

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name J. C. Penney Corporation, Inc.		2 Issuer's employer identification number (EIN) 13-5583779	
3 Name of contact for additional information David Bullington	4 Telephone No. of contact 972-431-5628	5 Email address of contact dbulling@jcp.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PO Box 10001		7 City, town, or post office, state, and ZIP code of contact Dallas, Texas 75301	
8 Date of action December 7, 2020		9 Classification and description See attached	
10 CUSIP number See attached	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II **Organizational Action** Attach additional statements if needed. See back of form for additional questions.

- 14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attached

- 15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attached

- 16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attached

Part II Organizational Action (continued)

- 17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See attached

- 18** Can any resulting loss be recognized? ► See attached

- 19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **See attached**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ►  Date ► January 14, 2021

Print your name ► David Bullington

Title ► Authorized Person

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►	Firm's EIN ►			
	Firm's address ►	Phone no.			

J. C. Penney Corporation, Inc. (13-5583779)
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in Form 8937 and this attachment is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"). Such information does not constitute tax advice and does not purport to take into account any holder's specific circumstances (including holders that may be subject to special tax rules or that held the relevant securities as other than a capital asset). Holders are urged to consult their own tax advisors regarding tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

Part II, Lines 9–10

Original Debt Instruments	
Line 9: Classification and Description	Line 10: CUSIP Number
Secured term loan maturing June 23, 2023	46611NAJ2
5.875% senior secured notes due July 1, 2023 (144A)	708160 CB0
5.875% senior secured notes due July 1, 2023 (Reg-S)	U7083N AB7

Modified Debt Instruments	
Line 9: Classification and Description	Line 10: CUSIP Number
Secured term loan maturing June 23, 2023	46611NAK9
5.875% senior secured notes due July 1, 2023	708160 CF1

Part II, Line 14

In June 2016, J. C. Penney Corporation, Inc. (“JCP Corp”) became borrower under that certain Amended and Restated Credit and Guaranty Agreement maturing June 23, 2023 (the “Term Loan”), and issued 5.875% senior secured notes due July 1, 2023 (the “Notes” and together with the Term Loan, the “1L Debt”). On May 15, 2020, J. C. Penney Company, Inc. (the direct parent of JCP Corp), JCP Corp, and certain of their direct and indirect subsidiaries (collectively, the “Debtors”) commenced voluntary cases (the “Cases”) under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas.

Over the course of the Cases, a subset of 1L Debt holders (represented by Akin Gump Strauss Hauer & Feld LLP, Robbins, Russell, Englert, Orseck, Untereiner & Sauber LLP and Moelis & Company LLC) holding approximately 19% of the aggregate principal amount of 1L Debt (such holders, collectively, the “Minority First Lien Group,” and the 1L Debt held by such Holders, the “Minority Group 1L Debt”) filed motions for discovery and a number of objections to motions filed by the Debtors. The Debtors ultimately negotiated an overall transaction for the sale of substantially all of their assets, to be implemented partially as a sale of the Debtors’ operating and certain real property assets pursuant to an Asset Purchase Agreement, dated as of October 28, 2020, and partially as a sale of their remaining real property assets through a chapter 11 plan of reorganization that was confirmed on December 14, 2020. As part of these overall negotiations, the Debtors also reached an agreement with the Minority First Lien Group on November 5, 2020, pursuant to which the Minority First Lien Group agreed to withdraw their objections and the Debtors agreed to make a supplemental cash payment to the Minority First Lien Group totaling approximately \$43 million in respect of its Minority Group 1L Debt holdings (the “Supplemental Payment”). This Supplemental Payment was allocated (a) pro rata, between the Term Loan debt and Notes held by the Minority First Lien Group based on the aggregate principal amount of Term Loan debt and Notes held by such group, and (b) the amount allocated to each of the Term Loan debt and the Notes held by the Minority First Lien Group was further allocated among the members of the Minority First Lien Group, pro rata, based on the principal amount of their respective holdings of each of the Term Loan debt and Notes. The Debtors made the Supplemental Payment to the Minority First Lien Group on December 7, 2020.

