JCPenney | benefits

Automatic Enrollment and Default Investment Notice

For both the J.C. Penney Corporation, Inc. Savings, Profit-Sharing, and Stock Ownership Plan and the J. C. Penney Corporation, Inc. Safe Harbor 401(k) Savings Plan (collectively the "Plan" or "Plans")

You are receiving this notice because you are a participant or may become a participant in the Plan. Participants who have been automatically enrolled in the Plan as well as participants who have or may have assets invested in the Plan's default investment fund, The Vanguard Target Retirement Trust, are required to receive this notice annually. ***Even though no action is required on your part, an annual review of your retirement portfolio is suggested.***

J.C. Penney Corporation, Inc. (the "Company") makes saving for retirement under the Plan even easier by providing Company matching contributions.

If you were automatically enrolled in the Plan prior to May 6, 2016, amounts will be taken from your pay and contributed to the Plan. These automatic contributions will be taken pre-tax in an amount of four percent of your eligible pay each pay period unless you change them. If you were automatically enrolled in the Plan prior to Jan. 1, 2005, your automatic contributions were taken after-tax in an amount of three percent of your eligible pay each pay period. You can choose to contribute more, less or nothing.

The automatic enrollment feature did not change your contribution level if you previously submitted a contribution election through PowerLine. Your earlier election will continue and matching contributions will be made based on your contribution level. You can change your contribution level at any time by submitting a new contribution election through PowerLine. Matching contributions will be based on your most current contribution level.

For those hired before Jan. 1, 2007 and who are participating in the J. C. Penney Corporation Inc. Savings, Profit-Sharing, and Stock Ownership Plan, the Company will match 50 percent of each dollar you contribute between one percent and six percent of your eligible pay. To get the most from these matching contributions, you must contribute at least six percent of your eligible pay each pay period.

If you were hired or rehired on or after Jan. 1, 2007, (you are not accruing a Pension benefit and are a participant in the J. C. Penney Corporation Inc. Safe Harbor 401(k) Savings Plan), the Company will match dollar-for-dollar up to the first five percent of your eligible pay each pay period. If you were previously automatically enrolled, you may need to increase your contributions to fully maximize Company matching contributions. Instructions for accessing the PowerLine Benefits website are at the end of this document.

This notice gives you important information about some Plan rules and covers these points:

1. Whether the Plan's automatic enrollment feature applied to you
2. What amounts will be automatically taken from your pay and contributed to the Plan
3. What other amounts the Company will contribute to your Plan account
4. How your Plan account will be invested
5. When your Plan account will be vested, when you can get your Plan account

6. How you can change your contributions

You can find out more about the Plan in the Plan's Summary Plan Description (the "SPD"). You can access the SPD by clicking on the Benefits Library tile on the PowerLine homepage or by calling PowerLine directly.

1. Does the Plan's automatic enrollment feature apply to me?

The Plan does not currently automatically enroll participants. This feature ended as of May 5, 2016. If you were automatically enrolled prior to May 6, 2016, the automatic enrollment feature may have applied to you unless you previously elected (through PowerLine) to make contributions to the Plan or not to make contributions. You can always change your contribution level by submitting a new contribution election on the PowerLine website.

Deposits: If you were previously automatically enrolled and have not elected a contribution level, you were automatically enrolled in the Plan starting with your first paycheck after you reached age 21 and completed one year of employment during which you worked 1,000 hours. This means money will be automatically taken from your pay and contributed to your Plan account. You will also receive a Company matching contribution on your contributions. If you do not want to be enrolled, you need to indicate a "0%" contribution election through the PowerLine website.

2. If I do nothing, how much will be taken from my pay and contributed to the Plan?

If you do not make a contribution election and you were previously automatically enrolled, either three percent or four percent of your eligible pay (depending on when you were automatically enrolled) will be taken each pay period and contributed to the Plan. To learn more about the Plan's definition of eligible pay, you can review "Pay" in the "Key Terms" section of the SPD.

If you were not previously automatically enrolled and you do not make a contribution election, no amount will be taken from your pay.

Your contributions to the Plan are taken out of your pay on a pre-tax basis and are not subject to federal income tax at that time if you were automatically enrolled on or after Jan. 1, 2005. Your contributions to your Plan account can grow over time with earnings. Your account will be subject to federal income tax only when you make withdrawals. If you were automatically enrolled in the Plan prior to Jan. 1, 2005, your contributions to the Plan are taken out of your pay on an after-tax basis and the amount you deposit has already been taxed. However, earnings on your after-tax contributions will be subject to federal income tax only when you make withdrawals.

You are in charge of the amount that you contribute. For example, if you were hired or rehired on or after Jan. 1, 2007 you may want to get the full amount of the Company's matching contributions by contributing at least five percent of your eligible pay. For those hired or rehired before Jan. 1, 2007 you would need to contribute at least 6 percent to receive the full company match.You may change your contributions at any time by submitting a new contribution election through PowerLine.

