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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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JUN 24 2010

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FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-15274

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

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

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**J. C. Penney Company, Inc.
6501 Legacy Drive
Plano, Texas 75024-3698**

REQUIRED INFORMATION

Form 11-K Annual Report

This form provides the annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended, with respect to the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan, a plan subject to the Employee Retirement Income Security Act of 1974.

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

Financial Statements and Supplemental Schedule

December 31, 2009 and 2008

(With Report of Independent Registered Public Accounting Firm Thereon)

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

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Report of Independent Registered Public Accounting Firm

J. C. Penney Corporation, Inc.
Benefit Plans Investment Committee,
Benefits Administration Committee, and
Human Resources Committee:

We have audited the accompanying statements of net assets available for benefits of the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (the Plan) as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Dallas, Texas
June 23, 2010

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| Assets: | | |
| Investments at fair value: | | |
| J. C. Penney Company, Inc. Common Stock | \$ 453,659,201 | \$ 328,137,266 |
| Common and collective trusts | 1,504,025,056 | 1,240,800,816 |
| Self-directed brokerage window: | | |
| Mutual funds | 20,781,811 | 15,997,410 |
| Common stock | 13,965,503 | 6,135,224 |
| Other | 1,637,898 | 1,439,436 |
| Total self-directed brokerage window | <u>36,385,212</u> | <u>23,572,070</u> |
| Fully benefit responsive contracts: | | |
| Guaranteed investment contracts | 113,046,060 | 152,597,600 |
| Synthetic investment contract wrapper | 2,435,523 | 1,839,510 |
| Fixed income securities | 1,175,192,068 | 1,091,030,194 |
| Total fully benefit responsive contracts | <u>1,290,673,651</u> | <u>1,245,467,304</u> |
| | <u>3,284,743,120</u> | <u>2,837,977,456</u> |
| Participant loans | <u>96,068,060</u> | <u>92,730,474</u> |
| Cash | — | 410,819 |
| Receivables: | | |
| J. C. Penney Company, Inc. contribution | 9,228,993 | 4,874,617 |
| Participant contributions | 4,036,063 | 4,149,009 |
| Interest and dividends | 38,418 | 116,082 |
| Loan repayment receivable | 796,064 | 1,394,274 |
| Other | 889,477 | 1,117,109 |
| Total receivables | <u>14,989,015</u> | <u>11,651,091</u> |
| Total assets | <u>3,395,800,195</u> | <u>2,942,769,840</u> |
| Liabilities: | | |
| Accounts payable and accrued liabilities | <u>327,850</u> | <u>985,973</u> |
| Total liabilities | <u>327,850</u> | <u>985,973</u> |
| Net assets available for benefits before adjustment | 3,395,472,345 | 2,941,783,867 |
| Adjustment from fair value to contract value for fully benefit responsive investment contracts | <u>(43,209,986)</u> | <u>14,205,292</u> |
| Net assets available for benefits | <u>\$ 3,352,262,359</u> | <u>\$ 2,955,989,159</u> |

See accompanying notes to financial statements.

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| Investment income (loss): | | |
| Net appreciation (depreciation) of investments | \$ 392,295,334 | \$ (941,478,321) |
| Interest | 63,530,544 | 69,585,980 |
| Dividends | 13,707,883 | 14,241,610 |
| | <u>469,533,761</u> | <u>(857,650,731)</u> |
| Less investment expenses | <u>(1,149,491)</u> | <u>(1,191,837)</u> |
| | <u>468,384,270</u> | <u>(858,842,568)</u> |
| Contributions: | | |
| J. C. Penney Company, Inc. | 57,900,539 | 55,999,568 |
| Participants | 138,502,619 | 150,509,559 |
| | <u>196,403,158</u> | <u>206,509,127</u> |
| Deductions from net assets attributed to: | | |
| Benefit payments | (258,846,722) | (341,151,264) |
| Administrative expenses | (9,667,506) | (10,928,884) |
| Total deductions | <u>(268,514,228)</u> | <u>(352,080,148)</u> |
| Increase (decrease) in net assets available for benefits | 396,273,200 | (1,004,413,589) |
| Beginning net assets available for benefits | <u>2,955,989,159</u> | <u>3,960,402,748</u> |
| Ending net assets available for benefits | <u>\$ 3,352,262,359</u> | <u>\$ 2,955,989,159</u> |

See accompanying notes to financial statements.

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

Notes to Financial Statements

December 31, 2009 and 2008

(1) Description of Plan

The following description of the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (the Plan) provides only general information. For more complete information, Participants should refer to “Your Benefits Book 2”, which is the Summary Plan Description for the Plan. If these Notes to Financial Statements or the Summary Plan Description result in any misunderstanding or inconsistency with the Plan document, the Plan document will govern.

(a) General

The Plan is a defined contribution plan available to all eligible employees (Associates) of J. C. Penney Corporation, Inc. (the Company) and certain subsidiaries. Associates who have attained age 21 are immediately eligible to participate in the Plan upon their hire date or rehire date. Eligible Associates are automatically enrolled at a 4% pre-tax contribution, unless they elect otherwise after completion of 12 months and 1,000 hours of service. An eligible Associate must be enrolled in the Plan to be a participant in the Plan (Participant). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The financial statements include all of the funds that comprise the Plan. Participants’ accounts share in the costs/expenses to administer the Plan. These costs/expenses include trustee, investment management, audit, administrative service provider fees, and other expenses. Administrative costs/expenses not paid by the Plan are paid by the Company.

The Benefit Plans Investment Committee (BPIC) is the named fiduciary for the control and management of the assets of the Plan except that effective December 17, 2009, Evercore Trust Company, N.A. became the named fiduciary with respect to the management and disposition of the J. C. Penney Common Stock Fund (Penney Stock Fund). The BPIC also has the responsibility for selecting investment funds, other than the Penney Stock Fund, to be offered under the Plan. The Benefits Administration Committee is the named fiduciary for the review of denied claims and has overall responsibility for the day-to-day administration of the Plan. The Human Resources Committee is the named fiduciary responsible for overall administration and operation of the Plan and appoints the trustee. The Human Resources Committee has named State Street Bank & Trust Company (State Street Bank) as the trustee for the Plan and Hewitt Associates as the third party administrator/record keeper for the Plan.

(b) Payment of Benefits

Generally, Participants who have separated from service with account balances over \$1,000 remain in the Plan until the Participant elects payment. The normal form of payment is a lump-sum settlement (cash and/or J. C. Penney Company, Inc. common stock). A Participant will receive an involuntary lump sum distribution if the total vested account balance is \$1,000 or less at the time of distribution. Certain Participants who have separated from service and who are 100% vested in the Company matching account may request periodic withdrawals, fixed monthly payments of at least \$100, or a complete distribution. Minimum required distributions will begin by April 1 of the year

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following the year of separation for a Participant who has attained age 70½ and will continue each year thereafter to comply with federal law.

(c) Contributions

Participants who are classified as highly compensated in 2009 and 2008 (earning \$105,000 or more annually in 2008 for 2009 and \$100,000 or more annually in 2007 for 2008) are permitted to contribute from 1% to 8% of their earnings (up to a maximum of \$245,000 for 2009 and \$230,000 for 2008) with a maximum of 6% in pre-tax deposits (subject to an annual maximum of \$16,500 in 2009 and 15,500 in 2008). Participants earning less than \$100,000 in the previous year are permitted to contribute from 1% to 50% of their earnings (subject to an annual maximum of \$16,500 in 2009 and \$15,500 in 2008). Associates, who are at least age 21, did not enroll in the plan, and did not decline enrollment, will be automatically enrolled in the Plan after completing 12 months and 1,000 hours of service.

The Plan allows Participants who have attained the age of 50 by the end of the year to make an additional tax-deferred deposit (catch-up contribution) up to a maximum of \$5,500 during 2009 and \$5,000 during 2008. These catch-up contributions are not eligible for the Company's matching contribution.

Participants age 21 or older become eligible for the Company matching contributions after completing 12 months and 1,000 hours of service. The Company matching contribution is a per pay period Company match of \$0.50 per dollar up to the first 6% of Participant contributions. Associates hired or rehired on or after January 1, 2007, that are over 21 years of age, have 12 months and 1,000 hours of service and are active associates on December 31 receive a Company retirement account contribution equal to 2% of the associate's annual compensation (up to a maximum of \$245,000 for 2009 and \$230,000 for 2008).

During 2009, the Company matching contribution totaled approximately \$50.2 million and the Company retirement account contribution totaled approximately \$7.7 million. During 2008, the Company matching contribution totaled approximately \$52.7 million and the Company retirement account contribution totaled approximately \$3.3 million.

