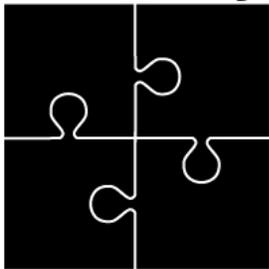


JCPenney



WINNING TOGETHER®

**Important Notice of Changes to the JCPenney
Health and Welfare Benefit Plans effective January 1, 2009**

This document is a summary of material modifications effective January 1, 2009 (unless otherwise noted) to Your Benefits Book 1, effective January 1, 2008. Please keep this document with your copy of Your Benefits Book 1. JCPenney reserves the right to terminate or amend any benefit plan or program at any time.

Effective January 1, 2009 (unless otherwise noted), the following sections of Your Benefits Book 1, Health and Welfare are amended to read as follows.

Eligibility and Enrollment

Page 6, Eligibility and Enrollment, Eligibility, Becoming Benefits Eligible, replace the last paragraph with:

Each year in July, Benefits Eligible status will be determined by using a 52-week look-back (ending on the last Saturday in June). As long as you average 35 hours per week during the 52-week look-back period, you will be Benefits Eligible for the entire next calendar year. However, if you do not average 35 hours per week during this 52 week period, you will lose Benefits Eligible Status effective December 31, unless otherwise required by law.

Page 7, Eligibility and Enrollment, Eligibility, Dependent Eligibility, child definition, replace the first paragraph with:

- **Child** – Your or your spouse/DP's unmarried child that is younger than you and lives with you at least six months during the year and provides less than one-half of their own support who is also:
 - Under age 19
 - From age 19 to the month before he or she turns age 24, if a full-time student at an accredited school, or
 - Incapable of self-support and incapacitated before age 19 (or age 24 if a full-time student).

Page 9, Eligibility and Enrollment, Filing a Claim for Eligibility or Enrollment, Benefits Eligible Options, replace the first sentence with:

You should file a written claim (include name, Associate ID number, Unit number, reason for claim and option involved) for eligibility or enrollment with the Benefit Determination Review Team (BDRT) as soon as possible.

Page 10, Eligibility and Enrollment, Filing a Claim for Eligibility or Enrollment, Additional Benefit Choices (ABC) Options, replace the first sentence under this heading with:

You should file a written claim (include name, Associate ID number, Unit number, reason for claim and option involved) for eligibility or enrollment with the ABC Service Center as soon as possible.

Page 15, Eligibility and Enrollment, Continuing Coverage, If You Retire, Medical and/or Dental, replace the last sentence with:

All Associates hired on or after January 1, 2002, will no longer qualify for coverage under Medical and/or Dental as a retired Associate unless eligible when first retired.

Medical

Page 19, Medical, in the HIA box and everywhere else Matria or Matria Healthcare, Inc. appears, replace the reference with “Alere.”

Page 20, Medical, Participation, Eligibility, replace the child definition with:

- **Child** – Your or your spouse/DP's unmarried child(ren) under the age of 19, if a full-time student under the age of 24, or any age if incapacitated before age 19 (age 24 if a full-time student). Children include natural born, legally adopted, placed for adoption, foster child(ren) or court-appointed ward(s) that live with you at least six months of the year, are younger than you and do not provide more than one half of their own support.

Page 20, Medical, When Coverage Begins, replace this section with:

After you enroll, coverage is effective on:

- The first day of the month which is after your Benefits Eligible effective date
- The Annual Enrollment effective date, or
- The first day of the month in which your Qualified Change in Status or special enrollment right, such as marriage or birth of a child, etc. is effective. (For more information about special enrollment rights, see the [Legal Notices](#) section.)

Pages 21 - 22, Medical, Changing Your Coverage, revise the chart as follows:

If You...	What Happens to Your Medical Coverage
Lose Benefits Eligible status	Coverage ends for you and your covered dependents on the date you lose Benefits Eligible status. You and/or your dependents may elect to continue coverage under COBRA and/or enroll in ABC options. You must enroll for ABC options within 30 days and within 60 days for COBRA changes.
Retire	<p>Coverage ends on the last day of the month in which your employment ends, unless you are terminated due to a reason constituting summary dismissal or resignation in lieu of a summary dismissal. You and/or your dependents may continue coverage under COBRA. If you elect COBRA continuation coverage you will not be able to enroll in a Medical option as a retired Associate at a later date.</p> <p>Alternatively, if you were hired or rehired before January 1, 2002, you are eligible for Medical and/or Dental coverage, if on the date your employment ends:</p> <ul style="list-style-type: none"> • You are between ages 55 and 65 • You are a Benefits Eligible Associate and a participant in a Medical option, or not a participant and can provide proof of other creditable

