

2015

SUMMARY

ANNUAL REPORT



JCPenney

GET YOUR
PENNEY'S
WORTH

LETTER TO OUR STOCKHOLDERS



MARVIN R. ELLISON, CEO

**IT WAS CLEAR THAT MY
LEADERSHIP TENURE
WOULD FOCUS ON THE
NEXT ERA OF JCPENNEY**

Dear JCPenney Stockholders,

Last August, I had the distinct privilege and honor of becoming CEO of this iconic Company. My appointment followed a nine-month leadership transition that allowed me the rewarding opportunity to work alongside my predecessor, Mike Ullman. As you know, the Board asked Mike to rejoin the Company in 2013, at which time he made it his immediate priority to quickly restore the financial stability needed to make JCPenney viable again.

With this groundwork securely in place, it was clear that my leadership tenure would focus on the next era of JCPenney, building on recent improvements and propelling the Company to profitability once again.

Shortly upon my appointment as CEO, the senior leadership team and I participated in a series of strategy sessions that challenged us to envision the future of this Company and how we are going to keep JCPenney relevant for multiple generations.

Ultimately, we want to be a destination that reinforces a value promise to American families that every shopping trip to JCPenney is going to be worth

their time, effort and hard-earned money. Within the Company, we determined that in order to remain competitive, we must simplify our operations, implement an expense reduction culture and begin streamlining our areas of focus across the organization.

As a result, I laid out a strategic framework that enables teams to have a clear understanding of what's fundamental to the business, ensuring that our resources and capital investments are spent productively driving three main pillars of growth: private brands, omnichannel and increased revenue per customer. By aggressively pursuing each priority, we can build a strong foundation for customer loyalty and differentiate JCPenney from the marketplace.

PRIVATE BRANDS

There's no question that JCPenney has some of the most enduring private brands in the industry. Brands like Liz Claiborne, Arizona, St. John's Bay, Stafford, Worthington, JCPenney Home and Cooks have been popular with millions of American consumers because they trust

LETTER TO OUR STOCKHOLDERS

CONTINUED

these brands to deliver the style, quality and value they expect. JCPenney has a team of more than 200 textile, technical and fashion designers, as well as one of the industry's most experienced sourcing organizations to ensure that the appeal of our private brand portfolio remains strong and compelling throughout our merchandise selection.

OMNICHANNEL

The future of retail requires that we become a world-class omnichannel retailer, creating a seamless connection between our physical stores and our online business. The proliferation of personal technology is continually influencing how, when and where our customers prefer to shop. Which is why we are rapidly modernizing our infrastructure and deploying state-of-the-art systems that take a comprehensive view of our enterprise inventory—across stores and distribution centers— to increase the assortment available on jcp.com orders. It's imperative that our operations meet customers' expectations for dependability, speed and convenience.

**THE FUTURE OF RETAIL
REQUIRES THAT WE
BECOME A WORLD-CLASS
OMNICHANNEL RETAILER**

INCREASED REVENUE PER CUSTOMER

Since restoring the promotions and brands lost during a previous strategy, approximately 87 million customers have returned and shopped a JCPenney store or jcp.com at least once within the past year—the same level as in 2011. The goal moving forward is to add new customers while getting the 87 million active customers to increase their number of visits and spend more when they shop. Within this report, you'll read some illuminating examples of how we're implementing changes on our merchandise assortment, creating in-store experiences that promote cross shopping and making JCPenney a destination for services and attractions that will increase our revenue per customer.

I feel confident that the successful pursuit of these opportunities will lead the way to achieving our target of \$1.2 billion in earnings before interest, taxes, depreciation and amortization, or EBITDA, in fiscal 2017.

While there is still much more work to do, I am extremely proud of the tremendous progress we made during the past year. Our latest fourth quarter and fiscal 2015 results demonstrate the Company's ability to achieve growth, as evidenced by nine straight quarters of comparable store sales gains. Despite a competitive retail landscape, customers continue to respond favorably, signaling to Wall Street and the entire retail industry that JCPenney is on a comeback.

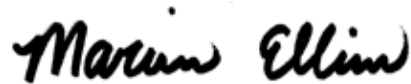
**WE EXPECT THIS YEAR WILL BE A TURNING POINT IN OUR
FINANCIAL PERFORMANCE AS WE INTENSIFY OUR FOCUS AND
RELENTLESSLY PURSUE OUR GOAL TO BECOME A LEADING,
WORLD-CLASS RETAILER**

LETTER TO OUR STOCKHOLDERS

CONTINUED

This momentum would not have been possible without the hard work and dedication of more than 100,000 associates. Everyone worked together to overcome restructuring efforts and maintain the financial discipline necessary to deliver the best financial year since 2011. Through our enhanced product assortment and improved operational execution, we seized market share from the competition and I believe we will continue to gain market share in 2016. We expect this year will be a turning point in our financial performance as we intensify our focus and relentlessly pursue our goal to become a leading, world-class retailer.

