

# Your **401(k)** Update

This Notice provides you with important information regarding your account balance in the **J.C. Penney Corporation, Inc. Savings, Profit Sharing, and Stock Ownership Plan (“401(k) Savings Plan”)**.

**Account Information** You may access your total account balance, your vested account balance, and the value of each of your investments by visiting the PowerLine website.

You may also generate and print an account statement on the site.

You can access PowerLine one of three ways:

1. Log on from work via the Kiosk.
2. Log on from home via the Kiosk@Home by visiting [www.jcpassociates.com](http://www.jcpassociates.com)
3. If you are a retired associate, you can log in from home by visiting [www.jcpenneypowerline.com](http://www.jcpenneypowerline.com).

Be sure to review your information carefully. You should report any discrepancies to PowerLine within three months.

**Transfers and Transfer Restrictions** The 401(k) Savings Plan permits you to make daily transfers. Transfer requests processed before 3:00 p.m. CT (or market close, if earlier) will be valued based on the price at the close of the stock market.

Transfer requests received after the stock market has closed will be valued at the close of the next day the market is open.

If your completed request is delayed for any reason, it will process as soon as administratively possible. The Plan may also, on occasion, limit the ability of identified insiders to sell or purchase company securities as required under securities laws.

Remember, when you terminate employment, it may take three weeks to process a distribution.

**Notice of Your Rights Concerning Employer Securities** Federal law provides specific rights concerning investments in employer securities (company stock). Because you may now or in the future have investments in company stock under the 401(k) Savings Plan, you should take the time to read this notice carefully.

## **Your Rights Concerning Employer Securities**

The 401(k) Savings Plan allows you to elect to move any portion of your account that is invested in company stock from that investment into other investment alternatives under the Plan. This right extends to all of the company stock held under the Plan. In deciding whether to exercise this right, you will want to give careful consideration to the information below that describes the importance of diversification.

All of the investment options under the Plan are available to you if you decide to diversify out of company stock.

## **The Importance of Diversifying Your Retirement Savings**

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. Therefore, you should carefully consider the rights described in this notice and how these rights affect the amount of money that you invest in company stock through the Plan.

It is also important to periodically review your

investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals. For more information about individual investing and portfolio diversification, visit the Department of Labor's Web site at [www.dol.gov/ebsa/investing.html](http://www.dol.gov/ebsa/investing.html).

**Fee Information** The plan charges administrative fees (shown as separate account fees) and individual fees (based on specific account activity) as shown on your account statement and the PowerLine web site. To learn more about specific fee information, access the Annual Fee Disclosure Statement posted on PowerLine by selecting "Plan Information" from the Savings and Retirement menu.

**Paper Copy** You have the right to request and receive, free of charge, a paper copy of your account statement. You may request a paper copy by calling PowerLine at 1-888-890-8900 or on PowerLine you can choose "Year to Date Account Statement" or "Prior Quarter Account Statement" and your Account Statement will be mailed to your home address.

**For More Information** If you need additional information about any of these topics, access the PowerLine website. On the website you can:

- Change your contribution rate, investment fund choices or transfer balances
- Monitor your investment performance
- Request a withdrawal
- Change your beneficiaries

You can also call PowerLine toll free at 1-888-890-8900. The automated telephone system is available 24 hours a day, Monday through Saturday, and after 12 noon (Central time) on Sunday. PowerLine specialists are available between 8 a.m. and 8 p.m. (Central time), Monday through Friday.