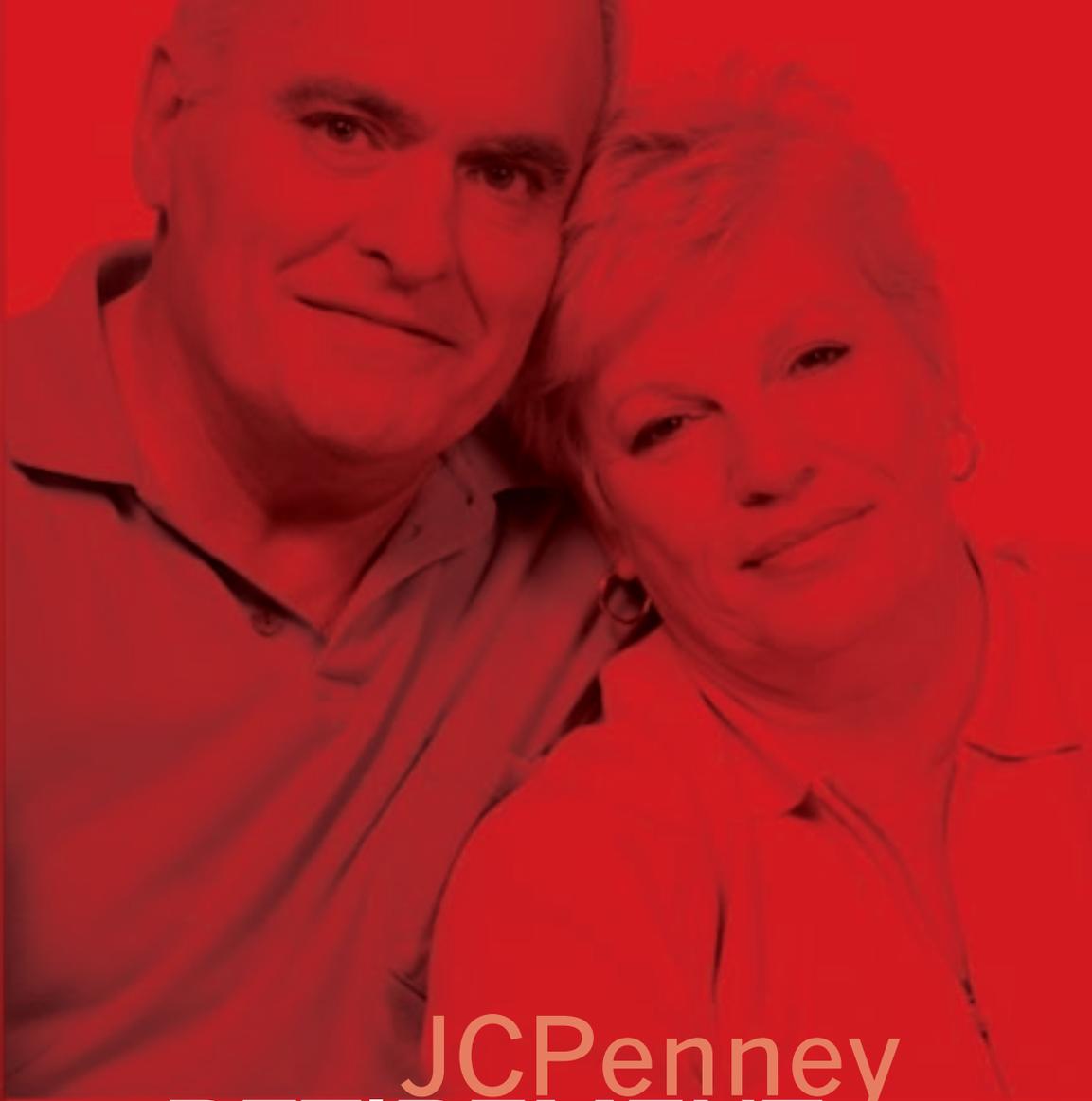
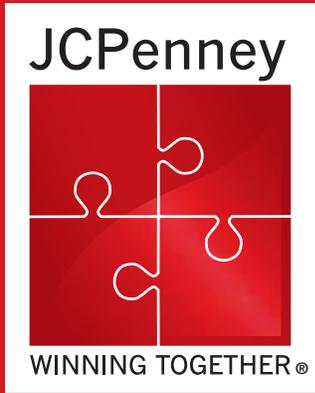


