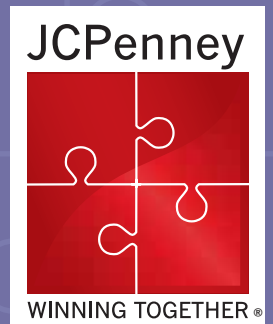




Welcomel!

Your 2008
New Hire Guide
to Benefits

Podrá disponer de una versión en español de este folleto ya sea pidiéndolo a su Gerente de Tienda/
Gerente de Unidad.





NEED MORE
INFORMATION?

Contact...

PowerLine at
Your Benefits Homepage

or
1-888-890-8900

ABC Service Center at
www.jcpabc.com

or
1-866-337-8417

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Welcome to JCPenney!

At JCPenney, we value our Associates and recognize their contributions to our success. As a result, and in support of our WINNING TOGETHER Principles, we are committed to providing a quality benefits package that is:

- Affordable and attractive,
- Simple to understand and use, and
- Competitive in the marketplace.

As a new member of the JCPenney team, you're probably wondering what types of benefits you can expect. We provide a wide range of plans and programs for you and your eligible family members. Some of these benefits are available on your first day at JCPenney; others may require you to meet eligibility and/or service requirements.

In this guide, you'll learn more about the benefits we offer, including health and welfare, paid time off and retirement savings.

Important

As a JCPenney Associate, whether part-time or full-time, you can enroll in Additional Benefits Choices (ABC) benefits right away. Simply complete your ABC enrollment **within the first 30 days from your hire date.**

Once you become Benefits Eligible, you'll have a chance to enroll in the full-time benefits options and will receive instructions for enrollment at that time. For more information on ABC coverage see page 6.



This guide provides general information about the benefit plans and programs available to JCPenney Associates and does not replace the Summary Plan Description (SPD).

Your Benefits At-A-Glance

	WHAT ARE MY BENEFIT OPTIONS		
	You work an average of 1-24.9 hours a week	You work an average of 25-34.9 hours per week	You work an average of 35 or more hours per week
Additional Benefits Choices (ABC)	Available immediately Enrollment must be completed within the first 30 days of hire		
ABC Medical	✓	✓	✓*
ABC Dental	✓	✓	✓*
ABC Vision	✓	✓	✓
ABC Term Life Insurance	✓	✓	✓*
ABC Accidental Death & Dismemberment	✓	✓	✓
ABC Accident	✓	✓	✓
ABC Critical Illness	✓	✓	✓
ABC Universal Life	✓	✓	✓
Full-Time Benefits	Not Available (N/A)		Available when you meet the eligibility waiting period
Medical	N/A	N/A	✓
Dental	N/A	N/A	✓
Life Insurance	N/A	N/A	✓
Disability	N/A	N/A	✓
Accidental Death & Dismemberment	N/A	N/A	✓
Long Term Care	N/A	N/A	✓
Health Care Flexible Spending Account	N/A	N/A	✓
Dependent Care Spending Account	N/A	N/A	✓
Illness Recovery Time**	N/A	N/A	✓

* Once you meet your eligibility waiting period, you will no longer be able to participate in these ABC options and the coverage will automatically end, even if you decide to not enroll in the benefits offered to Associates who average 35 or more hours per week.

** Coverage is automatic, no enrollment required.

	WHAT ARE MY BENEFIT OPTIONS		
	You work an average of 1-24.9 hours a week	You work an average of 25-34.9 hours per week	You work an average of 35 or more hours per week
Other Benefits	Available Immediately		
Associate Discount Program**	✓	✓	✓
Business Travel Accident**	✓	✓	✓
My Time Off	N/A	✓	✓
Leave of Absence	✓	✓	✓
401(k) Savings Plan	✓	✓	✓
Retirement Account	✓	✓	✓

* Once you meet your eligibility waiting period, you will no longer be able to participate in these ABC options and the coverage will automatically end, even if you decide to not enroll in the benefits offered to Associates who average 35 or more hours per week.

** Coverage is automatic, no enrollment required.



Who's Eligible

At JCPenney, we offer benefit programs for our full-time and part-time Associates and their eligible family members. The number of hours you work in your first eight weeks of employment will be used to determine the benefits for which you are eligible.

If You...	You're Considered...	You Can...
If you work an average of 1-24.9 hours a week	Part-Time	Choose to enroll in any ABC options within the first 30 days.
If you work an average of 24-34.9 hours a week	Part-Time	Choose to enroll in any ABC option within the first 30 days.
If you work an average 35 hours a week or more during the first 8 weeks	Full-Time (Included both Management and Non-Management Associates)	Choose to enroll in any ABC option within the first 30 days, and full-time benefits once you meet your eligibility waiting period

Some benefits have different eligibility requirements. If there are differences, they are noted later in this guide.

ABC Benefit Options

You are eligible to enroll in the Additional Benefit Choices (ABC) options during your first 30 days of employment. You pay the premiums if you participate in any of these plans. However, if you are a full-time Associate and enrolled in ABC Medical, Dental or Term Life Insurance and eventually become Benefits Eligible, you will no longer be eligible to participate in ABC Medical, Dental or Term Life Insurance as of your Benefits Eligible date. Your coverage will automatically be terminated at that time.

If you elect to enroll in any of the ABC options, your benefits begin on the first day of the month following 30 calendar days of employment. For example, if you were hired on June 6, you would need to enroll by July 5 for coverage to begin on August 1. Your first premium would be deducted in August. Don't forget: you must enroll within the first 30 days of your hire date.

