

# Puerto Rico Paid Time Off (PTO) Policy

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## PTO POLICY OVERVIEW

Vacation benefits are governed by Puerto Rico law. Generally, you will receive up to 80 hours of vacation each January 1 that you are still employed. All vacation hours will be paid to you if you terminate employment or transfer to another Company subsidiary. The vacation hours you may earn vary depending on your date of hire and hours worked. See your office Associate with any questions about the Puerto Rico mandated vacation benefit.

The corporation provides Paid Time Off (PTO) to Associates employed in Puerto Rico. PTO is a paid time off benefit that provides you with pay for time off during hours you are scheduled to work. PTO hours are available for use as soon as they are earned and deposited into your PTO account.

You must be *Benefits Eligible* to be eligible for benefits under the PTO Policy (PTO Eligible). This Policy is amended as of January 1, 2007.



*Key terms* indicated by italic type are defined in the **Key Terms** section.

Although at the present time the *corporation* expects to continue the Paid Time Off Policy, the Paid Time Off Policy can be amended or terminated at any time, with or without prior notice or approval by *you* or anyone claiming benefits through *you*.

PTO in this Policy refers to your “Other PTO” Account.

## ELIGIBILITY FOR PTO

When you become eligible for PTO benefits depends on whether you are classified as a *management Associate* or a *non-management Associate* and in many cases your *Benefits Eligible* status.

**Management Associates**-All *management Associates* in Puerto Rico become eligible for the PTO Policy on their date of hire.

**Non-management Associates**-All *non-management Associates* in Puerto Rico become eligible for benefits under the PTO Policy on the date they become *Benefits Eligible*.

## LOSS OF PTO ELIGIBILITY

You lose PTO Eligibility on the day you lose *Benefits Eligible* status. When you lose eligibility for PTO benefits:

- You may continue to use any unused hours remaining in your PTO Account
- You no longer receive PTO deposits, and
- You no longer accrue *benefits eligible service months* for PTO purposes.

## PTO CALCULATION

### Each January 1st

If you were PTO Eligible on December 31 and remained PTO Eligible as of January 1, PTO hours will be deposited monthly from January 1 to September 1 as long as you remain eligible

for PTO. The maximum number of PTO hours that you are eligible to receive depends on your benefits eligible service months and your average week.

PTO Weeks Factor Table	
Prior Years Benefits Eligible Service Months	Annual Other PTO Weeks Factors
1-35	.6
36-179	1
180-299	2
300+	3

  

PTO Calculation	
Average Week x Other PTO Weeks Factor = Annual Other PTO Hours	
Annual Other PTO Hours / 9 = Monthly Other PTO deposits*	
For example: An Associate with 190 Benefits Eligible Service Months and an Average Week of 33 hours	
Annual Other PTO hours = 33 hours x 2 = 66 Annual Other PTO hours	
66 Annual Other PTO hours /9= 7.3 hours/month	

\*Monthly Other PTO is deposited at a rate of approximately 1/9th per month from January 1 through September 1 if you are active on the first day of each calendar month.

**If You Become Benefits Eligible during the Year**

The maximum number of PTO hours that you are eligible to receive depends on your average day, the month that you become Benefits Eligible and the number of months you remain Benefits Eligible during the year. These hours are automatically deposited into your PTO Account on a monthly basis beginning on the date you become Benefits Eligible as long as you remain active on the first day of each month.

See the table on the following page.

<b>First Year PTO Days Factor</b>		
<b>Month You Become Benefits Eligible</b>	<b>Deposit Rate (Months)</b>	<b>Annual Other PTO Weeks Factor</b>
<b>January-April</b>	<b>9</b>	<b>.6</b>
<b>February</b>	<b>8</b>	<b>.6</b>
<b>March</b>	<b>7</b>	<b>.6</b>
<b>April</b>	<b>6</b>	<b>.6</b>
<b>May</b>	<b>5</b>	<b>.4</b>
<b>June</b>	<b>4</b>	<b>.4</b>
<b>July</b>	<b>3</b>	<b>.4</b>
<b>August</b>	<b>2</b>	<b>.4</b>
<b>September</b>	<b>1</b>	<b>.2</b>
<b>October</b>	<b>1</b>	<b>.2</b>
<b>November</b>	<b>1</b>	<b>.2</b>
<b>December</b>	<b>1</b>	<b>.2</b>
<b>PTO Calculation</b>		
<b>Average Week x Other PTO Weeks Factor = Annual Other PTO Hours</b>		
<b>Annual Other PTO Hours / Deposit Rate = Monthly Other PTO deposits*</b>		

\*Monthly Other PTO is deposited at a rate of approximately 1/9th per month from January 1 through September 1 if you are active on the first day of each calendar month.