There's no doubt that JCPenney is in the early stages of a tremendous resurgence. While there are a lot of exciting changes on the horizon, every decision will be thoughtfully tested to ensure it's what customers want and expect from JCPenney. I thank you for your ongoing commitment and loyalty as we boldly take the next step in the Company's future.

A handwritten signature in black ink that reads "Marvin Ellison". The signature is written in a cursive, flowing style.

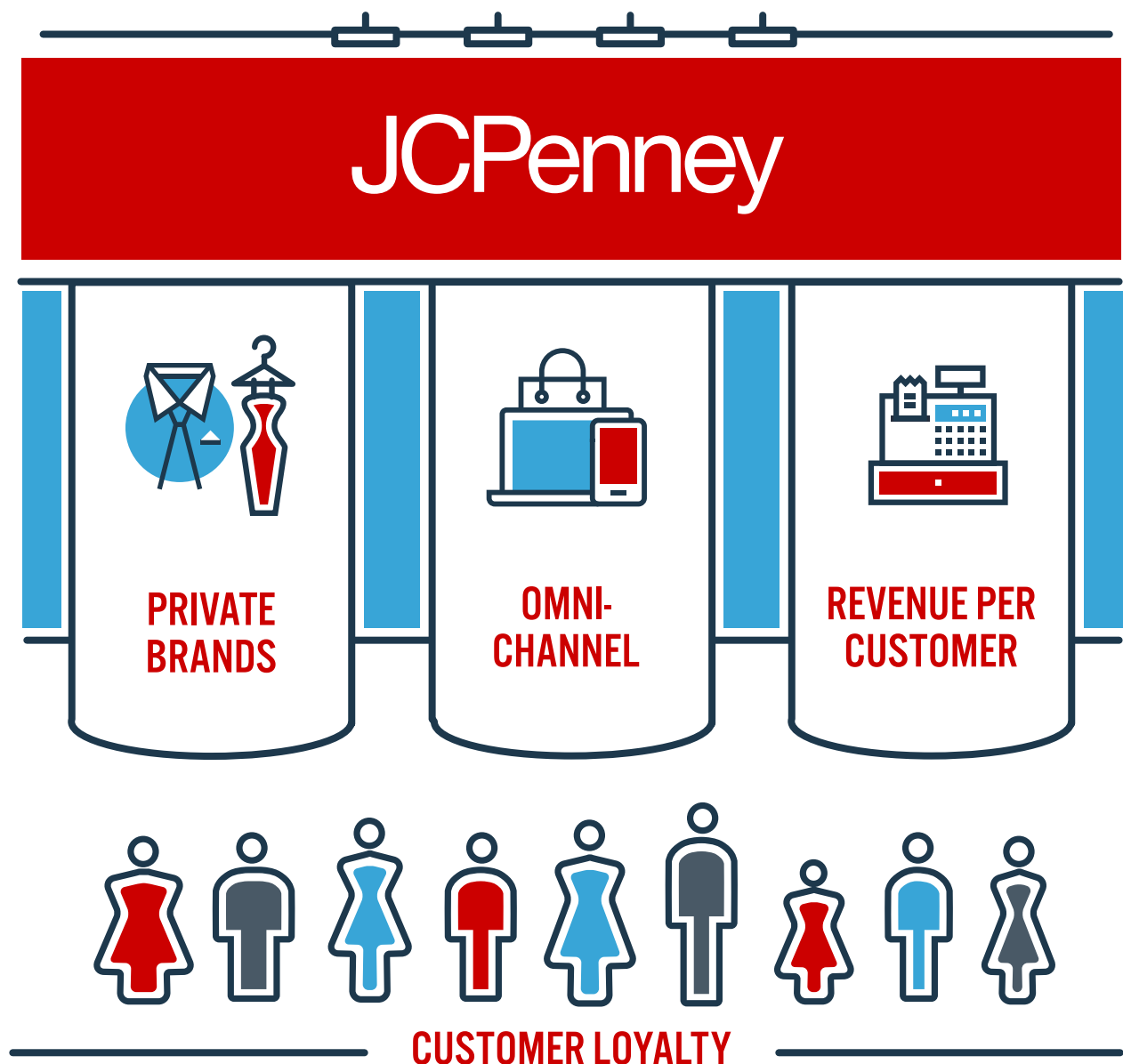
Marvin R. Ellison
Chief Executive Officer
J. C. Penney Company, Inc.
April 2016

FINANCIAL SUMMARY



2015–2017 PATH TO PROFITABLE GROWTH

In 2015, JCPenney introduced a strategic framework to simplify and intensify the Company's commitment to delivering \$1.2 billion of EBITDA in 2017. The framework includes three priorities that are key to guiding us on our path to profitable growth:



2015–2017 PATH TO PROFITABLE GROWTH

CONTINUED

Private brands: We will leverage our strength and expertise in establishing some of the industry's leading private brands, such as The Original Arizona Jean Company®, St. John's Bay®, Liz Claiborne®, Stafford® and JCPenney Home®, to deliver a compelling portfolio of sought-after brands that offer customers the perfect blend of style, quality and value.