(d) Participants' Investment Funds

All participant contributions, Company matching contributions and Company retirement account contributions are invested in the Plan's investment funds in accordance with the Participant's investment elections. Prior to March 1, 2008, participants directed their investments amongst three tiers of funds as follows: Tier 1 funds consisted of four lifestyle funds: Aggressive Fund, Moderate Fund, Conservative Fund and Horizon Fund. Tier 2 funds consisted of the J.C. Penney Company Inc. common stock, a stable value fund and six funds, which are diversified in U.S. stocks, non-U.S. stocks or bonds. Tier 3 consisted of 10 mutual funds. Effective March 1, 2008, the Tier 1 lifestyle funds (Aggressive Fund, Moderate Fund, Conservative Fund and Horizon Fund) were replaced by age-based target retirement funds managed by Vanguard Fiduciary Trust Company, and the Tier 3 mutual funds were eliminated and a participant directed brokerage window was added as

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an investment option in the Plan. Each of these funds is maintained on a unit-value basis and, accordingly, the actual earnings and appreciation or depreciation in the underlying securities are reflected in the daily unit value.

(e) *Participant Accounts*

Each participant's account is credited with the participant's contributions, the Company's contributions, and Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(f) *Participants' Loans*

A participant who has not separated from service may request a loan. The minimum loan amount is \$500. The maximum loan amount is the lesser of: the value of a participant's before-tax, rollover and after-tax deposits on the valuation date, 50% of a participant's total vested account value on the valuation date, or, \$50,000 minus the highest balance of any other loans owed to the Plan during the previous 12 months. All loans must be adequately secured and bear interest at the prime rate plus 1%. Interest rates on the loans outstanding ranged from 4.25% to 10.50% as of December 31, 2009 and maturities ranged from 2010 through 2014. Loan amounts and the terms of repayment are limited in accordance with Plan provisions.

(g) *Vesting*

Participants are immediately vested in the value of their deposits and earnings thereon. Company contributions and earnings thereon for Plan years 2007 and later will be 100% cliff vested after three years of service. Prior to 2007, vesting in the value of Company contributions and earnings thereon was graduated at 20% per full year of service up to 100% after five years of service. Participants will also be 100% vested if they separate from service at normal retirement age, death, total disability, or a reduction in force or unit closing. Participants who separate from service prior to full vesting of their rights forfeit the unvested balance upon the receipt of a complete distribution or the occurrence of five consecutive one-year breaks in service.

(h) *Forfeited Accounts*

December 31, 2009 and 2008 forfeited nonvested accounts totaled \$5,295,709 and \$4,025,640, respectively. Forfeitures are available to restore forfeited amounts of rehired participants, offset Company contributions, or pay Plan expenses. Forfeitures utilized during 2009 and 2008 were approximately \$498,692 and \$865,825, respectively.

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(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

(b) *New Accounting Pronouncements*

In January 2010, the FASB issued guidance on improving annual disclosures about fair value measurements, which requires reporting entities to add additional disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, the activity in Level 3 fair value measurements, and the transfer between Levels 1, 2, and 3. Levels 1, 2, and 3 fair value measurements are defined in note 2(c) below. The guidance will be effective for the Plan in 2010, except for Level 3 reconciliation disclosures, which are effective for the Plan beginning in 2011. This is not expected to materially impact the Plan.

(c) *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the accounting standards establish a three-level hierarchy for inputs used in measuring fair value, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant observable inputs other than quoted prices in active markets for similar assets and liabilities, such as quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

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The following table presents a summary of the Plan's investment assets and liabilities measured at fair value as of December 31, 2009 and 2008:

| | Investments at fair value | | | Total |
|--------------------------------------|--|---|--|----------------|
| | Quoted prices in active market (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| December 31, 2009: | | | | |
| Common stock (a) | | | | |
| J.C. Penney Company, Inc. | \$ 453,659,201 | \$ — | \$ — | \$ 453,659,201 |
| Common and collective trusts (b): | | | | |
| Fixed income securities | — | 290,623,431 | — | 290,623,431 |
| Equity funds | — | 760,301,367 | — | 760,301,367 |
| Target date funds | — | 453,100,258 | — | 453,100,258 |
| Total common and collective trusts | — | 1,504,025,056 | — | 1,504,025,056 |
| Self-directed brokerage window (c): | | | | |
| Mutual funds | 20,781,811 | — | — | 20,781,811 |
| Common stock | 13,965,503 | — | — | 13,965,503 |
| Other | 1,637,898 | — | — | 1,637,898 |
| Total self-directed brokerage window | 36,385,212 | — | — | 36,385,212 |

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| | Investments at fair value | | | Total |
|---|---|--|--|-------------------------|
| | Quoted prices in active market (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Fully benefit responsive contracts: | | | | |
| Guaranteed investment contracts (d) | — | — | 113,046,060 | 113,046,060 |
| Synthetic investment contract wrapper (e) | — | — | 2,435,523 | 2,435,523 |
| Fixed income securities (f) | — | 1,175,192,068 | — | 1,175,192,068 |
| Total fully benefit responsive contracts | — | 1,175,192,068 | 115,481,583 | 1,290,673,651 |
| Total investment assets at fair value | \$ 490,044,413 | \$ 2,679,217,124 | \$ 115,481,583 | \$ 3,284,743,120 |

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| | Investments at fair value | | | |
|--|--|---|--|------------------|
| | Quoted prices in active market (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| As of December 31, 2008: | | | | |
| J.C. Penney Company, Inc. | | | | |
| Common Stock (a) | \$ 328,137,266 | \$ — | \$ — | \$ 328,137,266 |
| Common and collective trusts (b) | — | 1,240,800,816 | — | 1,240,800,816 |
| Self-directed brokerage window: (c) | | | | |
| Mutual funds | 15,997,410 | — | — | 15,997,410 |
| Common stock | 6,135,224 | — | — | 6,135,224 |
| Other investments | 1,439,436 | — | — | 1,439,436 |
| Fully benefit-responsive contracts: | | | | |
| Guaranteed investment contracts (d) | — | — | 152,597,600 | 152,597,600 |
| Synthetic investment contracts wrapper (e) | — | — | 1,839,510 | 1,839,510 |
| Fixed income securities (f) | — | 1,091,030,194 | — | 1,091,030,194 |
| Total investment assets at fair value | \$ 351,709,336 | \$ 2,331,831,010 | \$ 154,437,110 | \$ 2,837,977,456 |

Following is a description of the valuation methodologies used for assets measured at fair value. See also footnote 2(d) for more information.

- (a) *Common stock*: Valued at the closing price reported in the active market in which the individual securities are traded.
- (b) *Common and collective trusts*: Valued at the net asset value (NAV) of shares held by the plan at year end. The target date funds are comprised of eleven collective trusts which manage risk and investment return over time. There are three general market risk levels: low to moderate, moderate, and moderate to high. Each fund is a different mix of investments – stocks, bonds and cash. The funds start out with more stock for growth opportunity and ends with less stock. The equity funds are comprised of 3 large cap funds and 2 small cap funds with low to moderate and high risk levels, respectively. The fixed income securities have low general market risk.

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There are no known commitments or restrictions on the common and collective trusts except for some withdrawal restrictions as it relates to liquidation by the Plan Sponsor of the equity funds. The Plan Sponsor has no plans to liquidate these funds.

- (c) *Self-directed brokerage window includes cash and cash equivalents, common stock, corporate bonds, mutual funds, notes, preferred stock, publicly traded partnerships:* Certain U.S. Treasury notes and corporate bonds are valued at the closing price reported in the active market in which the security is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Other investments listed are valued at the closing price reported in the active market in which the individual securities are traded. Actual risk depends on the individual investments which are selected by each applicable participant.
- (d) *Guaranteed investment contracts:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issue (see note 2(f)).
- (e) *Synthetic investment contracts:* These are investment contracts that limit potential losses, if any, in the fixed assets securities portfolio. Termed a “wrap” since the contract is based on the fair value of underlying fixed asset securities. The wrap agreements are stated at fair value based on rebid or replacement cost based upon fluctuations in the fair value of the underlying fixed income securities.
- (f) *Fixed income securities:* Assets include cash, U.S. Treasury and agency securities, corporate bonds, mortgages, and collateralized mortgage-backed and asset-backed securities which are held at fair value. Fixed income securities such as corporate bonds, government securities, mortgage-backed and asset-backed securities and other debt instruments are valued using quotes from independent pricing vendors based on recent trading activity and other relevant market information, including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

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The table below sets forth a summary of changes in the fair value of the Plan's Level 3 investment assets for the years ended December 31, 2009 and 2008.

| | Level 3 investment assets | | |
|---|---------------------------|----------------|----------------|
| | GIC | SIC Wrapper | Total |
| Year ended December 31, 2009: | | | |
| Balance, beginning of year | \$ 152,597,600 | \$ 1,839,510 | \$ 154,437,110 |
| Realized losses | (390,990) | — | (390,990) |
| Unrealized gains relating to instruments still held at the reporting date | 1,085,823 | 596,013 | 1,681,836 |
| Purchases and issuances | 13,869,727 | — | 13,869,727 |
| Sales and maturities | (54,116,100) | — | (54,116,100) |
| Balance, end of year | \$ 113,046,060 | \$ 2,435,523 | \$ 115,481,583 |

| | Level 3 investment assets | | |
|---|---------------------------|----------------|----------------|
| | GIC | SIC Wrapper | Total |
| Year ended December 31, 2008: | | | |
| Balance, beginning of year | \$ 242,790,841 | \$ 200,293 | \$ 242,991,134 |
| Realized losses | (905,312) | — | (905,312) |
| Unrealized gains relating to instruments still held at the reporting date | 1,804,376 | 1,639,217 | 3,443,593 |
| Purchases and issuances | 19,721,787 | — | 19,721,787 |
| Sales and maturities | (110,814,092) | — | (110,814,092) |
| Balance, end of year | \$ 152,597,600 | \$ 1,839,510 | \$ 154,437,110 |

(d) Valuation of Investments and Income Recognition

The Plan's investments are stated at fair value. Purchases and sales of investments are recorded on a trade-date basis. The average cost method is used to calculate gains and losses on the sale of investments. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(e) Participant Loans

Participant loans are recorded at amortized costs which represent the unpaid principal balance plus accrued interest.

