SAFE HARBOR NOTICE

Important JCPenney 401(k) Savings Plan Information

Please take time to read this Safe Harbor Notice, which describes the general provisions of the J. C. Penney Corporation, Inc. Safe Harbor 401(k) Savings Plan (the "401(k) Plan"). **This notice is for your information only and no action is required**. J. C. Penney Corporation, Inc. ("JCPenney") is required to provide you with a copy of this notice.

What is a "Safe Harbor" 401(k) plan?
A Safe Harbor 401(k) plan is one that satisfies IRS non-discrimination rules for elective deferrals and employer matching contributions. For a 401(k) plan to be considered a Safe Harbor plan, employers must satisfy certain contribution, vesting, and notice requirements. The main benefits of a Safe Harbor plan include:

- Allowing all participants to contribute the maximum annual deferral amount set by the IRS
- Requiring all future company contributions to be fully vested

Take advantage of the JCPenney 401(k) Plan
The 401(k) Plan is a great way to save for your future. You can contribute up to 50 percent of your eligible pay each pay period to the 401(k) Plan. Your eligible pay includes your salary, wages, overtime, and bonuses. Contributions can be made before or after taxes are withheld from your pay, including after-tax Roth contributions. For 2017, the IRS limits your combination of before-tax and Roth contributions to $18,000* annually and has separate limits that apply to non-Roth after-tax contributions. If you will be age 50 or older in 2017, you can make up to $6,000* in additional before-tax or Roth catch-up contributions.

Each pay period, JCPenney matches your before-tax, Roth and after-tax contributions dollar for dollar, up to a total of five percent of your eligible pay. The matching contributions are invested in the same way as your own contributions. You are fully vested in the company match, meaning you immediately own 100 percent of the company matching contributions made after Jan. 1, 2017.

You're in charge
You control your retirement savings elections and how those amounts are invested. At any time, you can move the amounts you have directed to be invested in any of the available investment choices.

If you do not choose an investment for your retirement savings elections, they will be invested in the Target Retirement Trust most closely associated with your assumed retirement at age 65.

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well may cause another asset category, or another particular security, to perform poorly. If you invest more than 20 percent of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

When deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the 401(k) Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. Therefore, you should carefully consider the rights described in this notice and how these rights affect the amount of money that you invest in company stock through the 401(k) Plan. It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the 401(k) Plan to help ensure that your retirement savings will meet your retirement goals. For more information on individual investing and diversification, refer to the Department of Labor's website at **www.dol.gov/ebsa/investing.html**.

Your contribution and investment elections can be made in one percent increments. Your changes will be effective as soon as administratively possible after they are received. You can make changes to your contribution elections or investment choices at any time by going to PowerLine via the Associate Kiosk or by calling PowerLine at **1-888-890-8900**.

In case of a financial emergency
While the 401(k) Plan is intended to help you save for your future, there may be times when you need to access the money in your account. The 401(k) Plan allows you to make withdrawals in certain situations.

Withdrawal options include:

- **After-tax contributions**: You can withdraw all or a portion of your non-Roth after-tax contributions, except those made in the current year, at any time.

- **Rollover contributions**: After you withdraw all of your non-Roth after-tax contributions, you can then withdraw all or a portion of your rollover contributions. A rollover account consists of money from a prior employer's qualified retirement plan that was deposited into the 401(k) Plan.

- **Before-tax and Roth contributions**: Before age 59½, you can withdraw your before-tax and/or Roth contributions, except those made in the current year, (but not earnings, except for earnings on contributions you made prior to Jan. 1, 1989) in the case of a financial hardship. After age 59½, you can withdraw all or a portion of your before-tax and Roth contributions, except those made in the current year, at any time. Roth contributions can be withdrawn after age 59½ without penalty provided you first made Roth contributions to your 401(k) Plan account at least five years prior to your withdrawal.

- **Termination of employment**: When you leave JCPenney, depending on the size of your account balance, there are various payout options available. You can request a distribution from your account as a single lump sum payment or in periodic installment payments. You can also leave your money in the 401(k) Plan, although distributions must begin in December of the year you reach age 70½.

More information
For more details, visit PowerLine via the Associate Kiosk at work or www.jcpassociates.com at home or call PowerLine at **1-888-890-8900**. You may review and print your 401(k) Plan account statement from the PowerLine website. Click the 401(k) Savings Plan tile.

Puede obtener más información llamando a la linea telefónica del PowerLine (**1-888-890-8900**).

JCPenney expects to continue the 401(k) Plan indefinitely, but reserves the right to amend, discontinue, or terminate the 401(k) Plan at any time. This is a summary of the terms of the 401(k) Plan, but in the event of a conflict, the official 401(k) Plan document rules prevail.

* *Contribution limits are subject to change by the IRS.*