

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

Please review the following Mirror Plan Highlights. Contact PowerLine at 1-888-890-8900 if you have questions.

Your Eligibility

For Associate Deferrals

- **Time of Hire:** if you are hired in 2009, your base pay rate must exceed \$110,000 in the calendar year you’re hired.
- **Annual Recheck:** Your actual pay through October 31, projected pay through December 31, plus any incentive compensation paid to you in that year, must exceed \$105,000 in subsequent years of employment.

For Employer Contributions

- **Company Match:** To receive the fixed Mirror Plan Company matching contribution, you must be age 21 or older and have one year of employment in which you worked at least 1,000 hours.
- **Discretionary Match:** To receive discretionary Company matching contributions, you must be eligible for a Company matching contribution and also be employed on December 31 of the plan year.
- **Retirement Account:** To receive Retirement Account contributions, you must have a hire or re-hire date on or after January 1, 2007, must be age 21 or older and have one year of employment in which you worked at least 1,000 hours. (Associates hired before January 1, 2007 are not eligible for the Retirement Account contribution. They’re eligible for the Pension Plan.)

How to Enroll

- **Time of Hire:** You must make your election to defer within 30 days of your hire date.
- **Annual Election:** For subsequent years of employment, you must make your election by December 31 of the year before your pay is earned. For example: make your election for 2009 earnings by December 31, 2008.

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- **Rehires:** Special rules on eligibility, enrolling and distributions apply to rehires - contact PowerLine at 1-888-890-8900 for further information.

Your Associate Deferral Elections

- You may elect to defer up to 14% of your first \$245,000 of pay and up to 75% of your pay over \$245,000.
- Elections can be made for regular pay and/or incentive compensation earned in the current year and paid in the following year.

Any election to defer into the Mirror Savings Plan for 2009 cannot be changed or cancelled after December 31, 2008 and will remain your election for the 2009 calendar year. So make your election carefully!

Company Contributions

- **Company Match:** The fixed match is equal to 50% of your deferrals on up to 6% of your pay over \$245,000 and is credited to your account after each payroll period in which a deferral is taken.
- **Discretionary Match:** The Human Resources and Compensation Committee of the Board of Directors may, in its discretion, approve an additional discretionary matching contribution after the close of the Company’s fiscal year. A discretionary matching contribution will be credited to your account the following plan year if you were employed on December 31.
- **Retirement Account:** If you were hired or rehired on or after January 1, 2007 and are eligible, you’ll receive a retirement account contribution that is equal to 2% of your pay over \$245,000. This contribution is credited to your account the following plan year after it is earned if you were employed on December 31.
- If your employment ends before December 31 of a plan year due to a summary dismissal or resignation in lieu of a summary dismissal, you will not receive any Discretionary Match or Retirement Account contributions.

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- If your employment ends before December 31 of a plan year, you’ll only receive a partial Discretionary Match or Retirement Account contribution in the following year if you terminated employment due to:
 - Retirement either (i) at age 65 or later, or (ii) if you are age 55 and have at least 15 years of service with the Company
 - Qualify for Social Security disability benefits while working for a participating employer
 - Job Restructuring, Unit Closing or Permanent Reduction in Force
 - Your death

Vesting

You are always 100% vested in all contributions you make into the Plan.

Your vesting in the Company contributions depends on when the contribution was made:

- **Company Match and Discretionary Match**
 - For contributions made for plan years prior to 2007, you vest at a rate of 20% per year, which means you need 5 years of vesting service to be 100% vested in those contributions.
 - For contributions made for plan years 2007 and after, you are 100% vested after 3 years of service. You are 0% vested before completing 3 years of service.
 - You’ll also be 100% vested if your employment terminates due to:
 - Retirement at age 65 or later
 - Qualifying for Social Security disability benefits while working for a participating employer
 - Job Restructuring, Unit Closing or Permanent Reduction in Force
 - Your death

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

▪ **Retirement Account**

- You are 100% vested in your Retirement Account contributions after 3 years of service. You are 0% vested before completing 3 years of service.
- You’ll also be 100% vested if your employment terminates due to:
 - Retirement at age 65 or later
 - Qualifying for Social Security disability benefits while working for a participating employer
 - Job Restructuring, Unit Closing or Permanent Reduction in Force, or
 - Your death

Investments

- The investment “fund” options are found on the PowerLine Web site.
- Make your investment elections on the PowerLine Web site.

Your Accounts

- Your accounts are made up of your deferrals, Company contributions and earnings on your investments.
- Your deferrals, Company contributions and earnings are credited to your accounts.
- To view the balance in your accounts, check the PowerLine Web site.
- Your accounts are updated on a daily basis.

Distributions

- You’ll be eligible for a distribution from your accounts when you leave the Company.
- If your accounts are valued at more than \$16,500, or if you are owed benefits from the Supplemental Retirement Program (SRP) or the Benefit Restoration Plan (BRP), you’ll be paid in the form of five annual installments.

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- The first payment will be made on the first day of the month following your separation from service unless you are a Specified Employee¹ or a beneficiary of a Specified Employee¹.
- Subsequent 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.
- If your account balance is valued at \$16,500 or less (as indexed by the Internal Revenue Service) at the time of your separation from service, and you don't have a benefit payable to you from the Supplemental Retirement Program (SRP) or the Benefit Restoration Plan (BRP), your account will be distributed in the form of a single Lump Sum payment on the first day of the month following your separation from service, unless you are a Specified Employee¹.
- If you die and have completed a beneficiary designation election form with PowerLine, a distribution will be made to your designated beneficiary. If no beneficiary has been designated, the beneficiary will be deemed to be the Spouse for a married Participant and the estate for a single Participant. Distribution rules above apply to your estate or beneficiary.
- In the event you request of an Unforeseeable Emergency (as defined in Internal Revenue Code) distribution and your distribution request is approved, you'll receive a lump sum distribution from the Plan up to the amount necessary to meet your severe financial hardship.

Taxes

- Benefits paid to you or your beneficiary is subject to federal income taxes and state taxes in the year that you or your beneficiary receives payment.
- Benefit payments from the Plan are not eligible for special tax treatment or roll-overs.

¹ *Six-Month Delay for Specified Employees – The first payment to the top 50 officers earning compensation in excess of \$160,000 (as indexed annually) may not be made before the earlier of the date of death or on the first day of the seventh month following your separation from service.*

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- 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:

JCPenney - Benefits Determination Review Team (BDRT)

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 180 days after you receive notice of your denied claim. To submit your appeal, write to

Benefits Administration Committee

J.C. Penney Corporation, Inc.

6501 Legacy Drive

MS 8802

Plano, Texas 75024

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- 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 or appeal for you or through you (for example a beneficiary).

More 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 document.
- For more information about the Plan or to make an election, log onto www.jcpennypowerline.com or call PowerLine at 1-888-890-8900.

JCPenney Mirror Savings Plan (“Plan”)

Plan Highlights, Effective January 1, 2009

- To request a copy of the Plan document, include the full name of the Plan — JCPenney Mirror Savings Plan —and write to:

Attention: Benefits Division

J.C. Penney Corporation, Inc.

6501 Legacy Drive

Mail Stop 8211

Plano, Texas 75024

- In the event you need to split your JCPenney Mirror Savings Plan accounts due to a divorce or legal separation, please contact QDRO Consultants for assistance at 1-800-527-8481.