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(f) Guaranteed Investment Contracts and Synthetic Investment Contracts

The traditional guaranteed investment contracts (GICs) provide a fixed return on principal over a specified period of time through fully benefit responsive contracts issued by a third party which are backed by assets owned by a third party. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are currently no reserves against contract values for credit risk of the contract insurers or otherwise. The stated and actual interest rates on these contracts range from 4.12% to 5.60% at December 31, 2009 and 3.94% to 5.60% at December 31, 2008. Maturities range from 2010 to 2013 as of December 31, 2009 and 2009 to 2013 as of December 31, 2008.

The Plan also enters into synthetic investment contracts (SICs) with certain insurance companies and financial institutions (the Contract Issuers). Under these SICs, the Plan enters into a wrap agreement with a financial institution at a stated yield on fixed income securities purchased by the Plan. There are no reserves against contract values for credit risk of the Contract Issuer or otherwise.

The average yield based on actual earnings was approximately 4.42% and 4.92% during the years ended December 31, 2009 and 2008, respectively. The average yield based on interest rate credited to participants was 4.24% and 4.0% during the years ended December 31, 2009 and 2008, respectively.

The relationship of future crediting rates and the adjustment to contract value reported on the statement of net assets available for benefits is provided through the mechanism of the crediting rate formula. The difference between the contract value and the fair market value of the investments of each contract is periodically amortized into each contract's crediting rate. The amortization factor is calculated by dividing the difference between the fair market value of the investments and the contract value by the duration of the bond portfolio covered by the investment contract.

Key factors that could influence future average interest crediting rates include, but are not limited to: Plan cash flows, changes in interest rates, total return performance of the fair market value bond strategies underlying each synthetic GIC contract, default or credit failures of any of the securities, investment contracts, or other investments held in the fund, the initiation of an extended termination (immunization) of one or more synthetic GIC contracts by the manager or the Contract Issuers.

There are certain events not initiated by Plan Participants that limit the ability of the Plan to transact with the issuer of a GIC at its contract value. Specific coverage provided by each traditional GIC and synthetic GIC may be different for each issuer, and can be found in the individual traditional GIC or synthetic GIC contracts held by the Plan. Examples of such events include: the Plan's failure to qualify under the Internal Revenue Code (IRC) of 1986 as amended; full or partial termination of the Plan; involuntary termination of employment as a result of a corporate merger, divestiture, spin-off, or other significant business restructuring, which may include early retirement incentive programs or bankruptcy; changes to the administration of the Plan which decreases employee or employer contributions, the establishment of a competing Plan by the plan sponsor, the introduction of a

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competing investment option, or other Plan amendment that has not been approved by the contract issuers; dissemination of a Participant communication that is designed to induce participants to transfer assets from the stable value option; and events resulting in a material and adverse financial impact on the Contract Issuer, including changes in the tax code, laws or regulations.

The Plan administrator does not believe that the occurrence of any of the aforementioned events, which would limit the Plan's ability to transact with the issuer of a GIC at its contract value with participants, is probable.

Contract Issuers are not allowed to terminate any of the above synthetic GICs and settle at an amount different from contract value unless there is a breach of the contract which is not corrected within the applicable cure period. Actions that will result in a breach (after any relevant cure period) include, but are not limited to: material misrepresentation; failure to pay synthetic GIC fees, or any other payment due under the contract; and failure to adhere to investment guidelines.

The following tables present the fair value, contract value adjustments to contract value, and major credit ratings for each of the GICs, synthetic GICs and wrapper contracts held by the Plan as of December 31, 2009 and 2008:

| <u>December 31, 2009</u> | <u>Major credit ratings</u> | <u>Investments at fair value</u> | <u>Wrapper contracts at fair value</u> | <u>Adjustment to contract value</u> | <u>Investments at contract value</u> |
|---------------------------------|-----------------------------|----------------------------------|--|-------------------------------------|--------------------------------------|
| Synthetic GICs: | | | | | |
| Bank of America, NA | A+ | \$ 300,914,815 | \$ 1,146,324 | \$ (10,170,976) | \$ 291,890,163 |
| Natixis Financial Products Inc. | A+ | 300,892,266 | — | (9,023,975) | 291,868,291 |
| Rabobank Nederland | AAA | 272,470,169 | 859,327 | (10,664,311) | 262,665,185 |
| State Street Bank & Trust Co. | AA- | 300,914,818 | 429,872 | (9,454,524) | 291,890,166 |
| Total | | <u>\$ 1,175,192,068</u> | <u>\$ 2,435,523</u> | <u>\$ (39,313,786)</u> | <u>\$ 1,138,313,805</u> |

| <u>December 31, 2008</u> | <u>Major credit ratings</u> | <u>Investments at fair value</u> | <u>Wrapper contracts at fair value</u> | <u>Adjustment to contract value</u> | <u>Investments at contract value</u> |
|---------------------------------|-----------------------------|----------------------------------|--|-------------------------------------|--------------------------------------|
| Synthetic GICs: | | | | | |
| Bank of America, NA | AA- | \$ 274,233,201 | \$ 752,329 | \$ 4,146,741 | \$ 279,132,271 |
| Natixis Financial Products Inc. | A+ | 274,212,650 | — | 4,898,704 | 279,111,354 |
| Rabobank Nederland | AAA | 268,351,141 | 543,832 | 4,005,494 | 272,900,467 |
| State Street Bank & Trust Co. | AA- | 274,233,202 | 543,349 | 4,355,721 | 279,132,272 |
| Total | | <u>\$ 1,091,030,194</u> | <u>\$ 1,839,510</u> | <u>\$ 17,406,660</u> | <u>\$ 1,110,276,364</u> |

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| <u>December 31, 2009</u> | <u>Major credit ratings</u> | <u>Investments at fair value</u> | <u>Adjustment to contract value</u> | <u>Investments at contract value</u> |
|--|-------------------------------------|--------------------------------------|---|--|
| GICs: | | | | |
| Metropolitan Life Insurance Company | A+ | \$ 16,260,012 | \$ (956,581) | \$ 15,303,431 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A | 10,365,727 | (303,807) | 10,061,920 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A | 2,756,923 | (150,474) | 2,606,449 |
| New York Life Insurance Company | A++ | 11,020,286 | (646,965) | 10,373,321 |
| Pacific Life Insurance Company | A+ | 8,171,510 | (337,538) | 7,833,972 |
| Pacific Life Insurance Company | A+ | 7,821,089 | (103,105) | 7,717,984 |
| Pacific Life Insurance Company | A+ | 14,592,021 | (190,336) | 14,401,685 |
| Principal Life Insurance Company | A+ | 7,824,483 | (32,965) | 7,791,518 |
| Principal Life Insurance Company | A+ | 2,082,597 | (8,072) | 2,074,525 |
| Principal Life Insurance Company | A+ | 21,789,250 | (865,873) | 20,923,377 |
| Principal Life Insurance Company | A+ | <u>10,362,162</u> | <u>(300,484)</u> | <u>10,061,678</u> |
| Total | | <u>\$ 113,046,060</u> | <u>\$ (3,896,200)</u> | <u>\$ 109,149,860</u> |

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| <u>December 31, 2008</u> | <u>Major credit ratings</u> | <u>Investments at fair value</u> | <u>Adjustment to contract value</u> | <u>Investments at contract value</u> |
|--|-------------------------------------|--------------------------------------|---|--|
| GICs: | | | | |
| Metropolitan Life Insurance Company | A+ | \$ 15,948,473 | \$ (647,231) | \$ 15,301,242 |
| Metropolitan Life Insurance Company | A+ | 11,900,418 | (81,321) | 11,819,097 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A+ | 10,074,159 | (21,510) | 10,052,649 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A+ | 8,939,830 | (113,001) | 8,826,829 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A+ | 10,348,739 | (284,295) | 10,064,444 |
| Aegon Institutional Markets/ Monumental Life Insurance Company | A+ | 4,043,628 | (145,593) | 3,898,035 |
| New York Life Insurance Company | A++ | 10,602,708 | (229,387) | 10,373,321 |
| Pacific Life Insurance Company | A+ | 7,866,284 | (148,300) | 7,717,984 |
| Pacific Life Insurance Company | A+ | 14,671,076 | (269,392) | 14,401,684 |
| Principal Life Insurance Company | A+ | 10,435,629 | (66,246) | 10,369,383 |
| Principal Life Insurance Company | A+ | 15,766,131 | (187,845) | 15,578,286 |
| Principal Life Insurance Company | A+ | 10,344,782 | (280,527) | 10,064,255 |
| Principal Life Insurance Company | A+ | 21,655,743 | (726,720) | 20,929,023 |
| Total | | <u>\$ 152,597,600</u> | <u>\$ (3,201,368)</u> | <u>\$ 149,396,232</u> |

(g) Payment of Benefits

Benefits are recorded when paid.

