JCPenney | News Release

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JCPenney Announces Organizational Restructuring

Aligns Workforce to Reduced Store Footprint

Provides Departing Associates with Comprehensive Benefits Package

PLANO, Texas--(BUSINESS WIRE)-- J. C. Penney Company, Inc. (OTCMKTS: JCPNQ) today announced that it is aligning its workforce with its store optimization strategy and reduced store footprint. JCPenney has identified 152 store closures following a comprehensive evaluation of store performance and strategic fit for the Company and is having ongoing productive negotiations with landlords.

Today's announcement follows a lengthy, structured, and thoughtful decision-making process. In connection with this organizational realignment, the Company will reduce its workforce by approximately 1,000 corporate, field management, and international positions.

"Each of these associates has made valuable contributions to the legacy of JCPenney, and we are truly grateful for their service," said Jill Soltau, chief executive officer of JCPenney. "These decisions are always extremely difficult, and I would like to thank these associates for their hard work and dedication. We are committed to supporting them during this period of transition."

Ensuring a Financially Flexible Company for Long-Term Success

This organizational restructuring will create a smaller, more financially flexible company, and will help ensure JCPenney emerges from both Chapter 11 and the Coronavirus (COVID-19) pandemic as an even stronger retailer.

Ms. Soltau continued, "The global health and economic crisis caused by the Coronavirus (COVID-19) pandemic has forced retailers to make difficult decisions. For JCPenney, that includes reducing our footprint and accelerating our store optimization strategy while we implement our Plan for Renewal. As the retail landscape continues to evolve, we will continue to make thoughtful and strategic choices to Offer Compelling Merchandise, Drive Traffic, Deliver an Engaging Experience, Fuel Growth, and Build a Results-Minded Culture to ensure that JCPenney remains at the heart of America's communities for decades to come."

Supporting Departing Associates

JCPenney is providing a comprehensive benefits package for its departing associates, including severance for eligible associates, healthcare coverage through COBRA for those enrolled in benefits, outplacement support, compensation for unused paid time off, and extended associate discount benefits.

Continuing Its Financial Restructuring Plan

As announced on May 15, 2020, JCPenney entered into a restructuring support agreement with lenders holding approximately 70 percent of its first lien debt to reduce the Company's outstanding indebtedness and strengthen its financial position. To implement the financial restructuring plan, the Company filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

Additional information regarding JCPenney's financial restructuring is available at jcprestructuring.com. Court filings and information about the claims process are available at cases.primeclerk.com/JCPenney, by calling the Company's claims agent, Prime Clerk, toll-free at 877-720-6576, or by sending an email to JCPenneyinfo@primeclerk.com.

Advisers

Kirkland & Ellis LLP is serving as legal adviser, Lazard is serving as financial adviser, and AlixPartners LLP is serving as restructuring adviser to the Company.

Forward-Looking Statements

The Company has included statements in this communication that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expect" and similar expressions identify forward-looking statements, which include, but are not limited to, statements regarding sales, cost of goods sold, selling, general and administrative expenses, earnings, cash flows and liquidity. Forward-looking statements are based only on the Company's current assumptions and views of future events and financial performance. They are subject to known and unknown risks and uncertainties, many of which are outside of the Company's control that may cause the Company's actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, risks attendant to the bankruptcy process, including the Company's ability to obtain court approval from the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Company and its subsidiaries' Chapter 11 cases (the "Chapter 11 Cases"), including with respect to any proposed debtor-in-possession financing; the ability of the Company to negotiate, develop, confirm and consummate a plan of reorganization; the effects of the Chapter 11 Cases, including increased legal and other professional costs necessary to execute the Company's reorganization, on the Company's liquidity (including the availability of operating capital during the pendency of the Chapter 11 Cases), results of operations or business prospects; the effects of the Chapter 11 Cases on the interests of various constituents; the length of time that the Company will operate under Chapter 11 protection; risks associated with third-party motions in the Chapter 11 Cases; Bankruptcy Court rulings in the Chapter 11 Cases and the outcome of the Chapter 11 Cases in general; conditions to which any debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside the Company's control; general economic conditions, including inflation, recession, unemployment levels, consumer confidence and spending patterns, credit availability and debt levels; changes in store traffic trends; the cost of goods; more stringent or costly payment terms and/or the decision by a significant number of vendors not to sell the Company merchandise on a timely basis or at all; trade restrictions; the ability to monetize non-core assets on acceptable terms; the ability to implement the Company's strategic plan, including its omnichannel initiatives; customer acceptance of the Company's strategies; the Company's ability to attract, motivate and retain key executives and other associates; the impact of cost reduction initiatives; the Company's ability to generate or maintain liquidity; implementation of new systems and platforms;

changes in tariff, freight and shipping rates; changes in the cost of fuel and other energy and transportation costs; disruptions and congestion at ports through which the Company imports goods; increases in wage and benefit costs; competition and retail industry consolidations; interest rate fluctuations; dollar and other currency valuations; the impact of weather conditions; risks associated with war, an act of terrorism or pandemic; the ability of the federal government to fund and conduct its operations; a systems failure and/or security breach that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information; legal and regulatory proceedings; the Company's ability to access the debt or equity markets on favorable terms or at all; risks arising from the delisting of the Company's common stock from the New York Stock Exchange; and the impact of natural disasters, public health crises or other catastrophic events on the Company's financial results, in particular as the Company manages its business through the COVID-19 pandemic and the resulting restrictions and uncertainties in the general economic and business environment. Please refer to the Company's Annual Report on Form 10-K for the year ended February 2, 2020, and quarterly reports on Form 10-Q filed subsequently thereto, for a further discussion of risks and uncertainties. There can be no assurances that the Company will achieve expected results, and actual results may be materially less than expectations. Investors should take such risks into account and should not rely on forward-looking statements when making investment decisions. Any forward-looking statement made by the Company in this communication is based only on information currently available to it and speaks only as of the date on which such statement is made. The Company does not undertake to update these forward-looking statements as of any future date.

About JCPenney

J. C. Penney Company, Inc. (OTCMKTS: JCPNQ), one of the nation's largest apparel and home retailers, combines an expansive footprint of stores across the United States and Puerto Rico with a powerful eCommerce site, jcp.com, to deliver style and value for all hard-working American families. At every touchpoint, customers will discover stylish merchandise at incredible value from an extensive portfolio of private, exclusive and national brands. Reinforcing this shopping experience is the customer service and warrior spirit of JCPenney associates across the globe, all driving toward the Company's mission to help customers find what they love for less time, money, and effort. For additional information, please visit jcp.com.

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