## **WHEN PTO HOURS ARE EARNED**

Your PTO Hours will be deposited at a rate of approximately 1/9th per month from January 1 through September 1 of the *year* if you are active on the first day of each calendar month. The hours are available for your immediate use as soon as they are deposited into your account.

## WHEN YOU MUST USE YOUR PTO HOURS

In most cases, the *corporation* requires you to use all of your available paid time off prior to requesting any unpaid time off.

You **must use** PTO hours for absences such as:

- Vacation
- Caring for a family member
- Non-catastrophic mishaps such as car trouble or non-injury traffic accidents
- The birth or adoption of your child
- A waiting period prior to receiving payment of any state disability benefits
- Attending to personal business, or
- An illness or injury not covered under any other state or *corporation* provided benefit plan or program, including returning to work on reduced hours.

You **may not** use PTO hours to:

- Supplement your *pay* or hours for time you did not take off work, or
- Increase your hours in order to gain or maintain eligibility for any *corporation* provided benefit plan or program.

## HOW PTO HOURS ARE PAID

PTO hours are paid, based on your *average week* or *average day*, at 100% of your *pay rate* on the date you use available PTO hours.

PTO hours are paid in your regular paycheck. PTO *pay* is calculated as follows:

$$\text{Pay Rate} \times (\text{times}) \text{ your } \textit{average week} \text{ or } \textit{average day} = (\text{equals}) \text{ PTO Pay}$$

- In no event will you receive more than 100% of your *pay*, as applicable, from all sources combined except for jury duty and witness duty or except where required by law for the same hours not worked.
- PTO hours do not count toward “hours worked” for calculating overtime *pay*.

## WHEN YOUR EMPLOYMENT ENDS

Unused hours remaining in your PTO Account will be cancelled when your employment ends for any reason.

## **PTO hours may not be used to extend your employment with the *corporation*.**

- PTO may not be used during the last two weeks of a resignation notice period unless approved in advance by your manager.
- If you resign without giving at least two weeks advance notice to the *corporation*, any scheduled time off during the last two weeks of your employment are cancelled.
- If you schedule and take time off and then resign without returning to work, your resignation is effective on your last day worked prior to taking time off (paid or unpaid).

## **ADDED PTO - WORKING ON AN OBSERVED HOLIDAY**

If you are eligible for *pay* under the Observed Holiday Policy and work on an observed holiday, hours equal to your *average day* during the month the holiday occurs will be added to your PTO Account after you are paid for the observed holiday, regardless of the number of hours you actually worked on the observed holiday. See the Observed Holiday Policy for more information.

## **HOW HOURS USED AFFECT YOUR PTO BALANCE**

PTO hours used will be updated each pay period. PTO hours used in the current pay period that have not been paid or updated must be considered when requesting time off.

## **UNUSED PTO IN YOUR ACCOUNT ON DECEMBER 31<sup>st</sup>**

There is no cash out or carry-over of unused hours in your PTO Account (unless required by law or you are on a *military leave*) on December 31<sup>st</sup>.

**If you are on a military leave** – Unless a cash out is requested in writing, all remaining balances in your PTO Account will automatically carry-over for both non-management and management

See the following page to learn about managing your PTO Account.

## MANAGING YOUR PTO ACCOUNT



***It is your responsibility to verify your PTO Account.*** To access your PTO account at work, log on to the Associate Kiosk, select *Your Benefits Homepage*, click on “PTO/MTO Balance and Hours Information” At home, you can access the AssociateKiosk@Home by going to [www.jcpenny.net](http://www.jcpenny.net) and selecting “Associate Information.”

If you disagree with the hours recorded, call PowerLine at **1-888-890-8900** (Say “Paid Time Off” when you hear the menu of options.) within 60 days of the date your account is updated. If you do not, no adjustments will be made to your account (unless otherwise required by applicable law). You may file a claim for reconsideration as explained in the section titled, **Claims and Appeals**.

