

J. C. PENNEY COMPANY, INC.
Standards and Procedures for Director Nominations

GENERAL STANDARDS AND PROCEDURES

To be recommended by the Corporate Governance Committee for election to the Board, a nominee must meet the criteria, qualifications and expectations for directors set forth in the Corporate Governance Guidelines approved by the Board, which are posted at www.jcpenney.net.

As provided in the Company's Governance Guidelines, nominees for director will be selected based, among other things, on: (i) character and integrity; (ii) business and management experience; (iii) demonstrated competence in dealing with complex problems; (iv) familiarity with the business of the Company; (v) diverse talents, backgrounds and perspective; (vi) freedom from conflicts of interest; (vii) regulatory and stock exchange membership requirements for the Board; (viii) sufficient time to devote to the affairs of the Company; and (ix) reputation in the business community. In connection with the selection of nominees for Director, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds and experiences. Accordingly, the Corporate Governance Committee will also consider factors such as global experience, experience as a director of a large public company and knowledge of particular industries.

Although not automatically disqualifying, the inability of a candidate to meet the independence and other standards of the New York Stock Exchange ("NYSE") or of the Securities and Exchange Commission ("SEC") will be significant negative factors in any assessment of a candidate's suitability. There must also at all times be at least one director who meets the qualifications required of an "Audit Committee Financial Expert," and at least three directors who are "financially literate," as these terms are defined by applicable regulations of the SEC, and as determined by the Board of Directors.

The Corporate Governance Committee will continue to use a variety of means for identifying potential nominees for director, including the use of outside search firms and recommendations from current Board members and from stockholders. In determining whether to nominate a candidate, the Corporate Governance Committee will consider the current composition and capabilities of serving Board members, as well as additional capabilities considered necessary or desirable in light of existing Company needs.

One or more members of the Corporate Governance Committee may interview, or have an outside search firm interview, a prospective candidate who is identified as having high potential to satisfy the expectations, requirements, qualities and responsibilities for Board membership. The Committee may also elect to contact other sources, including persons serving on other boards with the candidate, as they deem appropriate. Reports from those interviews or from Committee members with personal knowledge and experience with a candidate, resumes, information provided by other contacts and any other information deemed relevant by the Committee are then considered in determining whether a candidate (or which of several potential candidates) should be nominated.

In considering whether to nominate directors who are eligible to stand for re-election, the Corporate Governance Committee considers the quality of past director service, attendance at Board and Committee meetings, compliance with the Company's Corporate Governance Guidelines (including satisfying the expectations for individual directors), as well as whether the director continues to possess the qualities and capabilities considered necessary or desirable for director service, input from other Board members concerning the performance of that director and the independence of the director.

STOCKHOLDER RECOMMENDATIONS/NOMINATIONS

The Corporate Governance Committee, which is responsible for the nomination of candidates for appointment or election to the Company's Board of Directors, will consider candidates recommended by a Company stockholder. A stockholder may, as provided by the Company's Bylaws, nominate a director at an Annual Meeting of Stockholders.

Stockholder Recommendations to Board/Corporate Governance Committee

Generally speaking, candidates recommended by stockholders will be evaluated under the same process as candidates recommended by existing directors, Company officers or third-party search firms. However, the Corporate Governance Committee will additionally seek and consider information concerning the relationship between a stockholder's recommended nominee and that stockholder to determine whether the nominee can effectively represent the interests of all stockholders. Also, except in unusual circumstances, the Corporate Governance Committee will not evaluate a stockholder-recommended candidate unless and until the stockholder advises that the potential candidate has indicated a willingness to serve as a director, to comply with the expectations and requirements for Board service, and to provide all of the information required to conduct an evaluation, including that outlined below.

Stockholder Nomination of Director Candidate at Annual Meeting

Stockholders who wish to nominate a person for election as a director at an Annual Meeting of Stockholders (as opposed to making a recommendation to the Corporate Governance Committee) may do so in accordance with JCPenney's Bylaw procedures, either in addition to or in lieu of making a recommendation to the Corporate Governance Committee. These procedures provide, generally, that stockholders desiring to make nominations for directors must do so by a written notice timely received (not later than 90 days in advance of such meeting) by the Secretary of the Company.

Required Information for Stockholder Recommendation or Nomination

Any recommendation for consideration by the Corporate Governance Committee or notice of intent to nominate a director at an annual meeting of stockholders must contain the name and address of the stockholder, and a representation that the stockholder is a holder of record and, if a notice of intent to nominate at an annual meeting, that the stockholder intends to appear in person or by proxy at the meeting.

The documentation must also set forth the name and address of any recommended director candidate or nominee, all arrangements or understandings between the stockholder and each recommended director candidate or nominee and any other person(s) (naming such person(s)) pursuant to which the nomination(s) are to be made, such other information regarding each recommended director candidate or nominee as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each recommended director candidate or nominee been nominated by the Board, and the consent of each recommended director candidate or nominee to serve.