Full-Time Benefit Options

As a full-time Associate, you must wait until your Benefits Eligible effective date to qualify for full-time benefits. **Until that time, you can enroll in the ABC options to ensure you have benefit coverage.** If you want to participate in any ABC options, you must enroll in them within the first 30 days of your hire date. Once you become Benefits Eligible, you will no longer be able to participate in ABC Medical, Dental, or Term Life and those coverages will automatically end.

The date your benefits become effective will vary depending on what part of the month you were hired. If you were hired on or before the 15th of the month, you may become Benefits Eligible for full-time benefits the first day of the 5th month of employment. If you were hired on or after the 16th of the month, you may become Benefits Eligible the first day of the 6th month of employment.

WHEN TO ENROLL

Part-Time Associates

You must enroll for your ABC options **within 30 days of your date of hire.**

Full-Time Associates

You must **enroll for your ABC options within 30 days of your date of hire** if you want to participate in any of those programs. When you become Benefits Eligible, you will receive additional material explaining what you need to do to enroll for your full-time benefits.

For Example:

Hire/Rehire Date	Health and Welfare Benefits Eligible
June 1 – 15	October 1
June 16 – 30	November 1



Remember, you must average 35 or more hours per week to be Benefits Eligible.

You'll receive full-time benefits material in the mail with instructions on how to enroll once you meet your eligibility requirement.

When Benefits Eligibility Is Determined

In addition to the eligibility determination made for annual enrollment each year, we'll also look at eligibility two more times during the year. So, if you don't average 35 hours or more during your first eight weeks with JCPenney, you'll have two more chances to become Benefits Eligible.

- **June** – We'll look back at the hours you worked starting the week of February 3, 2008, through the week ending March 29, 2008. If, during the 8-week period ending on the last Saturday in March, you worked an average of 35 hours per week, you'll be eligible for full-time benefits June 1 and for the remainder of the year.
- **December** – We'll look back at the hours you worked starting the week of August 3, 2008, through the week ending September 27, 2008. If, during the 8-week period ending on the last Saturday in September, you worked an average of 35 hours per week, you'll be eligible for full-time benefits December 1 and for the entire next year.

Each year in July, Benefits Eligible status will be determined by using a 52-week look-back (ending the last Saturday in June) at the hours you worked. As long as you average 35 hours per week for the 52-week period, you will be eligible for full-time benefits for the entire next year.





Note:

For a complete description of your ABC options, go to www.jcpabc.com or call the ABC Service Center at 1-866-337-8417.

Your Additional Benefit Choices (ABC Options)

JCPenney is pleased to provide the following ABC options to our new-hire Associates. If you are hired as a full-time Associate you may enroll in any of the ABC options, but once you become Benefits Eligible, you will no longer be able to participate in ABC Medical, Dental or Term Life and those coverages will automatically end.

Medical

The MedSaver Medical Plan by CIGNA provides two levels of basic medical and prescription drug coverage for you and your dependents. Both of the options listed below include a Company contribution for the Associate Only coverage.

- Basic Plan
- Premier Plan

These options are both network-based and provide you with first-dollar coverage. This means you do not have to satisfy a deductible before receiving your medical benefits. You may have to pay a copay for many of the services.

The plan provides each covered person with a set amount of benefit dollars to pay for specified services as well as a surgical benefit. Some benefits include an annual, calendar-year maximum which means your benefit amounts will start over every January 1st.

With MedSaver, you can select any provider. However, if you choose a CIGNA provider, you will benefit from the discounted charges, meaning lower out-of-pocket costs for you. And, you will continue to receive the network discounts even if you exhaust your calendar year maximum.

Dental

MedSaver also offers a Dental Plan that covers preventive care such as check-ups, x-rays, fluoride treatments and cleanings. Basic care includes fillings, extractions, oral surgery and repairs. There is a \$50 calendar-year deductible per person and a \$1,000 annual maximum. Orthodontia is not covered.

Vision

JCPenney has teamed up with Eyemed to offer Associates quality vision care. Eyemed has a network (30,000+ locations nationwide) including JCPenney, Pearle Vision, Lenscrafters and thousands of independents. You can still receive benefits out-of-network, but the costs may be higher. For a location near you, go to www.eyemedvisioncare.com or call **1-866-723-0514**. When prompted, enter plan number **9699687**.

Term Life/Accidental Death and Dismemberment (AD&D)

Active Associates can purchase Term Life/AD&D coverage to help protect you and your family in the event of your death or the death of a covered family member. This coverage will also help protect you against losses due to accidents.

Term Life coverage is available as follows:

- For you: \$10,000 – \$100,000
- For your spouse/DP: Up to 50 percent of your coverage amount (not to exceed \$20,000)
- For your child(ren): \$2,500 or \$5,000 (Term Life only)

DOMESTIC PARTNER (DP)

For purposes of benefits coverage, a same-gender partner can mean a civil-union member, domestic partner or registered domestic partner.

Accident

Accident Insurance provides benefits directly to you when you suffer an injury or require medical services as a result of a covered off-the-job injury or accident. The plan provides a benefit when you or a covered family member is injured regardless of other insurance you may have. The benefit helps you pay deductibles, copays and coinsurance. This coverage may be taken with you if you leave JCPenney.

Critical Illness

A serious illness can have a severe financial impact on your personal savings and result in huge out-of-pocket expenses. Critical Illness Insurance pays each covered person for the initial diagnosis of a covered critical illness. You can choose \$5,000 – \$50,000 in coverage for you and your family.