## REQUESTING TIME OFF

Our business depends on having enough staff on hand to serve our customers and to keep support operations running smoothly. Advance scheduling of all time off is critical!

Request time off (paid or unpaid) as soon as you can, because it may not be possible to grant all requests due to peak seasons and a large number of requests to take time off during the same period.

**Scheduled vs. unscheduled time off** – All time off is considered either “scheduled” or “unscheduled”, regardless of whether the time off is paid or unpaid.

- You are expected to schedule and get approval for all time off in advance, where possible.
- You should request scheduled time off with as much advance notice as possible. To meet operating and staffing needs, your store or unit may require a minimum notice period before certain time-off requests will be approved.
- **If you have access to the “Scheduling Function” you are required to use this function to request and receive approval for scheduled time off.**
- If you are scheduled and unable to report to work, call your store or unit as soon as possible – before your scheduled reporting time. Speak to your manager or the person designated to take the call at your workplace. Call your store or unit each day you are absent as required. **It is your responsibility to keep your store or unit informed as to your ability or inability to work.**
- Make sure you understand your store’s or unit’s policy regarding excessive short-term absences.
- Unscheduled and unapproved time off, other than absences that qualify under maternity leave, *FMLA leave*, FONDO, JCPenny’s private SINOT Plan, or *military leaves*, will continue to be counted for attendance evaluation reasons.
- Requests for discretionary time off will not be approved during certain peak seasons based on your store’s or unit’s staffing needs. See your manager for any “black out periods” that apply to your store or unit.

## Full and Partial Day Absences

In most cases, you are required to use all your available paid time off prior to requesting any unpaid time off.

### Non-Management Associates

- **Full day absences** – Hours equal to your *average day* will automatically be deducted from your PTO Account balance (unless otherwise required by law such as in the case of a FONDO, JCPenney’s private SINOT Plan, or *military leave*).
- **Partial day absences** – You may elect to use PTO hours in less than full-day increments, as long as your store or unit has the flexibility to schedule hours off. See your store or unit manager regarding absences of less than one full day. Hours equal to the difference between your scheduled hours and hours you worked that day will determine the amount of PTO hours you are paid for a partial day absence.

### Management Associates

- **Full day absences** – Hours equal to your *average day* will automatically be deducted from your PTO Account balance (unless otherwise required by law such as in the case of a FONDO, JCPenney’s private SINOT plan, or *military leave*).
- **Partial day absences** – See your store or unit manager regarding absences of less than one full day.

### When You Should Call PowerLine

Call PowerLine at **1-888-890-8900** (and say “Paid Time Off” when prompted) if you want to:

- Ask questions about your PTO Account, or
- Get a better understanding of the PTO Policy.

## CHANGES THAT AFFECT YOUR BENEFITS

### Paid Time Off vs. Unpaid Time Off

You **may elect** to use any PTO hours during a *military leave* or the state mandated waiting period before FONDO benefits begin for work-related illnesses or injuries.

For all other absences, **you are required** to use any available paid time off prior to any unpaid time off. This includes absences not payable under any of the *corporation’s* other benefit plans or programs such as:

- Paid Time Off Policy
- Observed Holiday Policy, and
- Incidental Time Off policy.



If you have no time off with *pay*, you must call PowerLine (say "Leave of Absence" when you hear the menu of options) at **1-888-890-8900** to request a *Leave of Absence*. If your *Leave of Absence* is approved you will not lose *Benefits Eligible* status.

## Unpaid Time Off

Keep in mind any unpaid time off could affect your *Benefits Eligible* status, and your monthly PTO hours calculation including your *average day* and *average week*.

**If you have no time off with *pay*, you must call PowerLine at 1-888-890-8900 and say "Leave of Absence" when prompted to request a *Leave of Absence*. If your *leave* is approved you will not lose *Benefits Eligible* status.**



**PTO Eligible status is not protected for *Associates* during an approved absence.**

## While on a Leave of Absence

If your absence is expected to last more than 28 consecutive calendar days or if you have no time off to cover your absence, it is your responsibility to request a *Leave of Absence* by calling PowerLine at **1-888-890-8900**. If you fail to request a *Leave of Absence* in a timely manner or your request is denied, your employment with the *corporation* will end, unless otherwise required by law.

