

JCPenney | benefits

November 10, 2016

Re: CHANGES TO YOUR 401(k) SAVINGS PLAN & MIRROR SAVINGS PLAN INVESTMENT LINEUP

Dear Participant:

JCPenney is making a change to the investment funds available under the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (the “401(k) Plan”) and the J. C. Penney Corporation, Inc. Mirror Plan (the “Mirror Plan”).

On Dec. 15, 2016, the Europe, Australia and Far East Fund (the “EAFE Fund”) will be replaced by the All Country World Index ex U.S. Fund (the “International Fund”). While the EAFE Fund focused exclusively on equity securities in developed markets (e.g., Germany, Japan, United Kingdom, etc.), the International Fund provides broader and more diversified coverage of non-U.S. equity securities and it includes exposure to emerging markets (e.g., China, Korea, Taiwan, etc.). Like the EAFE Fund, the International Fund is also managed by State Street Global Advisors.

If you have investments allocated to the EAFE Fund, your investments will automatically be transferred to the International Fund on Dec. 15, 2016, unless you change your allocations prior to Dec. 14, 2016.

The fees and expenses for the EAFE Fund and the International Fund are identical:

Fees and Expenses			
Fund Name	Total Annual Operating Expenses ¹		Shareholder-Type Fees and Investment Restrictions ²
	As a %	Per \$1,000	
EAFE Fund	0.26%	\$2.59	N/A
International Fund	0.26%	\$2.59	N/A

The International Fund is managed using a “passive” or “indexing” investment approach, by which the fund manager attempts to match, before expenses, the performance of the Index. The fund manager will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts or other securities convertible into common stock. Equity securities held by the Fund may be denominated in foreign currencies and may be held outside the United States.

Investing in the International Fund does carry a certain amount of risk due to fiscal or political conditions. The investment performance of the International Fund is not guaranteed at any time. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing.

You may change your current investment allocation by transferring money among funds and/or by changing where your future contributions are invested. Both of these changes can be made on the PowerLine website at www.jcpennypowerline.com or by calling PowerLine toll-free at 1-888-890-8900. The automated telephone system is available 24 hours a day, Monday through Saturday, and after 12 noon (Central Time) on Sunday. PowerLine specialists are available between 8 a.m. and 8 p.m. (Central Time), Monday through Friday.

1 Total asset-based fees are investment management fees plus other Plan-specific costs charged to the investment fund to cover investment management services, Plan administration and other Plan costs.

2 Shareholder-Type Fees and Investment Restrictions outline any fees paid directly from your investment in this option (e.g., sales charges, redemption fees, account fees, purchase fees, transfer or withdrawal fees, etc.) and any restrictions (e.g., equity wash, purchase block, etc.) on trading that might exist for a specific investment option.