- Associate Only
- Associate + Spouse/DP
- Associate + Child(ren)
- Associate + Family

If you elect Associate Only or Associate + spouse/DP, each dependent child is covered at 10 percent of the primary insured amount at no additional charge. Children do not need to apply — child information will be verified when a claim is filed. If you elect Associate + child(ren) or Associate + family, children will be covered at 100 percent.

Universal Life

Like Term Life, Universal Life Insurance provides protection to you and your family in the event of your death. When enrolling for Universal Life, you can choose the following coverage amounts:

- For you: \$5,000 – \$100,000
- For your spouse/DP: \$5,000
- For your child(ren): \$5,000 each child

You must elect at least \$10,000 in Associate coverage in order to elect spouse/DP and/or child coverage. New hires enrolling within 30 days of hire date will have a one-time opportunity to elect up to \$100,000 (spouse/DP \$5,000; children \$5,000) in coverage without filling out any health forms or showing any proof of being healthy.

An added feature of your elected Universal Life coverage is that it builds cash value at a guaranteed interest rate of four percent. The actual cash value amount will vary based on a variety of market conditions. This Universal Life policy matures at age 95 and any accumulated cash value is paid out at that time. Please see the policy for complete details.

DESIGNATING A BENEFICIARY

For the following plans, you will need to designate someone to receive your benefits (a beneficiary) in case you die:

- Term Life/AD&D
- Critical Illness
- Universal Life
- Accident

You can choose one or more beneficiaries or you may simply name your estate as beneficiary.

ABC Options Costs

Monthly Premiums for Medical

Basic Plan	Your Monthly Before-Tax Premium
Associate Only	\$26.28
Associate + Spouse/DP	\$74.73
Associate + Child(ren)	\$71.86
Associate + Family	\$108.06

Premier Plan	Your Monthly Before-Tax Premium
Associate Only	\$63.71
Associate + Spouse/DP	\$174.13
Associate + Child(ren)	\$171.14
Associate + Family	\$257.36

Monthly Premiums for Dental

Coverage Level	Your Monthly Before-Tax Premium
Associate Only	\$33.64
Associate + Spouse/DP	\$69.57
Associate + Child(ren)	\$64.76
Associate + Family	\$111.64

Monthly Premiums for Vision

Coverage Level	Your Monthly Before-Tax Premium
Associate Only	\$6.62
Associate + Spouse/DP	\$14.55
Associate + Child(ren)	\$12.57
Associate + Family	\$18.20

Paying for Your ABC Options

You and JCPenney share the cost of your ABC medical coverage on a before-tax basis. You also pay for your ABC dental and vision on a before-tax basis. All other options are taken out of your paycheck after taxes.



Note:

Visit www.jcpabc.com
or call
1-866-337-8417
for information
on the cost of the
other ABC options.

Your Full-Time Benefit Options

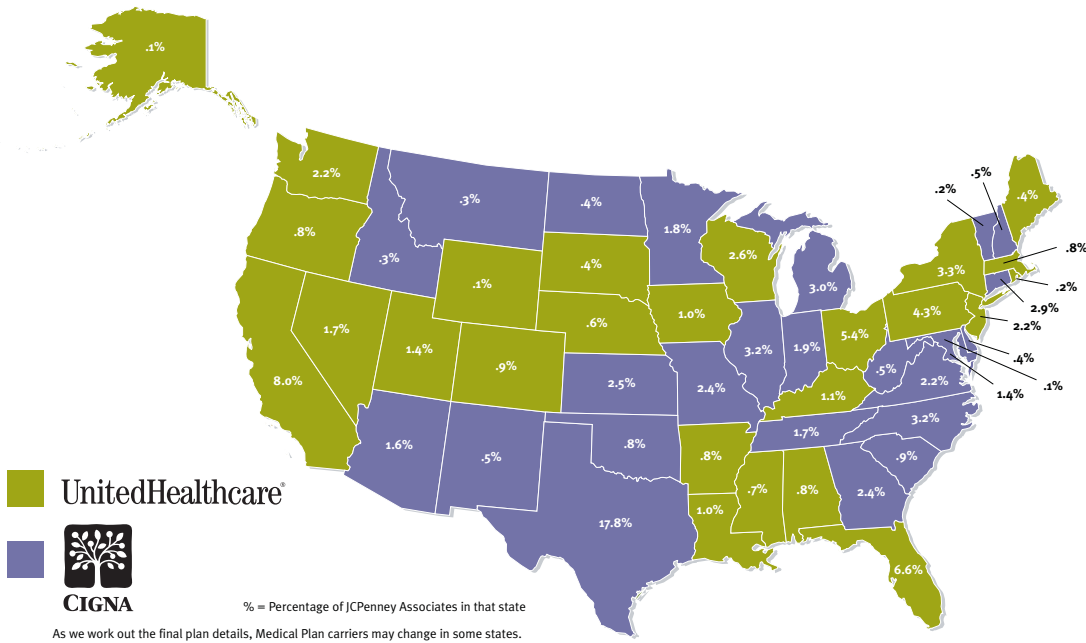
JCPenney strives to offer affordable, easy-to-understand benefits to our Associates, from medical and dental coverage to taking time off from work and saving for retirement. Here is an overview of the benefit programs available to our full-time Associates.