	<p>coverage from the time your employment ends until you request coverage under Medical, and</p> <ul style="list-style-type: none"> You have completed at least 10 years of total service, with five (5) consecutive years immediately before your employment ends, and Your age plus years of total service is equal to 80 points or more. <p>Request a copy of Your Retiree Benefits Book 1 from PowerLine for additional information.</p>
Are rehired and regain Benefits Eligible status	<p>You must drop Retiree or Disabled Associate coverage and re-enroll in active coverage.</p> <p>When you again retire you will be eligible for a retiree Medical option if you are under age 65 on the date your employment ends, unless you are terminated due to a reason constituting summary dismissal or resignation in lieu of a summary dismissal.</p>
Are employed by another employer and become eligible for coverage	<p>You must drop COBRA coverage.</p> <p>If you were enrolled in Retiree or Disabled Associate coverage, you may drop Medical and/or Dental coverage. If you drop coverage, you may later re-enroll for Retiree coverage, if eligible, by providing proof of continuous creditable coverage from the date you dropped coverage until the date you re-enroll.</p>
Have a child who dies	<p>You must call to drop child coverage unless you have other children covered.</p>
Experience the death of your spouse/DP	<p>You must call to drop coverage for your spouse/DP. You and your children may continue coverage or enroll with proof of continuous creditable coverage as long as they remain eligible and continue the required premium payments.</p>
Die	<p>If your surviving spouse/DP is an active Benefits Eligible Associate and covered under the Retiree plan, he or she must enroll as an active Associate to continue coverage, along with any covered children. If your surviving spouse/DP loses coverage, he or she may re-enroll as your surviving spouse/DP.</p> <p>Dependent children can be covered only if your surviving spouse/DP is covered under the plan. If you have no surviving spouse/DP or your spouse/DP does not enroll for coverage as a surviving spouse/DP, your eligible children may continue their coverage under COBRA.</p> <p>Your surviving spouse/DP may continue coverage if he or she remarries or forms a partnership, but may not enroll a new spouse/DP or new children.</p> <p>Your surviving spouse/DP and any eligible children must show proof of continuous coverage from the date of your retirement through the date of your death under:</p> <ul style="list-style-type: none"> The JCPenney Medical option, or Other continuous creditable coverage. <p>If your surviving spouse/DP and children don't elect coverage within 60 days of your death, they can't enroll in the plan later.</p>

Page 23, Medical, Continuing Your Coverage, replace the first sentence in the section with:

You may be able to continue your benefits coverage for you and/or your eligible dependents under certain circumstances. See "Changing Your Coverage" on page 21 and the [Legal Notices](#) section for further information.

Page 24, Medical, Preventive Care Allowance, add the following at the end of the section:

Who determines what services are considered as Preventive Care?

It's based on guidelines from the U.S. Preventive Services Task Force (USPSTF). If the USPSTF's guidelines change, your preventive care benefits may also change.

So what's covered?

The plan will pay benefits for the following covered health services and some other preventive care services for which your physician documents a need – based on your family or medical history.

See the following pages for details.

Preventive Care Services For Kids (through age 18)

- Well-baby and Well-child visits
- These are periodic visits depending on age as recommended by your physician and include (but are not limited to):
- Immunizations based on age, such as:
- Diphtheria, tetanus and acellular pertussis (DTAP)
- Haemophilus influenzae b (Hib)
- Hepatitis A & B
- Human Papilloma Virus (HPV): girls and women ages 9-26
- Influenza: annually between 6-59 months
- Measles-mumps-rubella (MMR)
- Meningococcal (MCV4)
- Pneumococcal conjugate (PCV) (pneumonia)
- Poliovirus (IPV)
- Rotavirus
- Vericella (chickenpox)

Additional tests and evaluations associated with the wellness check-up:

- Blood Pressure check
- Cholesterol testing for those at risk
- Hearing and vision tests performed during the wellness exam
- Height and weight
- Hemoglobin or hematocrit (blood tests): once a year for females after their period begins

Preventive Care Services for Adults (after age 18)

- Well-man and Well-woman visits
- These are periodic visits depending on age as recommended by your physician and include (but are not limited to):
- Immunizations based on age, such as:
- Hepatitis A and B (HBV): for those at risk

- Human Papilloma Virus (HPV): for girls and women ages 9-26
- Influenza: ages 19-49, as your physician advises (ages 50+ annually)
- Pneumonia: once for those ages 65+ (or younger for those with risk factors)
- Rubella (German Measles): women of childbearing age if not immune
- Tetanus-diphtheria (Td): every 10 years (or TdaP as indicated)
- Varicella (chicken pox: if no evidence of prior immunization or chickenpox)
- Zoster: ages 60+

Additional tests and evaluations associated with the wellness check-up:

- Blood Pressure check
- Breast/Pelvic exams
- Rectal exams
- Cholesterol testing:
 - Men ages 35+, every 5 years
 - Women ages 45+, every 5 years
- Diabetes screening: ages 45+, or if a history of risk factors, every 3 years
- Mole check
- Thyroid Hormone Test for women (every 5 years over 50)
- Hearing test (every 3 years)
- Testicular exam (annually for men ages 20-50)
- EKG's and Stress Tests: as recommended by your physician

Page 24, Medical, Preventive Screenings, add the following at the end of the section:

Below is a list of the screenings that are covered under your plans preventive screening benefit. Be sure to ask your physician to use the correct screening code for the service rendered to have the claim paid appropriately.

- Prostate Cancer Screening: Men-age 50 and older, PSA, once every year (or at any age if risk factors are present)
- Chlamydia Screening: Age 25 and under for sexually active females
- Osteoporosis Screening (Bone Density Scan): Women age 65 and older (Age 60 if risk factors are present); typically this is a once/lifetime screening
- Breast Cancer Screening: Age 40 (or earlier if risk factors are present), by mammography once every year
- Cervical Cancer Screening (Pap Smear): Ages 20-60 once every 1-3 years, over 60 once every 3 years
- Colorectal Cancer Screening: Age 50 and older, routinely (or at any age if risk factors are present)
- Colonoscopy every 10 years; OR
- Sigmoidoscopy every 5 year; OR
- Fecal occult blood annually; OR
- Barium enema every 5 years

Diagnostic Screenings

The following screenings are considered diagnostic because they are based on symptoms, illness or injury, so they will not be covered under your preventive screening benefit even if your physician orders them because of family or personal health history. Instead, they will be covered under your regular plan so you may have to pay a copay and/or deductible/coinsurance – depending on which Medical Plan option you chose (CDHP or PPO). *Please note that the list is not all inclusive; contact your plan carrier at the number on your ID card with questions.*

- MRA
- MRI
- CT Scan
- PET
- X-Ray
- Ultrasound
- Hearing Screening (unless performed under preventive care for children under 18 during a wellness check-up)
- Biopsy

Page 27, Medical, in the section Filing a Claim for Eligibility, replace any reference to “Matria” or “Matria Healthcare, Inc.” with “Alere.”