Check Lists
Pension Plan
401(k) Savings Plan
Medical Plan
Dental, Vision and Health
Care Flexible Spending
Accounts
COBRA
Associate-Paid Term Life
Disability
Long Term Care
Additional Benefit Choices
MTO
PTO
Retiree Programs
Other Resources
Action Steps
Social Security
Medicare
Pension and 401(k) Savings
Plan Benefits from Previous
Employers
Personal Savings
Estate Planning
Your Retirement Plan
Payment Options
Optional Forms of Payment
Your Last Day at Work
A To-Do List
How to Start
Your Retirement Action
Check Lists
Pension Plan
401(k) Savings Plan
Medical Plan
Dental, Vision and Health
Care Flexible Spending
Accounts
COBRA
Associate-Paid Term Life
Disability



JCPenney RETIREMENT GUIDE

January 1, 2008



You're Retiring Soon—Congratulations!

Retirement is a big step. You'll be asked to make many important decisions about your JCPenney benefits and your financial security over the next few weeks and months. This guide takes you step-by-step through the JCPenney retirement process. It also provides information about some of the other things you need to know, do and consider to be sure that your retirement starts off right.

HERE'S A QUICK OVERVIEW OF THIS GUIDE

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TIP:
START THE PROCESS
THREE MONTHS OUT

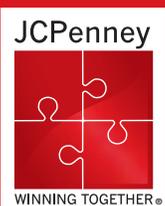
Start the retirement process about three months before you want to stop working. This will give both you and JCPenney enough time to get everything in place for a smooth transition.



HOW TO START THE RETIREMENT PROCESS

There's a lot to think about when it comes to retiring. Here are some tips to get started:

- Tell your supervisor that you plan to retire and provide your retirement date.
- Log on to the PowerLine Web site to review personalized information about all of your retirement and health and welfare benefits. You can access the PowerLine Web site through Your Benefits Homepage from the Associate Kiosk or at www.jcpennypowerline.com from any computer with Internet access.



- You can use the PowerLine Web site to identify the plans in which you currently participate and the resources you can contact for additional information.
- The Retirement Planning section of the PowerLine Web site includes estimated benefit projections for the JCPenney Pension Plan and 401(k) Savings Plan. You can use the modeling tools to get an accurate picture of your needs and income at retirement, project your income based on the form of payment you select or determine how your expenses may change in retirement. You can even complete the entire retirement process online.

TIP:
REMEMBER
YOUR USER ID AND
PASSWORD

For your security, you'll need your user ID and password to access personalized information or modeling tools on the PowerLine Web site. If you don't remember them, visit www.jcpennypowerline.com or call 1-888-890-8900 to request new ones. Don't forget your user ID and password—you'll need them to call or log on after you've retired, too.



HOW TO ACCESS THE POWERLINE WEB SITE

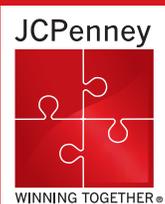
- From work: Your Benefits Homepage from the Associate Kiosk
- From any computer with Internet access: www.jcpennypowerline.com

YOUR RETIREMENT ACTION CHECKLIST

Use the checklist on the next few pages to keep track of what you need to do as you work through the retirement process.

TIP:
USE DIRECT DEPOSIT
AND DIRECT DEBIT

Direct deposit makes receiving retirement plan payments easy and convenient. Direct debit gives you a hassle-free way to pay insurance premiums. To set up direct deposit or direct debit, have your bank or other account information available as you work through the retirement process.



Your JCPenney Benefits

Detailed information about the plan, including eligibility and payment options, is available by visiting the PowerLine Web site and clicking on the "Pension" tab. From here, click on the "Summary Plan Descriptions" link on the right side of the page.

PENSION PLAN

WHAT YOU NEED TO KNOW

- If you're vested in the plan, you'll receive a pension benefit.

Important: Choose your retirement date carefully. Your age and years of service have a big impact on the amount of your benefit.

WHAT YOU NEED TO DO

- Choose the type of payments you want, as well as how and when you want to receive payments.
- Return the required forms at least 15 days before your retirement date to make sure that your payments won't be delayed.
- Have your bank or other account information available to set up direct deposit.
- Visit the PowerLine Web site for more information.

