

JCPenney

MIRROR SAVINGS PLAN

Plan Highlights, effective January 1, 2016

Please review the following J. C. Penney Corporation, Inc. Mirror Savings Plan (“Mirror Plan”) highlights. If you have any questions, please contact PowerLine at 1-888-890-8900.

What is the Mirror Plan?

The Mirror Plan is an unfunded and unsecured nonqualified retirement plan that is designed to help highly paid associates save before-tax pay for retirement, over and above any regular J. C. Penney Corporation, Inc. Savings, Profit-Sharing, and Stock Ownership Plan (“Savings Plan”) deposits to your Savings Plan account. The Mirror Plan gives you the opportunity to increase your retirement savings, lower your taxable income, and take advantage of the power of long-term, tax-deferred growth. Benefits are payable out of the general assets of J. C. Penney Corporation, Inc., which are subject to the general claims of creditors in the event of insolvency.

Your Eligibility

For Associate Deferrals

- **Time of Hire:** If you are hired in 2016, your base pay rate must exceed \$120,000 in the calendar year you are hired.
- **Annual Determination:** If you are employed at the end of 2015, either your base pay rate or your actual pay through October 31, plus your projected pay thereafter through December 31, plus any Management Incentive Compensation Program (MICP) paid to you in 2015, must exceed \$120,000.

For Employer Contributions

- **Company Match:** To receive the fixed Mirror Plan Company matching contribution, you must be age 21 or older and have one year of employment in which you worked at least 1,000 hours.
- **Discretionary Match:** To receive discretionary Company matching contributions, you must be eligible for a Company matching contribution and also be employed on December 31 of the plan year.
- **Retirement Account:** To receive Retirement Account contributions, you must have a hire or re-hire date on or after January 1, 2007, must be age 21 or older, have one year of employment in which you worked at least 1,000 hours and be employed on December 31 of the plan year. Associates hired before January 1, 2007 are not eligible for the Retirement Account contribution because they are eligible for the Pension Plan.

How to Enroll

- **Time of Hire:** You must make your election to defer within 30 days of your hire date.
- **Annual Election:** You must make your election by December 31 of the year before your pay is earned. For example, make your election for 2016 earnings by December 31, 2015.
- **Rehires:** Special rules on eligibility, enrolling and distributions apply to rehires. Contact PowerLine at 1-888-890-8900 for additional information.

Your Associate Deferral Elections

- You may elect to defer up to 14% of your first \$265,000 of pay and up to 75% of your pay

over \$265,000.

- Elections can be made for regular pay and/or MICP pay earned in the current year even if paid in the following year.

Any election to defer into the Mirror Plan for 2016 cannot be changed or cancelled after December 31, 2015 and will remain your election for the 2016 calendar year. New hires enrolling in 2016 also cannot change elections after the enrollment period, so make your election carefully.

Company Contributions

- **Company Match:** The fixed match is equal to 50% of your deferrals up to 6% of your pay over \$265,000 and is credited to your account after each payroll period in which a deferral is taken.
- **Discretionary Match:** The Human Resources and Compensation Committee of the Board of Directors may, at its discretion, approve an additional discretionary matching contribution after the close of the Company's fiscal year. A discretionary matching contribution will be credited to your account the following plan year if you were employed on December 31.
- **Retirement Account:** If you were hired or rehired on or after January 1, 2007 and are eligible, you will receive a Retirement Account contribution that is equal to 2% of your pay over \$265,000. This contribution is credited to your account the following plan year after it is earned if you were employed on December 31.
- If your employment ends before December 31 of a plan year due to a summary dismissal or resignation in lieu of a summary dismissal, you will not receive any Discretionary Match or Retirement Account contribution.
- If your employment ends before December 31 of a plan year, you will only receive a partial Discretionary Match or Retirement Account contribution in the following year if you terminated employment due to:
 - Retirement either (i) at age 65 or later, or (ii) if you are age 55 and have at least 15 years of service with the Company
 - Qualifying for Social Security disability benefits while working for a participating employer
 - Job Restructuring, Unit Closing or Permanent Reduction in Force
 - Your death