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(h) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

(3) Investments

Investments that represent 5% or more of the Plan's net assets at December 31, 2009 and 2008 are separately identified:

| <u>Description of investment</u> | <u>2009</u> | <u>2008</u> |
|--|----------------|----------------|
| J.C. Penney Company, Inc. Common Stock | \$ 453,659,201 | \$ 328,137,266 |
| State Street Bank Daily EAFE Fund | 257,771,981 | 188,927,529 |
| State Street Bank S&P 500 Flagship Fund Series | 261,440,432 | 205,640,629 |
| State Street Bank Passive Intermediate Bond Index Fund | 212,848,478 | 215,882,125 |

During 2009 and 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year), appreciated/(depreciated) in value, as follows:

| | <u>2009</u> | <u>2008</u> |
|--|-----------------------|-------------------------|
| J.C. Penney Company, Inc. Common Stock | \$ 117,993,439 | \$ (406,506,864) |
| Mutual funds | 2,784,566 | (30,667,566) |
| Common stock | 3,108,294 | (3,498,482) |
| Other | 338,623 | (55,500) |
| Common and collective trusts | 268,070,412 | (500,749,909) |
| | <u>\$ 392,295,334</u> | <u>\$ (941,478,321)</u> |

(4) Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter (determination letter) dated October 20, 2002 that the Plan and the related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. The Company has filed an application for a new determination letter on January 29, 2010, along with a request for a Compliance Statement pursuant to the Voluntary Correction Program for certain nonamender failures. On June 10, 2010, the Company received the Compliance Statement from the IRS. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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(5) Form 5500 Reconciliation

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to the Plan's Form 5500:

| | <u>2009</u> | <u>2008</u> |
|---|-------------------------|-------------------------|
| Net assets available for benefits per the financial statements | \$ 3,352,262,359 | \$ 2,955,989,159 |
| Less amounts allocated to withdrawing participants | (1,496,687) | (717,127) |
| Less adjustment from fair value to contract value for fully benefit-responsive investment contracts | <u>43,209,986</u> | <u>(14,205,292)</u> |
| Net assets available for benefits per Form 5500 | <u>\$ 3,393,975,658</u> | <u>\$ 2,941,066,740</u> |

The following is a reconciliation of benefits paid to participants per the financial statements at December 31, 2009 and 2008 to Form 5500:

| | <u>2009</u> | <u>2008</u> |
|--|-----------------------|-----------------------|
| Benefits paid to participants per the financial statements | \$ 258,846,722 | \$ 341,151,264 |
| Add amounts allocated to withdrawing participants at December 31, 2009 and 2008 | 1,496,687 | 717,127 |
| Less amounts allocated to withdrawing participants at December 31, 2008 and 2007 | (717,127) | (3,793,724) |
| Less deemed distribution during 2009 and 2008 | <u>(42,306)</u> | <u>(134,422)</u> |
| Benefits paid to participants per Form 5500 | <u>\$ 259,583,976</u> | <u>\$ 337,940,245</u> |

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefits have been processed and approved for payment prior to December 31, but that have not yet been paid as of that date.

The following is a reconciliation of investment income per the financial statements to the Form 5500:

| | <u>2009</u> | <u>2008</u> |
|---|-----------------------|-------------------------|
| Total investment income/(loss) per the financial statements | \$ 469,533,761 | \$ (857,650,731) |
| Add adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2009 and 2008 | 43,209,986 | (14,205,292) |
| Less adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2008 and 2007 | <u>14,205,292</u> | <u>(8,410,375)</u> |
| Total investment income/(loss) per the Form 5500 | <u>\$ 526,949,039</u> | <u>\$ (880,266,398)</u> |

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Fully benefit-responsive investment contracts are recorded on the Form 5500 at fair value but are adjusted to contract value for financial statement presentation.

(6) Plan Termination

Although the Company has not expressed any intent to do so, the Company has the right to terminate the Plan and the related Trust at any time subject to the provisions of ERISA. In the event of Plan termination, Participants will become fully vested in amounts allocated to their accounts.

(7) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

The Plan invests in common and collective trusts with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of those securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Recent market conditions have resulted in a high degree of volatility and increased the risks and short-term liquidity associated with certain investments held by the Plan which could impact the value of investments after the date of these financial statements. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(8) Subsequent Events

The Plan is qualified under both the Internal Revenue Code of 1986, as amended and under the Internal Revenue Code of Puerto Rico of 1994, as amended (the Puerto Rico Code). In 2008 the Internal Revenue Service issued Revenue Ruling 2008-40, which provided a window of opportunity for employers who sponsor dual-qualified plans to establish a separate plan that is qualified under the Puerto Rico Code and to transfer the assets associated with employees of the Company who are residents of Puerto Rico to a trust established in Puerto Rico for the purpose of holding the assets of the Puerto Rico qualified plan. Under the Revenue Ruling any such transfer must be completed before January 1, 2011. At the February 16, 2010 Human Resources Committee (HRC) Meeting, the HRC authorized the establishment of a separate savings plan that is qualified under the Puerto Rico Code and a related Puerto Rico trust and to transfer the assets of employees of the Company who are residents of Puerto Rico to the trust established in Puerto Rico. Those employees will then become participants in the separate Puerto Rico plan. The Company anticipates completing the establishment of the Puerto Rico plan and the transfer of the assets to the Puerto Rico trust before January 1, 2011.

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Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|----------------------|
| Common stock: | | |
| * J.C. Penney Company, Inc. Common Stock | (a) | \$ 453,659,201 |
| Common and collective trusts: | | |
| * State Street Bank Short Term Investment Fund | (a) | 77,774,953 |
| * State Street Bank Daily EAFE (Europe, Australia, and Far East) Fund | (a) | 253,771,981 |
| * State Street Bank S&P 500 Flagship Fund Series | (a) | 261,440,432 |
| * State Street Bank Russell 1000 Growth Index Fund | (a) | 67,739,733 |
| * State Street Bank Russell 1000 Value Index Fund | (a) | 54,558,163 |
| * State Street Bank Russell 2000 Index Securities Lending Fund | (a) | 122,791,058 |
| * State Street Bank Passive Intermediate Bond Index Fund | (a) | 212,848,478 |
| Vanguard Target Retirement Income Fund | (a) | 31,090,891 |
| Vanguard 2005 Target Retirement Fund | (a) | 43,695,135 |
| Vanguard 2010 Target Retirement Fund | (a) | 52,828,103 |
| Vanguard 2015 Target Retirement Fund | (a) | 73,289,520 |
| Vanguard 2020 Target Retirement Fund | (a) | 75,756,873 |
| Vanguard 2025 Target Retirement Fund | (a) | 61,074,395 |
| Vanguard 2030 Target Retirement Fund | (a) | 43,085,544 |
| Vanguard 2035 Target Retirement Fund | (a) | 24,857,095 |
| Vanguard 2040 Target Retirement Fund | (a) | 17,673,915 |
| Vanguard 2045 Target Retirement Fund | (a) | 13,408,026 |
| Vanguard 2050 Target Retirement Fund | (a) | 16,340,761 |
| Total common and collective trusts | | <u>1,504,025,056</u> |
| Self Directed Brokerage Window | | 36,385,212 |
| Synthetic investment contracts: | | |
| 3M Company | (a) | 4,826,898 |
| Abbey Natl Treasury Serv 144A | (a) | 1,122,354 |
| Abbott Laboratories | (a) | 387,106 |
| Ace Ina Holdings | (a) | 850,271 |
| Aflac Inc | (a) | 2,070,034 |
| AgI Capital Corp | (a) | 1,012,127 |
| Air Products and Chemicals | (a) | 1,500,084 |
| Airgas Inc | (a) | 928,164 |
| Allegheny Energy Supply 144A | (a) | 310,200 |
| Altria Group Inc | (a) | 2,123,488 |
| AMB Property | (a) | 207,654 |
| AMB Property L.P. | (a) | 2,110,726 |
| Amer Express Credit Co | (a) | 203,728 |