401(k) SAVINGS PLAN

WHAT YOU NEED TO KNOW

- Your plan contributions stop when you retire.
- You'll receive information from PowerLine about your distribution options shortly after PowerLine receives notice from your unit of your retirement.
- You can leave your money in the plan, take a portion or all of it in cash or roll over a portion or all of it into an IRA or eligible employer plan.
- If your account balance is \$1,000 or less at the time of your retirement, you'll automatically receive a lump-sum cash distribution of your account balance.
- You must pay back plan loans within 45 days of the date you leave JCPenney or the outstanding balance will become taxable income. This will be reported to you on a 1099-R form to be filed with your federal tax return. You may continue loan repayments if your employment ends because your work unit closed.
- You'll continue to choose how to invest any money you leave in the plan.
- By law, minimum required distributions will be made at age 70½ if you have funds in the plan at that time.

WHAT YOU NEED TO DO

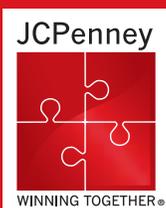
- Learn about your distribution options. Contact a financial and/or tax advisor for assistance in planning your retirement income.
- Choose how and when you want to take money out of the plan.

MEDICAL & DENTAL PLAN

WHAT YOU NEED TO KNOW

If you were hired or rehired before January 1, 2002, you (and/or your spouse/DP or other dependents) are eligible for Medical and/or Dental Plan coverage as a retired Associate if, on the date your employment ends:

- You are at least age 55
- You are under age 65 (for medical coverage only)



Important:

- **If you're eligible for retiree medical and/or dental coverage, and you don't enroll now, you can enroll later if you can provide proof of other creditable coverage from the time your employment ended until you request coverage.**
- **If you enroll now but drop your coverage or become ineligible for coverage in the future, you will not be able to reenroll.**

- You are a participant in the Medical and/or Dental Plan, as applicable, or can provide proof of other creditable coverage from the time your employment ended until you request coverage under the Medical and/or Dental Plans
- You have completed at least 10 years of total service, with five consecutive years immediately before your employment ends, and
- Your age plus your years of total service are equal to 80 points or more (unless you are disabled).
- Detailed information about the plan, including eligibility, is available by visiting the PowerLine Web site and clicking on "Benefits Books" in the left menu. Click on "View Summary Plan Descriptions" link.
- If you choose not to enroll in the JCPenney Retiree Dental Plan, coverage will end on the last day of the month in which your employment ends.

You and/or your spouse/DP will not be able to enroll for Medical Plan coverage if you or your spouse/DP is over age 65. When you and your covered spouse/DP have both turned age 65, your children will lose coverage.

Alternatively, you may choose to continue coverage under COBRA rather than immediately enroll in the Medical and/or Dental Plans as a retiree. **However, if you or your dependents elect COBRA continuation coverage you or your dependents will not be able to enroll in the Medical and/or Dental Plans as a retiree at any later date.**

- Your monthly premium may be deducted from your monthly pension payment. If you won't be receiving pension payments, or if your payment doesn't cover your premium amount, you'll be billed—or you can sign up for direct debit.
- When you reach age 65 your medical coverage will end. It's important to sign up for Medicare to receive full plan benefits. (See page 8.)

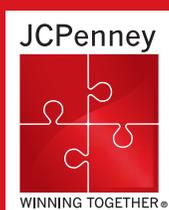
WHAT YOU NEED TO DO

- Find out if you're eligible to enroll.
- Decide if you want to enroll.
 - If you don't want to enroll, you may temporarily continue your coverage through COBRA. (See below.)
- Estimate your premium for retiree medical coverage on the PowerLine Web site.
- Enroll before your retirement date.
- Have your bank or other account information available to set up direct debit.
- Visit the PowerLine Web site for more information.

VISION

WHAT YOU NEED TO KNOW

- Vision coverage ends on the last day of the month in which your employment ends and is not available after you retire.



HEALTHCARE FLEXIBLE SPENDING ACCOUNT

WHAT YOU NEED TO KNOW

- Health Care Flexible Spending Account (FSA) coverage ends on the date your employment ends. You may be able to continue coverage under COBRA (see below).
- You may submit spending account claims for expenses that you incurred before your retirement date—until June 30 of the following year. To request a claim form, contact your current Medical Plan carrier. Call Cigna at **1-800-560-1379** or United Healthcare at **1-800-765-6741**.

WHAT YOU NEED TO DO

- File any outstanding Health Care Flexible Spending Account claims.
- See COBRA (below).

COBRA

WHAT YOU NEED TO KNOW

- If you decide not to enroll in the JCPenney Retiree Medical and Dental Plan, you may temporarily continue your medical and dental coverage—as well as your Health Care Flexible Spending Account contributions—through COBRA for up to 18 months.
- If you continue your medical coverage through COBRA, you will not be able to enroll in the Medical and/or Dental Plans as a retiree at a later date.
- You may temporarily continue your coverage/participation in the Healthcare FSA with after-tax dollars through COBRA for the remainder of the current plan year.

