

SAVING FOR RETIREMENT MADE EASY

JCPenney is dedicated to providing competitive retirement benefits to help you save for the future. There are three main ways you can save for retirement at JCPenney:

1. **Social Security** - both you and JCPenney are required to contribute before tax
2. **401(k) Savings Plan** - both you and JCPenney can contribute before and after tax
3. **JCPenney Retirement Account or JCPenney Pension Plan** - JCPenney makes all contributions for eligible associates

It's important that you understand all your retirement savings options as you plan for the future. And, remember that these options provided to you by JCPenney should be supplemented by your Personal Savings.

Here, we'll focus on two of the JCPenney-sponsored retirement options that are made available to you: Your 401(k) and the JCPenney Retirement Account/JCPenney Pension Plan.

Rolling Money Over

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

401(k) Savings Plan

Eligibility

If you are at least age 21, you are eligible to enroll in the 401(k) Savings Plan

Enrollment

You can enroll in the 401(k) Savings Plan at any time after your hire date by logging on to Your Benefits Homepage/ Savings Plan from the Associate Kiosk. You can make deposits into your account starting with the first pay period after the date you enroll in the Plan.

If you don't take action to enroll, you'll be automatically 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. But, you can change your contribution level at any time. And, don't forget to designate your beneficiary on Your Benefits Homepage.

Investment Choices

When you enroll, you elect how much to deposit, up to the plan and government limits. You also elect whether to make before-tax deposits, after-tax deposits, or a combination of both. 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 \$110,000 in the prior year. Or, you can contribute 1-8 percent (6 percent before-tax) if you earned \$110,000 or more in the prior year.

You can choose from various investment options that include the Penney Common Stock Fund, 11 Target Retirement Trusts, 7 index funds and a brokerage window.

Matching Contributions

To be eligible for matching contributions, you must be at least age 21 and complete one year of service in which you work 1,000 hours. At that point, for every dollar you contribute to the plan (up to 6 percent of your pay), JCPenney will contribute an extra 50 cents. The match will be contributed to your account

Vesting

Vesting means ownership in your account. You are always 100% vested in (or own) the funds you deposit. But you earn vesting on your matching contributions based on your years of service. If you began saving in your JCPenney 401(k) before January 1, 2007, you vest 20 percent for each year of vesting service. For plan years after December 31, 2006, you are 100 percent vested after three years of vesting service.

Your JCPenney Retirement Account

For Associates hired on or after January 1, 2007, JCPenney offers a Retirement Account to help supplement your retirement savings. The Company makes a fixed annual contribution equal to two percent of your annual compensation (up to the government annual limit) into your Retirement Account.

Eligibility

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

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

Contributions are made annually in the year following the current fiscal year. You must be an active Associate as of December 31 to receive your fixed annual contribution. You'll also receive your contribution if you leave before December 31 due to death, disability, reduction in force or unit closing.

Enrollment

There is no need to enroll in the JCPenney Retirement Account. If you're eligible to participate, you are automatically enrolled.

Vesting

You are 100 percent vested in your JCPenney Retirement Account after three years of vesting service.

Special note for Puerto Rico associates

Before-tax and after-tax deposits are limited to 10%. For 2009, your before-tax deposits are limited to 50 % of your salary or \$9,000 dollars.

Your JCPenney Pension Plan

For associates hired before January 1, 2007, the Company offers the JCPenney Pension Plan. Your Pension Plan benefit is based on your years of credited service, average final pay and covered compensation. Generally, when you retire, you receive a monthly payment from the Company until your death. Depending on the form of payment you choose, your beneficiary will receive your payments if you die before the benefit is completely paid to you.

Eligibility

Generally, as long as you were hired before January 1, 2007, you are eligible to participate in the plan after you reach age 21 and have completed 1,000 hours of service during your eligibility period.

Enrollment

There is no need to enroll in the JCPenney Pension Plan. If you are eligible to participate, you are automatically enrolled.

Vesting

You earn the right to a pension benefit, after five years of vesting service with the Company, or if when you reach age 65 you are a JCPenney associate.

Keeping Track of Your Accounts

All JCPenney Retirement investment information can be found on PowerLine. You can access PowerLine from the Associate Kiosk or www.jcpenneypowerline.com 24-hours-a-day, Monday – Saturday and after 12:00 pm CST on Sundays.

When you log on to PowerLine from the Associate Kiosk or www.jcpenneypowerline.com you can:

- Get information and enroll in the 401(k) Savings Plan
- Gain a better understanding of the 401(k) Savings Plan and find basic investment information
- Make changes to your deposit amount or select or change your investment fund choices
- Request a loan, withdrawal or distribution

For More Information

If you have further questions, there are several resources you can use:

- For the JCPenney 401(k) Plan and the JCPenney Retirement Account, you can view the Savings Plan: Your Benefits Book 2 Summary Plan Description.
- For the JCPenney Pension Plan, you can view the JCPenney Pension Plan: Your Benefits Book 3 Summary Plan Description.
- For all of the plans, you also find information on the PowerLine website or you can contact PowerLine by phone at 1-888-890-8900.