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| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|------------------|
| America Movil Sa | (a) | \$ 460,912 |
| America Movil Sa De Cv | (a) | 640,415 |
| America Movil Sab De Cv 144A | (a) | 1,983,748 |
| American Express | (a) | 3,082,241 |
| American Express Bk Fsb | (a) | 1,373,502 |
| American Express Co | (a) | 1,319,101 |
| American Express Credit | (a) | 149,626 |
| American Honda Finance 144A | (a) | 2,407,496 |
| American Tower Corp 144A | (a) | 1,255,537 |
| Ameriprise Financial Inc | (a) | 1,146,265 |
| AmerisourceBergen Corp | (a) | 433,699 |
| Amgen Inc | (a) | 247,756 |
| Amtt 2007 1a Afx 144A | (a) | 1,945,205 |
| Amxca 2005-5 A | (a) | 169,789 |
| Amxca 2006-b A 144A | (a) | 99,541 |
| Amxca 2009-2 A | (a) | 1,355,746 |
| Anheuser-busch Inbev Sa 144A | (a) | 993,102 |
| Anheuser-busch Inbev Wor 144A | (a) | 2,565,077 |
| Anz National (intl) Ltd 144A | (a) | 337,433 |
| Anz National Intl Ltd 144A | (a) | 4,017,170 |
| Apache Corp | (a) | 2,791,491 |
| Apache Corporation | (a) | 822,725 |
| Appalachian Power Co | (a) | 518,854 |
| Arcelormittal | (a) | 942,921 |
| At&t Broadband Corp | (a) | 94,101 |
| AT & T Corp | (a) | 344,570 |
| AT & T Inc | (a) | 7,305,111 |
| AT & T Wireless Services | (a) | 220,297 |
| Atmos Energy Corp | (a) | 642,781 |
| AvalonBay Communities | (a) | 113,138 |
| AvalonBay Communities | (a) | 1,602,420 |
| B B & T Corp | (a) | 1,553,183 |
| BACCT 2007 A8 A8 | (a) | 750,092 |
| BACM 2003-1 A2 | (a) | 559,753 |
| BACM 2005-3 A2 | (a) | 3,365,558 |
| Baker Hughes Inc | (a) | 572,032 |
| Baltimore Gas and Electric | (a) | 1,736,076 |
| Bank of America | (a) | 4,815,485 |
| Bank of America Corp | (a) | 3,320,211 |
| Bank of America Corporation Sub Nt | (a) | 3,111,612 |
| Bank of America Na | (a) | 293,712 |
| Bank of New York Mellon | (a) | 697,753 |

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| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|------------------|
| Barclays Bank Plc | (a) | \$ 5,268,427 |
| Barrick Australia Finance | (a) | 266,856 |
| Barrick Gold Finance co | (a) | 3,761,470 |
| Bat Intl Finance Plc 144A | (a) | 306,619 |
| BAVAT 2005-3 A4 | (a) | 465,802 |
| Baxter International Inc | (a) | 621,099 |
| BB & T Corporation | (a) | 2,184,209 |
| BECO 1999-1 A5 | (a) | 937,958 |
| Berkshire Hathaway Fin | (a) | 930,075 |
| BHP Billiton Fin USA Ltd | (a) | 1,457,759 |
| BHP Billiton Finance | (a) | 202,392 |
| BMWLT 2009-1 A3 | (a) | 1,830,906 |
| BOAMS 2004-D 2A2 | (a) | 517,435 |
| Boardwalk Pipelines LLC | (a) | 1,909,659 |
| Boston Scientific Corp | (a) | 1,737,478 |
| Bottling Group LLC | (a) | 3,172,677 |
| BP Capital Markets Plc | (a) | 2,442,787 |
| Brazil | (a) | 556,853 |
| British Sky Broadcasting 144A | (a) | 648,971 |
| British Telecom Plc | (a) | 1,962,906 |
| BSCMS 2005-PW10 A1 | (a) | 998,727 |
| BSCMS 2005-PWR8 A2 | (a) | 4,221,238 |
| BSCMS 2005-PWR9 A-4A | (a) | 1,388,047 |
| BSCMS 2005-PWR9 AAB | (a) | 674,565 |
| BSCMS 2005-T20 A1 | (a) | 96,218 |
| BSCMS 2006 Pw12 A4 | (a) | 1,267,541 |
| BSCMS 2006 Pw12 AAB | (a) | 3,143,955 |
| BSCMS 2006 Pw13 A4 | (a) | 744,637 |
| BSCMS 2007 Pw17 A1 | (a) | 2,990,830 |
| Buckeye Partners Lp | (a) | 2,211,813 |
| Bunge Na Finance | (a) | 358,738 |
| Burlington North Santa Fe | (a) | 625,880 |
| CABMT 2005-1A A1 144A | (a) | 2,569,400 |
| CABMT 2006 3A A1 144A | (a) | 3,566,379 |
| Canada | (a) | 1,231,247 |
| Canadian Natl Resources | (a) | 241,812 |
| Canadian Pacific Rr Co | (a) | 616,027 |
| Capital One Financial Co | (a) | 1,112,134 |
| Cardinal Health Inc | (a) | 797,956 |
| Cargill Inc 144A | (a) | 2,581,918 |
| Caterpillar Fin Serv | (a) | 2,129,719 |

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| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|------------------|
| Caterpillar Fin Serv Crp | (a) | \$ 597,569 |
| CCCIT 2007 A5 | (a) | 1,151,259 |
| CD 2005 CD1 A4 | (a) | 1,636,370 |
| CD 2005-CD1 ASB | (a) | 3,276,300 |
| CD 2006 CD3 A5 | (a) | 259,873 |
| CD 2006-CD3 AAB | (a) | 502,024 |
| Cellco Part/veri Wireless | (a) | 7,382,535 |
| Celulosa Arauco Constitu | (a) | 570,013 |
| CFAB 03-1 IA-6 | (a) | 394,505 |
| CFAB 2003-3 1A6 | (a) | 1,093,916 |
| CFAIT 2009-1 A3 144A | (a) | 796,835 |
| Cisco Systems Inc | (a) | 1,106,077 |
| Citigroup Inc | (a) | 10,012,843 |
| Cme Group Inc | (a) | 1,458,985 |
| CNH 2006-A A4 | (a) | 1,320,154 |
| CNH 2007-A B | (a) | 341,076 |
| CNH 2009-B A3 | (a) | 213,047 |
| CNP 2001-1 A4 | (a) | 1,224,857 |
| CNP 2005-A A2 | (a) | 787,961 |
| CNP 2005-A A3 | (a) | 6,600,673 |
| CNP 2005-A A4 | (a) | 669,013 |
| Coca Cola Co | (a) | 2,042,705 |
| Coca-cola Amatil Ltd 144A | (a) | 208,764 |
| Coca-cola Co | (a) | 1,378,178 |
| Coca-cola Enterprises Inc | (a) | 992,176 |
| Codelco Inc 144A | (a) | 151,463 |
| Comcast Corp | (a) | 435,611 |
| COMET 2005-a7 A7 | (a) | 2,077,053 |
| COMET 2007-c3 C3 | (a) | 419,101 |
| COMET 2008-a1 A1 | (a) | 1,275,720 |
| COMM 2007 C9 A1 | (a) | 2,253,892 |
| COMM 2007 C9 A4 | (a) | 744,085 |
| Commonwealth Bank Aust 144A | (a) | 2,600,984 |
| Conoco Funding Company | (a) | 3,636,873 |
| Cons Edison Co of Ny | (a) | 157,352 |
| Consolidated Edison Inc Ser B | (a) | 411,666 |
| Consumers Energy Co | (a) | 177,755 |
| Continental Airlines Inc | (a) | 108,441 |
| COOPER Us Inc | (a) | 253,526 |
| COOPER 2006-1 A4 | (a) | 1,638,313 |
| Cornell University | (a) | 511,765 |
| Costco Wholesale | (a) | 3,505,483 |
| Cox Communications | (a) | 129,344 |