Omnichannel: JCPenney is committed to becoming a world-class omnichannel retailer, integrating the multiple ways customers shop in stores, online, mobile and catalog to create a seamless and convenient shopping experience.

Increased revenue per customer: The Company will continue to enhance merchandising and service offerings to increase revenue per customer, enticing 87 million active customers to shop and spend more at JCPenney. Various initiatives in home and center core that are addressed within this report are key components of this strategic priority.

PROFITABLE SALES GROWTH

We expect to build on our strong operational performance in 2015 by driving profitable sales growth in 2016 through increased in-store and online sales, improved gross margin and reduced SG&A expenses. We will also focus on continually improving our balance sheet by reducing debt and therefore decreasing our interest expense with the goal of raising our credit rating over time. In 2015, we increased liquidity by \$900 million and used \$500 million to pay down outstanding debt as part of a larger strategic effort to reduce annual interest expense.



- › **Women's shoes expansion**
- › **Home productivity**
- › **Center core**
 - Sephora inside JCPenney
 - Handbags
 - Footwear
 - Fine & Fashion Jewelry
 - Accessories
 - Intimates

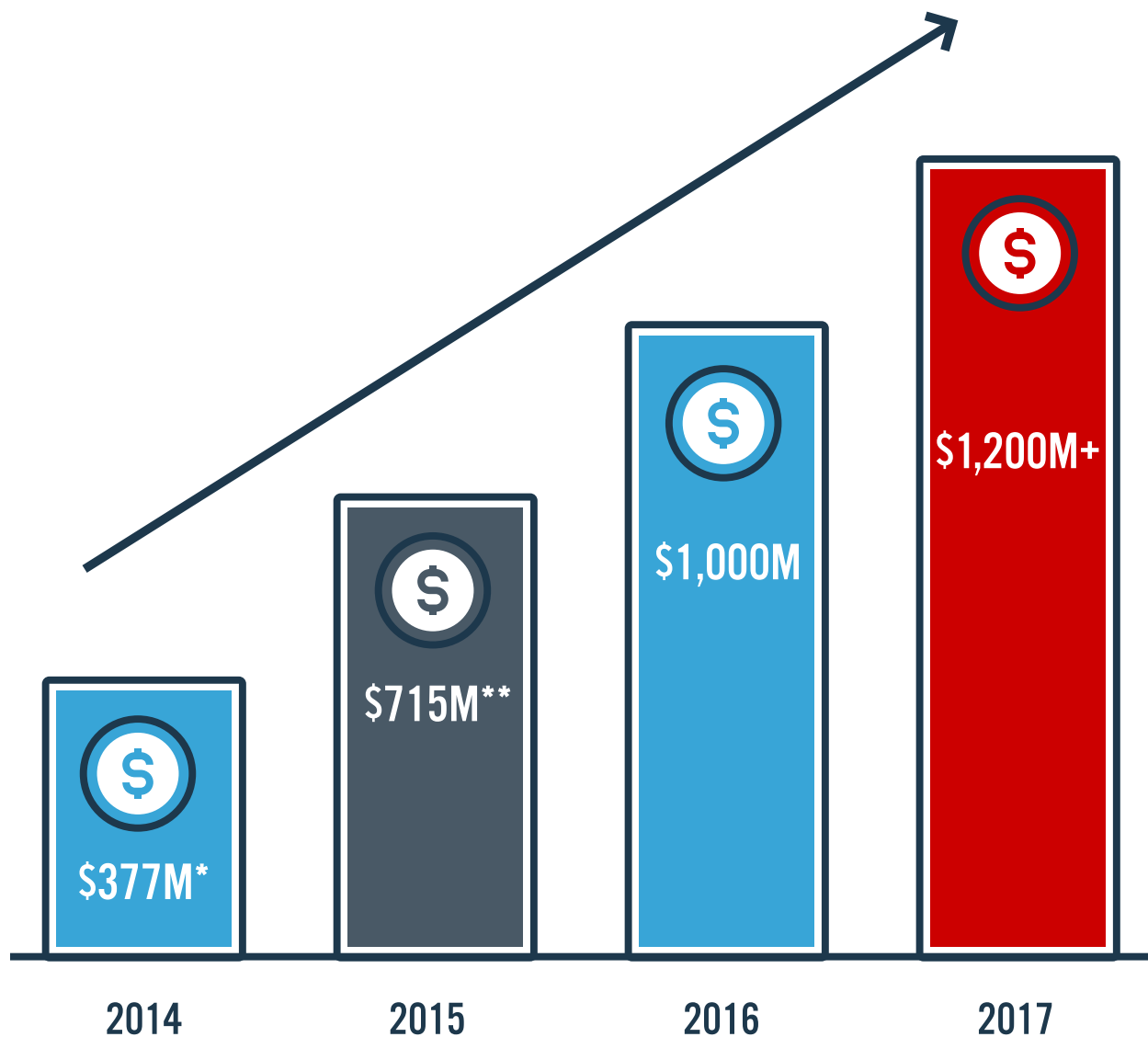
- › **Private brand penetration**
- › **Clearance profitability**
- › **Assortment and item planning merchandise tools**
- › **Supply chain efficiencies**