Vesting

You are always 100% vested in all contributions you make into the Mirror Plan. Your vesting in the Company contributions depends on when the contribution was made:

- **Company Match and Discretionary Match**
 - For contributions made for plan years 2007 and after, you are 100% vested after three years of service. You are 0% vested before completing three years of service.
 - You will also be 100% vested if your employment terminates due to:
 - Retirement at age 65 or later
 - Qualifying for Social Security disability benefits while working for a participating employer
 - Job Restructuring, Unit Closing or Permanent Reduction in Force
 - Your death
- **Retirement Account**
 - You are 100% vested in your Retirement Account contributions after three years of service. You are 0% vested before completing three years of service.
 - You'll also be 100% vested if your employment terminates due to:
 - Retirement at age 65 or later

- Qualifying for Social Security disability benefits while working for a participating employer
- Job Restructuring, Unit Closing or Permanent Reduction in Force
- Your death

Investments

- The investment fund options are found on the PowerLine website.
- Make your investment elections on the PowerLine website.

Your Accounts

- Your accounts are made up of your deferrals, Company contributions and earnings (or losses) on your investments.
- Your deferrals, Company contributions and earnings (or losses) are credited to your accounts.
- To view the balance in your accounts, check the PowerLine website.

Your accounts are updated on a daily basis.

Distributions

- You will be eligible for a distribution from your accounts when you leave the Company.
- The first payment will be made as soon as administratively practicable following your separation from service (other than by reason of death) unless you are a Specified Employee¹.
- The normal form of payment at the time of your separation from service is in the form of five annual installments.
- If your account balance is valued at \$18,000 or less (as indexed by the Internal Revenue Service) at the time of your separation from service, and you don't have a benefit payable to you from the Supplemental Retirement Program (SRP) or the Benefit Restoration Plan (BRP), your account will be distributed in the form of a single lump sum payment following your separation from service, unless you are a Specified Employee¹.
- For non-specified employees whose termination is reported before the last five days in the month, your first payment will be issued on the 1st business day of the month following termination. For terminations reported during the last five days in the month, your first payment will be issued on the 20th of the month following termination (unless the 20th is a weekend or a Holiday). Any subsequent installments will be paid on the first business day of the month of the anniversary month of the first installment.
- If you have a separation from service by reason of death, your Beneficiary(ies) will receive a benefit starting as soon as administratively practicable.
- If you have a separation from service and subsequently die before payment has begun under the Plan, your Beneficiary(ies) will receive a benefit starting on the date you would have started to receive payment/s.
- In the event of your death after benefit payments have begun and before all installments have been paid, the remaining unpaid installments shall be paid to your Beneficiary(ies) following your same payment schedule.
- If the Beneficiary(ies) dies before receiving all benefits to which you were entitled to, the amount shall be paid to the Beneficiary's estate following your same payment schedule.

¹ Specified Employees are typically the top 50 Officers determined annually based on IRS Section 409A and Plan rules. If you are a Specified Employee the first payment will be paid as soon as administratively practicable following the seventh month following the date of separation from service. During this period, interest will accrue in accordance with your investment election. If you are leaving (or have left) the company and want to know if you are a Specified Employee contact PowerLine at 1-888-890-8900.

- Subsequent payments for all participants, including Specified Employees, will be paid on the anniversary date of the first business day of the month after you separate from service.
- If you die and have completed a Beneficiary designation election form with PowerLine, a distribution will be made to your designated Beneficiary. If no Beneficiary has been designated, the Beneficiary will be deemed to be the spouse for a married Participant and the estate for a single Participant. Distribution rules above apply to your estate or Beneficiary.
- In the event you request an Unforeseeable Emergency (as defined in Internal Revenue Code) distribution and your distribution request is approved, you'll receive a lump sum distribution from the Plan up to the amount necessary to meet your severe financial hardship.

