

December 2012

To: Participants in the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (the “Plan”):

As you have been previously advised, Evercore Trust Company, N.A. (“Evercore Trust Company”) is the named fiduciary and investment manager of the Penney Stock Fund, the investment fund under the Plan that holds shares of common stock of J. C. Penney Company, Inc., the parent corporation of J. C. Penney Corporation, Inc.. Evercore has no responsibility for any other investment fund under the Plan.

### **THE PENNEY STOCK FUND**

The Penney Stock Fund is administered as a “unitized fund” and is invested exclusively in J. C. Penney Company, Inc. (“Company”) common stock and cash (and cash equivalents) for the purpose of funding distributions and participant directed transactions into and out of the Penney Stock Fund. The value of the Penney Stock Fund depends almost entirely upon the financial performance of the Company and its affiliates. However, because the Penney Stock Fund is “unitized,” the value of one fund unit is not equivalent to the price of a single share of Company common stock.

### **DIVERSIFICATION REDUCES MARKET RISK**

Because the Penney Stock Fund is not diversified – it invests in only one company, J. C. Penney Company, Inc. – it has the highest risk of all of the investment funds under the Plan. The decision of how to invest your Plan account is yours to make. We would like to take this opportunity to remind you again that the best way to reduce investment risk associated with one company or industry is to diversify your investments. The Plan offers participants numerous investment choices, with a wide range of risk and return that allow you to construct a diversified portfolio tailored to your own investment goals. You are able at any time to transfer the portion of your Plan account that is invested in the Penney Stock Fund into other investment funds under the Plan. You should review your asset allocation strategy from time to time and consider whether the level of your investment in the Penney Stock Fund remains appropriate in light of your personal situation and investment goals.

### **EVERCORE’S RESPONSIBILITIES**

As named fiduciary and investment manager for the Penney Stock Fund, Evercore Trust Company has the responsibility solely for deciding whether the Penney Stock Fund should remain as an investment fund under the Plan and has the authority to restrict investment in the Penney Stock Fund, or to sell or otherwise dispose of all or any portion of the Company common stock held in the Penney Stock Fund. As an independent

fiduciary, Evercore Trust Company is not in possession of any inside information concerning the Company or its financial condition.

Under the terms of its engagement, Evercore Trust Company is required to consider the sale of the Company common stock held in the Penney Stock Fund only if it determines, on the basis of reliable public information, that the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), requires it to disregard the terms of the Plan or, that there is a serious question as to the short-term viability of the Company as a going concern or that the Penney Stock Fund is no longer a permissible fund under ERISA. Evercore Trust Company currently has no intention to restrict or eliminate the Penney Stock Fund or to sell any portion of the common stock held in the Penney Stock Fund.

Evercore Trust Company will not take any action with respect to the Penney Stock Fund simply because of fluctuations in the market price of the Company common stock, even if a substantial or prolonged decline in the market price of the Company common stock occurs as a result of adverse disclosures concerning the Company or its businesses or for any other reason, unless the situation calls into serious question the short-term viability of the Company as an ongoing concern.

#### **CONTACT INFORMATION**

Participants with questions regarding matters such as fund transfers, distributions, loans and account balance information should contact PowerLine at 1-888-890-8900 or visit the PowerLine website via the team member Kiosk or the Kiosk@Home at [www.jcpassociates.com](http://www.jcpassociates.com). Retired team members can access the PowerLine website at [www.jcpenneypowerline.com](http://www.jcpenneypowerline.com).

Participants who have questions or comments regarding this letter or the Penney Stock Fund may contact Evercore Trust Company at [jcpenneyplan@evercore.com](mailto:jcpenneyplan@evercore.com).

EVERCORE TRUST COMPANY, N.A.