JCPenney news release

FOR IMMEDIATE RELEASE

JCPenney Reaches Agreement in Principle with Brookfield Property Group and Simon Property Group to Acquire Retail and Operating Assets

Intends to Establish Separate "OpCo" and "PropCo" Entities to Maximize Value for Stakeholders and Maintain JCPenney Banner for Decades to Come

PLANO, Texas (September 9, 2020) – J.C. Penney Company, Inc. (OTCMKTS: JCPNQ) today announced that it has reached an agreement in principle to sell JCPenney through a court-supervised sale process. The Company plans to seek approval of a disclosure statement and ultimately confirmation of a plan of reorganization in parallel with the sale process. Related to the sale process, JCPenney expects to execute a "stalking horse" asset purchase agreement ("APA"), which will track an executed letter of intent, outlining the following:

- Brookfield Property Group ("Brookfield") and Simon Property Group ("Simon") intend to acquire substantially all of JCPenney's retail and operating assets ("OpCo") for $1.75 billion, which includes a combination of cash and new term loan debt.
- The agreement contemplates the formation of a separate real estate investment trust and a property holding company ("PropCos"), which will include 160 of the Company's real estate assets and all of its owned distribution centers. The PropCos will be owned by the Company's Ad Hoc Group of First Lien Lenders ("First Lien Lenders").
- The OpCo and PropCos will enter into a master lease with respect to the properties and distribution centers moved into the PropCos.

"We have determined that an agreement with Brookfield and Simon, as well as the formation of separate real estate investment trusts owned by our First Lien Lenders, is the best path forward to maximize value for our stakeholders, ensure we keep the most stores open and associates employed, and position JCPenney to build on our over 100-year history," said Jill Soltau, chief executive officer of JCPenney. "The interest in our operations reflects our Company's strength and our loyal customer base. It is a testament to the hard work and dedication of our talented associates and the progress we have made in implementing our Plan for Renewal to Offer Compelling Merchandise, Drive Traffic, Deliver an Engaging Experience, Fuel Growth and Build a Results-Minded Culture."

Ms. Soltau continued, "As we continue to move through the sale process, our focus will remain on serving our customers and working seamlessly with our vendor partners. We have been a trusted partner to all of our stakeholders since 1902, and we expect to continue that track record for decades to come under the JCPenney banner."

Upon the execution of the APA, the agreement will be binding on Brookfield, Simon and the First Lien Lenders. JCPenney intends to file a motion seeking authorization from the U.S. Bankruptcy Court for the Southern District of Texas (the "Court") to conduct an auction pursuant to Section 363 of U.S. Bankruptcy Code. Accordingly, the motion is expected to set out the proposed bidding procedures for the auction, with Brookfield, Simon and the First Lien Lenders serving as the "stalking horse bidder," designed to achieve the highest or otherwise best offer for the benefit of JCPenney's stakeholders.

It is anticipated that the Company will complete the auction and emerge from the Court-supervised process operating under the JCPenney banner in advance of the 2020 holiday season.

Additional Information

As previously announced, JCPenney entered into a restructuring support agreement with lenders holding approximately 90 percent of its first lien debt to reduce the Company's outstanding indebtedness and strengthen its financial position. To implement the financial restructuring plan, the Company filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

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

Advisers

Kirkland & Ellis LLP is serving as legal adviser, Lazard is serving as financial adviser, and AlixPartners LLP is serving as restructuring adviser 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"); 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; risks arising from the delisting of the Company's common stock from the New York Stock Exchange; 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.

About JCPenney

J. C. Penney Company, Inc. (OTCMKTS: JCPNQ), one of the nation's largest apparel and home retailers, combines an expansive footprint of stores across the United States and Puerto Rico with a powerful eCommerce 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 JCPenney 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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