

JCPenney

Tax-Qualified and Non-Tax Qualified Pension Plan Information

First and foremost, we hope you and your family are remaining healthy and safe. As you are aware, these are challenging times. Our country is experiencing a profoundly different reality due to the Coronavirus (COVID-19) pandemic. No one anticipated how dramatically the pandemic would impact American businesses, including the retail industry.

As a result of the Company's announcement to financially restructure under a voluntary Chapter 11 filing, we wanted to share information regarding the Company's tax-qualified and non-tax qualified pension plans.

The J. C. Penney Corporation, Inc. Pension Plan is a tax-qualified plan and funded with assets held in a separate trust outside of the company and would not be subject to creditor's claims through court-supervised proceedings. In addition, pension plan benefits are guaranteed by the Pension Benefit Guaranty Corporation (PBGC). The pension plan is well-funded and we do not anticipate any change to the benefits provided from the plan as a result of the Chapter 11 filing.

The JCPenney Benefits Restoration Plan (BRP) and the Supplemental Retirement Plan (SRP) are non-tax qualified plans and their assets **are** subject to creditor's claims through the court-supervised proceedings. JCPenney will not be permitted to make payments under these non-tax qualified plans during the pendency of the court-supervised process because all current and future payments will be suspended during that process. It will not be known until the end of the court-supervised process if these plans will continue or be terminated.

If you have questions regarding the Company's qualified and non-qualified pension plans please contact 1-888-890-8900. Again, we are in the early stages of the Chapter 11 filing process and will not have answers regarding how the BRP or SRP will be treated upon emergence from Chapter 11. However, we do not expect any changes or impact to the Company's tax-qualified J. C. Penney Corporation, Inc. Pension Plan.