JCPenney news release

**JCPenney Signs Asset Purchase Agreement with Brookfield, Simon and First Lien Lenders, Charting Course for the Future**

*Expects to Operate Outside Chapter 11 in Advance of 2020 Holiday Season*

*Poised to Operate Under JCPenney Banner With New Owners For Decades to Come*

PLANO, Texas--(BUSINESS WIRE)--J. C. Penney Company, Inc. (OTCMKTS: JCPNQ) today announced that it has entered into an asset purchase agreement ("APA") with Brookfield Asset Management, Inc ("Brookfield"), Simon Property Group ("Simon") and a majority of the Company's DIP and First Lien Lenders ("Majority First Lien Lenders").

"Signing a definitive APA with Brookfield, Simon and our Majority First Lien Lenders allows us to move forward towards the completion of our financial restructuring – and we are looking forward to operating under new ownership outside Chapter 11 in advance of the 2020 holiday season," said Jill Soltau, chief executive officer of JCPenney. "This transaction is a testament to the thousands of dedicated employees who have been working incredibly hard over the last several months under difficult circumstances. Our customers are at the heart of JCPenney and we look forward to serving them under the JCPenney banner for decades to come. Our team remains laser focused on implementing our Plan for Renewal to Offer Compelling Merchandise, Drive Traffic, Deliver an Engaging Experience, Fuel Growth and Build a Results-Minded Culture."

Key terms of the APA are as follows:

- Brookfield and Simon will acquire substantially all of JCPenney's retail and operating assets ("OpCo") through a combination of cash and new term loan debt.
- The formation of separate property holding companies ("PropCos"), comprising 160 of the Company's real estate assets and all of its owned distribution centers, which will be owned by the Company's DIP and First Lien Lenders.
- The OpCo and PropCos will enter into master leases with respect to the properties and distribution centers moved into the PropCos (the "Master Lease Agreement"). JCPenney, Simon and Brookfield, and the Majority Lender Group have reached agreement on all outstanding business points in the Master Lease Agreement.

**Additional Information**

As previously announced, JCPenney entered into a restructuring support agreement with lenders 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.

Paul, Weiss, Rifkind, Wharton & Garrison LLP is serving as legal counsel to Brookfield and Simon.

**Cautionary Statement Regarding Forward-Looking Information**

The Company has included statements in this press release 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. 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 Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of 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; the ability of the parties to the Asset Purchase Agreement to consummate the transactions contemplated therein; 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 1, 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 Current Report on Form 8-K 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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