Pages 33 - 37, Medical, Comparing Your Options, revise the table as follows:

Plan Feature	CDHP Option	PPO Option	OOA Option
Cost Sharing			
<i>Annual Deductible</i> Amount you must pay before the plan covers a portion of your healthcare expenses. HRA and HIA amounts count toward this deductible!	<ul style="list-style-type: none"> ▪ Individual: \$2,500 ▪ Family: \$5,000 	In-Network: <ul style="list-style-type: none"> ▪ Individual: \$750 ▪ Family: \$1,500 Out-of-Network: <ul style="list-style-type: none"> ▪ Individual: \$1,500 ▪ Family: \$3,000 	<ul style="list-style-type: none"> ▪ Individual: \$750 ▪ Family: \$1,500
<i>Out-of-Pocket Maximum</i> Once you reach these maximums, JCPenney pays 100% of all of your eligible healthcare expenses up to the lifetime maximum. Your deductible applies to the out-of-pocket maximum. HRA and HIA amounts count toward your deductible and out-of-pocket maximum.	<ul style="list-style-type: none"> ▪ Individual: \$5,000 ▪ Family: \$10,000 	In-Network: <ul style="list-style-type: none"> ▪ Individual: \$4,000 ▪ Family: \$8,000 Out-of-Network: <ul style="list-style-type: none"> ▪ Individual: \$6,000 ▪ Family: \$12,000 	<ul style="list-style-type: none"> ▪ Individual: \$4,000 ▪ Family: \$8,000
Prescription Drugs (through Express Scripts)			
	You pay:	You pay:	You pay:
Retail (up to a 30 day supply)			
<i>Generic</i>	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$10 minimum** ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$10 minimum** ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$10 minimum** ▪ \$100 maximum
<i>Formulary Brand</i>	<ul style="list-style-type: none"> ▪ 30% copay ▪ \$25 minimum** ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 30% copay ▪ \$25 minimum** ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 30% copay ▪ \$25 minimum** ▪ \$100 maximum
<i>Non-Formulary Brand</i>	<ul style="list-style-type: none"> ▪ 40% copay ▪ \$50 minimum** ▪ \$200 maximum 	<ul style="list-style-type: none"> ▪ 40% copay ▪ \$50 minimum** ▪ \$200 maximum 	<ul style="list-style-type: none"> ▪ 40% copay ▪ \$50 minimum** ▪ \$200 maximum
Mail Order (up to a 90-day supply)			
<i>Generic</i>	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$25 minimum** 	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$25 minimum** 	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$25 minimum**

	▪ \$200 maximum	▪ \$200 maximum	▪ \$200 maximum
<i>Formulary Brand</i>	▪ 30% copay ▪ \$50 minimum** ▪ \$200 maximum	▪ 30% copay ▪ \$50 minimum** ▪ \$200 maximum	▪ 30% copay ▪ \$50 minimum** ▪ \$200 maximum
<i>Non-Formulary Brand</i>	▪ 40% copay ▪ \$100 minimum** ▪ \$400 maximum	▪ 40% copay ▪ \$100 minimum** ▪ \$400 maximum	▪ 40% copay ▪ \$100 minimum** ▪ \$400 maximum

**Or actual cost if actual cost is less.

All Out-of Network and Out-of-Area (OOA) payments by the Plan described in the table will be the specified percentage of Reasonable and Customary charges.

Pages 38-39, Medical, CDHP, Annual Deductible, revise the table and example in this section as follows:

CDHP Annual Deductible	
Associate Only	\$2,500
Associate + Spouse or Children	\$5,000
Associate + Family	\$5,000

Example: If you have Retiree Only coverage and completed your PHA during Annual Enrollment, then you have \$500 in your HRA and \$350 in your HIA. That's \$850 that is applied toward your \$2,500 deductible — so you only have to pay \$1,650 out of pocket before reaching your annual deductible.

Page 39, Medical, CDHP, Out-of-Pocket Maximum, revise the table as follows:

CDHP Annual OOPM	
Associate Only	\$5,000
Associate + Family	\$10,000

Pages 41 - 42, Medical, PPO, Annual Deductible, revise the table as follows:

PPO Annual Deductibles	In-Network	Out-of-Network
Individual	\$750	\$1,500
Family	\$1,500	\$3,000

Page 42, Medical, PPO, Out-of-Pocket Maximum, revise the table as follows:

PPO Annual OOPM	In-Network	Out-of-Network
Associate Only	\$4,000	\$6,000
Associate + Family	\$8,000	\$12,000

Page 42, Medical, OOA, Annual Deductible, revise the table as follows:

OOA Annual Deductibles	
Individual	\$750
Family	\$1,500

Page 43, Medical, OOA, Out-of-Pocket Maximum, revise the table as follows:

OOA Annual OOPM	
Individual	\$4,000
Family	\$8,000

Page 44, Medical, Prescription Drug Program, In-Network, replace the table with:

Type of Prescription Drug	Express Scripts Network Pharmacies (up to 30-day supply), You Pay:	Express Scripts Home Delivery Mail Order (up to 90-day supply), You Pay:
Generic	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$10 minimum* ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 20% copay ▪ \$25 minimum* ▪ \$200 maximum
Formulary Brand	<ul style="list-style-type: none"> ▪ 30% copay ▪ \$25 minimum* ▪ \$100 maximum 	<ul style="list-style-type: none"> ▪ 30% copay ▪ \$50 minimum* ▪ \$200 maximum
Non-Formulary Brand	<ul style="list-style-type: none"> ▪ 40% copay ▪ \$50 minimum* ▪ \$200 maximum 	<ul style="list-style-type: none"> ▪ \$40% copay ▪ \$100 minimum* ▪ \$400 maximum

* Or actual cost if actual cost is less.