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| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|------------------|
| Cox Communications 144A | (a) | \$ 2,178,875 |
| Cox Communications Inc 144A | (a) | 275,190 |
| CPL 2002-1 A4 | (a) | 823,503 |
| Credit Suisse Fb USA Inc | (a) | 1,795,198 |
| Credit Suisse First Boston USA | (a) | 1,298,352 |
| Credit Suisse Group Ag | (a) | 2,474,121 |
| Credit Suisse New York | (a) | 1,261,332 |
| Credit Suisse USA | (a) | 259,976 |
| CRH America Inc | (a) | 237,512 |
| CSMC 2006 C4 A3 | (a) | 3,551,900 |
| CT Dev Pcr Lt & Pwr A Amt Put | (a) | 245,747 |
| DaimlerChrysler Na Hldg | (a) | 420,148 |
| Danaher Corp | (a) | 1,616,869 |
| DCENT 2009-A2 A | (a) | 1,533,573 |
| DCP Midstream LLC 144A | (a) | 614,415 |
| Delhaize Group | (a) | 305,058 |
| Delta Air Lines | (a) | 114,176 |
| DESF 2001 1 A6 | (a) | 3,121,892 |
| DESF 2001-1 A5 | (a) | 4,459,626 |
| Deutsche Telekom Finance Group | (a) | 1,037,653 |
| Devon Energy Corporation | (a) | 406,722 |
| Devon Financing Corp | (a) | 1,018,988 |
| Devon Financing Corp Ulc | (a) | 183,198 |
| Diamond Offshore Drill | (a) | 841,395 |
| Directv Holdings/fing 144A | (a) | 559,296 |
| Discovery Communications | (a) | 1,358,534 |
| DR Pepper Snapple Group | (a) | 942,705 |
| Duke Capital LLC | (a) | 2,202,476 |
| Duke Energy Ohio Inc | (a) | 346,192 |
| Duke Realty LP | (a) | 144,398 |
| Duke University | (a) | 1,447,387 |
| Dun & Bradstreet Corp | (a) | 184,270 |
| Edp Finance Bv 144A | (a) | 2,331,083 |
| El Paso Electric Company | (a) | 284,158 |
| El Paso Natural Gas | (a) | 83,147 |
| Electricite De France 144A | (a) | 1,062,562 |
| Eli Lilly | (a) | 174,790 |
| Eli Lilly & Co | (a) | 2,533,951 |
| Emerson Electric Co | (a) | 2,082,811 |
| EnCana Corp | (a) | 694,155 |
| Enel Finance Intl Sa 144A | (a) | 2,955,452 |
| Enogex LLC 144A | (a) | 137,130 |
| Entergy Gulf States La | (a) | 168,141 |

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|---|------|------------------|
| Entergy Louisiana LLC | (a) | \$ 108,143 |
| Enterprise Products Oper | (a) | 3,553,702 |
| Enterprise Products Operations | (a) | 131,783 |
| Eog Resources Inc | (a) | 178,707 |
| Equifax Inc | (a) | 795,690 |
| ERAC USA Finance Company 144A | (a) | 345,912 |
| ERAC USA Finance Enter 144A | (a) | 1,618,687 |
| ERP Operating LP | (a) | 165,114 |
| European Investment Bank | (a) | 2,091,940 |
| Exelon Generation Co LLC | (a) | 257,944 |
| Export Development Canada | (a) | 2,645,808 |
| Express Scripts Inc | (a) | 2,125,397 |
| Fannie Mae | (a) | 9,131,826 |
| Federal Home Loan Bank | (a) | 6,518,431 |
| Federal Natl Mtg Assn | (a) | 967,933 |
| Federal Realty Invs Trst | (a) | 128,994 |
| Federated Retail | (a) | 166,320 |
| FHL Arm | (a) | 73,518 |
| FHL-15yr Gold | (a) | 174,222 |
| FHLMC 15yr Giant | (a) | 587,867 |
| FHLMC 15yr Gold | (a) | 6,883,670 |
| FHLMC Arm | (a) | 21,237,479 |
| FHLMC Gold | (a) | 11,088,970 |
| FHLMC Arm | (a) | 197,598 |
| FHR 2614 IH | (a) | 12,141 |
| FHR 2627 IE | (a) | 5,709 |
| FHR 2866 XE | (a) | 5,201,815 |
| FHR 3152 DA | (a) | 403,437 |
| FHR 3195 PN | (a) | 433,862 |
| FHR 3354 PA | (a) | 4,611,117 |
| Fifth Third Bank Nw-ohio | (a) | 765,668 |
| Financement Quebec | (a) | 3,677,913 |
| FNARM | (a) | 49,935 |
| FNMA | (a) | 2,624,330 |
| FNMA 15 yr | (a) | 84,173,450 |
| FNMA 30 yr | (a) | 58,229,531 |
| FNMA 30 yr | (a) | 712,727 |
| FNMA Arm | (a) | 17,136,302 |
| Fnma Mega | (a) | 6,418,137 |
| FNR 2003-40 NI | (a) | 243 |
| FNR 2004-49 QY | (a) | 907,437 |
| FNR 2005-57 PA | (a) | 773,842 |
| FNR 2005-69 Ad | (a) | 1,065,100 |

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|---|------|------------------|
| FNR 2006 35 GK | (a) | \$ 1,120,803 |
| FNR 2006 49 CA | (a) | 754,218 |
| FNR 2006-9 KB | (a) | 519,314 |
| FORDO 2009-d A4 | (a) | 693,301 |
| FORDO 2009-e A4 | (a) | 1,850,598 |
| FPL 2007 A A2 | (a) | 443,656 |
| FPL 2007 A A3 | (a) | 2,978,978 |
| France Telecom | (a) | 2,340,020 |
| Freddie Mac | (a) | 27,919,227 |
| Gatx Corp | (a) | 2,541,906 |
| GCCFC 2004-GGIA A3 | (a) | 157,400 |
| GCCFC 2005-GG3 A2 | (a) | 242,268 |
| GCCFC 2007 GG9 A1 | (a) | 160,839 |
| GE Cap Corp | (a) | 5,315,266 |
| GECMC 2005-C4 A1 | (a) | 226,453 |
| GEEMT 2009-1 A3 | (a) | 948,799 |
| GEMNT 2005-3 A | (a) | 3,551,921 |
| GEMNT 2007 3 C | (a) | 569,311 |
| GEMNT 2009-2 A | (a) | 2,303,513 |
| Genentech Inc (USA) | (a) | 1,227,498 |
| General Dynamics Corp | (a) | 3,331,059 |
| General Elec Cap Corp | (a) | 10,632,379 |
| General Electric Capital Corp | (a) | 995,484 |
| General Electric Credit | (a) | 2,574,590 |
| General Mills Inc | (a) | 939,331 |
| GNMA 15 yr | (a) | 92,801 |
| GNMA 30 yr | (a) | 1,732,009 |
| GNMA 30 yr Plat | (a) | 70,812 |
| GNMA LL 30 yr | (a) | 4,979,636 |
| GNR 2004-47 QV | (a) | 1,496,436 |
| GNR 2004-77 A | (a) | 741,762 |
| GNR 2004-77 AB | (a) | 2,366,401 |
| GNR 2004-79 PA | (a) | 507,838 |
| GNR 2004-97 B | (a) | 5,256,804 |
| GNR 2005-10 B | (a) | 4,113,880 |
| GNR 2005-87 A | (a) | 933,221 |
| GNR 2005-9 A | (a) | 618,689 |
| GNR 2005-9 AB | (a) | 3,203,724 |
| Goldman Sachs | (a) | 1,034,601 |
| Goldman Sachs Gp | (a) | 2,952,335 |
| Goldman Sachs Group | (a) | 529,155 |
| Goldman Sachs Group Inc | (a) | 6,709,113 |
| Goldman Sachs Grp Inc | (a) | 287,478 |

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|---|------|------------------|
| Goodrich Corp | (a) | \$ 781,117 |
| Govt Natl Assn 20Y | (a) | 55,494 |
| Govt Natl Mort Assn | (a) | 722 |
| Govt Natl Mortg Assn | (a) | 86,522 |
| Govt Natl Mtg Assn | (a) | 4,730 |
| Govt Natl Mtg Assn I | (a) | 77 |
| Govt Natl Mtg Assn I | (a) | 31,846 |
| Govt Natl Mtg Assn II | (a) | 25,809 |
| Govt Natl Mtg Assn II 002038m | (a) | 1,648 |
| GSMS 2006-GG6 A4 | (a) | 457,963 |
| Gulfstream Natural Gas 144A | (a) | 82,138 |
| HART 2006-A A4 | (a) | 894,003 |
| HART 2009-A A4 | (a) | 832,964 |
| HAT 2006-2 A4 | (a) | 3,311,217 |
| Health Care Svc Corp 144A | (a) | 2,676,364 |
| Hershey Company | (a) | 478,782 |
| Hess Corp | (a) | 363,251 |
| Hewlett-Packard Co | (a) | 3,959,491 |
| Highmark Inc 144A | (a) | 332,531 |
| Holcim Ltd 144A | (a) | 713,898 |
| Home Depot Inc | (a) | 233,477 |
| Honeywell International | (a) | 1,528,794 |
| Hospitality Prop | (a) | 153,951 |
| Howard Hughes Medical In | (a) | 1,180,240 |
| HSBC Holdings Plc | (a) | 169,259 |
| Iberdrola Fin Ireland 144A | (a) | 2,121,267 |
| Illinois Power Co | (a) | 3,778,499 |
| Ing USA Global Funding | (a) | 1,032,669 |
| Inter-American Devel Bk | (a) | 2,387,347 |
| Intl Bk Recon & Develop | (a) | 1,818,359 |
| Intl Finance Corp | (a) | 1,130,360 |
| Intl Lease Finance Corp | (a) | 618,301 |
| Italy | (a) | 647,988 |
| JDOT 2006 A A4 | (a) | 428,663 |
| JDOT 2009-A A3 | (a) | 330,701 |
| JDOT 2009-A A4 | (a) | 939,562 |
| Jefferies Group Inc | (a) | 1,258,180 |
| John Deere Capital Corp | (a) | 8,190,128 |
| Johnson & Johnson | (a) | 3,037,820 |
| JP Morgan Chase | (a) | 2,230,660 |
| JP Morgan Chase & Co | (a) | 930,600 |
| JPM Chase Capital XXVII | (a) | 421,486 |
| JPMAC 2007-CH1 AV2 | (a) | 64,662 |