Medical

Our health and welfare benefits offer medical and prescription drug coverage as well as access to a host of wellness benefits, including preventive care, disease management and a Personal Nurse program. We offer you a choice of medical options:

- Consumer Directed Health Plan (CDHP)
- Preferred Provider Organization (PPO)

The Medical Plan carriers are CIGNA and UnitedHealthcare (UHC), both with large national networks that provide significant discounts to our Associates. In some states, CIGNA is the CDHP and PPO provider. In other states, UHC is the CDHP and PPO provider (see state chart below). But, regardless of where you live, if you are Benefits Eligible, you will have the choice of either the CDHP or PPO Medical Plan options.



Note:

When you enroll in one of the Medical Plan options, you'll have the chance to complete a confidential Personal Health Assessment (PHA) survey. Upon completing the survey, you will receive up to \$350 in your Health Incentive Account (HIA) or a prorated amount depending on the month your coverage is effective. Read more about the PHA and HIA in the Full-Time Enrollment Guide when you become Benefits Eligible.

About the CDHP

The CDHP option provides access to a network of providers with reduced rates for services. You will still have coverage when you use out-of-network providers, but you will pay more of the costs. What makes the CDHP option unique is the Health Reimbursement Account (HRA) that is funded by JCPenney to help you pay healthcare expenses before you meet your deductible. And, if you don't use all of the funds in your HRA, it will roll over for use next year.

The CDHP may have a higher deductible than the PPO, but many Associates choose it because the combination of lower premiums and the HRA means Associates may pay less overall for their healthcare.

EXAMPLE

JCPenney puts money in your HIA and HRA on January 1

- \$350 in your HIA*
- \$500 in your HRA**

*You must complete the PHA; amount will be prorated depending on your hire date

**Amount varies based on covered family members

Any unused money left in your HIA and HRA at the end of the year will roll over to next year.

When your HRA and HIA are gone, then you'll meet a deductible.

Expenses paid from your HRA count toward your deductible and out-of-pocket maximum.

Once you've met your deductible, then your expenses will be paid 80%/20% in-network or 60%/40% out-of-network.

When you reach your out-of-pocket maximum, JCPenney will pay 100% for covered expenses (reasonable and customary charges).

About the PPO

The PPO also provides access to network providers while helping control costs for you, your family and JCPenney. When you enroll in the PPO, you can choose:

- A provider who participates in the network and has agreed to charge reduced fees, or
- Any provider, hospital or lab outside the network and you'll pay a higher portion of the costs.

Using the network is more cost-effective because providers have agreed to negotiated rates that help save you money.



Health Plan Comparison Chart

JCPenney offers you a choice of two Medical Plan options: a Consumer-Directed Health Plan (CDHP) and a Preferred Provider Organization (PPO). Both options use a network of healthcare professionals, provide preventive care, labs and hospitals, and offer prescription coverage (through Express Scripts®). Take a look at the chart below for some basic Medical Plan information. A detailed comparison will be available to you online at the time you receive your Full-Time Enrollment Guide.

	CDHP		PPO		
	In-network	Out-of-network	In-network	Out-of-network	
Cost of Services	Charges are lower	Charges are higher	Charges are lower	Charges are higher	
Premium You'll Pay Amount deducted from your paycheck to pay for each option	Lowest		Highest		
Preventive Care Allowance JCPenney provides \$500 per person to use toward preventive care – such as physicals and blood work	\$500 per person		\$500 per person		
Health Incentive Account (HIA) JCPenney contributes up to \$350 for completing your Personal Health Assessment; Associate only	\$350		\$350		
Health Reimbursement Account (HRA) JCPenney funds an account to use for healthcare expenses	Associate Only: \$500 Associate + Spouse/DP: \$750 Associate + Child(ren): \$750 Family: \$1,000		None		
Annual Deductible Amount you must pay before the plan covers a portion of your healthcare expenses. HRA and HIA amount counts toward this deductible!	Individual: \$2,000 (\$1,500 after HRA) Family Maximum: \$4,000 (\$3,000 after HRA)		Individual: \$500 Family Maximum: \$1,000	Individual: \$1,000 Family Maximum: \$2,000	
Coinsurance	Plan Pays: You Pay:	80% after deductible 20% after deductible	60% after deductible 40% after deductible	80% after deductible 20% after deductible	60% after deductible 40% after deductible
Lifetime Maximum	\$2,000,000		\$2,000,000		

Dental

You may choose from up to three options available through Aetna, depending on where you live. Each option provides preventive, basic and major services through a dental network. They differ in the amount of eligible expenses they cover and how service is provided.

- Dental Basic
- Dental Plus
- Dental Maintenance Organization (DMO) (not available in all areas)

Dental Plan Comparison Chart

Option Name	Dental Basic	Dental Plus	DMO**
Dental Expenses			
Annual deductible	\$50 Individual/ \$150 Family	\$50 Individual/ \$150 Family	None
Annual maximum (for all services combined except when noted)	\$1,000 per person	\$1,500 per person (does not include orthodontia)	None
Preventive Care			
Oral exams	100% (no deductible)	100% (no deductible)	100%
Cleanings	100% (no deductible)	100% (no deductible)	100%
Dental x-rays	100% (no deductible)	100% (no deductible)	100%
Basic Care			
Fillings	70% after deductible	80% after deductible	100%
Extractions	70% after deductible	80% after deductible	100%
Basic oral surgery	70% after deductible	80% after deductible	100%
Sealants	70% after deductible	80% after deductible	100%
Basic periodontics	70% after deductible	80% after deductible	100%
Major Care			
Crowns	Not covered	50% after deductible	50%
Inlays and onlays	Not covered	50% after deductible	50%
Major oral surgery	Not covered	50% after deductible	50%
Dentures	Not covered	50% after deductible	50%
Fixed bridgework	Not covered	50% after deductible	50%
Orthodontics (children through age 18 only)	Not covered	50%; subject to \$1,500 lifetime maximum (annual deductible and annual maximum do not apply)	50%; subject to lifetime maximum of 1 complete course of treatment per child
Dentist Availability			
PCD* selection required	No	No	Yes
PCD* changes allowed	Not applicable	Not applicable	Once per month

If there is a conflict between the information on this chart and the plan documents or policy, the plan documents or policy will be used to determine benefits.