Page 46, Medical, Prescription Drug Program, before Key Terms, insert:

Note
To find a network pharmacy in your area, contact Express Scripts at 1-800-791-8919 or log onto www.express-scripts.com and click on Pharmacy Locator. This service is available free of charge.

Page 46, Medical, Prescription Drug Program, at the end of the Prior Authorization section add:

The following lists describe drugs not covered, drugs that require prior authorization and drugs which have quantity level limitations as of January 1, 2009.

Drugs Not Covered	Drugs That Require Prior Authorization
Allergens	Anticoagulants #Rx>3/180
Anabolic Steroids	Crinone
Blood Glucose Monitors and Kits	Enbrel
Compound Rx	Forteo
Contraceptive - Implants	Growth Promoting Agents
Contraceptive Devices	Humira
Contraceptives - Emergency	Inhaled Insulin
Depigmentation Agents	Kineret
Diagnostic, Test, Imaging	Legend Smoking Cessation
Fertility Regulators	Lupron Age<46
Fluoride Products	Nutritional Supplements
Hair growth agents	Orencia
Immune Globulin	Osteoarthritis Agents
Impotence – Injectable	Provigil
Impotence – Oral	Prozac Weekly 90mg
Impotence - Yohimbine	Sarafem
Injectable Cosmetics	Strattera
IUDs	Symlyn – Byetta
Legend Homeopathic Drugs	Sympathomimetic Amines
Legend Multivitamins	Thalomid
Legend Supplemental Vitamins	Tretinoin Age>25
Myobloc	Weight Management Agents
NSA/NSA w/decongestant	Wellbutrin SR 150 mg
Ostomy Supplies	Wellbutrin XL
Over the Counter products	
Photo-aged skin products	Celebrex- must try two generic NSAIDs first before Celebrex
PPIs & H2RAs not covered	
Serums, toxoids, vaccines	
Swabs	

Quantity Level Limits

- Limitations are based on FDA guidelines and package instructions.
- A Participant's physician may call for a prior authorization and try to obtain approval for a greater quantity.

Category	Retail Limit	Mail Limit	PA Available after Limit
Actonel 35mg	4 tabs/30 days	12 tabs/90 days	No
Ambien 5mg, 10mg	14 tabs/30 days (combined limit)	42 Tabs/90 days	Yes
Amerge 1mg, 2.5mg	1mg 18 tabs/30 days 2.5mg 9 tabs/30 days	54 tabs/90 days 27 tabs/90 days	Yes
Axert 6.25mg , 12.5mg	6 tabs/30 days	18 tabs/90 days	Yes

Enbrel	8 vials/30 days	24 vials/90 days	No
Fosamax 35mg, 70mg	4 tabs/30 days	12 tabs/90 days	No
Frova 1.5mg	12 tabs/30 days	36 tabs/90 days	Yes
Humira	2 injections/30 days	6 injections/90 days	No
Imitrex 100mg	9 tabs/30 days	27 tabs/90 days	Yes
Imitrex 25mg, 50mg	18 tabs/30 days	54 tabs/90 days	Yes
Imitrex Inj Kits	6 kits(12 injections)/30 days	18 kits (36 injections)/90 days	Yes
Imitrex Nasal Spray 5mg, 20mg	2 pack (12 units)/30 days	6 packs (36 units)/90 days	Yes
Kineret	28 injections/month	84 injections/3 months	No
Lotronex 1mg	60 tabs/30 days	180 tabs/90 days	No
Lunesta	14 tabs/30 days	42 tabs/90 days	Yes
Lotronex 1mg	60 tabs/30 days	180 tabs/90 days	No
Maxalt, Maxalt MLT	12 tabs/30 days	36 Tabs/90 days	Yes
Migranal Nasal Spray	2 kits (8 units) /30 days	6 kits (24 units)/ 90 days	Yes
Prozac Weekly	4 caps/30 days	12 caps/90 days	No
Relenza	1 disk haler per calendar year	1 disk haler per calendar year	Yes
Relpax 20mg	12 tabs/30 days	36 tabs/90 days	Yes
Relpax 40mg	6 tabs/30 days	18 tabs/90 days	Yes
Rozerem	14 tabs/30 days	42 tabs/90 days	Yes
Sonatas 5mg, 10 mg	14 caps/30 days (combined limit)	42 caps/90 days	Yes
Stadol NS	2 units/30 days	6 units/90 days	Yes
Tamiflu	10 caps per calendar year	10 caps per calendar year	Yes
Toradol 20mg Tab	20 tabs/30 days	20 tabs/30 days	No
Xyrem	3 bottles/30 days	9 bottles/90 days	No
Toradol 20mg Tab	20 tabs/30 days	20 tabs/30 days	No
Zelnorm 2mg, 6mg	60 tabs/30 days (combined limit)	180 tabs/90 days	No
Zomig 2.5mg	12 tabs/30 days	36 tabs/90 days	Yes
Zomig 5mg	6 tabs/30 days	18 tabs/90 days	Yes
Zomig Nasal Spray	3 boxes (18 units)/30 days	9 boxes (54 units)/90 days	Yes

Dental

Page 59, Dental, Participation, Eligibility, replace the Child definition with:

Child – Your or your spouse/DP's unmarried child(ren) under the age of 19, if a full-time student under the age of 24, or any age if incapacitated before age 19 (age 24 if a full-time student). Children include natural born, legally adopted, placed for adoption, foster child(ren) or court-appointed ward(s) that live with you at least six months of the year, are younger than you and do not provide more than one half of their own support.