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|---|------|------------------|
| JPMCC 2003-CB6 A1 | (a) | \$ 1,298,795 |
| JPMCC 2005 LDP5 A4 | (a) | 3,378,283 |
| JPMCC 2005-LDP4 ASB | (a) | 532,707 |
| JPMCC 2006-CB14 A4 | (a) | 1,107,618 |
| JPMCC06-CB15 A4 | (a) | 1,678,530 |
| JPMORGAN CHASE & CO | (a) | 9,843,086 |
| JPMRT 2007 A A4 144A | (a) | 2,700,207 |
| Kellogg Co | (a) | 2,792,575 |
| Kern River Funding Corp 144A | (a) | 393,906 |
| Kroger Co | (a) | 3,204,339 |
| Lafarge Sa | (a) | 139,351 |
| Landwirtsch Rentenbank | (a) | 2,846,634 |
| LBUBS 2005-C1 A4 | (a) | 4,642,262 |
| LBUBS06-C7 A3 | (a) | 275,185 |
| Lithuania 144A | (a) | 426,093 |
| Lockheed Martin Corp | (a) | 2,837,149 |
| Lowe's Companies Inc | (a) | 1,164,029 |
| Lubrizol Corp | (a) | 1,547,441 |
| Mack-cali Realty Corp | (a) | 352,200 |
| Magellan Midstream Partners | (a) | 335,826 |
| Marathon Oil Corp | (a) | 1,671,616 |
| Markel Corp | (a) | 235,693 |
| Massachusetts Electric 144A | (a) | 273,672 |
| Massmutual Global Fdg Ii 144A | (a) | 2,172,378 |
| Massmutual Global Funding 144A | (a) | 1,113,206 |
| Mbna American Bk | (a) | 211,830 |
| MBNAS 2006-C3 C3 | (a) | 221,764 |
| McDonalds Corp | (a) | 435,877 |
| McDonnell Douglas Corp | (a) | 3,841,276 |
| MDC Holdings Inc | (a) | 490,376 |
| Medtronic Inc | (a) | 447,793 |
| Mellon Funding Corp | (a) | 3,364,139 |
| Merrill Lynch & Co | (a) | 4,087,091 |
| Merrill Lynch Co | (a) | 1,120,535 |
| Met Life Glob Funding I 144A | (a) | 477,415 |
| Metlife Inc | (a) | 2,060,402 |
| MidAmerican Energy Co | (a) | 3,815,060 |
| MMAF 2009-AA A4 144A | (a) | 2,655,420 |
| Monongahela Power 144A | (a) | 290,614 |
| Morgan Stanley | (a) | 8,473,254 |
| Morgan Stanley Dean Witter | (a) | 3,020,837 |
| MSC 2007 IQ14 A4 | (a) | 1,766,891 |
| MSC 2007 IQ15 A1 | (a) | 3,120,049 |

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|---|------|------------------|
| MSC 2007-HQ11 A4 | (a) | \$ 529,363 |
| MSC 2008-T29 A4 | (a) | 450,300 |
| MSDWC 2003-HQ2 A1 | (a) | 895,360 |
| Mubadala Development Co 144A | (a) | 1,688,762 |
| MVCOT 2005-2 A 144A | (a) | 409,905 |
| MVCOT 2006 2A A 144A | (a) | 605,776 |
| MVCOT 2006-1A A 144A | (a) | 678,816 |
| Nabors Industries Inc | (a) | 825,434 |
| NALT 2009-A A3 | (a) | 1,493,431 |
| National Australia Bank 144A | (a) | 715,085 |
| National Gas Co 144A | (a) | 150,179 |
| National Rural Util Coop | (a) | 2,951,132 |
| Nationwide Bldg Society 144A | (a) | 1,296,639 |
| NCHET 2005-A A4 | (a) | 2,274,582 |
| Nevada Power Co | (a) | 3,598,642 |
| New York Life Global Fdg 144A | (a) | 777,217 |
| News America | (a) | 540,939 |
| News America Inc | (a) | 388,582 |
| News America Inc 144A | (a) | 974,048 |
| Nisource Finance Corp | (a) | 932,848 |
| NLV Financial Corp 144A | (a) | 213,534 |
| Nokia Corp | (a) | 536,530 |
| NORD 2007-1A A 144A | (a) | 2,486,445 |
| Nordea Bank Sweden Ab 144A | (a) | 3,955,143 |
| Northeast Utilities | (a) | 3,260,989 |
| Northern States Pwr-minn | (a) | 134,208 |
| Northern Trust Co | (a) | 1,801,363 |
| Northern Trust Company | (a) | 326,179 |
| Northern Trust Corp | (a) | 1,617,981 |
| Northrop Grumman | (a) | 968,258 |
| Novartis Secs Invest Ltd | (a) | 3,014,911 |
| NVR Inc | (a) | 131,749 |
| Occidental Petroleum Corp | (a) | 2,550,950 |
| Ohio Power Company | (a) | 2,804,424 |
| Omnicom Group Inc | (a) | 2,981,897 |
| Oracle Corp | (a) | 981,357 |
| Paccar Inc | (a) | 731,640 |
| Pacific Gas & Electric | (a) | 351,089 |
| PECO 2001-A A1 | (a) | 1,097,597 |
| Peco Energy Co | (a) | 1,759,532 |
| Pedernales Electric Corp 144A | (a) | 955,036 |
| Pegtf 2001-1 A7 | (a) | 7,456,656 |
| Pegtf 2001-1 A8 | (a) | 1,951,144 |

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|---|------|------------------|
| Pemex Proj Fdg Master Tr | (a) | \$ 496,721 |
| Pennsylvania Electric Co | (a) | 201,849 |
| PepsiAmericas Inc | (a) | 2,228,623 |
| PepsiCo Inc | (a) | 495,579 |
| PERF 2005-2 A2 | (a) | 1,263,356 |
| Petro Canada Ltd | (a) | 83,387 |
| Petrobras Intl | (a) | 1,151,788 |
| Petrobras Intl Fin Co | (a) | 448,634 |
| Pfizer Inc | (a) | 4,748,793 |
| Placer Dome Inc | (a) | 233,526 |
| Plains All Amer Pipeline | (a) | 2,161,499 |
| PNC Funding Corp | (a) | 9,832,792 |
| Potash Corp-Saskatchewan | (a) | 1,868,053 |
| PPL Electric Utilities | (a) | 1,598,988 |
| Praxair Inc | (a) | 5,013,719 |
| Pres & Fellows of Harvard 144A | (a) | 1,974,623 |
| Pricoa Global Funding 1 144A | (a) | 3,747,291 |
| Principal Financial Group | (a) | 188,091 |
| Principal Financial Grp | (a) | 2,751,216 |
| Principal Life Global 144A | (a) | 465,853 |
| Principal Life Inc Fndg | (a) | 981,306 |
| Procter & Gamble Co | (a) | 632,283 |
| Progress Energy Carolina | (a) | 261,022 |
| Progress Energy Inc | (a) | 293,529 |
| Prudential Financial Inc | (a) | 1,300,477 |
| Pub Svc Elec & Gas | (a) | 349,691 |
| Public Service Oklahoma | (a) | 100,778 |
| Quebec Province | (a) | 2,201,049 |
| Regency Centers | (a) | 83,565 |
| Reinsurance Grp of Amer | (a) | 164,515 |
| Republic Services Inc 144A | (a) | 278,957 |
| Reynolds American Inc | (a) | 143,135 |
| RIO Tinto Fin USA Ltd | (a) | 2,835,133 |
| RIO Tinto Finance Plc | (a) | 1,194,112 |
| Roche Hldgs Inc 144A | (a) | 2,084,435 |
| Rogers Cable Inc | (a) | 372,706 |
| Rogers Communications Inc | (a) | 3,681,788 |
| Roper Industries Inc | (a) | 966,385 |
| Royal Bank of Canada | (a) | 3,059,347 |
| RSBBC 2007-A A2 | (a) | 3,024,774 |
| Sabmiller Plc 144A | (a) | 1,417,503 |
| Safeway Inc | (a) | 513,402 |
| San Diego G & E | (a) | 69,682 |

