

## JCPENNEY ANNOUNCES STRATEGIC PLANS FOR PROFITABLE GROWTH BEYOND 2017

### Company outlines performance goals to deliver \$1.40-1.55 earnings per share in 2019

**PLANO, Texas – (Aug. 17, 2016)** – At its 2016 analyst meeting in Las Colinas, Texas, J. C. Penney Company, Inc. (NYSE: JCP) today presented a three-year plan for accelerated growth and outlined its financial expectations for improved performance beyond 2017.

“Since becoming CEO a year ago, the team and I have made considerable progress balancing the art and science of retail by improving our execution in omnichannel, marketing, store operations, supply chain and merchandising,” said Marvin R. Ellison, chairman and chief executive officer of JCPenney. “There is still much work to do, but I am confident that our focus on sales growth, new technology and expense management will continue to accelerate our turnaround and create shareholder value.”

### **Building Value and Differentiation Through Private Brands, Home and Beauty**

JCPenney is committed to providing customers with compelling merchandise and exclusive shopping experiences that create lasting loyalty. To deliver on its value proposition to shoppers, the Company will drive private and exclusive brand penetration up to 70 percent of total merchandise sales by 2019. This target will be achieved by eliminating labels that are no longer relevant and expanding popular existing brands to additional categories. To further differentiate JCPenney from brick-and-mortar and online competition, the Company will maximize opportunities in three specific merchandise strategies:

- **Special Sizes:** Growing the special sizes offering by leveraging in-house design and trend teams to deliver quality plus size, petite and big & tall apparel that meets the lifestyle needs of various ages and diverse body types.
- **Home Refresh:** Revitalizing the JCPenney Home store to entice customers seeking to update their homes, including rolling out major appliance showrooms to nearly 500 locations and jcp.com, testing Empire Today flooring in three markets and adding Signature Design by Ashley® to the furniture assortment in select stores and jcp.com.
- **Beauty Experience:** Pursuing additional growth in Women’s beauty by expanding the number of Sephora inside JCPenney locations, accelerating The Salon by InStyle renovations, rejuvenating center core and emphasizing fine jewelry.

### **Powering a Swift and Nimble Omnichannel Experience**

JCPenney is advancing its omnichannel execution to connect with customers how, when and where they prefer to shop. A major component of this strategy is mobile, which is the Company’s single greatest touch point with digitally-savvy shoppers. Bolstering this approach is a newly redesigned JCPenney app that enables customers to locate items, apply coupons and access their JCPenney Rewards more easily. Shoppers can also complete their jcp.com purchases with a variety of convenient shipping and

pickup options, resulting in over 50 percent of online orders stemming from or leading to an in-store experience:

- **Ship to any JCPenney store:** Given the Company's history of operating catalog service desks, JCPenney is one of the few retailers today to offer the option of shipping an online order to any one of its 1,000 stores nationwide;
- **Same-day pickup in stores:** Over 150,000 items on jcp.com are eligible for same-day pickup at any JCPenney store within four hours of the order being placed;
- **Faster home delivery:** In 2017, the Company will offer a standard delivery turnaround of two business days or less to over 95% of the U.S. population.

To efficiently fill jcp.com orders, JCPenney has made significant investments in state-of-the-art systems that support an enterprise-wide fulfillment strategy to minimize markdowns and improve customer service. In addition to a network of three direct logistic facilities, 250 stores are now capable of filling jcp.com orders with store inventory and shipping directly to customers. This added fulfillment option allows the Company to meet customer demand for a particular style, color or size, while delivering orders faster than ever.

### **Financial Outlook**

In light of these sales and profit enhancing initiatives, the Company also provided financial performance estimates for the 2017-2019 period, as follows:

- Compounded annual comparable sales growth anticipated to be 3.0 %;
- Gross margin is expected to improve 75-100 basis points;
- Additional SG&A expense leverage of 215-240 basis points;
- Net income is expected to be between \$450-500M by 2019;
- Earnings per share of \$1.40-1.55 by 2019.

Ellison added, "Although we've sharpened our priorities for the next three years, our strategic framework remains the same. The entire team – from stores to supply chain to the home office – is squarely focused on delivering an unparalleled omnichannel experience, powerful private brands and increased revenue per customer. Under this framework, we are taking market share, outpacing competitors and improving the long term profitability of our business."

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### **About JCPenney:**

J. C. Penney Company, Inc. (NYSE:JCP), one of the nation's largest apparel and home furnishings retailers, is on a mission to ensure every shopping experience is worth the customer's time, money and effort. Whether shopping jcp.com or visiting one of over 1,000 store locations across the United States and Puerto Rico, customers will discover a broad assortment of products from a leading portfolio of private, exclusive and national brands. Supporting this value proposition is the warrior spirit of over 100,000 JCPenney associates worldwide, who are focused on 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](http://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, gross margin, 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 including EMV chip technology, 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-K 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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