There are limits on the maximum amount that you can contribute to the Plan. These limits are described in the "How the 401(k) Savings Plan Works" section of the SPD.

3. In addition to the contributions taken out of my pay, what amounts will the Company contribute to my Plan account?

In addition to your contributions, the Company will also provide a matching Company contribution. The amount of the Company match is determined based on your date of hire and what percentage of contribution you are making to the Plan. To be match eligible you must be age 21 and complete one year of employment during which you worked 1,000 hours. Matching Company contributions will be made if you were automatically enrolled or if you choose your own contribution level after completing the eligibility requirement.

The Company's matching contributions depend on when you were hired, and the amount you contribute from your pay each pay period.

Example 1: Hired or Rehired *PRIOR* to Jan. 1, 2007			
Eligible earnings per pay period	**Your contribution election**	**Amount deducted from your pay each pay period**	**Company match per pay period**
$2,000	6%	$120 (.06 x $2,000)	$60 (.50 x .06 x $2,000)
$2,000	4%	$80 (.04 x $2,000)	$40 (.50 x .04 x $2,000)
$2,000	0%	$0	$0
Example 2: Hired or Rehired *AFTER* Jan. 1, 2007			
Eligible earnings per pay period	**Your contribution election**	**Amount deducted from your pay each pay period**	**Company match per pay period**
$2,000	6%	$120 (.06 x $2,000)	$100 (.05 x $2,000)
$2,000	4%	$80 (.04 x $2,000)	$80 (.04 x $2,000)
$2,000	0%	$0	$0

Remember, you can always change the amount you contribute to the Plan by turning in a new contribution election.

4. How will my Plan account be invested?

The Plan lets you invest your account in a number of different investment funds. Unless you choose a different investment fund or funds, your Plan account will be automatically invested in the Vanguard Target Retirement Trust closest to your assumed retirement age of 65 as follows:

If you were born…	Your money will be invested to this Vanguard Target Retirement Trust
1993 or later	Vanguard Target Retirement 2060 Trust I
1988-1992	Vanguard Target Retirement 2055 Trust I
1983-1987	Vanguard Target Retirement 2050 Trust I
1978-1982	Vanguard Target Retirement 2045 Trust I
1973-1977	Vanguard Target Retirement 2040 Trust I
1968-1972	Vanguard Target Retirement 2035 Trust I
1963-1967	Vanguard Target Retirement 2030 Trust I
1958-1962	Vanguard Target Retirement 2025 Trust I
1953-1957	Vanguard Target Retirement 2020 Trust I
1948-1952	Vanguard Target Retirement 2015 Trust I
Before 1947	Vanguard Target Retirement Income Trust I

Description of Funds: The Vanguard Target Retirement Trusts are a group of mutual funds that separately invest in up to five other Vanguard stock, bond and money market funds. The Vanguard Target Retirement Income Trust I is designed for investors currently in retirement. The other Vanguard Target Retirement Trusts are designed for investors who plan to retire close to the year indicated in the Trusts' names. The Trusts' asset allocations will change over time and become more conservative as the date indicated in the Trust's name draws closer, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.

The following table shows the asset allocation for each Fund as of Aug. 31, 2017:

Target Retirement Fund	Stocks	Bonds	Short-term Reserves	Overall Risk Level
Vanguard Target Retirement 2060 Trust I	90.0%	10.0%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2055 Trust I	90.0%	10.0%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2050 Trust I	90.0%	10.0%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2045 Trust I	90.0%	10.0%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2040 Trust I	86.7%	13.3%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2035 Trust I	79.2%	20.8%	0.0%	Moderate–Aggressive
Vanguard Target Retirement 2030 Trust I	71.7%	28.3%	0.0%	Moderate-Aggressive
Vanguard Target Retirement 2025 Trust I	64.2%	35.8%	0.0%	Moderate
Vanguard Target Retirement 2020 Trust I	55.6%	44.4%	0.0%	Moderate
Vanguard Target Retirement 2015 Trust I	43.7%	56.3%	0.0%	Moderate
Vanguard Target Retirement Income Trust I	30.1%	69.9%	0.0%	Conservative–Moderate

Underlying Funds:

- Vanguard Total Stock Market Index Fund seeks to track the performance of the entire U.S. stock market.
- Vanguard Total Bond Market II Index Fund seeks to track the performance of a broad, market-weighted bond index.
- Vanguard Inflation-Protected Securities Fund invests in inflation-indexed securities issued by the U.S. government and corporations.
- Vanguard Total International Stock Index Fund seeks to track the performance of stocks from developed and emerging markets, excluding the U.S.
- Vanguard Total International Bond Index Fund seeks to track the performance of U.S. dollar hedged benchmark index that measures the investment return of investment-grade bonds issued outside of the U.S.