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|---|------|------------------|
| Santander Central Hispano Issuances | (a) | \$ 3,746,818 |
| Schlumberger Tech Corp 144A | (a) | 2,086,582 |
| Seariver Maritime | (a) | 3,443,957 |
| Sempra Energy | (a) | 2,015,089 |
| Sfef 144A | (a) | 1,891,687 |
| Shell International Fin | (a) | 1,051,748 |
| Shell International Finance | (a) | 452,446 |
| Shell Intl Fin | (a) | 2,778,534 |
| Simon Property Group Inc | (a) | 165,816 |
| Simon Property Group Lp | (a) | 1,760,958 |
| SLMA 2008-1 A1 | (a) | 682,400 |
| SLMA 2008-4 A2 | (a) | 324,757 |
| SLMA 2008-5 A2 | (a) | 243,130 |
| Smith International Inc | (a) | 1,905,489 |
| South Africa | (a) | 404,324 |
| Southeast Supply Header 144A | (a) | 1,234,985 |
| Southern Cal Edison | (a) | 1,655,338 |
| Southern Co | (a) | 2,396,444 |
| Southern Nat Gas Ep 144A | (a) | 82,646 |
| Staples Inc | (a) | 1,216,092 |
| State Street Corp | (a) | 944,583 |
| Sunoco Inc | (a) | 2,152,300 |
| Suntrust Bank | (a) | 1,338,632 |
| Svenska Handelsbanken Ab 144A | (a) | 3,291,245 |
| Swedish Export Credit | (a) | 483,526 |
| Sysco Corp | (a) | 140,210 |
| Sysco Corporation | (a) | 1,080,249 |
| Tampa Electric | (a) | 249,159 |
| Taqa Abu Dhabi 144A | (a) | 3,845,110 |
| Taqa Abu Dhabi Natl Energy 144A | (a) | 481,500 |
| Target Corp | (a) | 1,891,408 |
| Tarot 2006 B A4 | (a) | 2,528,086 |
| Tcm Sub LLC 144A | (a) | 3,853,703 |
| Telecom Italia Capital | (a) | 3,979,762 |
| Telefonica Emisiones Sau | (a) | 2,479,501 |
| Telefonica Sa | (a) | 197,876 |
| Telefonos De Mexico Sa | (a) | 1,020,193 |
| Teva Pharm Finance LLC | (a) | 426,218 |
| Texas Gas Trans 144A | (a) | 2,556,860 |
| Thomson Reuters Corp | (a) | 2,146,151 |
| Time Warner Cable Inc | (a) | 3,810,850 |
| Time Warner Inc | (a) | 663,875 |
| TIPS | (a) | 5,034,198 |

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|---|------|------------------|
| Tjx Cos Inc | (a) | \$ 468,403 |
| Transatlantic Holdings | (a) | 245,221 |
| Trans-canada Pipelines | (a) | 258,896 |
| Transocean Sedco | (a) | 3,676,596 |
| Travelers Cos Inc | (a) | 1,038,306 |
| Unilever Capital Corp | (a) | 3,421,846 |
| Union Electric Co | (a) | 359,805 |
| Union Pacific Corp | (a) | 2,362,772 |
| Union Pacific Corporation | (a) | 155,012 |
| United Mexican States | (a) | 210,819 |
| U.S. Bancorp | (a) | 5,143,794 |
| U.S. Treasury N/b | (a) | 82,061,035 |
| USAOT 2006 3 A4 | (a) | 539,324 |
| USAOT 2007-2 A3 | (a) | 581,917 |
| USAOT 2008-1 A3 | (a) | 217,081 |
| USb Capital XIII Trust | (a) | 166,476 |
| Vale Overseas | (a) | 273,627 |
| Vale Overseas Ltd | (a) | 308,502 |
| Valero Energy | (a) | 375,572 |
| Valero Energy Corp | (a) | 1,392,196 |
| Veolia Environment | (a) | 3,929,705 |
| Verizon Communications | (a) | 2,218,688 |
| Verizon Global Funding | (a) | 249,592 |
| Verizon Virginia Inc | (a) | 1,438,887 |
| Virginia Electric & Power | (a) | 165,539 |
| Virginia Electric Power | (a) | 2,175,146 |
| Vivendi Universal 144A | (a) | 276,633 |
| Vodafone Group | (a) | 244,421 |
| VWALT 2009-A A3 | (a) | 913,606 |
| Wachovia Corp | (a) | 1,004,853 |
| Walgreen Co | (a) | 533,575 |
| Wal-mart Stores Inc | (a) | 1,165,416 |
| Walt Disney Company | (a) | 1,718,506 |
| Waot 2006 A A4 | (a) | 1,128,417 |
| Waste Management Inc | (a) | 1,321,076 |
| WBCMT 2006 C28 A4 | (a) | 3,452,900 |
| WBCMT06-C24 A3 | (a) | 504,041 |
| Wea Finance LLC 144A | (a) | 292,992 |
| WEA Finance/wt Fin Aust 144A | (a) | 3,389,108 |
| Weatherford Intl Ltd | (a) | 205,031 |
| Wellpoint Inc | (a) | 1,997,462 |
| Wells Fargo & Co | (a) | 3,692,614 |
| Wells Fargo Bank Na | (a) | 364,418 |

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

EIN: 13-5583779 Plan #003

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|------|----------------------|
| Wells Fargo Company | (a) | \$ 3,804,224 |
| West Penn Power Co 144A | (a) | 1,349,608 |
| Westar Energy Inc | (a) | 1,682,256 |
| Westfield Capital Corp 144A | (a) | 450,815 |
| Westpac Banking Corp | (a) | 3,371,977 |
| Westpac Banking Corp 144A | (a) | 2,785,678 |
| WFMS 2003-O 5A1 | (a) | 255,859 |
| WOART 2006-A A4 | (a) | 866,269 |
| Woodside Finance Ltd 144A | (a) | 1,459,437 |
| WYETH | (a) | 244,404 |
| Xerox Corporation | (a) | 3,099,072 |
| Xstrata Finance Canada 144A | (a) | 120,335 |
| X70 Energy Inc | (a) | 1,582,893 |
| Due to broker for securities purchased | (a) | 630,835 |
| * State Street Short Term Investment Fund | (a) | 44,739,034 |
| Total synthetic investment contracts underlying investments at fair value | | <u>1,175,192,068</u> |
| Wrapper agreements: | | |
| Bank of America, NA | (a) | 1,146,324 |
| Rabobank Nederland | (a) | 859,327 |
| State Street Bank & Trust Co. | (a) | 429,872 |
| Total synthetic investment contracts | | <u>1,177,627,591</u> |
| Guaranteed investment contracts: | | |
| Aegon Institutional Markets/Monumental Life Insurance Company SV-04587Q | (a) | 10,365,727 |
| Aegon Institutional Markets/Monumental Life Insurance Company SV-04639Q | (a) | 2,756,923 |
| Pacific Life Insurance Company G26604.06 | (a) | 7,821,089 |
| Pacific Life Insurance Company G26604.07 | (a) | 14,592,021 |
| Pacific Life Insurance Company G26604.08 | (a) | 8,171,510 |
| Principal Life Insurance Company 5-17671-1 | (a) | 2,082,597 |
| Principal Life Insurance Company 5-17671-2 | (a) | 7,824,483 |
| Principal Life Insurance Company 5-17671-3 | (a) | 10,362,162 |
| Principal Life Insurance Company 5-17671-4 | (a) | 21,789,250 |
| New York Life Insurance Company GA-34201 | (a) | 11,020,286 |
| Metropolitan Life Insurance Company 29640 | (a) | 16,260,012 |
| Total guaranteed investment contracts | | <u>113,046,060</u> |

**J. C. PENNEY CORPORATION, INC.
SAVINGS, PROFIT-SHARING AND
STOCK OWNERSHIP PLAN**

EIN: 13-5583779 Plan #003

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of issue, borrower, lessor, or similar party, description of investment | Cost | Current value |
|---|-------------|--------------------------------|
| Participant loans: | | |
| * Participants loans, interest rates ranging from 4.25% to 10.50% and maturing 2010 through 2014 | (a) | \$ <u>96,068,060</u> |
| | | \$ <u><u>3,380,811,180</u></u> |

* Party-in-interest to the Plan.

(a) Cost omitted for participant-directed investments.

See accompanying report of independent registered public accounting firm.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

J. C. PENNEY CORPORATION, INC. SAVINGS, PROFIT-SHARING AND STOCK OWNERSHIP PLAN

By: /s/ Michael C. Perkins
Michael C. Perkins
Chairman, Benefits Administration
Committee

Date: June 23, 2010

Consent of Independent Registered Public Accounting Firm

The J. C. Penney Corporation, Inc.
Benefit Plans Investment Committee,
Benefits Administration Committee, and
the Human Resources Committee:

We consent to the incorporation by reference in the registration statement (No. 333-33343) on Form S-8 of J. C. Penney Company, Inc. of our report dated June 23, 2010, with respect to the statements of net assets available for benefits of the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan as of December 31, 2009 and 2008, the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2009 which report appears in the December 31, 2009 annual report on Form 11-K of the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan.

/s/ KPMG LLP

Dallas, Texas
June 23, 2010