Taxes

- Benefits paid to you or your Beneficiary are subject to federal income taxes and state taxes in the year that you or your Beneficiary receives payment.
- Benefit payments from the Plan are not eligible for special tax treatment or roll-overs.
- This document is not intended to provide personal tax or financial advice. Please contact your personal tax or financial advisor for personal tax or financial information.

Claims and Appeals

- If you believe you have been improperly denied a benefit or eligibility under the Plan, in whole or in part, you or your authorized representative have the right to submit a written claim to:
JCPenney — Claims and Appeals Management (CAM)
P.O. Box 1407
Lincolnshire, IL 60069-1407
Fax (Do not include a cover sheet): 1-847-554-1394
- Your written claim should include the name of the Plan, the reasons you believe your eligibility or benefits may have been improperly denied and the Plan provision on which your claim is based. You may submit your claim on the Claim Initiation Form, available by calling PowerLine at 1-888-890-8900.
- The CAM will respond within 60 days of receipt of your claim. If, due to special circumstances, more time is needed to respond to your claim, CAM will notify you that it needs an extension of up to 60 days. If your claim is denied, in whole or in part, the CAM will provide you with a written claim denial containing information concerning the Plan provision on which the denial is based, any additional information you may need to provide to perfect your claim, any relevant documents or information reviewed in making its decision, your appeal rights, and your right to file suit under the Employee Retirement Income Security Act of 1974 (ERISA).
- If your claim is denied, you may appeal in writing to the Benefits Administration Committee (BAC) within 60 days after you receive notice of your denied claim. To submit your appeal, write to:

Benefits Administration Committee
J.C. Penney Corporation, Inc.
6501 Legacy Drive MS 8213
Plano, Texas 75024
- Your written appeal should include the name of the Plan, the reasons you believe your eligibility or benefits may have been improperly denied, and the Plan provision on which your appeal is based.
- Before submitting your appeal, you may request access to or a copy of any relevant documents or information relied upon by the CAM in making its determination.
- You may also supply the BAC with additional comments, records or new information you want to be considered as part of your appeal.

- The BAC will notify you of its final decision in writing within 60 days of receipt of your appeal (or within 120 days when special circumstances require more time). You will be notified before the end of the 60-day period if an extension is required. A denial will cite the Plan provision on which the decision was based, notify you of your right to request any document or information relevant to your appeal, and notify you of your right to file suit under ERISA.
- You must complete all levels of the claims and appeals process before you can pursue an ERISA claim in court.
- The decision of the BAC is final and binding on you and anyone filing a claim or appeal for you or through you (for example a Beneficiary).

More Information

- Participation in the Mirror Plan is completely voluntary.
- The Plan is intended to be a top-hat plan for purposes of ERISA. The Plan is an unfunded and unsecured non-qualified deferred compensation plan intended to cover a select group of management or highly compensated employees. Benefits are payable out of the general assets of JCPenney Corporation, Inc., which are subject to the general claims of creditors in the event of insolvency.
- This document highlights the main features of the Plan and is not intended to explain all aspects of the Plan in detail. Because this document only provides highlights of the Plan, your rights and obligations are governed exclusively by the legal Plan document. The Plan document for the Plan will govern over any inconsistency with this document.
- For more information about the Plan or to make an election, log onto www.JCPenneypowerline.com or call PowerLine at 1-888-890-8900.
- To request a copy of the Plan document, include the full name of the Plan — JCPenney Mirror Savings Plan — and write to:

Attention: Benefits Division
J.C. Penney Corporation, Inc.
6501 Legacy Drive Mail Stop 8213
Plano, Texas 75024

- In the event you need to split your JCPenney Mirror Savings Plan accounts due to a divorce or legal separation, please contact PowerLine for assistance at 1-888-890-8900.