Page 61, Dental, Changing Your Coverage, revise the table as follows:

If You...	What Happens to Your Dental Coverage
Lose Benefits Eligible status	Coverage ends for you and your covered dependents on the date you lose Benefits Eligible status. You and/or your dependents may elect to continue coverage under COBRA and/or enroll in ABC dental option. You must enroll for ABC options within 30 days and within 60 days for COBRA coverage.
Become disabled	<p>Coverage ends on the last day of the month in which your employment ends, unless you and/or your dependents continue coverage under COBRA. If you were hired or rehired before January 1, 2002, and you are determined to be Social Security Disabled, you are eligible for Medical and/or Dental coverage, if on the date your employment ends:</p> <ul style="list-style-type: none"> • Your disability that began while you were employed by the Company is that same disability that qualifies you for Social Security Disability benefits • You are under age 65 • You are a Benefits Eligible Associate and a participant in Dental or can provide proof of other creditable coverage from the time your employment ends until you request coverage under Dental, and • You have completed at least 10 years of total service, with five (5) consecutive years immediately before your employment ends.
Retire	<p>Coverage ends on the last day of the month in which your employment ends, unless you are terminated due to a reason constituting summary dismissal or resignation in lieu of a summary dismissal. You and/or your dependents may continue coverage under COBRA. If you elect COBRA continuation coverage you will not be able to enroll in a Dental option as a retired Associate at a later date.</p> <p>Alternatively, if you were hired or rehired before January 1, 2002, you are eligible for Medical and/or Dental coverage, if on the date your employment ends:</p> <ul style="list-style-type: none"> • You are at least ages 55 • You are a Benefits Eligible Associate and a participant in a Dental option, or not a participant and can provide proof of other creditable coverage from the time your employment ends until you request coverage under Dental, and • You have completed at least 10 years of total service, with five (5) consecutive years immediately before your employment ends, and • Your age plus years of total service is equal to 80 points or more. <p>Request a copy of Your Retiree Benefits Book 1 from PowerLine for additional information.</p>
Are rehired and regain Benefits Eligible status	<p>You must drop Retiree or Disabled Associate coverage and re-enroll in active coverage.</p> <p>When you again retire you will be eligible for a retiree Dental option on the date your employment ends, unless you are terminated due to a reason constituting summary dismissal or resignation in lieu of a summary dismissal.</p>

<i>Are employed by another employer and become eligible for coverage</i>	You must drop COBRA coverage. If you were enrolled in Retiree or Disabled Associate coverage, you may drop Dental coverage. If you drop coverage, you may later re-enroll for Retiree coverage, if eligible, by providing proof of continuous creditable coverage from the date you dropped coverage until the date you re-enroll.
<i>Have a child who dies</i>	You must call to drop child coverage unless you have other children covered.
<i>Experience the death of your spouse/DP</i>	You must call to drop coverage for your spouse/DP. You and your children may continue coverage or enroll with proof of continuous creditable coverage as long as they remain eligible and continue the required premium payments.
<i>Die</i>	<p>If your surviving spouse/DP is an active Benefits Eligible Associate and covered under the Retiree plan, he or she must enroll as an active Associate to continue coverage, along with any covered children. If your surviving spouse/DP loses coverage, he or she may re-enroll as your surviving spouse/DP.</p> <p>Dependent children can be covered only if your surviving spouse/DP is covered under the plan. If you have no surviving spouse/DP or your spouse/DP does not enroll for coverage as a surviving spouse/DP, your eligible children may continue their coverage under COBRA.</p> <p>Your surviving spouse/DP may continue coverage if he or she remarries or forms a partnership, but may not enroll a new spouse/DP or new children.</p> <p>Your surviving spouse/DP and any eligible children must show proof of continuous coverage from the date of your retirement through the date of your death under:</p> <ul style="list-style-type: none"> ▪ The JCPenney Dental option, or ▪ Other continuous creditable coverage. <p>If your surviving spouse/DP and children don't elect coverage within 60 days of your death, they can't enroll in the plan later.</p>

Page 67, Dental, How the Plan Works, Eligible Expenses, revise the section as follows:

DMO option: preventative, basic, major, as well as orthodontia.

Life, Business Travel Accident and Accidental Death and Dismemberment Insurance

Pages 77 and 87, Associate-Paid (Supplemental and Dependent) Term Life Insurance and Accidental Death and Dismemberment Insurance, Eligibility, replace the section with:

You must be Benefits Eligible to participate in Associate-Paid Life and AD&D Insurance. See the "Eligibility and Enrollment" section for more information about becoming Benefits Eligible.

Eligible dependents include:

Spouse – The individual to whom you are legally married under the laws of your home state, except during periods while your spouse is on active military duty.

Domestic Partner (DP) – A same-gender civil union member or registered domestic partner under the laws of your home state, or a same-gender individual who has lived with you in a committed relationship for at least 12 months and meets the other requirements listed in the Company’s domestic partner online certificate, except during periods while your DP is on active military duty.

Child – Your or your spouse/DP’s unmarried child(ren) under the age of 25, or any age if incapacitated before age 25 . Children include natural born, legally adopted, placed for adoption, step-children or court-appointed ward(s), and your grandchild or a child for whom you are the legal guardian, who lives with you and who is supported by you. Your child will lose coverage the last day of the month before he/she turns age 25 or while on active military duty.

Page 80, Associate-Paid (Supplemental and Dependent) Term Life Insurance, before the When Coverage Begins section, add the following:

Associate-Paid Life Benefits Not Covered

Benefits will not be paid for losses resulting from suicide within two years from the date Life Insurance takes effect and the premium paid by the Associate during the two year period will be refunded to either the Associate or the Beneficiary, as appropriate.

Benefits will also not be paid for losses resulting from suicide within two years from the date of an increase in the Coverage Amount, the Coverage Amount in effect on the day preceding the increase will be paid as the benefit. Any premium paid by the Associate for the increased Coverage Amount will be returned to the Associate or the Beneficiary, as appropriate.

Benefits will also be denied within the first two years if any statement made in a required EOGH or other statement is found to be incorrect.

If an insured’s age is misstated the correct age will be used to determine if insurance is in effect, and, as appropriate, will adjust the benefit amount paid and/or the premiums.