* Primary Care Dentist

** You must use an Aetna provider under the DMO. The DMO is not offered in Puerto Rico and Hawaii.

Life Insurance

JCPenney automatically provides one times your Annual Earnings for Benefits (AEB) for Corporation-Paid Term Life and Business Travel Accident Insurance protection at no cost to you. For more protection, you may purchase Associate-Paid Term Life Insurance coverage for you, your spouse/DP and/or children. You do not have to purchase coverage for yourself in order to purchase coverage for your spouse/DP or children.

- For you: 1–6 times your Annual Earnings for Benefits (AEB)
- For your spouse/DP: \$10,000–\$200,000
- For your child(ren): \$5,000, \$10,000, \$15,000, or \$20,000

Evidence of Good Health (EOGH) may be required in some circumstances. You will be notified at the time of enrollment if your election requires EOGH.

Disability

The Disability Insurance Plan provides a monthly income for Associates who are disabled due to an illness or injury, and protects your income after Illness Recovery Time (sick pay) ends. Disability Insurance benefits help you pay your mortgage, rent, utilities and other bills until you recover from your disability or reach age 65. Benefits continue for up to five years if you become disabled after age 60.

This insurance works with other sources of income you may receive while you are disabled to provide 50 percent or 60 percent of your monthly income. Premiums are 100 percent Associate-paid and are based on your age and AEB (up to \$210,000 AEB maximum).

- 50 percent of income based on AEB (\$8,750 monthly maximum)
- 60 percent of income based on AEB (\$10,500 monthly maximum)

As a first-time Benefits Eligible Associate, you may elect the 50 percent or 60 percent option without being required to provide EOGH.

Accidental Death and Dismemberment (AD&D)

Because you can't predict if or when an accident may occur, we offer AD&D Insurance that you can purchase for you and your eligible dependents. The AD&D plan pays if you or a covered family member are in an accident and get hurt. The amount of your benefit depends on your level of coverage and type of loss. You can elect:

- For you: 1-8 times your AEB
- For your spouse/DP: equal to your coverage up to \$300,000
- For your child(ren): \$25,000 (per child)

Long Term Care

Long Term Care Insurance can help cover the cost of nursing home care, home healthcare, adult day care, assisted living and adult foster care if someone in your family suffers a serious accident or chronic illness.

ANNUAL EARNINGS FOR BENEFITS (AEB)

The amount used to determine the level of certain benefits. AEB includes various pay components, such as:

- Base salary
- Commission pay
- Incentive compensation pay

AEB is calculated annually by totaling your pay components from July 1 of the previous year through June 30 of the current year.

EVIDENCE OF GOOD HEALTH

Evidence of Good Health (EOGH), also referred to as evidence of insurability, may be required before your coverage is approved. EOGH includes providing a medical history questionnaire. The insurer may also require a medical exam.

WHO CAN APPLY FOR LONG TERM CARE INSURANCE:

Benefits Eligible Associates, their spouse/DP, parents, parents-in-law, grandparents or grandparents-in-law can apply for coverage. Children are not eligible to participate in the Long Term Care Plan.

The amount you pay for coverage is based on your age. The younger you are when your coverage begins, the lower your cost will be if you continue your coverage long term. Once you're in the plan, your rates don't increase just because you get older.

You have to enroll for Long Term Care separately. Coverage rates and an application form are available by logging on to www.ltcbenefits.com. When prompted, you'll need to enter the password "JCPLTC." You can also enroll by phone at 1-800-884-2841.

Spending Accounts

Spending Accounts allow you to save taxes on health and dependent care expenses by letting you set up accounts to set aside money on a before-tax basis for eligible expenses (except Associates working in Puerto Rico). There are two types of Spending Accounts available:

- Health Care Flexible Spending Account
- Dependent Care Spending Account

In 2008, you may contribute up to \$5,000 in each account. Contributions may be capped for highly compensated Associates.



Full-Time Benefit Costs

Paying for Your Full-Time Benefits

You and JCPenney share the cost of benefit coverage for you and your covered family members. Your costs for many of the benefits are deducted from your paycheck before taxes are withheld. Other coverages you pay for after taxes are withheld.