### While on any type of Leave of Absence, you:

Remain *Benefits Eligible* and continue to accrue *benefits eligible service months*, if you were *Benefits Eligible* at the time you began your *Leave of Absence*.

### The type of leave you are placed on determines:

- If you are required to use any remaining PTO Account hours prior to being placed on a *Leave of Absence*
- If you continue to receive PTO Account Monthly Hours Deposits during your *Leave of Absence*, or
- If you continue to accrue *eligibility maintenance hours* which are used to determine future PTO Account hours.

To understand what affect your *Leave of Absence* has on your Paid Time Off benefits, determine which of the following types of *leaves* are applicable to your situation (see the table on page 10):

Type of Leave	Must I use any remaining PTO before my leave begins?	Do I receive monthly PTO deposits during my Leave of Absence?	What happens to my unused PTO as of December 31 of the current calendar year?
<i>Maternity leave, FONDO, or JCPenney's private SINOT Plan Leave of Absence</i>	You may, <b>but are not required to</b> , use all of your remaining PTO before you begin your unpaid <i>Leave of Absence</i> .	Yes	<p>You may use any PTO remaining in your account including any PTO deposited during your <i>Leave of Absence</i> when you return to work.</p> <p>Any unused PTO hours on December 31 are subject to the end of the <i>year</i> rules.</p> <p>If you terminate your employment, see the section titled, "When Your Employment Ends"</p>

See the following page for details about Military Leave and other leaves.

<p><i>Military Leave</i></p>	<p>You may, <b>but are not required to</b>, use all of your remaining PTO before you begin your unpaid military leave</p>	<p>Yes</p>	<p>You may use any PTO remaining in your account including any PTO deposited during your <i>Leave of Absence</i> when you return to work.</p> <p>All unused PTO hours in your account(s) on December 31 will automatically be carried over each <i>year</i> until you request a cash out form, return to work, or your employment ends. To request a cash out call PowerLine at 1-888-8900 (say “Leave of Absence” when prompted) or contact your store or unit Office Associate.</p> <p>You may not receive any PTO <i>service months</i> that would have accrued during the time period of your <i>military leave</i> if you do not return to work within the time period that reemployment rights are guaranteed by law.</p> <p>If you terminate your employment, see the section titled, “When Your Employment Ends”</p>
<p><i>All other Leaves of Absence (including FMLA leave)</i></p>	<p>Yes</p>	<p>No</p>	<p>You may use any PTO remaining in your account including any PTO deposited during your <i>Leave of Absence</i> when you return to work.</p> <p>Any unused PTO hours on December 31 are subject to the end of the <i>year</i> rules.</p> <p>If you terminate your employment, see the section titled, “When Your Employment Ends”</p>

## When You Transfer

### Transfers within Puerto Rico

Any PTO Account hours in your account at the time of transfer will remain available for your use at the new location. You will remain in the Puerto Rico PTO Policy.

## Transfers from Puerto Rico to the United States

Any PTO Account hours in your account at the time of transfer will remain available for your use at the new location. You will remain in the Puerto Rico PTO Policy for the remainder of the current year.

## Transfers from the United States to Puerto Rico

Any PTO Account hours in your account at the time of transfer will remain available. You will remain under the Puerto Rico PTO Policy.

# IMPORTANT INFORMATION

## Duplication of Benefits

You may not receive paid time off benefits and any state income replacement benefits, FONDO or JCPenney's private SINOT Plan and pay under the *corporation's* paid time off policies for the same hours not worked.



*You may not receive pay under the PTO Policy for any hours you worked.*

## Overpayments of Time Off Benefits

Any PTO hours used in excess of any PTO hours earned and deposited are considered an overpayment. Where allowed by law, the *corporation* will recoup these amounts through payroll deductions. If the *corporation* cannot recoup these amounts through payroll deduction, you have 30 days to repay the full amount of the overpayment to the *corporation* by money order, certified or cashiers check, or cash.

