

January 1, 2017

To: Participants in the J. C. Penney Corporation, Inc. Safe Harbor 401(k) Savings Plan (Plan effective date was 01/01/2017) and the J. C. Penney Corporation, Inc. Savings, Profit-Sharing and Stock Ownership Plan (both Plans are collectively referred to as the “Plan” throughout the remainder of this document)

### **FIDUCIARY NOTICE**

Evercore Trust Company, N.A. (“Evercore Trust”) is the named fiduciary and investment manager of the Penney Stock Fund, the investment fund under the Plan that holds shares of common stock of J. C. Penney Company, Inc. (the “Company”), the parent corporation of J. C. Penney Corporation, Inc.

### **THE PENNEY STOCK FUND**

The Penney Stock Fund is a unitized fund that invests exclusively in the common stock of the Company, plus a small amount of cash (and cash equivalents) to fund distributions and participant-directed transactions into and out of the Penney Stock Fund and to pay certain plan expenses. Because the Penney Stock Fund consists almost entirely of Company common stock, the value of the Penney Stock Fund depends largely on the financial performance of the Company and its affiliates. Moreover, because the Penney Stock Fund is unitized, the value of a single unit in the Penney Stock Fund will not be the same as the price of a single share of Company common stock. The performance of the Penney Stock Fund will differ from that of Company common stock due to, among other things, the amount of cash or cash equivalents in the Penney Stock Fund and the transaction costs associated with purchases and/or sales of Penney common stock that are paid from the Penney Stock Fund.

### **ERISA LITIGATION**

A proposed settlement of *Ramirez v. JC Penney Corporation, Inc. et al.*, No. 14-cv-0601 (E.D. Tex.) is pending before the District Court for the Eastern District of Texas. The District Court’s dismissal of a complaint alleging that Evercore Trust breached its fiduciary duties to the Plan, *Coburn v. Evercore Trust Company*, N.A., No. 1:15-cv-00049 (D.D.C.), is on appeal in the Circuit Court of Appeals for the District of Columbia, *Coburn v. Evercore Trust Company*, N.A., No. 16-cv-7029 (D.C. Cir.).

### **DIVERSIFICATION REDUCES MARKET RISK**

Because the Penney Stock Fund invests in the stock of only one company, J. C. Penney Company, Inc., the Penney Stock Fund has a higher market risk than the other investment funds offered under the Plan; any change in the value of the Company common stock will impact your investment in the Penney Stock Fund. The decision of how to invest your Plan account is yours to make, but the best way to reduce investment risk associated with one company or industry is to diversify your investments. The Plan offers numerous investment choices, with a wide range of risk and return characteristics that allow you to construct a

diversified portfolio tailored to your own investment goals. You are able at any time to transfer the portion of your Plan account that is invested in the Penney Stock Fund into other investment funds under the Plan. You should review your asset allocation strategy, your investment objectives, and the investment options available under the Plan from time to time and consider whether the level of your investment in the Penney Stock Fund remains appropriate in light of your personal financial situation and retirement investment goals.

### **EVERCORE TRUST'S RESPONSIBILITIES**

As the named fiduciary and investment manager for the Penney Stock Fund, Evercore Trust has the sole fiduciary responsibility for deciding, among other things, whether the Penney Stock Fund should continue to be offered as an investment fund under the Plan, including deciding whether to restrict new investment in the Penney Stock Fund or to sell or otherwise dispose of all or any portion of the Company common stock held in the Penney Stock Fund (subject to any legal or practical restrictions). Evercore Trust is also responsible for determining the portion of the Penney Stock Fund that the Plan's trustee maintains in cash or cash equivalents to fund participant transactions, and for monitoring the percentage of cash held in the Penney Stock Fund and making any necessary adjustments. However, Evercore Trust is not responsible for managing or investing the cash or cash equivalents held in the Penney Stock Fund, which management and investment responsibility is exercised by Plan's trustee.

Evercore Trust is not, and does not intend to be, in possession of any inside information concerning the Company or its financial condition, and will make all decisions regarding the Penney Stock Fund solely on the basis of publicly available information. We note that Evercore Trust currently has no intention to eliminate the Penney Stock Fund or to sell any portion of the Company common stock held in the Penney Stock Fund. Additionally, Evercore Trust does not expect to take any action with respect to the Penney Stock Fund simply because of fluctuations in the market price of Company common stock. In the event that Evercore Trust determines that a sale or other disposition of Company common stock held in the Penney Stock Fund is required, Evercore Trust would designate an alternate investment fund under the Plan for the temporary investment of any proceeds. While Evercore Trust intends to communicate to participants any significant action it takes with respect to the Penney Stock Fund, circumstances may require Evercore Trust to act prior to doing so.

### **CONTACT INFORMATION**

If you have questions regarding matters such as fund transfers, distributions, loans and account balance information, you should contact PowerLine at 1-888-890-8900 or visit the PowerLine website via the Associate Kiosk or the Associate Kiosk@Home (access [www.jcpassociates.com](http://www.jcpassociates.com)). Retired associates can access the PowerLine website at [www.jcpenneypowerline.com](http://www.jcpenneypowerline.com).

If you have questions or comments regarding this letter or the Penney Stock Fund, you may contact Evercore Trust at [jcpenneyplan@evercore.com](mailto:jcpenneyplan@evercore.com).