a pension plan's **2010** Form 5500 financial report and it includes technical data provided by a plan's actuary regarding a plan's funded status and whether the plan is "at-risk" regarding its ability to pay promised benefits.

Although there are no actions required on your part, you should be aware of the information being presented below.

PowerLine specialists are available at 1-888-890-8900 to answer any questions you may have regarding your JCPenney pension plan between 8 A.M. and 8 P.M. (CST), Monday through Friday.

Cordially,

A handwritten signature in cursive script that reads "Brynn Evanson".

Brynn Evanson
Vice President,
Compensation and Benefits

| | | |
|---|--|--|
| <p>Form 5500</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p> | <p>Annual Return/Report of Employee Benefit Plan</p> <p>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</p> <p>▶ Complete all entries in accordance with the instructions to the Form 5500.</p> | <p>OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: 24pt; font-weight: bold;">2010</p> <hr/> <p>This Form is Open to Public Inspection</p> |
|---|--|--|

| | |
|--|---|
| Part I Annual Report Identification Information | |
| For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u> | |
| <p>A This return/report is for:</p> | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____ |
| <p>B This return/report is:</p> | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| <p>C If the plan is a collectively-bargained plan, check here. ▶ <input type="checkbox"/></p> | |
| <p>D Check box if filing under:</p> | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description) |

| | |
|---|---|
| Part II Basic Plan Information —enter all requested information | |
| <p>1a Name of plan <u>J.C. PENNEY CORPORATION, INC. PENSION PLAN</u></p> | <p>1b Three-digit plan number (PN) ▶ <u>001</u></p> |
| <p>2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>J.C. PENNEY CORPORATION, INC.</u> <u>6501 LEGACY DR.</u> <u>TAX SERVICES - MS1203</u> <u>PLANO, TX 75024-3698</u></p> | <p>1c Effective date of plan <u>02/01/1966</u></p> <p>2b Employer Identification Number (EIN) <u>13-5583779</u></p> <p>2c Sponsor's telephone number <u>972-431-1000</u></p> <p>2d Business code (see instructions) <u>452110</u></p> |

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|------------------|---|------------|--|
| SIGN HERE | Filed with authorized/valid electronic signature. | 08/11/2011 | SHARON BOYD |
| | Signature of plan administrator | Date | Enter name of individual signing as plan administrator |
| SIGN HERE | Filed with authorized/valid electronic signature. | 08/11/2011 | KERVIN HARTMAN |
| | Signature of employer/plan sponsor | Date | Enter name of individual signing as employer or plan sponsor |
| SIGN HERE | | | |
| | Signature of DFE | Date | Enter name of individual signing as DFE |

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

| | |
|--|--|
| 3a Plan administrator's name and address (if same as plan sponsor, enter "Same") J.C. PENNEY CORPORATION, INC. BENEFITS ADMINISTRATION COMMITTEE 6501 LEGACY DR. - MS1203 PLANO, TX 75024-3698 | 3b Administrator's EIN 75-2583575 |
| | 3c Administrator's telephone number 972-431-2129 |

| | |
|--|-----------------------------|
| 4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name J.C. PENNEY CORPORATION, INC. MS - 1203 | 4b EIN 13-5583779 |
| | 4c PN 001 |

| | | |
|---|----------|--------|
| 5 Total number of participants at the beginning of the plan year | 5 | 150422 |
|---|----------|--------|

| | | |
|--|-----------|--------|
| 6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d). | | |
| a Active participants..... | 6a | 62194 |
| b Retired or separated participants receiving benefits..... | 6b | 46006 |
| c Other retired or separated participants entitled to future benefits..... | 6c | 32302 |
| d Subtotal. Add lines 6a , 6b , and 6c | 6d | 140502 |
| e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits..... | 6e | 3551 |
| f Total. Add lines 6d and 6e | 6f | 144053 |
| g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... | 6g | |
| h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested..... | 6h | 3137 |

| | | |
|--|----------|--|
| 7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | 7 | |
|--|----------|--|