- › **Private label credit penetration**
- › **Advertising efficiency**
- › **Simplify store tasks with mobile tools**
- › **Intensify SG&A focus**

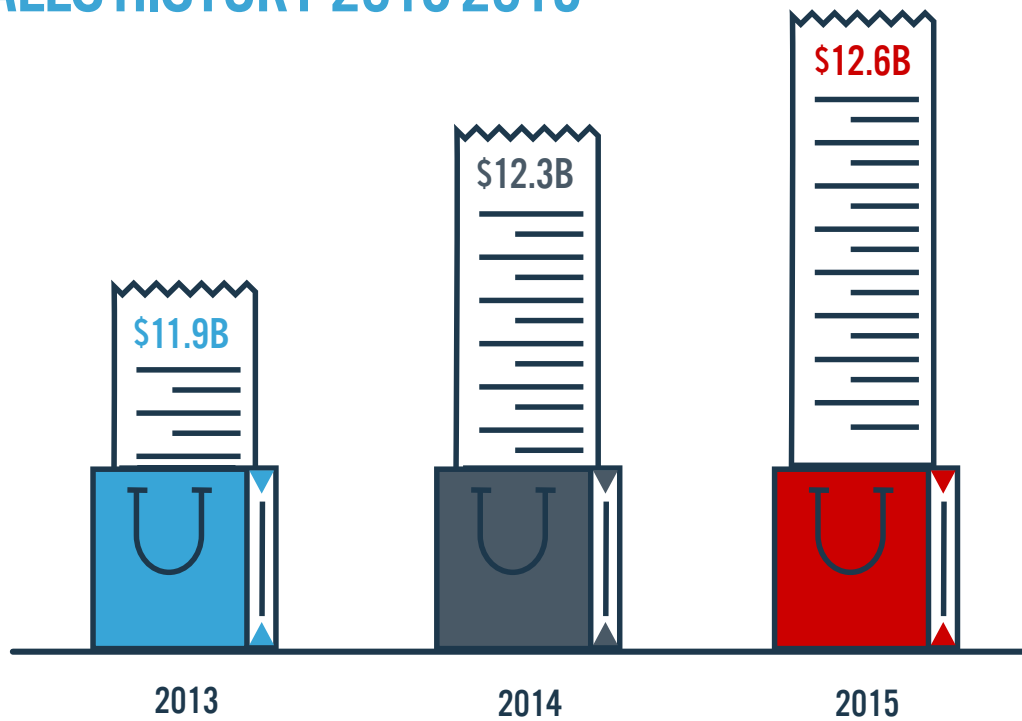
- › **Roll out buy online, pick up in store (same day)**
- › **New mobile apps: iPhone, Android and Apple Watch**
- › **Expand ship from store capabilities**
- › **Broaden online assortment**

EBITDA GOAL

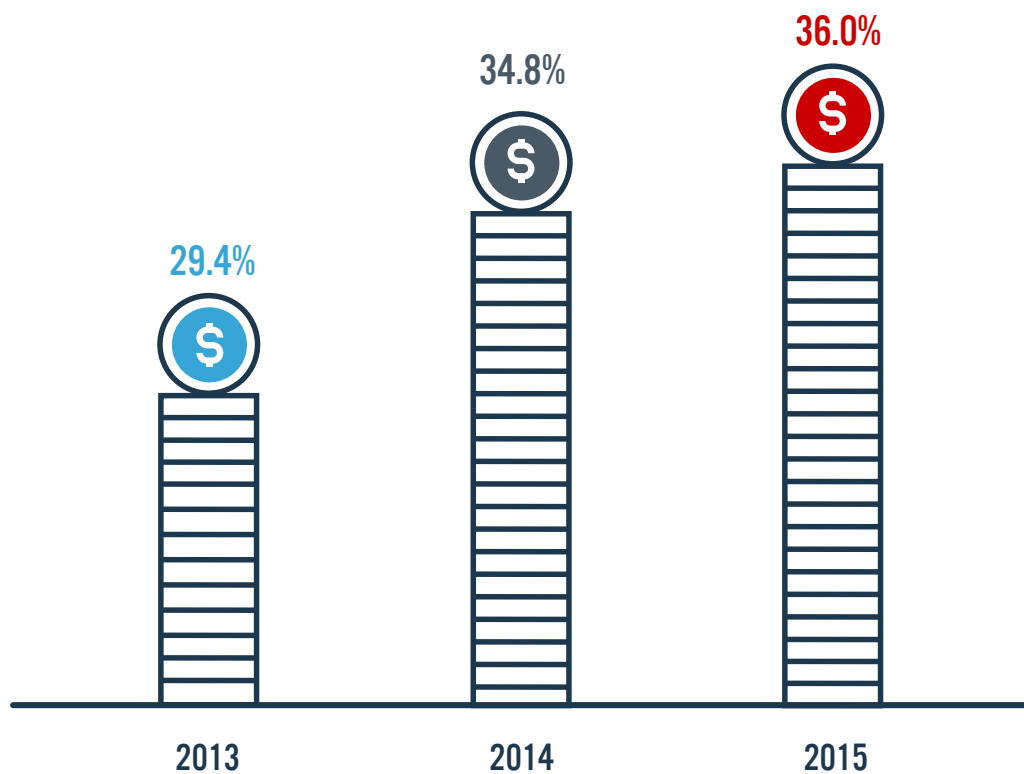
The Company is on a path to achieving its goal of \$1.2 billion in earnings before interest, taxes, depreciation and amortization, or EBITDA, by 2017. This target demonstrates our commitment to improve the profitability of our business and increase shareholder value over the long term. Please refer to the [Form 10-K](#) for a reconciliation of GAAP to non-GAAP measures.