Medical (You pay monthly with before-tax dollars)

Plan/Coverage	CDHP	PPO and Out-of-Area
Associate Only		
AEB less than or equal to \$25,000	\$53	\$89
AEB \$25,001 – \$50,000	\$54	\$91
AEB greater than \$50,000	\$61	\$102
Associate + Spouse/DP		
AEB less than or equal to \$25,000	\$197	\$270
AEB \$25,001 – \$50,000	\$203	\$278
AEB greater than \$50,000	\$226	\$311
Associate + Child(ren)		
AEB less than or equal to \$25,000	\$141	\$199
AEB \$25,001 – \$50,000	\$145	\$205
AEB greater than \$50,000	\$162	\$229
Family		
AEB less than or equal to \$25,000	\$285	\$381
AEB \$25,001 – \$50,000	\$293	\$392
AEB greater than \$50,000	\$327	\$438

Dental (You pay monthly with before-tax dollars)

Coverage Level	Dental Basic	Dental Plus	DMO
Associate Only	\$12	\$24	\$13
Associate + Spouse/DP	\$28	\$55	\$30
Associate + Child(ren)	\$24	\$47	\$27
Family	\$38	\$78	\$42

ANNUAL EARNINGS FOR BENEFITS (AEB)

Your costs for the JCPenney Medical Plan are based on your Annual Earnings for Benefits (AEB).

Other Great Benefits

Associate Discount Program

A great thing about working at JCPenney is the discount you receive in our stores, through the catalog and when you shop at www.jcpenney.com. You are eligible for the Associate Discount Program on your first day of work. In fact, you should have received a discount card during New Hire orientation. You can learn more about the Associate Discount Program on the Associate Kiosk.

To view the policy...

- Click on Policies and Procedures → Benefits → Associate Discount Program.
- You can print a copy of the Associate Discount Program from the Associate Kiosk.

You should know...

- You can get a card for your spouse and eligible dependents from your Unit or HR Manager.
- Your Associate discount card will not work until you activate it.
- You can activate your discount card(s) at the Associate Kiosk. Don't forget your spouse's and dependents' cards — you'll need to activate their cards, too.

Business Travel Accident

JCPenney automatically provides you with coverage under the Business Travel Accident Insurance Plan on your first day of work. This coverage is paid for by the Company. The plan pays a benefit to you or your beneficiary if you die, have a permanent total disability or other covered loss that results from a covered accident while you are traveling on JCPenney business.

You can designate a beneficiary by calling PowerLine at **1-888-890-8900**.



Time Away from Work

My Time Off (MTO)

MTO is a bank of paid time off hours that you earn each month. You may request to use MTO when you want to be off work on a regularly scheduled work day.

The following Associates are eligible for MTO:

- **Full-Time Management Associate** – you become eligible for full-time MTO and receive your first deposit on the first day of the third month of your employment with JCPenney.
- **Full-Time Non-Management Associate** – you become eligible for full-time MTO and receive your first deposit on your Benefits Eligible effective date. Each July after that, JCPenney will look back over the previous 52 weeks to determine your eligibility for full-time MTO. To continue to be eligible, you must work an average of 35 hours or more each week.
- **Part-Time Associate** – you become eligible and receive your first deposit on the first day of the month following 12 months of employment if you average 25 hours or more hours during the first 48 weeks of employment. Each July after that, JCPenney will look back at the previous 52 weeks to determine your eligibility for MTO for the next year.

How Your MTO Is Calculated

Your MTO is calculated based on your average week, job classification and service months as illustrated below.

Annual MTO Weeks Factor			
Service Months	Management Weeks per Year	Non-Management (Full-Time) Weeks per Year*	Non-Management (Part-Time) Weeks per Year
Less than 12 months	2.6	2.6	2.6
12 – 35 months	2.6	3.0	2.6
36 – 59 months	3.0	3.6	2.8
60 – 179 months	4.0	4.8	3.4
180 – 299 months	5.0	5.8	4.0
300 + months	6.0	6.8	4.6

*The factor for full-time non-management Associates includes additional time to help cover the waiting period for Illness Recovery Time.

Here's how you can figure out how many hours of MTO you'll earn each month.

Average Week x MTO Weeks Factor = Annual MTO ÷ 12 Months = Monthly MTO

MTO CALCULATION EXAMPLE:

Joe is a part-time Associate. He has been with JCPenney for 1.5 years or 18 Service Months and works an average of 25 hours per week, so his Average Week is 25 hours. Let's use the chart above to find his MTO Weeks Factor of 2.6. Now, let's complete his MTO calculation.

Joe's Monthly MTO = (25 x 2.6) ÷ 12 months = 5.4 hours per month



Note:

To qualify for MTO, you must work an average of at least 25 hours per week.



What Happens to Unused MTO

At the end of the year if you have unused MTO hours, you may be able to carry over some of those hours to the next year. JCPenney has established a maximum number of days it will allow you to carry over, known as MTO Maximum Carryover. The MTO Maximum Carryover is based on service months and job classification. See the MTO Policy located on Your Benefits Homepage available on the Associate Kiosk for more details.

Illness Recovery Time

Illness Recovery Time (IRT) provides Benefits Eligible Associates (except those in Puerto Rico) with sick pay when they miss work due to a qualifying disability (illness or injury). Some companies refer to this as short-term disability. For a full-time non-management Associate, you must first miss seven consecutive calendar days before being eligible for IRT benefits. You must then call to report your illness or injury. Once your claim is approved, you'll receive 80 percent of your pay for a period of up to 30 to 180 calendar days based on your eligible service at the time the approved disability begins.

For a full-time management Associate, there is no waiting period. If your claim is approved, you'll receive 100 percent of your pay for a period of up to 30 to 180 calendar days based on your eligible service at the time the approved disability begins.

The table below indicates the maximum number of days of IRT benefits you are eligible to receive for any absence during a period of disability based on your total Benefits Eligible service months on your date of disability.

