

JCPenney news release

FOR IMMEDIATE RELEASE

JCPenney Receives Court Approval of “First Day” Motions to Support Business Operations

Continuing to Serve Customers Compelling Merchandise in Select Stores and on jcp.com

Highly Experienced and Dedicated Retail Leadership Team Executing Transformation Strategy

PLANO, Texas (May 16, 2020) – J. C. Penney Company, Inc. (NYSE: JCP) today announced that it has received approvals from the U.S. Bankruptcy Court for the Southern District of Texas, in Corpus Christi, TX (the “Court”) for the “First Day” motions related to the Company’s voluntary Chapter 11 petitions filed on May 15, 2020, including approval for the Company to access and use its approximately \$500 million in cash collateral.

Among other things, the Court has authorized JCPenney to continue paying non-furloughed associate wages, provide certain benefits to all associates, and to pay vendor partners in the ordinary course for all goods and services provided on or after the Chapter 11 filing date.

Jill Soltau, chief executive officer of JCPenney, said, “We are pleased to have received approval of these motions, which will enable us to continue implementing our Plan for Renewal and operating our business to serve the needs of our loyal customers. We thank the Court for convening on a weekend to ensure that JCPenney can hit the ground running on Monday with approval of our First Day motions, and we are appreciative of the widespread support we have received from our asset-based lenders and first lien lenders and noteholders as we manage through the current environment. By entering this restructuring support agreement with our lenders, we expect to reduce several billion dollars of indebtedness, provide increased financial flexibility to help navigate through the Coronavirus (COVID-19) pandemic, and better position JCPenney for the long-term.”

As previously announced, JCPenney entered into a restructuring support agreement (the “RSA”) with lenders holding approximately 70% of JCPenney’s first lien debt to reduce the Company’s outstanding indebtedness and strengthen its financial position.

JCPenney has approximately \$500 million in cash on hand as of the Chapter 11 filing date. The Company will seek authorization at its second day hearing to access the \$900 million in debtor-in-possession (“DIP”) financing that it received from its existing first lien lenders, which includes \$450 million of new money.

Additional Information

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

Advisors

Kirkland & Ellis LLP is serving as legal advisor, Lazard is serving as financial advisor, and AlixPartners LLP is serving as restructuring advisor 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; the Company’s ability to comply with the continued listing criteria of the New York Stock Exchange (the “NYSE”) and risks arising from the potential suspension of trading of the Company’s common stock on, or delisting from, the NYSE; 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.

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About JCPenney

J. C. Penney Company, Inc. (NYSE: JCP), one of the nation's largest apparel and home retailers, combines an expansive footprint of approximately 850 stores across the United States and Puerto Rico with a powerful e-commerce 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 nearly 85,000 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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