

J. C. PENNEY COMPANY, INC.

Committee of the Whole of the Board of Directors Charter (adopted February 2007)

I. Purpose

The purpose of the Committee of the Whole (“Committee”) is to assist the Board of Directors in discharging the Board’s responsibilities relating to the setting of performance goals and objectives, the evaluation of performance in light of those goals and objectives, and the setting of compensation for the Company’s CEO.

II. Composition and Meetings

- A. The Committee shall be composed solely of the independent members of the Board. Accordingly, each member of the Committee shall meet the independence requirements of the New York Stock Exchange. No director qualifies as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company.
- B. The presiding director for executive sessions of the independent directors of the Board appointed pursuant to the Company’s Corporate Governance Guidelines shall also serve as the Chair of the Committee.
- C. The Committee shall meet at least once a year. The schedule for regular meetings of the Committee shall be established by the Committee. The Chair of the Committee may call a special meeting at any time as he or she deems advisable.

III. Duties and Responsibilities

- A. The Committee shall review and approve corporate goals and objectives relevant to CEO compensation and evaluate the CEO’s performance in light of those goals and objectives (the results of which shall be shared with the CEO and the Human Resources and Compensation Committee).
- B. Based upon the Committee’s evaluation of the CEO’s performance, the data and information regarding CEO compensation matters provided to it by the Human Resources and Compensation

Committee, and after taking into consideration the non-binding recommendation that it receives from the Human Resources and Compensation Committee, the Committee shall set the CEO's compensation level and determine its individual components. The Committee shall determine the long-term incentive component of CEO compensation after considering the Company's performance and relative stockholder return, accomplishment of long-term strategic objectives, development of management, the value of similar incentive awards to CEOs at comparable companies, and, as appropriate, the awards given to the Company's CEO in past years relative to the Company's performance in those years. A Committee member shall abstain from participating in any determinations or approvals relating to equity grants under this subsection III.B if he or she does not meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934 or "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

IV. Charter Review and Amendment

The Committee shall review and reassess the adequacy of this Charter at least annually. The Board of Directors may make such amendments to this Charter as it deems advisable, including, but not limited to, any amendments to conform to or reflect any change in any law, regulation, or ruling applicable to compensation committees.