The *corporation* may also recover overpayments by:

- Reducing your current or future Puerto Rico PTO hours deposits
- Suspending or reducing future Incidental Time Off benefits (Jury/Witness Duty, Emergency Time, Bereavement/Funeral Pay, Observed Holiday, and Military Training Duty) until the overpayment has been repaid in full
- Taking any appropriate collection activity available including any legal action needed, and
- Placing a lien, unless prohibited by law, in the amount of the overpayment on the proceeds of any Other Income that you may be eligible to receive whether payable as a periodic or lump sum payment.

No interest will be charged on the amount of any overpayment or duplication of benefits and, unless required by law, no interest will be paid on any underpayment of benefits or on any benefit payments which have been delayed for any reason.



**It is your responsibility to verify your PTO Account.** To access your PTO account at work, log on to the Associate Kiosk, select Your Benefits Homepage, click on “PTO/MTO Balance and Hours Information.” At home, you can access the AssociateKiosk@Home by going to [www.jcpenney.net](http://www.jcpenney.net) and selecting “Associate Information.”

If you disagree with the hours recorded, call PowerLine at **1-888-890-8900** (Say “Paid Time Off” when you hear the menu of options.) within 60 days of the date your account is updated. If you do not, no adjustments will be made to your account (unless otherwise required by applicable law). You may file a claim for reconsideration as explained in the section titled, **Claims and Appeals**.

## CLAIMS AND APPEALS

### How to File a Claim

If you believe you have been improperly denied eligibility to participate or should have received more paid time off hours or pay for time off, or that you have otherwise been treated unfairly under the PTO Policy, you, your spouse, or your estate’s representative may file a *claim* within 60 days of the date:

- You are not eligible for the PTO Policy
- Your PTO hours are deposited, including if you do not agree with the amount of *benefits eligible service months* or *eligibility maintenance hours* used in calculating your PTO hours deposit
- You use any PTO hours
- You receive *pay* for time off work and you don’t agree with the amount paid, or
- The events giving rise to your *claim* occurred.

You, your *spouse*, or your estate’s *representative* should file the written *claim* with the Benefit Determination Review Team (BDRT). Your claim must be submitted in writing or by completing the Claim Initiation Form. Call PowerLine at **1-888-890-8900** to request a Claim Initiation Form. Send your letter or Claim Initiation Form to the BDRT at:

**JCPenney-Benefit Determination Review Team**  
**P. O. Box 1407**  
**Lincolnshire, IL 60069-1407**



***If you don’t file a claim within 60 days, no changes will be made to your account***

### Claims Procedures

Once the BDRT receives your *claim*, the BDRT has 60 days to make a determination. You will be notified in writing of the final decision within 60 days after your *claim* is received, or within 120 days when special circumstances require more time for a fair decision. You will be notified before the 60th day if an extension or supporting documentation is necessary to complete your *claim*. This extension can be up to 60 days.

You then have 45 days within which to provide the information requested or needed for the BDRT to make a determination. If the requested information is not provided in a timely manner, your *claim* will be denied. The denial will cite the provisions found in this policy on which the decision was based, advise you of any document or information reviewed in making a determination, and provide you with information on any voluntary *appeal* rights.

If you do not request an *appeal* within 60 days after receiving notice of your denial, no further action will be taken and you cannot request an *appeal* at a later date.

## How to File an Appeal

If you still believe you have been improperly denied eligibility to participate or should have received more paid time off hours or *pay* for paid time off hours used, or that you have otherwise been treated unfairly under the PTO Policy, you, your *spouse* or your estate's *representative* may appeal the decision by filing an *appeal* within 60 days of the date you receive notice of your *claim* denial.

You, your *spouse* or your estate's *representative* may appeal in writing to the *Benefits Administration Committee (BAC)* to request a review of your denied *claim*. To file an *appeal* write to the *BAC* at the following address:

**Benefits Administration Committee  
J. C. Penney Corporation, Inc.  
6501 Legacy Drive  
Plano, TX 75024-3698**

**You must file your *appeal* within 60 days from the date you receive notice of the denial of your *claim*.**

You may ask the *BAC* to review any relevant documents. As part of your right to *appeal*, you must provide:

- The policy name
- Your name, Social Security or EMPL ID Number, store or unit number, and location
- The reason you believe your *claim* should have been treated differently or was improperly denied, including references to the appropriate provisions of this PTO Policy, and any facts that support your position, and
- Any additional information you believe will be helpful in reviewing your *claim* (attach any supporting documentation).