Page 90, Accidental Death and Dismemberment Insurance, AD&D Expenses Not Covered, modify the section as noted below:

Any incident related to: travel in an aircraft as a pilot, crew member, flight student or while acting in any capacity other than as a passenger (not applicable to pilots or crew members of Company-owned or leased aircraft while traveling on Company business)

Page 93, Life, Cost of Coverage, modify the first sentence of the section as noted below:

There is no cost to you for Corporation-Paid Term Life and BTA Insurance. The cost for Associate-Paid Term Life and AD&D Insurance coverage is based on the coverage amount you select and, for Associate-Paid Term Life Insurance, your or your spouse/DP’s age on December 31 of the next year, and whether you or your spouse/DP has used tobacco products in the last three years.

Additional Benefit Choices

Pages 111-117, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), everywhere “MedSaver by CIGNA” or “MedSaver” appears, replace the reference and use “Starbridge by CIGNA” or “Starbridge.”

Page 112, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), Special Enrollment, Eligible Dependents, modify as noted below:

- Your unmarried child or stepchild who is younger than 26 years old, and lives with you
- Your unmarried child or stepchild who is younger than 26 years old and does not live with you but you are legally required to support such child and

Page 113, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), Overview, replace the table with:

How the Plan Works

Review the following chart to compare general information about the options available.

Type of Service	Basic Plan	Premier Plan
Doctor Office Visit* (outpatient)	You pay \$20 per visit	You pay \$20 per visit
Outpatient Care includes mammogram, pap & psa exams, well-baby visit, X-ray and Lab Benefit*	\$500 per year: Plan pays 80% after you pay \$50 annual deductible	\$1,000 per year: Plan pays 80% after you pay \$100 annual deductible
Inpatient Care	\$1,000 per year benefit. No deductible.	\$3,000 per year benefit. No deductible.
Wellness Benefit	Not Covered	You pay \$20 per visit for general health exam, X-ray and/or lab with a \$100 per visit maximum benefit (one visit per year)
Prescription Drug Benefit	Not covered	Generic: You pay \$15 per prescription Brand: You pay \$30 per prescription (\$300 annual maximum benefit)
Prescription Discount	Brand Name or Generic Discount Included	Brand Name or Generic Discount Included
Accidental Medical Benefit	\$500 per occurrence maximum benefit, plan pays 80% after \$50 per occurrence deductible, two occurrences per year maximum	\$500 per occurrence maximum benefit, plan pays 80% after \$50 per occurrence deductible, two occurrences per year maximum
Accidental Death Benefit (per accident)	\$10,000	\$15,000
In-Hospital Surgery	Covered under Inpatient Care	\$1,500 per occurrence maximum benefit, No deductible

Inpatient Physician's Visit Benefit	\$20 per visit benefit \$600 per confinement maximum	\$20 per visit benefit \$600 per confinement maximum
Maternity Benefit	Covered under Inpatient Care	\$1,500 maximum benefit. No deductible.

* Combined benefits including physician office visits, laboratory, X-ray, wellness and prescription drug benefits.

** Per-confinement maximums, daily limits and surgical schedule do apply.

Please Note: This summary of benefits is intended to provide highlights of the plan. It does not replace or supplement the policy and/or certificate booklet. For a copy of the certificate of insurance go to the www.jcpabc.com.

Page 114, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), Overview, Network of Healthcare Providers, replace the table with:

Quick Tip: Find Your Providers
Go online to www.starbridgechoices.com and click on the "Provider Search" button or call 1-877-552-5016 to receive a list of network providers at no charge.
Next, select the box for the type of provider you need: Physician, Hospital, or Facility & Ancillary. Then click on "CONTINUE SEARCH".
Next, enter your address and then select the box with the distance you are willing to travel and then click on "CONTINUE".
Next, select "CREATE A PERSONALIZED DIRECTORY" to print your directory.

Page 115, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), Limitations and Exclusions, replace the section with:

As with any medical insurance, there are some limitations and exclusions to coverage under Starbridge. Below are the principle limitations and exclusions associated with Starbridge. No benefits will be paid as a result of:

- Injury or sickness arising out of or in the course of employment
- War or act of war
- Expenses which are not ordered by a physician
- Cosmetic surgery care or treatment solely for cosmetic purposes or complications there from. This exclusion does not apply to reconstructive surgery resulting due to:
 - Trauma, infection, or other disease
 - Congenital disease or anomaly of a covered dependent newborn or adopted infant
 - Surgery on a non-diseased breast to restore and achieve symmetry between two breasts following a mastectomy
- Hearing examinations or hearing aids

- Vision services and supplies other than for a disease process, radial keratotomy, keratomileusis or excimer laser photo refractive keratectomy or similar type of procedures or services
- Charges made by a health care provider who is a member of your family or someone who is living with you
- Custodial Care confinement in a Hospital or Skilled Nursing Facility
- Home Health Care Services, unless provided in place of a Hospital confinement
- Commission of a felony
- Manipulations of the musculoskeletal system
- Treatment of mental or nervous disorders, alcoholism, or any form of substance abuse
- Intentionally self-inflicted injury or suicide attempt
- Dental care and treatment, except that required by injury and rendered within 6 months of the injury
- Treatment which is experimental or investigational
- Any expense incurred prior to an individual's effective date of coverage or after coverage is terminated.

For questions or further information on limitations and exclusions, go to www.jcpabc.com or call the ABC Service Center.

Page 117, Additional Benefit Choices (ABC) Program, Medical (MedSaver by CIGNA), When Coverage Begins, remove the reference “on page 145” at the end of the last sentence.