If your Benefits Eligible Service Months on the date your disability begins are:	Management	Non-Management
Less than 12 months	30 calendar days	23 calendar days
12 - 23 months	60 calendar days	53 calendar days
24 - 35 months	90 calendar days	83 calendar days
36 - 47 months	120 calendar days	113 calendar days
48 - 59 months	150 calendar days	143 calendar days
60 or more months	180 calendar days	173 calendar days

Leave of Absence

Sometimes you need to take time away from work to deal with events that have occurred in your life. JCPenney offers leaves of absence to meet your needs. Generally, leaves of absence come in three types:

- **Medical:** If you need time off to receive care for your health condition.
- **Personal:** If you need time off for personal reasons or to care for a family member. This type of leave may fall under FMLA depending on the reason for the leave.
- **Military:** If you are called to training or active duty in the Armed Forces or for disaster assistance.



For more information about the Company's time-off policies, refer to the online policy on the Associate Kiosk.



JCPenney Retirement Program

401(k) Savings Plan

The 401(k) Savings Plan, Social Security and your personal savings can help you prepare for the future. An important part of the JCPenney benefits package is the 401(k) Savings Plan.

You can participate in the 401(k) Savings Plan on your first day of work as long as you are:

- Age 21 or older, and
- An Associate of the Company or one of its subsidiaries that has adopted the 401(k) Savings Plan.

You can contribute, on a before-tax or after-tax basis, 1–50 percent of your eligible pay each paycheck if you earn less than \$105,000 per year (indexed); or 1–8 percent (6 percent before-tax) if you earn \$105,000 or more per year.

You become eligible to receive the Company matching contribution when you:

- Reach age 21 or older,
- Have completed 12 months of service, and
- Have worked 1,000 hours or more.

Once you're eligible for the match, JCPenney matches the money you put aside each paycheck. For every dollar you contribute to the plan (up to 6 percent of your pay), the Company will put in 50 cents. The match will be contributed to your account each pay period so that the money is put to work right away. You "vest" or become an owner of your Company matching contributions after three years of service.

You can enroll in the 401(k) Savings Plan by logging on to Your Benefits Homepage/ Savings Plan from the Associate Kiosk. If you do not take action to enroll, you will automatically be enrolled in the 401(k) Savings Plan after one year and 1,000 hours of service. The automatic contribution is four percent of your pay on a before-tax basis each pay period. You can change your contribution level at any time.

And, don't forget to designate your beneficiary from Your Benefits Homepage!

Special note for Puerto Rico Associates: Before-tax and after-tax deposits are limited to 10 percent. For 2008, your before-tax deposits are limited to \$8,000.

ROLLING MONEY OVER

If you previously participated in another employer's qualified retirement plan, you may be able to transfer (roll over) to the JCPenney 401(k) Savings Plan some or all of your taxable distribution from your prior employer's plan. Contact PowerLine at 1-888-890-8900 for more information.

JCPenney Retirement Account

JCPenney offers the Retirement Account to help supplement your retirement savings. The Company will make a fixed annual contribution equal to two percent of your annual compensation (up to the government annual limit) into your Retirement Account.

You become eligible to receive the Retirement Account contribution when you:

- Reach age 21 or older,
- Have completed 12 months of service, and
- Have worked 1,000 hours or more.

Contributions are made annually in the year following the fiscal year. You must be an active Associate as of December 31 to receive your fixed annual contribution.

You become 100 percent vested in the Retirement Account contributions after three years of service.



Note:

For more information about the Company's benefits, refer to the Summary Plan Description (SPD).



Enrolling for Benefits Is Easy!

We know how busy you are and want to make enrolling for benefits as easy and as quick as possible. So just do these things and you'll be all set!

- Carefully review this guide and your options.
- Make sure you keep your home address and phone number current on the Associate Kiosk.
- Make your ABC choices during your first 30 days of employment.
 - For ABC options, enroll online at www.jcpabc.com.
 - For full-time benefits, you can make your benefit elections after your eligibility waiting period is over. You'll receive enrollment instructions at that time at your home address.
- Review your confirmation statement to make sure all your benefit choices are recorded correctly. If you need to make changes, log on to your enrollment website and make changes before your enrollment deadline.
- Be sure to review your paycheck and verify that the correct deductions are being made for the benefits you selected.
 - ABC options: If there is a problem, contact the JCPenney ABC Service Center at 1-866-337-8417 within 15 days.

When You Can Make Changes

The ABC choices you make during your first 30 days of employment will remain in effect through December 31, 2008. Except for after-tax options, you cannot change coverage for yourself or your dependents, or add or delete dependents during the year (even if you can no longer afford them) unless you have a qualified change in status or special enrollment rights.

Visit www.jcpabc.com to find more information about making changes to your coverage.

PowerLine User ID and Password

As a new Associate, you need to establish a PowerLine User ID and password. You will use this information if you need to call PowerLine for any benefits information. Your PowerLine User ID and password are different from your Employee ID/Security Number that you use to sign on to the Associate Kiosk.

How to Set Up Your User ID and Password

On the Web

1. Log on to the **Associate Kiosk**.
2. Click on **Your Benefits Homepage**.
3. At the log on screen, select **Register as a New User**.
4. Enter the last 4 digits of your Social Security number and your birth date.

YOUR USER ID CAN BE:

- All numbers
- All letters
- A combination of letters and numbers
- Your dog's name
- Your locker combination
- Your first name plus your bank card PIN (John1010)
- Anything you'll remember easily

YOUR USER ID CAN'T:

- Be your Social Security number
- Have special characters like \$, %, #, !
- Have spaces like (J o h n S m i t h)

Your User ID isn't case sensitive. For example, "JOHNSMITH1010" is the same as "johnsmith1010."