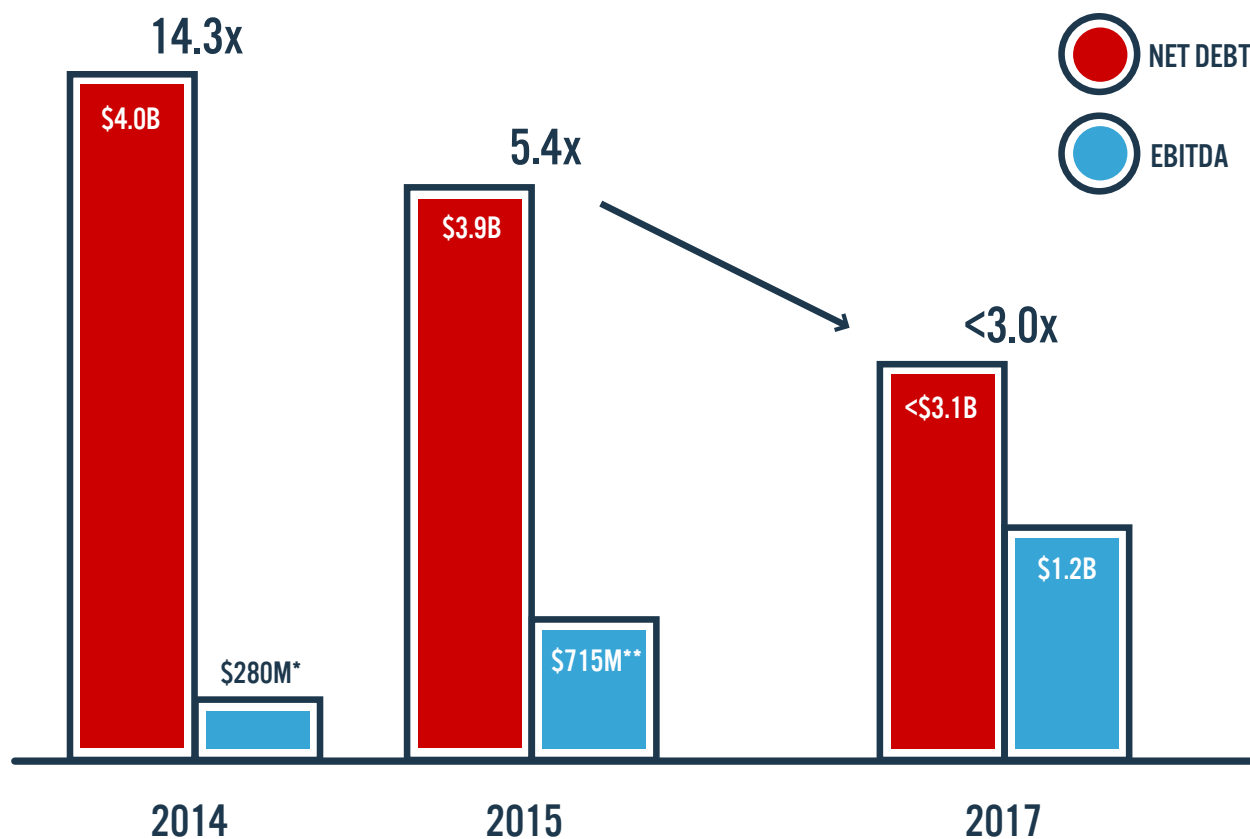
SALES HISTORY 2013-2015



GROSS MARGIN HISTORY



NET DEBT TO EBITDA RATIO



While working towards our goal of \$1.2B in EBITDA in 2017, we expect to concurrently retire debt, monetize assets and generate free cash flow of approximately \$500M over the two year period. This will result in a reduction of our Net Debt to EBITDA ratio from 5.4x to less than 3x in 2017.