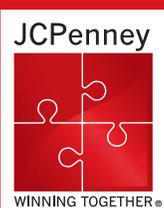
WHAT YOU NEED TO DO

- Decide if you want COBRA coverage.
- Enroll when you receive your COBRA enrollment materials in the mail.
- Have your bank or other account information available to set up direct debit.
- Visit the PowerLine Web site for more information.

ASSOCIATE-PAID TERM LIFE INSURANCE

WHAT YOU NEED TO KNOW

- You and your spouse/DP may be able to continue Associate-Paid Term Life Insurance coverage when you retire. To continue, you and/or your spouse/DP:
 - Must be a participant in the plan on your retirement date.
 - Must also be at least age 55 (but under age 70).
 - Have completed at least 10 years of total service (the last five of which were continuous and uninterrupted)
 - Must not be totally disabled, and
 - Your age plus years of total service must equal 80 or more.
- You'll be mailed a conversion notice, which will allow you to convert your Associate-Paid Life Insurance coverage to an individual policy. If you have questions after you receive the notice, contact MetLife at 1-877-ASK-MET7 (1-877-275-6387).
- Business Travel Accident Insurance and Accidental Death and Dismemberment Insurance coverage ends on your last day worked and is not available after you retire.



WHAT YOU NEED TO DO

- Decide if you want to continue your current coverage, if eligible.
- To convert your Associate-Paid Term Life Insurance coverage to an individual policy, contact MetLife at **1-877-ASK-MET7 (1-877-275-6387)** to request the conversion within 31 days from the date coverage ends.
- Visit the PowerLine Web site for more information.

SUPPLEMENTAL LIFE INSURANCE (T-600)

WHAT YOU NEED TO KNOW

- The T-600 Plan is available only if you were employed and enrolled before April 1, 1982.
- You may surrender your paid-up insurance of its cash value or receive a certificate for the amount of your paid-up insurance.
- If your employment ends before you reach age 60, you may convert all or part of your coverage that is not paid-up to an individual policy.
- You have 31 days after your employment ends to convert your coverage.

WHAT YOU NEED TO DO

- Find out if you have this coverage by reviewing your current coverage on PowerLine:
 1. Go to Your Benefits Homepage from the Associate Kiosk
 2. Click on Health Care in the left menu, and
 3. You'll see the "Review Coverage" link.
- Decide if you want to receive the cash value or convert the coverage.
- Call PowerLine at 1-888-890-8900 to request a Supplemental Life Insurance (T-600) Election Form or a Life Insurance Conversion Kit.

DISABILITY

WHAT YOU NEED TO KNOW

- Illness Recovery Time benefits end on the day your employment ends.
- Coverage under Disability Insurance ends on the day your employment ends. Benefits may be payable for any disability that began while you were still employed and covered under the policy.
- If you qualify for Social Security Disability benefits you may be eligible for the JCPenney Medical Plan and Dental Plan coverage if you were enrolled in the JCPenney Medical Plan and Dental Plan for active Associates on the date of disability. You must also have been hired or rehired before January 1, 2002, and have completed at least 10 years of total service (the last five of which were continuous and uninterrupted). Eligibility for Medical Plan coverage ends when you turn age 65.
- Life insurance coverage (Associate-paid and Company-paid) may continue during the period of your disability if you are approved by the insurance provider. When your employment ends, you'll receive a package offering you an opportunity to convert, port your coverage or apply for a premium waiver.
- To determine your eligibility for these benefits, you must notify PowerLine at **1-888-890-8900** as soon as you receive your Social Security Disability Award.

LONG TERM CARE INSURANCE

WHAT YOU NEED TO KNOW

- If enrolled, you may be able to continue coverage by making payments directly to CNA, the Long Term Care Insurance carrier.
- If you don't continue your coverage, it may be difficult, or even impossible, to enroll in another program that has comparable benefits and costs. This is because your premium is based on your age and Evidence of Good Health at the time you enroll in Long Term Care coverage.
- If not enrolled, you and/or your spouse/domestic partner may be able to apply to enroll for up to two years after your employment ends, if on the date your employment ends:
 - You are at least age 55
 - You are Benefits Eligible on the day you retire
 - You have completed at least 10 years of total service, with five consecutive years immediately before your employment ends, and
 - Your age plus your years of total service is equal to 80 points or more (unless you are disabled).You will be required to show evidence of good health.

