

JCPENNEY ANNOUNCES GROWTH INITIATIVES FOR 2015-2017

Company Outlines Opportunities to Achieve \$1.2 Billion in EBITDA by 2017

Key Initiatives Include Revitalizing Center Core, Driving Increased Home Store Productivity and Maximizing Omnichannel Capabilities

Plans Include Opening Additional Sephora inside JCPenney Locations and More than 100 New Disney Shops

PLANO, Texas (Oct. 8, 2014) - At its 2014 analyst meeting in New York City today, J. C. Penney Company, Inc. (NYSE: JCP) presented its plans for restoring sustainable profitable growth at the Company over the next three years.

"JCPenney is in a far stronger position today than it was when we began our turnaround effort 18 months ago. While we recognize that there's more work to be done in a highly competitive retail environment, I couldn't be more encouraged by the significant progress our teams have made in such a short amount of time," said Myron E. (Mike) Ullman, III, chief executive officer. "I am confident that the initiatives we are putting in place will fuel new growth and earn greater customer loyalty as we pursue our vision to become the preferred shopping choice for Middle America."

Compelling Customer Proposition

Senior leadership attributed the company's progress and enhanced outlook to a renewed focus on the compelling customer proposition that differentiates JCPenney in the marketplace. The Company has rebuilt and reestablished the right merchandise assortment, including:

- Powerful private brands;
- Sought-after national brands; and
- Exclusive attractions that its customers value and can only be found at JCPenney.

JCPenney is also demonstrating digital leadership by advancing the mobile commerce functionality of jcpenny.com, providing customers enhanced options to shop, ship or pick up their JCPenney merchandise. This includes putting in place an enterprise-wide inventory network that will enable several customer-centric capabilities, such as same day pick-up and same day delivery, creating a seamless customer experience. Finally, Company leadership outlined how associate engagement - integral to building customer loyalty - has significantly improved across the Company enabling teams to achieve customer service scores that are at an all-time high.

Incremental Growth Opportunities

During the analyst meeting, the Company's senior leaders identified three areas of the business that are expected to generate incremental sales growth between 2015 and 2017. These initiatives include:

- Revitalizing the highest traffic area in the store - center core - as a leading destination for beauty, jewelry and fashion accessories;
- Improving the productivity of the Home Store with value-driven products and a tailored promotional strategy; and
- Maximizing the power, reach and integration of the Company's omnichannel capabilities.

Store Attractions Update

The Company is focused on attracting a new and younger customer by investing in popular in-store attractions that can only be found at JCPenney. To that end, the Company announced the expansion of its highly successful partnership with Sephora, as the companies have agreed to open additional Sephora inside JCPenney locations through 2017, entering new and smaller markets as the first major beauty destination in town.

JCPenney is leveraging its position as the only U.S. department store retailer carrying an exclusive assortment of Disney merchandise by opening more than 100 additional Disney-branded Shops inside JCPenney by back-to-school 2015. The Company has also entered into an agreement with Hallmark to test a Hallmark shop concept carrying greeting cards, gifts, ornaments, holiday décor and more in 15 JCPenney stores this fall, including a newly opened Hallmark shop within the Home department at its Frisco, Texas location.

Financial Goals for 2015-2017

The Company also provided financial performance goals that include achieving \$1.2 billion in EBITDA in 2017. This

reflects expectations for top line improvements associated with incremental growth potential, as well as continued market share gains in its underlying business, which represents a \$3.5 billion sales opportunity. Of that amount, the Company conservatively expects to realize approximately \$2 billion in incremental sales over the next three years, resulting in mid-single digit sales growth during that period.

Revised Third Quarter 2014 Guidance

The Company revised its third quarter sales guidance to reflect softer selling than expected during the month of September due to lower levels of clearance compared to last year and the continued difficult retail environment. The Company now expects comparable store sales for the third quarter of 2014 to be in the low-single digit range, compared to its original guidance of mid-single digit growth. The Company reaffirms all other guidance for the third quarter and full fiscal year 2014, which includes delivering mid-single digit comparable store sales growth and positive free cash flow for the year.

"JCPenney is gaining back market share, increasing sales and improving gross margins, while continuing to tightly manage expenses," said Edward Record, chief financial officer. "By successfully focusing on our core business strengths, we delivered three consecutive quarters of positive sales and developed a strong foundation for growth. We are excited about the initiatives we laid out today and remain focused on restoring profitability and delivering long-term value to our shareholders."

An audio replay of the 2014 Analyst Meeting can be accessed at ir.jcpenny.com. The audio file will be archived for 90 days.

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About JCPenney

J. C. Penney Company, Inc. (NYSE: JCP), one of the nation's largest apparel and home furnishing retailers, is dedicated to fitting the diversity of America with unparalleled style, quality and value. Across approximately 1,060 stores and at jcpenny.com, customers will discover a broad assortment of national, private and exclusive brands to fit all shapes, sizes, colors and wallets. For more information, please visit jcpenny.com.

Forward-Looking Statements

This release may contain 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 trends, gross margin, liquidity and cost savings. 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, 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 us merchandise on a timely basis or at all, trade restrictions, the ability to monetize non-core assets on acceptable terms, the ability to implement our turnaround strategy, customer acceptance of our new strategies, our ability to attract, motivate and retain key executives and other associates, the impact of cost reduction initiatives, our 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, 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 and the Company's ability to access the debt or equity markets on favorable terms or at all. 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-K and subsequent filings for a further 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 press release is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake to update these forward-looking statements as of any future

date.

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