5. On the next screen, you'll enter your User ID.
6. Next you'll enter your password.
7. In case you ever forget your password, you'll answer at least five of the password security questions. That way, you can just create a new password online if you need to.
8. Print a copy of the screen so you can remember your answers.

You're done!

By Telephone

1. Dial 1-888-890-8900.
2. When the system asks for your User ID, enter your Social Security number.
3. Next, you'll enter the password you created.
4. Finally, you'll enter your new User ID.

If You Forget Your PowerLine User ID

You will not need to use your PowerLine User ID or PowerLine password to access Your Benefits Homepage from the Associate Kiosk. **You will need your User ID and password if you call PowerLine for information.**

If you call the PowerLine telephone number and don't have your User ID, say "I don't know it" when the system asks for your User ID. Remember when you answered the five security questions? Now's when you'll use them. The website or telephone system will ask you for the answers to those security questions. If you answer the questions correctly, you will be taken to the next prompt.

If You Forget Your PowerLine Password

From Your Benefits Homepage, click on **I Forgot My Password.** Your password hint will appear if you have one. If you don't have a password hint, click on **Answer Questions.** The security questions you answered when you set up your account will appear. Answer them correctly and you can set up a new password on the spot. Answer them incorrectly and you'll still set up a new password, but it will be mailed to your home address. If you have previously set up your e-mail address at PowerLine, you can choose to have your new password sent to you via e-mail.

As a security measure, you won't be able to complete any transactions (like enrollment) until you receive your new password in the mail.

Protecting You...

To protect your account from prying eyes, your account will lock if the wrong User ID and/or password is attempted 5 times in a row. The only way to unlock your account is to request a new temporary PowerLine password. The password will be mailed to you at home or, if you have a JCPenney e-mail address, you can choose to have it e-mailed to you. That way, only you will have the correct password to unlock your account.

Getting your password when your account is locked can take 7–10 business days. The best thing to do if you cannot remember your User ID or password is to follow the previous steps. That way, your account won't be locked.

Key Terms

Annual Earnings for Benefits (AEB) — Your AEB is the amount used to determine the level of certain benefits. AEB includes various pay components, such as base salary, commission pay and incentive compensation pay. AEB is calculated annually by totaling your pay components from July 1 through June 30.

Copayment — The amount you pay to the network provider at the time services are received.

Deductible — The amount you must pay in a plan year before the Medical Plan will reimburse you for any covered expenses. There may be both an individual and a family deductible.

Disabled — If you are covered under the Disability Insurance Plan, you are considered disabled if you are unable to perform all of the material or substantial duties of your own occupation during the 180-day waiting period and the next 24 months. After this 24-month period, you are still disabled if you cannot perform all of the material and substantial duties of any occupation, meaning any job that is reasonable based on your training, education, experience, age, physical and mental capacity.

Domestic Partner (DP) — For purposes of benefits coverage, a same-gender partner can mean a civil-union member, domestic partner or registered domestic partner.

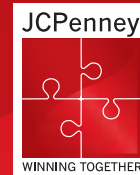
EOGH — Evidence of Good Health (EOGH), also referred to as evidence of insurability, may be required before your coverage is approved. EOGH includes providing a medical history questionnaire. The insurer may also require a medical exam.

HIA — Health Incentive Account (HIA) is an account available to you if you enroll in a Medical Plan option and complete the Personal Health Assessment (PHA) during your enrollment period. The HIA is used to cover out-of-pocket medical expenses before you reach your deductible. If you are eligible for any of the free wellness or disease management programs JCPenney offers, you must participate in a program to be eligible for the HIA in future years.

HRA — Health Reimbursement Account (HRA) is an account available to you if you enroll in the CDHP medical option. The HRA is used to cover out-of-pocket medical expenses before you reach your deductible.

Plan Year — Plan year is the 12-month period beginning January 1 and ending on December 31. Records for coverage, coinsurance, deductibles and annual out-of-pocket maximums are based on a plan year.

JCPenney WINNING TOGETHER Principles



associates ■■■■■
We value, develop, and reward the contributions and talents of all associates

integrity ■■■■■
We act only with the highest ethical standards

performance ■■■■■
We provide coaching and feedback to perform at the highest level

recognition ■■■■■
We celebrate the achievements of others

teamwork ■■■■■
We win together through leadership, collaboration, open and honest communication, and respect

quality ■■■■■
We strive for excellence in our work, products, and services

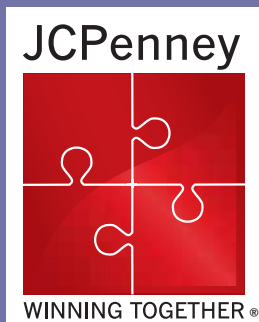
innovation ■■■■■
We encourage creative thinking and intelligent risk taking

community ■■■■■
We care about and are involved in our communities

we do this for our...

customers ■■■■■
We build lasting relationships by offering superior service and value

shareholders ■■■■■
We aspire to superior financial performance



This guide provides general information about the benefit plans and programs available to JCPenney Associates. For full details, exclusions and disclosures, please consult the specific plan document, insurance policies, certificates and/or outlines of coverage. In the event of any conflict between this guide and any Summary Plan Description, the Summary Plan Description will prevail. Further, this guide is not intended as a contract of employment or a guarantee of current or future benefits or employment. JCPenney reserves the right to amend or terminate any benefit, policy or program at any time.