This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding sales, cost of goods sold, expenses, earnings, adjusted EBITDA, and cash flows. Forward-looking statements are based only on the Company’s current assumptions and views of future events and financial performance.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which are outside of the Company’s control. There can be no assurances that the Company will achieve expected results, and actual results may be materially less than expectations. Please refer to the Company’s most recent Form 10-Q for a discussion of risks and uncertainties. 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 us in this document is based only on information currently available to us and speaks only as of February 28, 2019. We do not undertake to update these forward-looking statements as of any future date.
### 2018 FOURTH QUARTER PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th>4Q-18</th>
<th>vs.</th>
<th>4Q-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable sales (shifted)</td>
<td>(4.0%)</td>
<td></td>
<td>(1.4%)</td>
</tr>
<tr>
<td>Cost of goods sold %</td>
<td>68.7%</td>
<td></td>
<td>+220bps</td>
</tr>
<tr>
<td>SG&amp;A %</td>
<td>27.5%</td>
<td></td>
<td>+150bps</td>
</tr>
<tr>
<td>Adjusted EBITDA (non-GAAP)</td>
<td>$266M</td>
<td></td>
<td>-$128M</td>
</tr>
<tr>
<td>Adjusted EPS (non-GAAP)</td>
<td>$0.18</td>
<td></td>
<td>-$0.33</td>
</tr>
</tbody>
</table>

1 Reflects the calendar shift in 2018 due to the 53rd week in 2017
2 2018 = (4.0%), 2017 = 2.6% equating to a 2-year stack of (1.4%)
3 A reconciliation of GAAP to non-GAAP financial measures is available on our investor relations site at ir.jcpenney.com
### 2018 Full Year Performance

<table>
<thead>
<tr>
<th></th>
<th>FY-18</th>
<th>FY-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable sales (shifted)(^1)</td>
<td>(3.0%)</td>
<td>(2.9%) 2-year stack(^2)</td>
</tr>
<tr>
<td>Cost of goods sold %</td>
<td>67.5%</td>
<td>+210bps</td>
</tr>
<tr>
<td>SG&amp;A %</td>
<td>30.8%</td>
<td>+20bps</td>
</tr>
<tr>
<td>Adjusted EBITDA (non-GAAP)(^3)</td>
<td>$568M</td>
<td>-$367M</td>
</tr>
<tr>
<td>Adjusted EPS (non-GAAP)(^3)</td>
<td>($0.94)</td>
<td>-$1.04</td>
</tr>
</tbody>
</table>

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1. Reflects the calendar shift in 2018 due to the 53rd week in 2017
2. 2018 = (3.0\%), 2017 = 0.1\% equating to a 2-year stack of (2.9)\%
3. A reconciliation of GAAP to non-GAAP financial measures is available on our investor relations site at ir.jcpenney.com
2018 HIGHLIGHTS

- **Fourth Quarter Highlights**
  - Delivered positive shifted comps in Women’s Apparel, with strength in Outerwear, Active, Dresses and Traditional
  - All Apparel divisions outpaced company comps
  - Brick-and-Mortar sales accelerated sequentially by 130bps on a two-year stack
  - Jewelry delivered double-digit comps

- **Full Year Highlights**
  - Reduced inventory levels by 13.1% for the year; remain focused on improved inventory productivity
  - Enhanced partnerships with Nike, Adidas, Champion and Puma
  - Introduced Fitbit into assortment of health and wellness products
  - Rolled out exclusive big & tall brand, Shaquille O’Neal XLG™, to 350 stores and jcpenney.com
  - Opened Fanatics shops inside 650 JCPenney stores
  - Enhanced assortments in both our National and Private brands drove significant growth across our Active businesses
• **Enhanced Capital Structure**
  – Retired $190M in notes, at maturity, in February 2018 utilizing cash on hand
  – Issued $400 million in senior secured second priority notes due 2025
  – Utilized proceeds from new issuance to successfully complete tender offer for $375 million aggregate principal amount of outstanding 2019 and 2020 bonds
    • Currently have $50 million of debt maturing in October 2019 and $110 million maturing in June 2020
    • No significant unsecured debt maturities until 2036
Maintain focus and implement the right actions and rigor surrounding inventory management to improve inventory productivity and gross margin levels and optimize working capital to increase cash flow; areas of focus include:

- Eliminating non-core and low-margin categories, such as major appliances, to focus on high-margin legacy strengths
- Normalizing shrink results to historical levels; could contribute significant total gross margin upside on an annualized basis
- Better inventory management and reduced shrink rates present significant opportunity to deliver considerable margin and EBITDA growth
- Restoring clearance selling margins to historical levels, represents ~200bps of potential total gross margin upside
- Additional gross margin opportunities include:
  - Leveraging private brand and sourcing capabilities
  - Expanding and emphasizing our pricing analytics
GROSS MARGIN OPPORTUNITY

Historical Clearance Selling Margins

- Opportunity to restore clearance selling margins back to historical levels
- Prior to 2012, our historical clearance selling margins were positive mid-single digits
FY18 sales comps accelerated 500 basis points compared to FY17
Delivered positive comp sales of nearly 1% in FY18/2H
Women’s apparel inventory down 17% at the end of FY18 compared to the end of FY17
The PENNEY Idea

“TO DO ALL IN OUR POWER TO PACK THE CUSTOMER’S DOLLAR FULL OF VALUE, QUALITY AND SATISFACTION”

- James Cash Penney