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 1G 3H 3J

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

| | |
|---|---|
| 9a Plan funding arrangement (check all that apply) | 9b Plan benefit arrangement (check all that apply) |
| (1) <input type="checkbox"/> Insurance | (1) <input type="checkbox"/> Insurance |
| (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts | (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts |
| (3) <input checked="" type="checkbox"/> Trust | (3) <input checked="" type="checkbox"/> Trust |
| (4) <input type="checkbox"/> General assets of the sponsor | (4) <input type="checkbox"/> General assets of the sponsor |

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

| | |
|--|---|
| a Pension Schedules | b General Schedules |
| (1) <input checked="" type="checkbox"/> R (Retirement Plan Information) | (1) <input checked="" type="checkbox"/> H (Financial Information) |
| (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary | (2) <input type="checkbox"/> I (Financial Information – Small Plan) |
| (3) <input checked="" type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | (3) <input type="checkbox"/> A (Insurance Information) |
| | (4) <input checked="" type="checkbox"/> C (Service Provider Information) |
| | (5) <input checked="" type="checkbox"/> D (DFE/Participating Plan Information) |
| | (6) <input type="checkbox"/> G (Financial Transaction Schedules) |

**SCHEDULE SB
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

| | | | |
|---|--|---|------------|
| A Name of plan <u>J.C. PENNEY CORPORATION, INC. PENSION PLAN</u> | | B Three-digit plan number (PN) ▶ | <u>001</u> |
| C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>J.C. PENNEY CORPORATION, INC.</u> | | D Employer Identification Number (EIN) <u>13-5583779</u> | |
| E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | | F Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 | |

Part I Basic Information

| | |
|--|--|
| 1 Enter the valuation date: | Month <u>01</u> Day <u>01</u> Year <u>2010</u> |
| 2 Assets: | |
| a Market value..... | 2a <u>4811291362</u> |
| b Actuarial value..... | 2b <u>5139187807</u> |
| 3 Funding target/participant count breakdown | |
| | (1) Number of participants (2) Funding Target |
| a For retired participants and beneficiaries receiving payment..... | 3a <u>47491</u> <u>2125743056</u> |
| b For terminated vested participants..... | 3b <u>33819</u> <u>546152159</u> |
| c For active participants: | |
| (1) Non-vested benefits..... | 3c(1) <u>51590198</u> |
| (2) Vested benefits..... | 3c(2) <u>916189627</u> |
| (3) Total active..... | 3c(3) <u>69121</u> <u>967779825</u> |
| d Total..... | 3d <u>150431</u> <u>3639675040</u> |
| 4 If the plan is at-risk, check the box and complete items (a) and (b)..... <input type="checkbox"/> | |
| a Funding target disregarding prescribed at-risk assumptions..... | 4a |
| b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor..... | 4b |
| 5 Effective interest rate..... | 5 <u>6.56 %</u> |
| 6 Target normal cost..... | 6 <u>109162845</u> |

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

| | | | | |
|------------------|-------------------------------|--|--|---------------------|
| SIGN HERE | Signature of actuary | <u>THOMAS P. CLEMENS</u> | Date | <u>08/01/2011</u> |
| | Type or print name of actuary | <u>HEWITT ASSOCIATES, LLC</u> | Most recent enrollment number | <u>11-04056</u> |
| | Firm name | <u>311 S. WACKER DRIVE, SUITE 1550 CHICAGO, IL 60606</u> | Telephone number (including area code) | <u>312-957-1400</u> |
| | Address of the firm | | | |