* Reflects EBITDA restated for pension accounting update

** 2015 reflects adjusted EBITDA

**PRIVATE
BRANDS**



JCPenney

GET YOUR
PENNEY'S
WORTH

STRATEGIC PRIORITY #1: PRIVATE BRANDS

Ever since JCPenney introduced its first line of men's hats in 1914, we have built a reputation for designing, developing and sourcing some of the best private brands in the industry. Over time, brands like Arizona, Liz Claiborne®, St. John's Bay®, Stafford® and Worthington® have become such a staple in American closets that many shoppers believe they're national brands.



With more than 100 years of experience under our belt, the Company today boasts more than 50 private brands in all areas of the store including JCPenney Home®, Cooks™ for the kitchen, Okie Dokie for babies and toddlers and JF J.Ferrari for men. In addition to tried-and-true favorites, we've introduced new brands like Boutique +™, Belle + Sky™, The Foundry Supply Co.™ and Xersion™ to reflect our customers' changing lifestyle needs and entice more millennials to consider the selection at JCPenney.

Our industry-leading product development expertise includes brand management, trend direction, design, international sourcing, logistics, quality control and inventory management. From start to finish, our ability to control the end-to-end process helps to ensure our private brands consistently deliver on style, quality and value.

TAKING FASHION TO NEW HEIGHTS



In September 2015, JCPenney piloted its first contemporary private brand, Belle + Sky, designed for the millennial woman who is both fashion conscious and value driven. The collection of cutting-edge fashion is now available in 500 stores across the country with plans to include shoes in late 2016. Belle + Sky is created by an in-house team of designers who are continually infusing new designs and introducing signature handbags throughout the year, giving shoppers faster access to runway-inspired looks. From body-con dresses to trend-right denim, Belle + Sky reflects the styles of the moment.

BELLE  SKY™

STYLE IN ANY SIZE

Finding the right fit has always been an important element of the JCPenney merchandise selection. This year, the Company will launch Boutique +, the first private brand developed exclusively for plus-size women. Starting May 2016, Boutique + will be available in 500 stores and jcp.com to offer modern fashion for full-figured women who want colorful prints, cuts and silhouettes that flatter their curves, as well as a collection of fashion jewelry and accessories. Specifically designed for diverse body shapes, sizes range from 14W-28W and 1x-4x in stores, while the assortment on jcp.com offers extended sizes up to 30W and 5x. Boutique + complements other private brands that are available in special sizes such as Arizona, which comes in juniors' and girls' plus, as well as husky for boys; and The Foundry Supply Co.™, the ultimate classic sportswear brand for big and tall men.