WHAT YOU NEED TO DO

- Think carefully about continuing your coverage.
- Contact **Continental Casualty Company (CNA)** at **1-800-884-2841**.

ADDITIONAL BENEFITS CHOICES (ABC) PROGRAM BENEFITS

WHAT YOU NEED TO KNOW

- You may continue medical and dental coverage under COBRA up to 18 months. (See page 5.)
- Vision coverage ends on the last day of the month in which your employment ends.
- You may be able to continue your term life, universal life, accident and critical illness insurance.
- You'll be billed each month by the provider for the cost of your coverage.

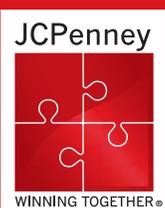
WHAT YOU NEED TO DO

- Review the ABC benefits options. If you're enrolled in an option, determine if it still meets your needs. If you're not enrolled, consider whether you should be.
- Contact ABC at **1-866-337-8417** within 31 days of the date your coverage as an active Associate ends if you want to discuss continuing coverage.

MY TIME OFF (MTO) OR PAID TIME OFF (PTO)

WHAT YOU NEED TO KNOW

- Any unused MTO or PTO Vacation Account Hours will be paid out to you and, where required by state law, unused hours remaining in your Other PTO Account will be paid to you when your employment ends for any reason.
- In addition, if you were PTO-eligible during the year and your employment ends due to retirement, permanent and total disability, permanent reduction in force, approved unit closing, death or your employment ends for any reason on the last day of the year, you may be eligible for Special Bonus Hours based on a prorated factor determined by your Benefits Eligible Service Months and the number of months you were PTO-eligible in the year of your termination



Retirement for purposes of the Paid Time Off Policy is defined as:

- Age 55 or later with at least 15 years of service (as defined below), or
- Age 60 or later if you were a participant in the J.C. Penney Corporation, Inc. Pension Plan (Pension Plan) prior to January 1, 1989 (regardless of your years of service, as defined below), or
- Age 65 or later, and you have satisfied the eligibility requirements to become a participant in the Pension Plan.

For retirement purposes, “service” means your total period of employment with J.C. Penney Corporation, Inc. and its subsidiaries, including leaves of absences, certain service in the U.S. Armed Forces, periods when you are credited with Social Security Disability service and any period after your employment with the Corporation ends, as long as you are rehired within 365 days.

WHAT YOU NEED TO DO

- Review your MTO/PTO account on the Associate Kiosk before your last day of employment to ensure that your account is correct.
- If you discover an error in your account, call PowerLine at **1-888-890-8900** and say “Paid Time Off” when prompted.

GOLD CARD DISCOUNT PROGRAMS

WHAT YOU NEED TO KNOW

- You are eligible for the JCPenney Gold Card discount program if, on the date you retire, you have completed at least 10 years of service with the Company or any of its participating employers, and your age plus your years of total service are at least 65.
- Your Active Discount Card will remain valid for 30 days after your last day of employment with JCPenney.

WHAT YOU NEED TO DO

- Nothing. If you’re eligible, you’ll receive a new Gold Card in the mail approximately four weeks after your retirement date.

Other Resources/Action Steps

SOCIAL SECURITY

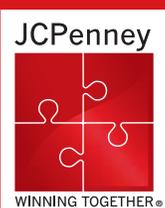
WHAT YOU NEED TO KNOW

- You may begin receiving a reduced benefit as early as age 62. This is a permanent reduction to your benefit. You may be entitled to a full unreduced benefit if you begin to receive your benefit between ages 65 and 67, depending on your birth date.

WHAT YOU NEED TO DO

- Apply for benefits.
- Visit **www.ssa.gov** or call **1-800-772-1213**.

Important:
Apply for Social Security benefits three months before you want benefits to begin to ensure that your benefits will begin when you need them.