Risk and Return Characteristics: Investments in Target Retirement Trusts are subject to the risks of their underlying funds. The year in the Trust name refers to the approximate year (the target date) when an investor in the Trust would retire and leave the workforce. The Trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Trust is not guaranteed at any time, including on or after the target date. Diversification does not ensure a profit or protect against a loss. An investment in these Trusts is subject to the price fluctuations inherent in the stock and bond markets, so you could lose money if you sell shares after prices have fallen.

Investments in bond funds are subject to interest rate, credit and inflation risk. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent share-price fluctuations. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest. Securities of companies based in emerging markets are subject to national and regional political and economic risks and the risk of currency fluctuations. These risks are especially high in emerging markets. The funds that invest a significant portion of their assets in bonds, which are usually less volatile than stocks, have an overall level of risk that is moderate compared with the funds that have a larger share of stocks. Conversely, funds that invest a significant portion of their assets in stocks have an overall level of risk that should be higher than funds that have more bonds and smaller shares of stocks.

Investment Objectives: The investment objective of the Target Retirement Income Trust is to provide current income and some capital appreciation. The investment objective of the other Target Retirement Trusts is to provide capital appreciation and current income consistent with the current asset allocation of the respective trust.

Fees and Expenses: Fees and expenses are subtracted from the daily rate of return earned by each of the Vanguard Retirement Income Trusts. The estimated fees and expenses for the 2016 plan year are as follows:

Estimated 2017 Total Administrative and Operating Expenses	0.1700%
Investment Management Fees	0.0700%
Total Fees	0.2400%

You can change how your Plan account is invested among the Plan's offered investment funds by turning in your investment election to PowerLine. There are no restrictions, fees or expenses that apply when you transfer assets from the Vanguard Target Retirement Trusts to other investment funds. While transfer among investment funds may generally be done at any time, you are restricted to one transfer each day.

To learn more about the Plan's investment funds and procedures for changing how your Plan account is invested, you can review the "Investing Your Savings" section of the SPD or contact PowerLine**.**

5. When will my Plan account be vested and available to me?

To be fully vested in Plan contributions means that contributions (together with any investment gain or loss) will always belong to you and you will not lose them when you leave your job. You will always be vested in your contributions to the Plan. For Company Contributions made for plan years before Jan. 1, 2007, you vest 20 percent for each year of vesting service. For Company contributions made between Jan. 1, 2007, and Dec. 31, 2016, you are 100 percent vested after three years of vesting service. If you were hired or rehired on or after Jan. 1, 2007, your Company contributions are immediately vested starting with eligible pay beginning Jan. 1, 2017. For more information about years of vesting service and other vesting rules, you can review the "How the 401(k) Savings Plan Works" section of the SPD.

Even if you are vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Generally you may only withdraw vested money after you leave your job, reach age 59-1/2 or become disabled. There is generally an extra 10 percent tax on distributions before age 59-1/2. Your beneficiary can get any vested amount remaining in your account when you die.

You can borrow certain amounts from your vested Plan account, and may be able to take out certain vested money if you have a hardship. Hardship distributions are limited to the dollar amount of your contributions. They may not be taken from earnings or matching contributions. Hardship distributions must be for a specified reason, including, but not limited to, qualifying medical expenses, costs of purchasing your principal residence, preventing eviction from or foreclosure on your principal residence, or repairing qualifying damages to your principal residence, qualifying post-secondary education expenses, or qualifying burial or funeral expenses. Before you can take a hardship distribution, you must have taken other permitted withdrawals and loans from qualifying Company Plans.

You can learn more about the Plan's hardship withdrawal and loan rules in the "Loans and Withdrawals While Working" section of the SPD. You can also learn more about the extra 10 percent tax in IRS Publication 575, Pension and Annuity Income.

6. Can I change the amount of my contributions?

You can always change the amount you contribute to the Plan. If you know now that you do not want to contribute to the Plan, you may elect "0%" contributions. You may also want to increase your contributions to ensure you are receiving the full Company match. Please either log into the PowerLine website or call PowerLine if you wish to change your contribution percentage. Changes to your contributions typically take one to two pay cycles to take effect.

If you have any questions about how the Plan works, your rights and obligations under the Plan, or if you would like a copy of the SPD or other Plan documents, please contact PowerLine.

This notice describes certain provisions of the Plan. To the extent the information is not complete or conflicts with the terms of the Plan, the Plan documents govern. The Company reserves the right to amend the Plan.

Access PowerLine via the Associate Kiosk or the Associate Kiosk@Home (www.JCPAssociates.com)
1-888-890-8900 Monday-Friday, 8 a.m.-8 p.m., Central Time