BOUTIQUE +

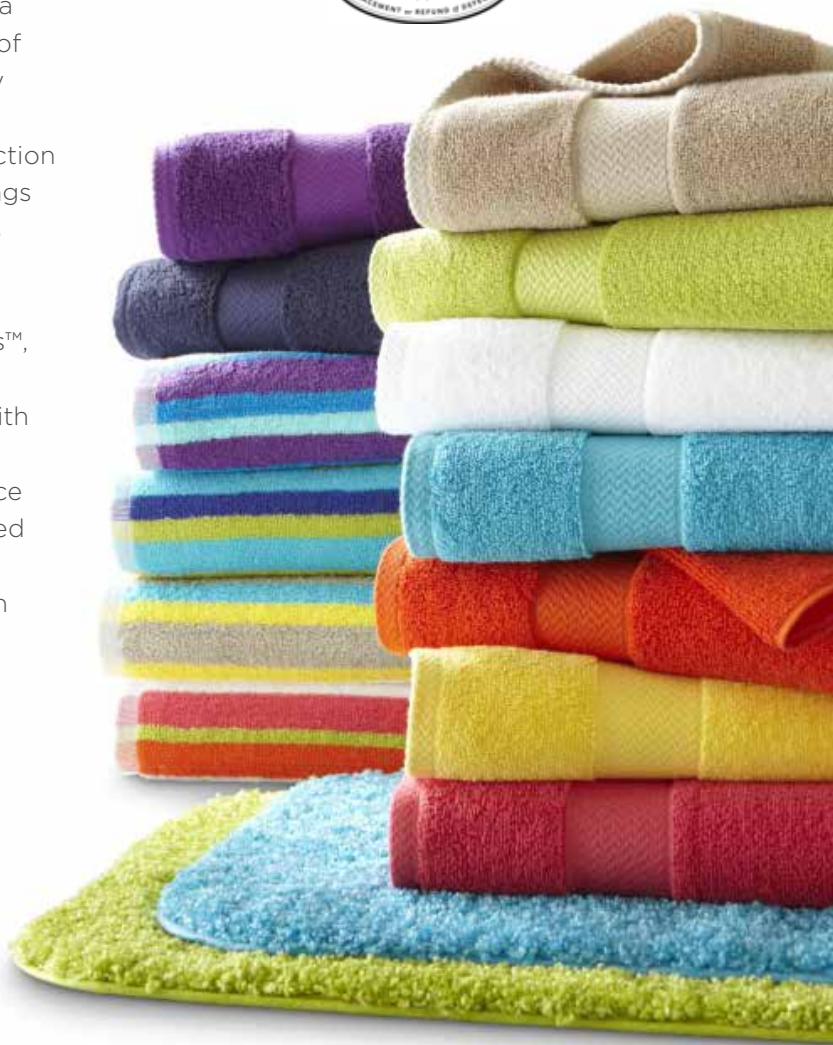
A PLAYFUL NEW DISNEY LINE

Capitalizing on a very successful collaboration with Disney to create Disney shops inside JCPenney stores, we launched a magical new line of Disney apparel for toddlers and preschoolers under the Okie Dokie® brand in October 2015. Available exclusively at JCPenney, Disney apparel by Okie Dokie® features some of Disney's most beloved characters from The Good Dinosaur, Mickey Mouse, Minnie Mouse as well as Elsa and Anna from Frozen. Okie Dokie made its debut at JCPenney in 1988 and remains one of our most popular brands for moms with young kids—the perfect partner for this playful collection.



PRIVATE BRANDS IN AT HOME

The Home Collections at JCPenney boasts a variety of brands and styles, including one of our most popular private brands, JCPenney Home®. Featuring classic, timeless designs, JCPenney Home offers an exceptional selection of bedding and high-quality home furnishings to create a stylish, inviting living space, plus the bath and kitchen products that make a home functional. JCPenney Home, along with our other home private brands—Cooks™, Royal Velvet®, Liz Claiborne® and Studio™—have earned the respect of our shoppers with nearly 150 products receiving an average 5-star customer rating on jcp.com. And since 2014, hundreds of our items have also earned the prestigious Good Housekeeping Seal, more than any other retailer. Customers can feel confident in their purchases as Good Housekeeping Research Institute evaluates safety requirements and quality standards before granting their approval.



OMNICHANNEL PROGRESS



JCPenney

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WORTH

STRATEGIC PRIORITY 2: OMNICHANNEL

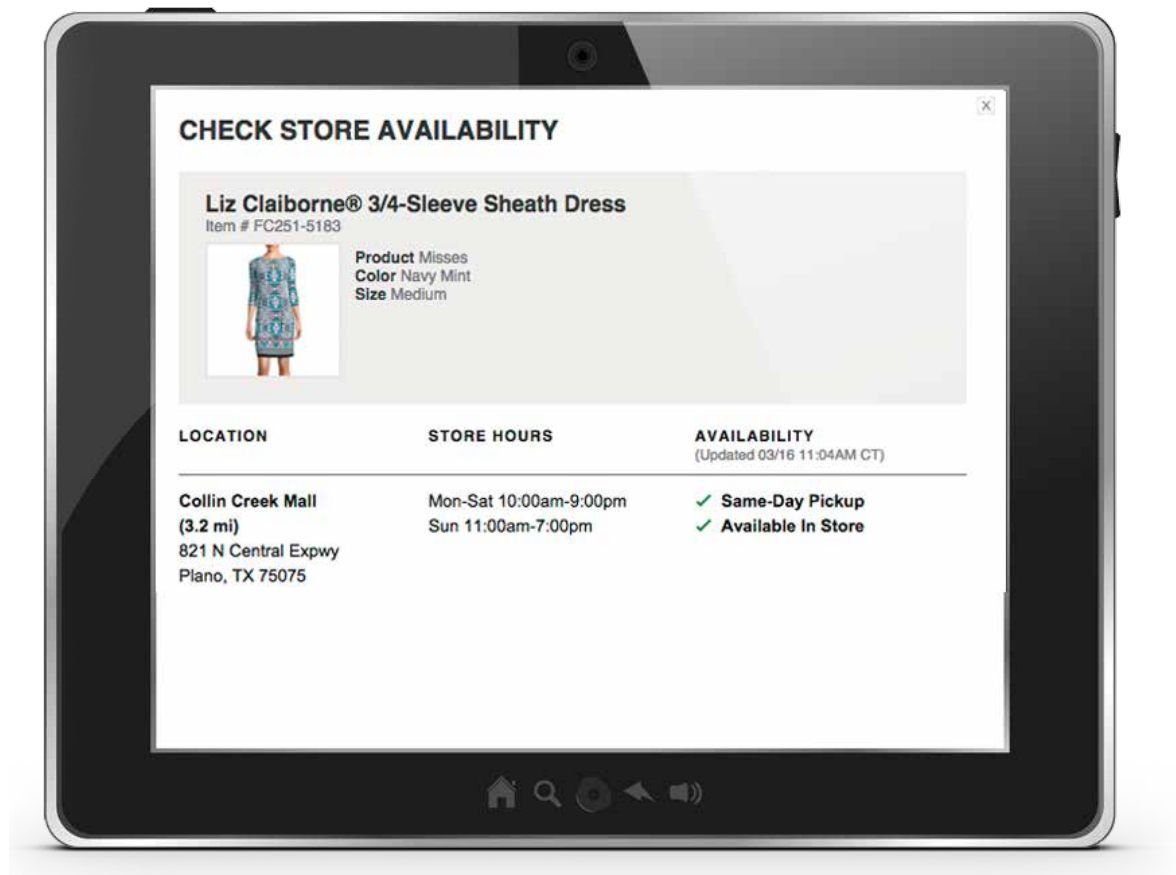
JCPenney is on a bold mission to meet the digital needs of a 21st-century shopper. We're investing in the technology and resources to support the many ways customers shop. Whether they're in store or on jcp.com using their smartphone, desktop or tablet, we're going to make the shopping experience easy and seamless across all channels and devices. Essential to the online shopping experience is ensuring that JCPenney offers flexible delivery and pickup options, so customers can enjoy their purchases when they need them.

