

JCPENNEY PROVIDES UPDATE ON THIRD QUARTER 2017 PERFORMANCE

Company adjusts full-year guidance

PLANO, Texas – (Oct. 27, 2017) – J. C. Penney Company, Inc. (NYSE: JCP) today provided a preliminary update on its expected third quarter performance, following actions taken during the quarter to accelerate the liquidation of inventory. The Company’s fiscal third quarter ends Oct. 28.

“Based on the encouraging results from a third quarter reset in women’s apparel, which expanded our casual and contemporary offering, we made the strategic decision to accelerate a wider transformation of the entire women’s department by clearing slow-moving inventory primarily in women’s and other apparel categories. Following this comprehensive reset, we saw an improvement in performance, particularly in our women’s division, confirming these actions were necessary to drive growth in our women’s apparel business,” said Marvin R. Ellison, chairman and chief executive officer for JCPenney.

For the third quarter, the Company expects that comparable store sales will increase in the range of 0.6% to 0.8% and cost of goods sold, which excludes depreciation and amortization, will increase 300 to 320 basis points compared to the same period last year, impacted primarily by a greater sales penetration in major appliances and e-commerce and the decision to accelerate the liquidation of inventory. The Company expects third quarter adjusted earnings per share to be in the range of (\$0.45) to (\$0.40)¹.

Additionally, the Company took steps during the third quarter to create an integrated business function that combines the capabilities of its pricing and planning & allocation teams to work under the oversight of the Company’s newly appointed chief financial officer. Centralizing those functions allows the Company to streamline its pricing, promotion and markdown strategies, and consolidate all forecasting and planning capabilities to begin improving its predictive analytics and provide leadership with a more focused view of current sales trends.

“With a sharper and more disciplined focus on inventory management, we are taking a comprehensive approach to assessing the effectiveness of our inventory positions to make swift, informed decisions that promote faster inventory turn and higher productivity levels. Therefore, in the third quarter, we took the necessary steps to accelerate inventory liquidation primarily across all apparel divisions, which increases available funding to invest in new and trending merchandise categories.

We realize the inventory liquidation favorably impacted sales during the months of September and October; however, we expect to deliver a positive low single-digit sales comp for this period, excluding the benefit of clearance sales. Although these actions will create a short-term negative impact to cost of goods sold and earnings, long term, we firmly believe it was the right decision for the Company as we transition into the fourth quarter and fiscal 2018. In addition, based on the way our business is growing, including continued comp sales growth penetration in major appliances and omnichannel in the third quarter, we are taking a renewed approach to aligning our expense structure to match the mix of our

growth initiatives. We look forward to providing more details about our third quarter performance during our earnings call on November 10th," added Ellison.

Outlook

The Company has updated its 2017 full year guidance for comparable store sales, cost of goods sold, adjusted earnings per share, and free cash flow and reaffirmed its guidance for SG&A. The fiscal 2017 full year guidance has been updated as follows:

- Comparable store sales: now expected to be -1 % to 0 %;
- Cost of goods sold: now expected to be up 100 to 120 basis points versus 2016;
- SG&A dollars: expected to be down 1 to 2 % versus 2016;
- Adjusted earnings per share¹: now expected to be a positive \$0.02 to \$0.08; and
- Free cash flow¹: now expected to be \$200 million to \$300 million.

¹ 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.

Third Quarter Fiscal 2017 Financial Results Conference Call

The Company also announced today that it will release its third quarter 2017 financial results on Friday, Nov. 10, at 7:30 a.m. ET. The news release will be followed by a live conference call and webcast conducted by Chairman and Chief Executive Officer Marvin R. Ellison and Chief Financial Officer Jeff Davis that will begin at 8:30 a.m. ET.

To access the conference call, please dial (844) 243-9275, or (225) 283-0394 for international callers, and reference 3996839 conference ID or visit the Company's investor relations website at <http://ir.jcpenney.com>. Supplemental slides will be available on the Company's investor relations website approximately 10 minutes before the start of the conference call.

Telephone playback will be available for seven days beginning approximately two hours after the conclusion of the conference call by dialing (855) 859-2056, or (404) 537-3406 for international callers, and referencing 3996839 conference ID.

Investors and others should note that we currently announce material information using SEC filings, press releases, public conference calls and webcasts. In the future, we will continue to use these channels to distribute material information about the Company and may also utilize our website and/or various social media to communicate important information about the Company, key personnel, new brands and services, trends, new marketing campaigns, corporate initiatives and other matters. Information that we post on our website or on social media channels could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website as well as the following social media channels: Facebook (<https://www.facebook.com/jcp>) and Twitter (<https://twitter.com/jcpnews>).

Any updates to the list of social media channels we may use to communicate material information will be posted on the investor relations page of the Company's website at www.jcpenney.com.

Media Relations:

(972) 431-3400 or jcpnews@jcp.com; follow us at [@jcpnews](https://twitter.com/jcpnews)

Investor Relations:

(972) 431-5500 or jcpinvestorrelations@jcpenny.com

About JCPenney:

J. C. Penney Company, Inc. (NYSE: JCP), one of the nation's largest apparel and home furnishings retailers, combines an expansive footprint of approximately 875 stores across the United States and Puerto Rico with a powerful e-commerce site, jcp.com, to connect with shoppers how, when and where they prefer to shop. At every customer touchpoint, she will get her Penney's worth of a broad assortment of products from an extensive portfolio of private, exclusive and national brands. Powering this shopping experience is the customer service and warrior spirit of over 100,000 associates across the globe, all driving toward the Company's three strategic priorities of strengthening private brands, becoming a world-class omnichannel retailer and increasing revenue per customer. For additional information, please visit jcp.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, cost of goods sold, selling, general and administrative expenses, earnings and cash flows. 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 strategic plan including our omnichannel initiatives, customer acceptance of our 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, disruptions and congestion at ports through which we import 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 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-Q 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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