

JCPENNEY REPORTS FOURTH QUARTER 2015 ADJUSTED EARNINGS PER SHARE OF 39 CENTS; AND A 155 PERCENT INCREASE IN ADJUSTED EBITDA TO \$715 MILLION FOR FISCAL 2015

Same Store Sales Up 4.1 % in Fourth Quarter; 4.5 % for Full Year

- Gross margin improved 120 basis points to 36.0 % for the year
- SG&A savings of \$218 million; 270 basis points improvement for the year
- Positive free cash flow of \$131 million for the year; a 130 % improvement

PLANO, Texas – (Feb. 26, 2016) – J. C. Penney Company, Inc. (NYSE: JCP) today announced financial results for its fiscal fourth quarter and full year ended Jan. 30, 2016. Comparable store sales grew 4.1 % for the fourth quarter and 4.5 % for the full year. This combination of strong sales growth, accelerated gross margins and disciplined expense reduction resulted in full year adjusted EBITDA of \$715 million, a \$435 million increase.

Marvin R. Ellison, chief executive officer, said, “We are very pleased with our performance for the fourth quarter and full year. Our focus on private brands, omnichannel and revenue per customer is clearly resonating as we continue to win market share in a competitive environment. We are also pleased that we delivered strong fourth quarter results while effectively managing our inventory, which finished the year up 2.6 %. I would like to thank our over 100,000 associates who embrace our strategy and come to work each day focused on driving sales and providing excellent customer service.”

Mr. Ellison continued, “While significant work remains to regain our status as a world-class retailer, the Company's financial performance this year indicates we are on the right path to achieving our long-term financial objectives. Building on the momentum of 2015, and the positive trends of the mid-tier US customer, we now expect positive adjusted earnings in 2016, and EBITDA of \$1 billion.”

Fourth Quarter Results

For the fourth quarter, which included a successful holiday season, JCPenney reported net sales of \$4.0 billion compared to \$3.9 billion in the fourth quarter of 2014. Comparable store sales rose 4.1 % for the quarter.

Home, Sephora, Footwear, and Handbags were the Company's top performing merchandise divisions during the quarter. Geographically, all regions delivered comp

sales gains over the same period last year with the best performance in the western and northeastern regions of the country.

For the fourth quarter, gross margin improved 30 basis points to 34.1 % of sales. This acceleration was driven by improvements in our clearance and promotional selling margins.

SG&A expenses for the quarter were down \$70 million to \$962 million, or 24.1 % of sales, representing a 240 basis point improvement from last year. These savings were primarily driven by lower controllable costs, more efficient advertising spend and reduced corporate overhead.

Adjusted EBITDA for the quarter was \$381 million, a \$108 million or 40 % improvement from the same period last year.

Adjusted earnings per share were \$0.39, after excluding charges associated with primary pension plan expense, restructuring costs and the loss on extinguishment of debt. Adjusted net income was \$121 million, an improvement of \$108 million or 831 %.

Full Year Results

For the full year 2015, JCPenney reported net sales of \$12.6 billion compared to \$12.3 billion in 2014, a 3.0 % increase. Comparable store sales rose 4.5 % for the year.

For the year, gross margin increased 120 basis points to 36.0 % from 34.8 % in the prior year. SG&A decreased \$218 million or 270 basis points compared to the prior year.

Adjusted EBITDA was \$715 million, a \$435 million or 155 % improvement from last year.

Adjusted net loss improved \$463 million to \$315 million, or \$(1.03) per share for the year.

Free cash flow was positive \$131 million, an increase of over \$74 million or 130 % from last year. For the full year, liquidity improved \$900 million, of which \$500 million was used to pay down debt during the fourth quarter. At year end, liquidity was \$2.5 billion compared to \$2.1 billion last year.

A reconciliation of GAAP to non-GAAP financial measures is included in the schedules accompanying the consolidated financial statements in this release.

Outlook

The Company's 2016 full year guidance is as follows:

- Comparable store sales: expected to increase 3 % to 4 %;

- Gross margin: expected to increase 40 to 60 basis points versus 2015;
- SG&A dollars: expected to decrease versus 2015;
- EBITDA: expected to be \$1 billion;
- Adjusted earnings per share: expected to be positive;
- Free cash flow: expected to improve versus 2015.

Fourth Quarter and Full Year 2015 Earnings Conference Call Details

At 8:30 a.m. ET today, the Company will host a live conference call conducted by chief executive officer Marvin Ellison and chief financial officer Ed Record. Management will discuss the Company's performance during the quarter and take questions from participants. To access the conference call, please dial (877) 337-1347, or (262) 558-6137 for international callers, and reference 42552707 participant code or visit the Company's investor relations website at <http://ir.jcpenney.com>.

Telephone playback will be available for 7 days beginning approximately two hours after the conclusion of the meeting by dialing (855) 859-2056, or (800) 585-8367 for international callers, and referencing 42552707 participant code.

Investors and others should note that we currently announce material information using SEC filings, press releases, public conference calls and webcasts. In the future, we will continue to use these channels to distribute material information about the Company and may also utilize our website and/or various social media to communicate important information about the Company, key personnel, new brands and services, trends, new marketing campaigns, corporate initiatives and other matters. Information that we post on our website or on social media channels could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website as well as the following social media channels:

Facebook (<https://www.facebook.com/jcp>) and Twitter (<https://twitter.com/jcpnews>).

Any updates to the list of social media channels we may use to communicate material information will be posted on the Investor Relations page of the Company's website at www.jcpenney.com

Media Relations:

(972) 431-3400 or jcpnews@jcp.com

Investor Relations:

(972) 431-5500 or jcpinvestorrelations@jcpenney.com

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.

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-Q 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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