MEDICARE

WHAT YOU NEED TO KNOW

- You're eligible to receive Medicare benefits when you reach age 65.
- You can get the most from your Medicare benefits by learning what Medicare covers and by taking advantage of all that Medicare has to offer. Medicare has the following parts:
 - **Medicare Part A** (Hospital Insurance) helps cover your inpatient care in hospitals. Part A also helps cover skilled nursing facility, hospice and home health care if you meet certain conditions.
 - **Medicare Part B** (Medical Insurance) helps cover medically-necessary services like doctors' services and outpatient care. Part B also covers some preventive services to help maintain your health and to keep certain illnesses from getting worse.
 - **Medicare Part C** (Medicare Advantage Plans) is another way to get your Medicare benefits. It combines Part A, Part B, and, sometimes, Part D (prescription drug) coverage. Medicare Advantage Plans are managed by private insurance companies approved by Medicare. These plans must cover medically-necessary services. However, plans can charge different co-payments, coinsurance or deductibles for these services.
 - **Medicare Part D** (Medicare Prescription Drug Coverage) helps cover prescription drugs. This coverage may help lower your prescription drug costs and help protect against higher costs in the future.
- You need to enroll within three months before you reach age 65. If you wait, you may have to pay a **permanent premium penalty for every month that you wait.**

WHAT YOU NEED TO DO

- Enroll in Medicare three months before you reach age 65.
- For information about Medicare, visit www.medicare.gov or call **1-800-MEDICARE (1-800-633-4227)**.
- Consider whether you also want Medigap Insurance. This coverage is available from many insurers, and it covers expenses that are not covered by Medicare

PENSION AND 401(k) SAVINGS PLAN BENEFITS FROM PREVIOUS EMPLOYERS

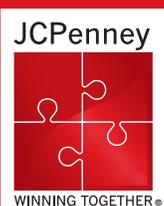
WHAT YOU NEED TO KNOW

- Are you eligible for pension plan benefits from past employers?
- Do you have balances in past employers' 401(k) savings plans?

WHAT YOU NEED TO DO

- Consider these benefits in your planning.
- Decide how and when you want your benefits to be paid.
- Contact your former employers and/or financial institutions.
- If you want to make your accounts simple, any balances you have in past employers' 401(k) plans or rollover IRA accounts can be rolled into your JCPenney Savings Plan or a rollover IRA. Consult your tax advisor for more information.

Important:
Because tax rules on payments are very complex, you should consider talking with a qualified financial advisor about your personal situation.



PERSONAL SAVINGS

WHAT YOU NEED TO KNOW

- Your personal savings, including bank accounts, IRAs, brokerage accounts and other investments, are additional sources of retirement income.

WHAT YOU NEED TO DO

- Factor these savings into your planning.
- Contact your financial institutions to make any changes or request withdrawals.

ESTATE PLANNING

WHAT YOU NEED TO KNOW

- An estate plan ensures that you and your beneficiaries receive the maximum value from your hard-earned money—both before and after your death.
- You should consider having a will, living trust, durable power of attorney, power of attorney for health care and/or a living will.
- Estate planning is for everyone, not just wealthy people.

WHAT YOU NEED TO DO

- Gather and review all your financial records, current will, etc.
- Contact an attorney and a financial/tax advisor.

YOUR RETIREMENT PLAN PAYMENT OPTIONS AND CONSIDERATIONS

You'll be asked to choose among several Pension Plan and 401(k) Savings Plan payment options as part of the retirement process.

You may have to pay income taxes on your Pension Plan payments and any money you take out of the 401(k) Savings Plan. Under current federal law:

- You can continue to defer income taxes until you reach age 70½ by rolling over lump-sum payments into an IRA or another tax-qualified plan.
- Twenty percent of lump-sum payments must be withheld for federal tax purposes—unless you roll eligible amounts over directly into an IRA or another eligible retirement plan. The amount that's withheld goes directly to the Internal Revenue Service, so it will be subtracted from what you owe in income taxes for the year in which you took the lump sum.
- If you leave the Company before you reach age 55, take a distribution and don't roll over any lump sum that you take before you're age 59½, you may owe an extra 10 percent tax penalty in addition to your regular income taxes. This is an early withdrawal penalty.
- You may roll over partial payments from the 401(k) Savings Plan.

Following are some things to consider as you think about what types of payment options might be best for you. Some options may vary or not be available for the 401(k) Savings Plan.

If you:	What to Consider:
Defer Payment	<ul style="list-style-type: none"> • Can you live comfortably now if you defer your benefits? Can your personal savings or other sources of income meet your needs in the meantime?
Take a Lump-Sum Payment	<ul style="list-style-type: none"> • If you take your payment in cash, how will the tax bite affect your retirement security? • What are the benefits of rolling over the lump sum directly into an IRA? • Will tax-deferred growth improve your retirement security? • Will you be in a lower tax bracket in a few years and be able to pay lower taxes on the money you withdraw from an IRA?