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

| Part II | Beginning of year carryover and prefunding balances | |
|--|--|------------------------|
| | (a) Carryover balance | (b) Prefunding balance |
| 7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year) | 932489872 | 332558865 |
| 8 Portion used to offset prior year's funding requirement (Item 35 from prior year) | 95642224 | 0 |
| 9 Amount remaining (Item 7 minus item 8)..... | 836847648 | 332558865 |
| 10 Interest on item 9 using prior year's actual return of <u>22.48</u> % | 188123351 | 74759233 |
| 11 Prior year's excess contributions to be added to prefunding balance: | | |
| a Excess contributions (Item 38 from prior year) | | 351165483 |
| b Interest on (a) using prior year's effective rate of <u>8.20</u> % | | 42453279 |
| c Total available at beginning of current plan year to add to prefunding balance | | 393618762 |
| d Portion of (c) to be added to prefunding balance..... | | 0 |
| 12 Reduction in balances due to elections or deemed elections..... | 0 | 0 |
| 13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12)..... | 1024970999 | 407318098 |

| Part III | Funding percentages | |
|---|----------------------------|----------|
| 14 Funding target attainment percentage..... | 14 | 101.84 % |
| 15 Adjusted funding target attainment percentage..... | 15 | 141.19 % |
| 16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement..... | 16 | 128.95 % |
| 17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage..... | 17 | % |

| Part IV | Contributions and liquidity shortfalls | |
|--|---|---------------------------------|
| 18 Contributions made to the plan for the plan year by employer(s) and employees: | | |
| (a) Date (MM-DD-YYYY) | (b) Amount paid by employer(s) | (c) Amount paid by employees |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Totals ▶ | | 18(b) |
| | | 0 |
| | | 18(c) |
| | | 0 |

| | | |
|--|---|---------|
| 19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year: | | |
| a Contributions allocated toward unpaid minimum required contribution from prior years..... | 19a | 0 |
| b Contributions made to avoid restrictions adjusted to valuation date | 19b | 0 |
| c Contributions allocated toward minimum required contribution for current year adjusted to valuation date | 19c | 0 |
| 20 Quarterly contributions and liquidity shortfalls: | | |
| a Did the plan have a "funding shortfall" for the prior year? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| c If 20a is "Yes," see instructions and complete the following table as applicable: | | |
| Liquidity shortfall as of end of Quarter of this plan year | | |
| (1) 1st | (2) 2nd | (3) 3rd |
| 0 | 0 | 0 |
| | | (4) 4th |
| | | 0 |

| | | | |
|--|------------------------|------------------------|---|
| Part V Assumptions used to determine funding target and target normal cost | | | |
| 21 Discount rate: | | | |
| a Segment rates: | 1st segment: 4.60 % | 2nd segment: 6.65 % | <input type="checkbox"/> N/A, full yield curve used |
| b Applicable month (enter code) | | 21b | 0 |
| 22 Weighted average retirement age | | 22 | 62 |
| 23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute | | | |
| Part VI Miscellaneous items | | | |
| 24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| 25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| 26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| 27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment..... | | 27 | |
| Part VII Reconciliation of unpaid minimum required contributions for prior years | | | |
| 28 Unpaid minimum required contribution for all prior years | | 28 | 0 |
| 29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)..... | | 29 | 0 |
| 30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29) | | 30 | 0 |
| Part VIII Minimum required contribution for current year | | | |
| 31 Target normal cost, adjusted, if applicable (see instructions)..... | | 31 | 41939175 |
| 32 Amortization installments: | Outstanding Balance | Installment | |
| a Net shortfall amortization installment | 0 | 0 | |
| b Waiver amortization installment | | | |
| 33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount | | 33 | |
| 34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)..... | | 34 | 41939175 |
| | Carryover balance | Prefunding balance | Total balance |
| 35 Balances used to offset funding requirement | 46594109 | 0 | 46594109 |
| 36 Additional cash requirement (item 34 minus item 35)..... | | 36 | 0 |
| 37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)..... | | 37 | 0 |
| 38 Interest-adjusted excess contributions for current year (see instructions)..... | | 38 | 0 |
| 39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)..... | | 39 | 0 |
| 40 Unpaid minimum required contribution for all years | | 40 | 0 |