**In preparing your *appeal*, you may request to review any pertinent documents.** You will be notified in writing of the *BAC*'s final decision within 60 days after your *appeal* is received, or within 120 days when special circumstances require more time for a fair decision. You will be notified before the 60th day if an extension or supporting documentation is necessary to complete your appeal. The denial will cite the provisions found in this policy on which the decision was based, advise you of any document or information reviewed in making a determination, and provide you with information on any voluntary *appeal* rights.

The decision of the *BAC* is final and binding on you or anyone claiming through you.

## KEY TERMS

These key terms have the following meanings when used throughout this Policy. The terms appear in *italic* text when used.

**ACAA**-the Administration for the Compensation of Automobile Accidents. A mandatory automobile owners insurance program which is operated by the Puerto Rico Government's Adminstracion de Compensacion de Accidentes de Automovil.

**Actively at Work**-You are considered actively at work if you are performing your regular job duties at your usual place of work or traveling on Company business. You will be considered actively at work on a non-scheduled workday if you were actively at work the day before.

**Appeal** – a proceeding by you, your *spouse*, or your estate's *representative* to have a denied *claim* for benefits or eligibility for participation reviewed by the *Benefits Administration Committee*.

**Approved Absence** – an unpaid excused absence approved by the store or unit manager that is scheduled to last 28 consecutive calendar days or less.

**Associate (You, your and yours)** - a person who is employed by the *corporation*, and paid through the *corporation's* payroll system. The term *Associate* does not include a person covered by a collective bargaining agreement that does not expressly provide for participation in the Policy, provided the representative of the person with whom the collective bargaining agreement is executed has an opportunity to bargain in good faith concerning Policy benefits. The term *Associate* also does not include a person who is classified as an independent contractor by the *corporation* for purposes of Federal income tax reporting and withholding. The designation of an *Associate* by the *corporation* is final and not subject to re-determination by any government agency. The term *Associate* does not include any person who performs services for the *corporation* as a "leased employee" within the meaning of *Code* section 414(n), or who performs services through an agreement with a leasing organization.

**Average Day and Average Week** – the number of hours you are paid for each day or each week of paid time off in the current *year*.

**BAC** – see *Benefits Administration Committee*.

**Benefits Administration Committee (BAC)** – a committee appointed by J.C. Penney Corporation, Inc. to act as the administrator for the PTO Policy.

**Benefits Eligible** – you generally become *Benefits Eligible* on the first day of the fifth month of employment if you are hired on or before the 15<sup>th</sup> of the month or in the 6<sup>th</sup> month of employment if you are hired on or after the 16<sup>th</sup> of the month if:

- You are a *non-management* or hourly *management Associate* and you averaged 35 hours or more per week in the first 8 weeks of employment, or
- You are a salaried *management Associate*, and you were regularly scheduled to work an average of 35 hours or more per week in the first 8 weeks of employment.

Associates who do not become *Benefits Eligible* during their first 8 weeks of employment will have an opportunity to become eligible December 1 and again in June 1.

Each July, benefits eligibility for the following year will be determined by using a 12-month look-back at the hours you worked. As long as you average at least 35 hours per week for the 12-month period, you will be eligible for full-time benefits for the entire next 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.

**Benefits Eligible Service Month(s)** – a month during which you are *benefits eligible* or the total number of months that you have been *benefits eligible* including any reinstated or credited *benefits eligible service months* granted to rehired *associates* or any months granted to certain *management Associates* due to prior professional work experience that occurs after age of 25.

**Benefit Pay Rate** – for commissioned sales *Associates*, your rate of *pay*, which includes your average commissions for the past *year*.

**Claim** – your request for eligibility or benefits submitted to the Benefits Division.

**Code** – the Internal Revenue Code of 1986, as amended and the regulations that apply under the *Code*.

**Corporation** – J.C. Penney Corporation, Inc. and any subsidiary or affiliate of J.C. Penney Corporation, Inc. which is designated as participating by the Human Resources Committee and excludes any division of the J.C. Penney Corporation, Inc. or a subsidiary or affiliate that is designated by the Human Resources Committee as ineligible to participate.

**FONDO**-a workers' compensation insurance program which is operated by Puerto Rico's Corporacion del Fondo del Seguro del Estado.