Spending Accounts

Pages 161 - 162, Spending Accounts, Changing Your Coverage, modify the table as follows:

<i>Have a spouse who loses his/her job</i>	You may start or increase your deposits.	You may start or increase your deposits.
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TIME AWAY FROM WORK

Page 174, Time Away From Work, Benefits At-a-Glance, Military Training Duty box, revise as follows:

Policy	Eligibility	Benefit Amount
<i>Military Training Duty</i>	All Benefits Eligible Associates	In each calendar year, the difference between regular Company pay and military pay for up to 14 days of military training duty

For more information see the online policy on the Associate Kiosk.

Page 175 – Time Away from Work, Leaves of Absence, revise as follows:

Leaves of Absence

Policy	Eligibility	Benefit Amount
<i>FMLA</i>	All Associates working at a unit that has at least 50 Associates within a 75 mile radius, who had at least 1,250 hours of service over the previous rolling 12-month period (unless otherwise required by law)	Up to 12 weeks (or 26 weeks in the case of care of an injured service-member) in a rolling 12-month period (unless otherwise required by law)

For more information see the online policy/brochure on the Associate Kiosk.

Maximum 6-Month Leave of Absence Policy

The maximum length of all continuous time away from work, paid and unpaid, will be six months, unless otherwise required by law.

How Do I request Illness Recovery Time or a leave of absence?

All Associates must contact PowerLine at 1-888-890-8900 in order to request Illness Recovery Time benefits or a leave of absence. After the prompt say "Leave, Illness or Injury".

PAGES 176- 177, Time Away From Work, Jury Duty, Crime Victim/Witness Duty, Emergency Time, Bereavement/Funeral and Observed Holiday, at the end of the first full paragraph in each section, insert the following:

For more information, see the online policy from the Associate Kiosk.

PAGES 177- 178, Time Away From Work, Military Training Duty and Military Supplemental Pay, revise the first paragraph of each section:

Military Training Duty

Each calendar year you may receive up to two weeks of pay for your military training duty. For more information, see the online policy from the Associate Kiosk.

Military Supplement

You may receive pay during the entire period of Military Leave if you are called to active duty in the U.S. military or as part of a medical disaster recovery team. For more information, see the online Military Leave Letter on the Associate Kiosk.

PAGES 177- 178, Time Away From Work, My Time Off, Paid Time Off and Puerto Rico Paid Time Off, insert the following sentence at the end of the first full paragraph in each section:

For more information, see the online policy from the Associate Kiosk.

PAGE 182, Time Away From Work, Duration of Leave Box, replace the box with:

Duration of Leave
The maximum combined amount of paid and unpaid time away from work is six consecutive months, unless otherwise required by law.

PAGES 182 - 185, Time Away From Work, Medical Leave, Personal Leave, Military Leave, Family and Medical Leave Act (FMLA), insert the following sentence at the end of the first full paragraph in each section:

For more information see the online policy/brochure on the Associate Kiosk.

PAGE 185, Time Away From Work, Family and Medical Leave Act (FMLA), insert the following box at the end of the first full paragraph:

Military Family Leave Entitlements
Eligible Associates with a spouse, son, daughter, or parent on active duty or called to active duty status in the National Guard or reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying emergencies. Qualifying emergencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.
FMLA also includes a special leave entitlement that permits eligible Associates to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

PAGE 186, Time Away From Work, Family and Medical Leave Act (FMLA), Continuing Coverage During Leave, Returning to Work and Continuing Coverage After Leaving the Company, replace the section and insert:

Continuing Coverage During Leave

While on leave, you may continue your coverage as long as you pay the premiums. Any premium payments will be deducted from your paycheck if you have paid time off benefits available. If you are not receiving a regular paycheck, you will be direct billed for healthcare coverage at Associate rates during the entire period of your FMLA Leave.

Payments can only be accepted if accompanied by a bill from PowerLine, CNA or the ABC Service Center.

Even if you don't elect to continue coverage or your coverage is cancelled due to non-payment of premiums during your FMLA leave, you have the right to be reinstated in all of your benefits when you return from FMLA leave.

Returning to Work

If you return from FMLA in the same calendar year, you will be automatically reinstated in all the benefits that you were enrolled in at the time you went on leave.

If you return to work in a new calendar year, you will be automatically reinstated in all benefits that are still available. You will be eligible to enroll for coverage if an annual election is required (Spending Accounts) or if your former option is no longer available.

Continuing Coverage After Leaving the Company

If you terminate employment after your FMLA ends, you may be able to continue coverage under some of the benefit options. You will receive information from PowerLine, CNA and the ABC Service Center that explains what coverage you can continue, who can continue to be covered and what you must do to continue your coverage.

You will be required to pay any missed premiums due to the time you were on a FMLA leave before you can continue healthcare coverage under COBRA.

Pages 188, 189 and 190, Time Away From Work, You Begin an Unpaid Leave of Absence, You Return From FMLA or Military Leave, and You Return from a Leave of Absence (other than FMLA or Military Leave), replace the first box in each section with:

You Begin an Unpaid Leave of Absence

Medical, Dental, ABC Starbridge, ABC Dental and Vision	Coverage ends on the last day of the month in which your unpaid leave begins or for which a full month’s premium was paid, if later. You or your dependents may continue your coverage through direct billing. You will be billed for active Associate rates for Workers’ Compensation, SDI, FMLA or Military Leaves and COBRA rates for all other leaves
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You Return from FMLA or Military Leave

Medical, Dental, ABC Starbridge, ABC Dental and Vision	If you continued coverage during your leave, coverage continues on a before-tax basis after you return. If you stopped coverage during your leave, coverage in effect immediately before you went on leave automatically begins again on the first day of the month in which you return to work. If your prior option is no longer available, you will be given a new enrollment opportunity.
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You Return from a Leave of Absence (other than FMLA or Military Leave)

Medical, Dental, ABC Starbridge, ABC Dental and Vision	If you continued coverage during your leave, coverage continues on a before-tax basis (except in Puerto Rico) after you return. If you stopped coverage during your leave, coverage in effect immediately before you went on leave automatically begins again on the first day of the month in which you return to work unless you return in a different calendar year.
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Administrative Information

Page 194, Administrative Information, Plan Trustees and Claims Administrators/Agent for Legal Service, replace the text in the section with:

Plan Trustees

The following Associates act as trustees for the Life and Disability Benefit Plan trust:

- R. B. Cavanaugh – Executive Vice President and Chief Financial Officer
- M. W. Taxter – Executive Vice President, Director of J.C. Penney Stores
- M. T. Theilmann – Executive Vice President, Chief Human Resources and Administration Officer

All trustees may be reached by writing to the trustee at the following address:

J.C. Penney Corporation, Inc.
6501 Legacy Drive
Plano, Texas 75024-3698

Claims Administrator/Agent for Legal Service

Note that legal process may also be served on the Plan Administrator or Trustee.