Part II, Line 15

Under general principles of U.S. federal income tax law, the modification of a debt instrument can give rise to an exchange under Section 1001 of the Code upon which gain or loss is realized if the modified debt instrument differs

materially either in kind or in extent from the original debt instrument. In this regard, governing Treasury regulations (the “Modification Regulations”) provide that, as a general rule, an exchange occurs when, based on all the facts and circumstances and taking into account all changes in the terms of the debt instrument collectively (other than certain specified changes), the legal rights or obligations that are altered, and the degree to which they are altered, are economically significant (a “significant modification”). Under the Modification Regulations, a change in yield of a debt instrument is a significant modification if the yield of the modified debt instrument varies from the yield on the unmodified instrument (determined as of the date of the modification) by more than a threshold equal to the greater of (a) 25 basis points and (b) 5 percent of the annual yield of the unmodified instrument. For this purpose, the yield of the modified debt instrument is the annual yield of a debt instrument with (a) an issue price equal to the adjusted issue price of the unmodified debt instrument on the date of the modification (increased by accrued but unpaid interest and decreased by payments made to the holder as consideration for the modification) and (b) payments equal to the payments on the modified debt instrument from the date of the modification. The Debtors have determined that the Supplemental Payment should be tested as an amount that modified the yield of the Minority Group 1L Debt under the Modification Regulations. So treated, the Supplemental Payment results in a change in yield on the Minority Group 1L Debt that constitutes a significant modification. Accordingly, the Supplemental Payment results in a deemed exchange of the original Minority Group 1L Debt for new debt for U.S. federal income tax purposes.

The U.S. federal income tax consequences of this exchange will depend on whether such exchange qualifies as a “recapitalization” under Section 368(a)(1)(E) of the Code. That question will, in turn, depend on whether each of the original Term Loan debt and Notes and the modified Term Loan debt and Notes received by the Minority First Lien Group in exchange therefor constitutes a “security” for U.S. federal income tax purposes. Neither the Code nor Treasury regulations defines the term “security.” Whether a debt instrument constitutes a security is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Although not free from doubt, we believe that for U.S. federal income tax purposes each of the original Term Loan debt and Notes and the modified Term Loan debt and Notes received in exchange therefor constitute “securities” and, accordingly, that the deemed exchange of such securities qualifies as a recapitalization.

Assuming the deemed exchange qualifies as a recapitalization, other than with respect to amounts received (if any) that are attributable to accrued but untaxed interest, original issue discount (“OID”), or market discount, holders of Minority Group 1L Debt should recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or the issue price, in the case of debt instruments) of all of the consideration received minus the holder’s aggregate adjusted basis in the unmodified debt exchanged therefor), and (b) the sum of the cash (i.e., “boot”) received. Members of the Minority First Lien Group should obtain an aggregate tax basis in the modified Minority Group 1L Debt received, other than with respect to amounts received (if any) that are attributable to accrued but untaxed interest, OID, or market discount, equal to (a) the tax basis of the original Minority Group 1L Debt; *less* (b) the sum of the “boot” received; *plus* (c) gain

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Attachment to Form 8937

recognized (if any). The holding period of such modified Minority Group 1L Debt received should include the holding period for the original Minority Group 1L Debt exchanged therefor.

Part II, Line 16

The initial basis of modified Minority Group 1L Debt received (other than with respect to amounts received (if any) that are attributable to accrued but untaxed interest, OID, or market discount) by a member of the Minority First Lien Group in the exchange is expected to equal (a) the tax basis of the original Minority Group 1L Debt held by such holder at the time of the exchange; *less* (b) the sum of the “boot” received in the exchange; *plus* (c) gain recognized (if any) on the exchange.

Part II, Line 17

Sections 354(a); 356; 358; 368(a)(1)(E); 1001; 1011; 1223; 1273.

Part II, Line 18

No loss can be recognized for U.S. federal income tax purposes in conjunction with this organizational action that is a recapitalization.

Part II, Line 19

The transaction occurred on December 7, 2020. The reportable tax year is 2020 for calendar year taxpayers. For taxpayers reporting taxable income on a basis other than the calendar year, the reportable tax year of the transaction is the tax year that includes December 7, 2020.

The information contained in this document does not constitute tax advice, and holders of Minority Group 1L Debt should consult their own tax advisors regarding the application of the Code to their particular circumstances.