**FMLA Leave** – a *Leave of Absence* under the Family and Medical Leave Act of 1993, as amended and the regulations that apply under that Act or any state law that provides a better benefit.

**Leave of Absence** – A period of paid or unpaid time away from work for a medical, personal or military reason.

**Management Associate** – salaried and certain hourly paid *Associates* who are classified as *management Associates* in accordance with the *corporation's* human resources policies.

**Military Leave** – a period of time while an individual is off work due to active duty military service, medical disaster recovery assistance and certain military training duty for persons in the National Guard or reserves during which an individual is guaranteed benefits and re-employment rights under federal and/or state laws.

**Non-Management Associate** – an *Associate* who is not classified as a *management Associate* as defined under the *corporation's* human resources policies.

**Pay or Pay Rate** – the value of an hour of work as determined by the *corporation's* human resources policies is:

- **Hourly-paid Associates** – your regular hourly rate. Your *pay rate* may also include *pay* premiums.
- **Commissioned Associates** – your *benefit pay rate*.



- **Salaried Associates** – your annual base salary converted to an hourly rate. For full-time salaried *Associates*, your annual base salary generally is divided by 2,080 hours. For part-time salaried *Associates*, an hourly rate is determined under the *corporation's* human resources policies.

**Representative** – a person the participant authorizes in writing to act on his/her behalf. The BAC will also recognize a legally valid power of attorney or a court order giving a person authority to take an act on a participant's behalf.

**SINOT**- Puerto Rico's non-occupational state disability insurance program titled Seguro por Incapacidad No-Occupational. J. C. Penney operates a private SINOT plan.

**Spouse** – the individual to whom an *Associate* is legally married under the laws of the State (as defined in section 3(10) of the Employee Retirement Income Security Act) in which the *Associate* is domiciled, or if the *Associate* is domiciled outside the States, under the laws of the State of Texas. Spouse does not include a same gender partner unless otherwise required by state law.

**Standard Hours** – the hours per week that you are currently hired to work.

**Year** – a 12-month period beginning on January 1 and ending on December 31.

## ADMINISTRATIVE INFORMATION

### Plan Document

This policy statement is the plan document for the Puerto Rico PTO Policy. Every effort has been made to make this document clear, complete and understandable; however, the Administrator has the final word on interpreting all provisions of the Puerto Rico PTO Policy. The terms of the Puerto Rico PTO Policy may only be superseded or amended by a subsequent written document approved by the BAC or the Human Resources Committee of J.C. Penney Corporation, Inc. The corporation maintains the Puerto Rico PTO Policy even though it is not required to do so by law. Also see AMENDMENT OR TERMINATION later in this section.

### Severable Plan Provisions

Each provision of the Puerto Rico PTO Policy is independent and does not affect the validity of any other provision. If a court or administrative agency finds any provision of the Puerto Rico PTO Policy to be invalid, illegal, void, or unenforceable, such provision shall be severed, and the remaining provisions of the Puerto Rico PTO Policy shall remain in full force and effect. In the event a court or administrative agency finds any provision of the Puerto Rico PTO Policy to be invalid, illegal, void, or unenforceable the corporation reserves the right to take any action indicated under the section titled AMENDMENT OR TERMINATION.

## **Amendment or Termination**

J.C. Penney Corporation, Inc. reserves the right to amend or terminate the Puerto Rico PTO Policy at any time without prior notice or approval of *Associates*, participants, or their representatives. The BAC has the authority to amend the Puerto Rico PTO Policy if the amendment does not significantly increase the cost of the Puerto Rico PTO Policy to a participating employer. The Human Resources Committee has the authority to make all other amendments, including termination of the Puerto Rico PTO Policy. The authority of the BAC and the Human Resources Committee must be exercised pursuant to action by unanimous written consent or by majority vote at a meeting.

## **No Right to Employment**

Nothing contained in this document or any other communication related to the Puerto Rico PTO Policy creates or should be inferred to create an employment contract.

## **Time Limit for Legal Action**

The Puerto Rico PTO Policy is governed under Texas law. Every right of action by any participant, a participant's representative, or a participant's estate must be brought against the *corporation* no later than four (4) years from the date the *Associate's* employment ended, or from receipt of notice of a denied claim for eligibility to participate or for benefits.

Updated April 2008