PAYMENT OPTIONS UNDER THE 401(k) SAVINGS PLAN

Your payment options depend on whether you are 100 percent vested in the value of your Company contributions when your employment ends.

If you are 100 percent vested, you may choose to receive your account balance as one or any combination of the following:

- A lump sum distribution
- Partial withdrawals (of at least \$100) of your account at anytime, or
- Monthly payments of at least \$100.

If you are not 100 percent vested in your Company contributions, your only payment option is a lump sum distribution. Partial withdrawals will not be available.

When your employment ends, if your vested account balance (including dividends and outstanding loans) is more than \$1,000, your balance will remain invested in the 401(k) Savings Plan until you take action. You can request a distribution or a rollover by logging on to www.jcpenneypowerline.com.

FORMS OF PAYMENT UNDER THE PENSION PLAN

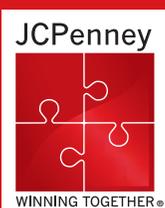
NORMAL FORM OF PAYMENT

The normal form of payment for you depends on whether you are married on the later of:

- Your Benefit Commencement Date, or
- The date you file your election with PowerLine.

If you are not married—The normal form of payment is a monthly benefit paid to you for your lifetime. After your death, no further payments are made. This is called a Single Life Annuity.

If you leave the Company on or after age 65 and do not elect the normal form of payment or an optional form of payment, your benefit will begin as a single life annuity.



If you are married—The normal form of payment is a monthly benefit paid to you for your lifetime. Following your death, 50 percent, 75 percent or 100 percent of that amount (as you choose) is paid to your spouse, if surviving, for his or her lifetime. This is called a Qualified Joint and Survivor Annuity.

The monthly benefit for a joint and survivor annuity is reduced so that 50 percent, 75 percent or 100 percent of your monthly benefit payment continues after your death for your spouse's lifetime. Your spouse's consent is not required if you elect a qualified joint and survivor annuity.

If you leave the Company on or after age 65 and do not elect a joint and survivor annuity percentage or an optional form of payment, your benefit will begin as a 50 percent joint and survivor annuity.

You may want to receive your benefit in some other form. If you qualify, you can choose an optional form of payment. All optional forms of payment are actuarially equivalent to the single life annuity benefit available when you commence payments.

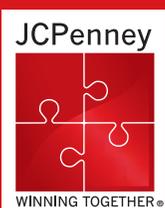
Single Life Annuity with Payments Certain—You receive a monthly payment for life with the guarantee that after your death your beneficiary receives any payments you had not received within a guaranteed time period. You can choose a guaranteed time period of 60 months (5 years), 120 months (10 years), 180 months (15 years) or 240 months (20 years). If you survive the guaranteed time period, your beneficiary will not receive any payment. If the monthly benefit that becomes payable to your beneficiary is \$100 or less, your beneficiary will receive an immediate lump sum payment that is actuarially equivalent to the remaining payments.

Payments under this optional form of payment continue to you for life, even if you live longer than the guaranteed time period you elected. The number of payments received by your beneficiary will not be more than the number of payments you elected less the number of monthly payments actually made to you. You may not elect a payment period longer than your life expectancy.

Level Income Option—This option allows you to increase your monthly Pension Plan benefit before you begin receiving Social Security, and decrease your monthly Pension Plan benefit after you begin to receive Social Security, to provide you with a more level monthly income throughout your retirement. This option cannot be elected if you are receiving Social Security Disability Benefits. It is possible for your Pension Plan benefit to decrease to zero once you begin receiving Social Security payments.

If you choose this option, you must contact the Social Security Administration for an estimate of your Social Security benefit and send this estimate to PowerLine. The estimate must be less than one year old. PowerLine will then calculate and give you your monthly payment amounts under this option.

Joint and Survivor Annuity with Payments Certain—You receive a monthly payment for your lifetime. If you die within the payment certain period—120 months (10 years), 180 months (15 years) or 240 months (20 years)—your spouse will receive 100 percent



of your monthly payment until the end of the guaranteed period. After that guaranteed period ends, your spouse receives 50 percent, 75 percent or 100 percent (as you choose) of the monthly payment for the rest of his/her life.

If both you and your spouse die before the end of the guaranteed period, the remaining monthly payments in the same amount will be made to your contingent beneficiary(ies) until the end of the guaranteed period. If the last surviving beneficiary dies before the end of the guaranteed period, any remaining payments will be converted into an immediate lump sum and paid to the estate of the last surviving beneficiary.

