

A group of women are sitting at an outdoor table, smiling and talking. The table is set with a pitcher, glasses, and a vase of flowers. The background is slightly blurred, showing more people and a fence. The scene is brightly lit, suggesting it's daytime.

JCPenney

**SECOND QUARTER
2018 EARNINGS
CALL**

August 16, 2018

A photograph of a modern JCPenney store building with large glass windows and a prominent red 'JCPenney' sign. The building is set against a clear sky. In the foreground, there are red bollards and yellow parking lines on the asphalt.

FORWARD-LOOKING STATEMENTS

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 August 16, 2018. We do not undertake to update these forward-looking statements as of any future date.

2018 SECOND QUARTER PERFORMANCE

	2Q-18	vs.	2Q-17
Comparable store sales	0.3%		+160bps
Cost of goods sold %	66.3%		+160bps
SG&A %	31.9%		+60bps
Adjusted EBITDA (non-GAAP)*	\$105M		-\$96M
Adjusted EPS (non-GAAP)*	(\$0.38)		-\$0.31

*A reconciliation of GAAP to non-GAAP financial measures is available on our investor relations site at ir.jcpenney.com

2018 SECOND QUARTER HIGHLIGHTS

- Improved strength in Women's Apparel
 - Women's apparel positive for the first time since Q4 2015; particularly strong in Active apparel
 - Liz Claiborne brand continues to resonate with customers
 - Improved trends in both Modern and Swimwear businesses
 - Strong growth in our Plus-size business
- Executed Arizona brand refresh across Women's, Men's and Children's
 - Leveraged our Brooklyn and Bailey partnership in Junior's
- Opened Fanatics shops inside 650 JCPenney stores
- Enhanced assortments in both our National and Private brands drove significant growth across our Active businesses



2018 GUIDANCE

Comparable store sales

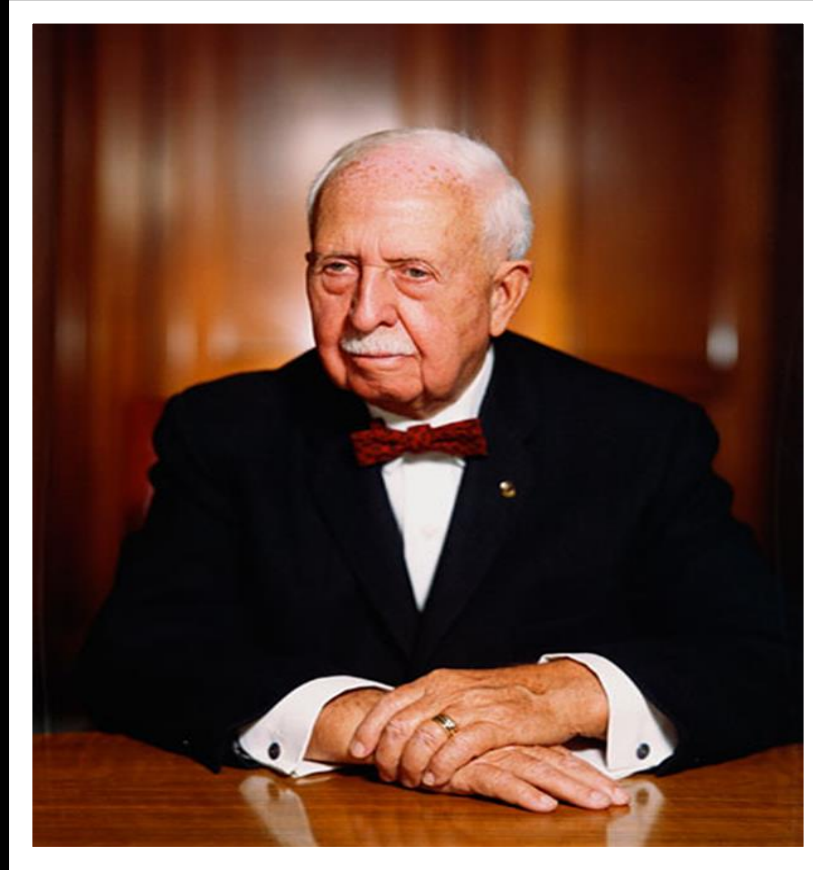
Approximately Flat

Adjusted EPS (non-GAAP)*

(\$1.00) to (\$0.80)

* A reconciliation of non-GAAP forward-looking projections to GAAP financial measures is not available as the nature or amount of potential adjustments, which may be significant, cannot be determined at this time

The PENNEY Idea



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

- James Cash Penney