JCPenney | benefits

MIRROR SAVINGS PLAN

Plan Highlights, effective January 1, 2018

This document provides plan highlights for the J. C. Penney Corporation, Inc. Mirror Savings Plan (the "Mirror Plan"). This document is applicable to associates who were hired or rehired prior to January 1, 2007 and are accruing a benefit in the Pension plan. If you have any questions, please contact PowerLine at 1-888-890-8900.

What is the Mirror Plan?

The Mirror Plan is a deferred compensation plan for highly paid associates. It is an unfunded and unsecured nonqualified retirement plan designed to help you save and invest before-tax pay, over and above any regular deposits that you make into the J. C. Penney Corporation, Inc. Savings, Profit-Sharing, and Stock Ownership Plan (the "401(k) Plan").

The Mirror Plan provides you with 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. and as such, are subject to the general claims of creditors in the event of insolvency.

Your Eligibility

For Associate Deferrals

- **Annual Determination:** If you are employed at the end of 2017, pay must exceed $120,000.

  For the purposes of Mirror Plan eligibility, pay includes the following: (i) either your base pay rate or your actual pay through October 31; (ii) your projected pay thereafter through December 31; and (iii) any Management Incentive Compensation Program (MICP) paid to you in 2017.

For Company 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 Mirror Plan Company matching contributions, you must be eligible for a Company matching contribution and also be employed on December 31 of the plan year.

How to Enroll

- **Annual Election:** You must make your election by December 31 of the year before your pay is earned. For example, make your election for 2018 earnings by December 31, 2017.

Your Associate Deferral Elections

- You may elect to defer up to 14% of your first $275,000 of pay and up to 75% of your pay over $275,000.
- Elections can be made for regular pay and/or MICP pay earned in the current year even if paid in the following year.

Please make your elections carefully!

The pay you elect to defer into the Mirror Plan for 2018 **cannot be changed or cancelled** after December 31, 2017. Your election will remain in effect for the entire 2018 calendar year.

Company Contributions

- **Company Match:** The fixed match is equal to 50% of your deferrals up to 6% of your pay over $275,000 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 during the following plan year 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.
- If your employment ends before December 31 of a plan year, you will only receive a partial discretionary match during the following year if your employment terminated 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; or
  - 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 prior to 2007, you vested 20% for each year of vesting service.
  - For contributions made for plan years 2007 and after, you are 100% vested after three years of vesting 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; or
    - 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 Employee.[1]
- 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 $18,500 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 Employee.[1]
- For non-Specified Employees whose termination is reported before the last five days in the month, your first payment will be issued on the first 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 holiday). Any subsequent installments will be paid on the anniversary date of the first business day of the month after you separate from service.
- 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 payments.
- 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.
- 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.

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.

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.