If you and your spouse die after the end of the guaranteed period, no benefits are payable to your contingent beneficiary(ies).

This form of payment is available only if you:

- Are married
- Name your spouse as your sole primary beneficiary
- Are over age 55 when your employment ends
- Leave the Company after March 31, 1995, and
- Begin receiving payments after March 31, 1995.

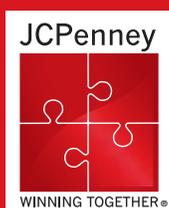
Lump Sum Option—You can choose to receive a single lump sum payment if the total present value of your benefit exceeds \$1,000, but your monthly payment which is payable in the form of a single life annuity does not exceed \$100 on the latest to occur:

- Your 55th birthday
- The date you leave the Company, or
- Your age 70½ Benefit Commencement Date.

Retirement Payment Process

Events	Timing
Tell your supervisor that you plan to retire and provide your retirement date	When you feel it is appropriate, but at least 2 weeks before your intended retirement date
Start the retirement process by logging on to Your Benefits Homepage from the Associate Kiosk or www.jcpenneypowerline.com . Or call PowerLine at 1-888-890-8900	30 to 90 days before you want your first benefit payment
Receive a retirement package at your home. Pension election forms will be included in the package	Within 5 days after you notify PowerLine
Make your election and return your properly completed paperwork to PowerLine	No later than 60 days from the date your statement in the retirement package is mailed or the date you want your payments to start, whichever is later
Receive your benefit payment	Payments will begin as soon as administratively possible after PowerLine receives your properly completed Pension Election Authorization Form, usually 2 to 3 weeks from your last active paycheck*

* **Note:** Payments cannot be made any earlier than 10 days after the statement date printed on the Confirmation Statement and Authorization Form or before your payment start date shown on the forms.



You may delay receiving a lump sum benefit of more than \$1,000 until your normal retirement date. But, if your monthly benefit at that time is more than \$100, you will not be eligible for the lump sum option. Instead, you must receive a monthly benefit.

MANDATORY LUMP SUM PAYMENT

If the value of your retirement benefit is \$1,000 or less, and if the amount of your monthly retirement benefit payable in the form of a single life annuity beginning on the first of the month following the later of your 55th birthday or the date you leave the Company does not exceed \$100 (and payment of benefits has not started), your benefit is automatically paid as a lump sum. You cannot elect another form of benefit.

DEADLINE TO RETURN YOUR PENSION ELECTION AUTHORIZATION FORM

For your benefit to begin, your Pension Election Authorization Form (including any required consent from your spouse) must be properly completed, signed, dated and received by PowerLine by the later of the Benefit Commencement Date requested by you or 60 days from the date it was mailed to you. In addition, you must be alive on your payment start date.

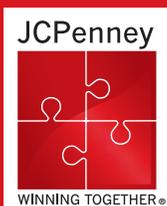
YOUR LAST DAY AT WORK: A TO-DO LIST

Here's a list of what you need to do before you leave work on your last day.

- Make sure your home address, telephone number(s) and marital status are correct on the Associate Kiosk. Go to the Associate Kiosk and click on the **Personal Data (View/Update)** tab under Associate Self-Service.
- Complete and submit your expense reports.
- If you're currently carrying either a JCPenney Purchasing Card or a GE Travel Card, be sure the balance is zero. The card will be inactivated when your termination code is entered in the Human Resource System. No action is required by you.
- Cancel your subscriptions.
- If you're a Manager, complete or update employee evaluations.
- Check the PowerLine Web site and update the names and addresses of your beneficiaries.

TIP:
**REMEMBER
TO REPORT
ADDRESS CHANGE**

After you retire, don't forget to let JCPenney know when your address changes. To report an address change, visit the PowerLine Web site at www.jcpenneypowerline.com or call 1- 888-890-8900 and ask to speak with a specialist. You'll need your user ID and password.



FINAL PAY

Your final check will be processed with normal payroll (unless state law requires immediate payment).

- Your final check will include any MTO/PTO payable to you.
- If you're purchasing Savings Bonds, payroll will generate a refund for any partial amount left in your fund.
- Your final check will be a paper check rather than a direct deposit. This will be mailed to your home address.
- For final pay questions, please call your store or unit.

This guide provides a summary of the Company's retirement benefits. This guide does not supersede the description of benefits contained in the plan documents. In the event of any discrepancy between this guide and the plan documents, the plan documents will govern. The Company retains the right to make changes to the plan at any time.



Every Day Matters™