<i>Associate-Paid Term Life Insurance</i>	Metropolitan Life Insurance Company (MetLife) P.O. Box 3016 Utica, NY 13504-3016 1-800-638-6420, prompt #2
<i>Disability Insurance</i>	JCPenney Recovery Assistance Center Liberty Mutual Group P.O. Box 8417 Kansas City, MO 64114-0417 1-800-853-7120

Page 195, Administrative Information, Health and Welfare Plan, Basic Facts, replace the reference to ABC MedSaver in this section and replace with ABC Starbridge.

Page 195, Administrative Information, Health and Welfare Plan, ERISA Options, replace the reference to ABC MedSaver in this with ABC Starbridge.

Page 198, Administrative Information, Claims Administrator/Agent for Legal Service, ABC Program, replace the box titled CIGNA MedSaver with the following box:

<i>CIGNA Starbridge</i>	CIGNA Healthcare c/o FBA 6300 Bridgepoint Parkway, Building 3, Suite 400 Austin, TX 78730 1-866-337-8417 www.jcpabc.com
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Page 200, Administrative Information, Participating Employers, remove the Original Arizona Jean Company as a Participating Employer.

Page 200, Administrative Information, Appealing a Denied Benefit Claim, ABC Options, replace the box titled MedSaver with the following:

Starbridge Medical	CIGNA 6300 Bridgepoint Parkway, Building 3, Suite 400 Austin, TX 78730
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Legal Notices

Page 211, Legal Notices, Special Enrollment Rights, add the following, additional special enrollment right:

Effective April 1, 2009, you and your eligible dependents did not enroll in the above plans when first eligible because you had creditable coverage under Medicaid or a State Children’s Health Insurance Program (SCHIP) and you and your dependents become eligible for premium assistance to assist you with paying the cost of enrolling in one or more of the above plans

Page 214, Legal Notices, Continuing Your Coverage under COBRA, add the following after the second paragraph and before the table:

COBRA Subsidy under the American Recovery and Reinvestment Act
Effective March 1, 2009, if you experience a qualifying event that is an involuntary termination of your employment during the period that began September 1, 2008 and ends December 31, 2009, other than for gross misconduct, the American Recovery and Reinvestment Act of 2009 (ARRA) may, in some cases, reduce the COBRA premium you have to pay. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due the plan. This premium reduction is available for up to nine months. If your COBRA continuation coverage lasts for more than nine months, you will have to pay the full amount to continue your COBRA coverage. If you are eligible for the COBRA subsidy under ARRA you will receive additional communication from PowerLine or the ABC Service Center.

Page 220, Legal Notices, Health Plans Privacy Notice, replace the first sentence under the heading “JCPenney Health Plans” with:

The health plans (collectively the "Health Plans") covered by this notice are:

J.C. Penney Corporation, Inc. Health and Welfare Benefit Plan (only for Medical, Dental, HMO, DMO, Health Care FSA, The Hawaii Medical and Dental Plan, and the Additional Benefit Choices Medical, Dental and Vision options).

Pages 220 - 226, Legal Notices, Health Plans Privacy Notice, replace all references to “Matria” or “Matria Healthcare, Inc.” with “Alere.”

Page 224, Legal Notices, Health Plans Privacy Notice, replace the last sentence of the next-to-last paragraph under the heading “Your Individual Rights” with:

To request a copy of a particular Business Associate's privacy notice, if applicable, you should contact the Business Associate directly at the appropriate address included under "[Complaints and Communications](#)."

Page 226, Legal Notices, Health Plans Privacy Notice, revise the table under the heading “Complaints and Communications” to add:

<i>If You Are...</i>	Contact...		
	Business Associate	Address	Phone
Enrolled in the Additional Benefit Choices Medical (Starbridge) or Dental Option	CIGNA	CIGNA Privacy Office P.O. Box 5400 Scranton, PA 18505	1-800-560-1379
Enrolled in the Additional Benefit Choices Vision Option	EYEMED	EyeMed Vision Care, Attn: Privacy Officer P.O. Box 3104 Mason, OH 45050-7111	1-888-594-9834

Page 241, Important Resources, replace the box titled ABC MedSaver with:

<i>ABC Starbridge Medical</i>	CIGNA	1-866-337-8417 8 a.m. – 5 p.m. Central time, M-F	www.jcpabc.com
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Page 241, Important Resources, replace the box titled Time Away From Work with:

<i>Time Away From Work</i> <i>PTO/MTO</i> <i>Incidental Time Off</i> <i>Illness Recovery Time</i> <i>Leaves of Absence</i>	PowerLine	1-888-890-8900 7 a.m. – 7 p.m. Central time, M-F	Your Benefits Homepage from the Associate Kiosk or from the Associate Kiosk at Home or at www.jcpennepowerline.com
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This document is a summary of material modifications effective January 1, 2009 to Your Benefits Book 1, effective January 1, 2008. Please keep this document with your copy of Your Benefits Book 1. JCPenney reserves the right to terminate or amend any benefit plan or program at any time.