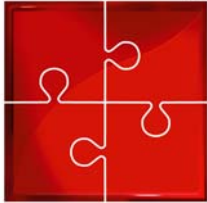


# JCPenney Benefit Restoration Plan

*Plan Highlight - For benefits beginning after December 31, 2007*

JCPenney



WINNING TOGETHER

## Your Eligibility

- You're eligible for the Benefit Restoration Plan (BRP or Plan) if you're eligible for a benefit under the Pension Plan, and your pension benefit is affected by the government-imposed limit on the amount of annual pay (\$230,000 for 2008) that can be used to calculate your pension benefit and/or the annual dollar limit on benefits you can accrue in the Pension Plan (\$185,000 for 2008).
- You're eligible for the Pension Plan if you're at least age 21, have one year of service in which you worked 1,000 hours and your latest hire date is before January 1, 2007.

## How to Enroll

- Participation is automatic. You do not need to enroll.

## Contributions

- No employee contributions are allowed. Benefits are unfunded and paid by the Company.

## Vesting

- You vest in your BRP benefit after 5 years of vesting service. You're 0% vested before completing 5 years of vesting service.
- You also become vested if you (1) reach age 65 as an active Associate, (2) reach age 60 as an active Associate and you were a participant in the Pension Plan before January 1, 1989, or (3) reach age 60 as an active Associate and you were a participant in the JCPenney Financial Services Pension Plan at any time.
- Depending on your years of service, you may be credited with up to two years of "additional years of age and service" that count solely toward making you eligible for early or normal retirement if your employment ends because of a qualified unit closing.

## Benefits

- Your possible BRP benefit is the difference between (1) the Pension Plan calculation with the government imposed limit on pay and the dollar limit on benefits and (2) the Pension Plan calculation without those limits.
- If your employment ends due to a summary dismissal, or if you resign instead of receiving a summary dismissal, you lose the right to all benefits under the BRP.

## Distributions

- With the exception of specified employees, as described in the next bullet, your BRP benefit will be paid in the form of five annual installments with the first payment beginning on the first of the month following your separation from service. Later payments for all participants, including specified employees, will be paid on the anniversary date of the first day of the month after you separate from service.
- Specified employees will receive their first installment payment beginning on the first day of the seventh month following your separation from service. Specified employees are the top 50 officers earning compensation in excess of \$130,000 (as indexed annually).
- The total amount of your five annual installments involves a present-value calculation based on an interest rate and mortality table required for the Pension Plan by the Pension Protection Act of 2006.
- Distributions must continue for participants in pay status who are rehired.

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- A single lump sum payment will be issued to you if the aggregate amount of your BRP and Supplemental Retirement Program (SRP) balance totals \$15,500 or less (as indexed annually), and you do not have a Mirror Savings Plan balance.
- If you're married at the time of your death and die while you're employed, your spouse will receive your installment payments. If you're not married and you die while you're employed, no BRP benefit will be paid to your estate or heirs.
- In the event of your death after benefit payments have begun, any remaining installment payments will be paid to your beneficiary.

## Taxes

- Plan payments are subject to federal income taxes and applicable state taxes each year you receive an installment payment.
- FICA and Medicare taxes related to your entire benefit amount will be withheld from your first installment payment.
- Plan payments are not eligible for rollover or special tax treatment such as income averaging.
- This document is not intended to provide personal tax or financial advice. Please contact your personal tax or financial advisor for personal tax or financial information.

## Claims and Appeals

- If you believe you have been improperly denied a benefit or eligibility for the Plan, in whole or in part, you or your representative should submit your written claim to the JCPenney Benefits Determination Review Team (BDRT) at 100 Half Day Road, Lincolnshire, IL 60069-1407. Your written claim should include the name of the Plan, the reasons you believe your eligibility or benefits may have been improperly denied and the Plan provision on which your claim is based. You may submit your claim on the Claim Initiation Form, available by calling PowerLine at 1-888-890-8900.
- The BDRT will respond within 60 days of receipt of your claim (or within 120 days when special circumstances require more time). You'll be notified before the end of the 60-day period if an extension is required.
- If your claim is denied, in whole or in part, the BDRT will provide you with a written claim denial containing information concerning the Plan provision on which the denial is based, any additional information you may need to provide to perfect your claim, any relevant documents or information reviewed in making its decision, your appeal rights, and your right to file suit under the Employee Retirement Income Security Act of 1974 (ERISA).
- If your claim is denied, you may appeal in writing to the Benefits Administration Committee (BAC) within 60 days after you receive notice of your denied claim. To submit your appeal, write to the Benefits Administration Committee, J.C. Penney Corporation, Inc., 6501 Legacy Drive, MS 8802, Plano, Texas 75024. Your written appeal should include the name of the Plan, the reasons you believe your eligibility or benefits may have been improperly denied, and the Plan provision on which your appeal is based.
- Before submitting your appeal, you may request access to, or a copy of, any relevant documents or information relied upon by the BDRT in making its determination.
- You may also supply the BAC with additional comments, records or new information you want to be considered as part of your appeal.
- The BAC will notify you of its final decision in writing within 60 days of receipt of your appeal (or within 120 days when special circumstances require more time). You'll be notified before the end of the 60 day period if an extension is required.
- A denial will cite the Plan provision on which the decision was based, notify you of your right to request any document or information relevant to your appeal, and notify you of your right to file suit under ERISA.
- You must complete all levels of the claims and appeals process before you can pursue an ERISA claim in court.
- The decision of the BAC is final and binding on you and anyone filing a claim for you or through you (example a beneficiary).

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## Further Information

- The Plan is an unfunded non-qualified deferred compensation plan intended to cover a select group of management or highly compensated employees as provided under ERISA.
- This document highlights the main features of the Plan and is not intended to explain all aspects of the Plan in detail. Because this document only provides highlights of the Plan, your rights and obligations are governed exclusively by the legal Plan document. The Plan document for the Plan will govern over any inconsistency with this highlight document.
- For more information about the Plan or to make a beneficiary designation, log onto [www.jcpennypowerline.com](http://www.jcpennypowerline.com) or call PowerLine at 1-888-890-8900.
- For a copy of the Plan document write to **Attention: Benefits Division**, J.C. Penney Corporation, Inc., 6501 Legacy Drive, Mail Stop 1104, Plano, Texas 75024. Your request should include the full name of the Plan: JCPenney Benefit Restoration Plan.

Updated April 2008