

JCPENNEY LEGAL DEPARTMENT PRO BONO POLICY

Introduction and Pro Bono Commitment

JCPenney has always recognized the importance of its community responsibility, not only because healthy communities benefit business, but also because the Company feels a moral obligation to be a responsible citizen. In 1930, in a training manual for Store managers, James Cash Penney put it well:

"Let us keep in mind that the community service we can render is of the greatest value when we work for the common good. No man or organization can long exist selfishly. Therefore, it would be unwise for us to lend a hand in community betterment merely to improve our own business. The only true community spirit is that which sets up a general improvement and betterment plan for the benefit of all."

The community and JCPenney benefits from the active community involvement of our units and associates. A community benefits when a business is willing to donate technical expertise, resources, and time. JCPenney also benefits from community involvement. Involvement helps maintain the health of the communities in which we operate, and it creates the goodwill and public confidence necessary to run a profitable business. Community involvement helps to develop our associates by giving them opportunities to share their skills and to try new ones. It also can enhance our associates' image of the Company.

Policy Statement

The JCPenney Legal Department's values reflect those of our Company as a whole. In-house lawyers doing pro bono work may seem odd since our primary responsibility is to serve the interests of the Company. The Preamble to the Texas Rules of Professional Conduct provide that "A lawyer should be mindful of the deficiencies in the administration of justice and of the fact that the poor, and sometimes persons who are not poor, cannot afford adequate legal assistance, and should therefore devote professional time and civic influence in their behalf." JCPenney in-house attorneys, like those in law firms and government agencies, are strongly encouraged to meet their professional obligation to ensure "equal justice" through pro bono assistance to the poor and disadvantaged.

To facilitate participation in pro bono programs, the JCPenney Legal Department has made arrangements with Legal Aid of NorthWest Texas ("LANWT") to provide attorney and paralegal staffing for LANWT's monthly evening walk-in legal clinic located in Plano. The JCPenney Legal Department also encourages attorneys to accept cases through LANWT, and attorneys may perform such pro bono legal services during normal work hours within the parameters of this policy. The Department relies on the good judgment and work ethic of its attorneys to balance and prioritize job responsibilities with pro bono cases. Participation during work hours is subject to workload constraints.

Standards of Business Conduct and Potential Conflicts

As JCPenney associates, we are bound by the JCPenney Statement of Business Ethics. As attorneys, we are bound by the Rules of Professional Conduct. When providing pro bono legal representation, JCPenney Legal Department associates should be guided by both. Associates should devote the same level of professional competence and quality of work that they do on all matters handled by JCPenney.

In deciding whether to take a pro bono matter, associates should consider whether their participation or counsel or representation of a potential client could give rise to a conflict of interest. In such instances, associates should be guided by the JCPenney Statement of Business Ethics and the Rules of Professional Conduct. Associates should bring any questions or issues of potential conflict to the Department's Pro Bono Coordinator.

Similarly, any issue that could be considered politically or socially sensitive should be brought to the Pro Bono Coordinator. Representation on such legal matters will be considered on a case by case basis and is subject to approval of the General Counsel.

Malpractice Insurance

Malpractice insurance is provided by Legal Aid of NorthWest Texas for cases that JCPenney attorneys accept from that office.

Use of JCPenney Resources and Expenses Related to Pro Bono Matters

When providing pro bono services in accordance with this Policy, associates may reasonably use all office equipment, supplies and library material (including subscriptions to electronic databases). However, every effort should be made to avoid interfering with JCPenney business. Any expenses to be incurred on behalf of a pro bono client must be pre-approved by the Pro Bono Coordinator.

Affiliation with The Company

Although the JCPenney Legal Department strongly encourages participation in these pro bono activities, associates must act on an individual basis, rather than on behalf of JCPenney. Associates should take care not to use JCPenney stationery for correspondence, and avoid other acts that convey the impression that JCPenney is providing the legal services. Volunteers should develop their own stationery, e.g., Attorney Name, Esq., c/o JCPenney Legal Department.