LEVERAGING ENTERPRISE INVENTORY

Our history of operating catalog service desks gives us the ability to be one of the only retailers today to offer customers the option of shipping an online order to any one of our 1,000 stores.

In August 2014, JCPenney began testing "ship from store," filling jcp.com orders with inventory from nearly 250 stores to better meet customer demand for a particular style, color or size. This process required an update to our order management application that determines the fastest method of fulfillment while minimizing the number of shipments.

JCPenney also introduced "buy online, pick up same day" in more than 10% of our stores. With this additional service offering, JCPenney has seen a nearly 35% attachment rate, meaning that over one-third of customers who are coming into our stores to pick up an online order are purchasing another item while they're there. The Company plans to roll out both initiatives nationwide in 2016.

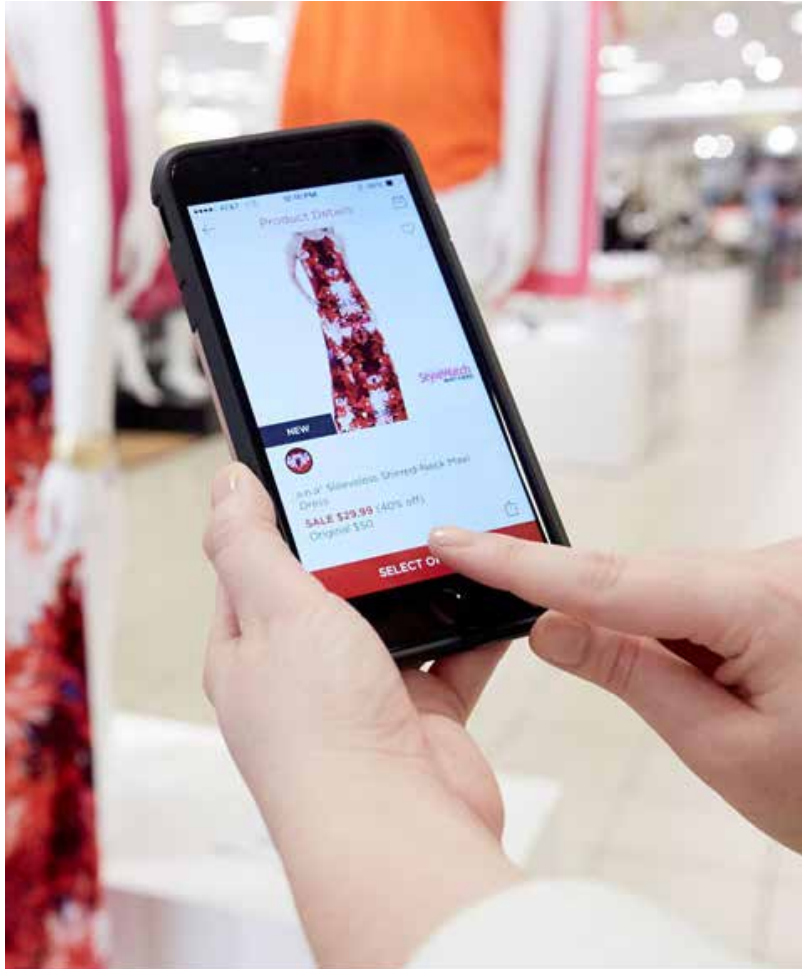


MOBILE WARRIORS

JCPenney store associates are equipped with a new generation of handheld roving devices called Mobile Warriors. These Android-based all-in-one units allow associates to conveniently assist customers on the spot, and faster than ever, with features such as price verification and “buy online, pick up in store” transaction processing. The Mobile Warrior also allows associates to perform other functions, like stock counts, ticket printing and stock ledger adjustment.

In the future, the Mobile Warrior will offer a host of new functions that will further empower associates, including mobile checkout, training, access to the JCPenney intranet, set sell guides, associate surveys and much more.

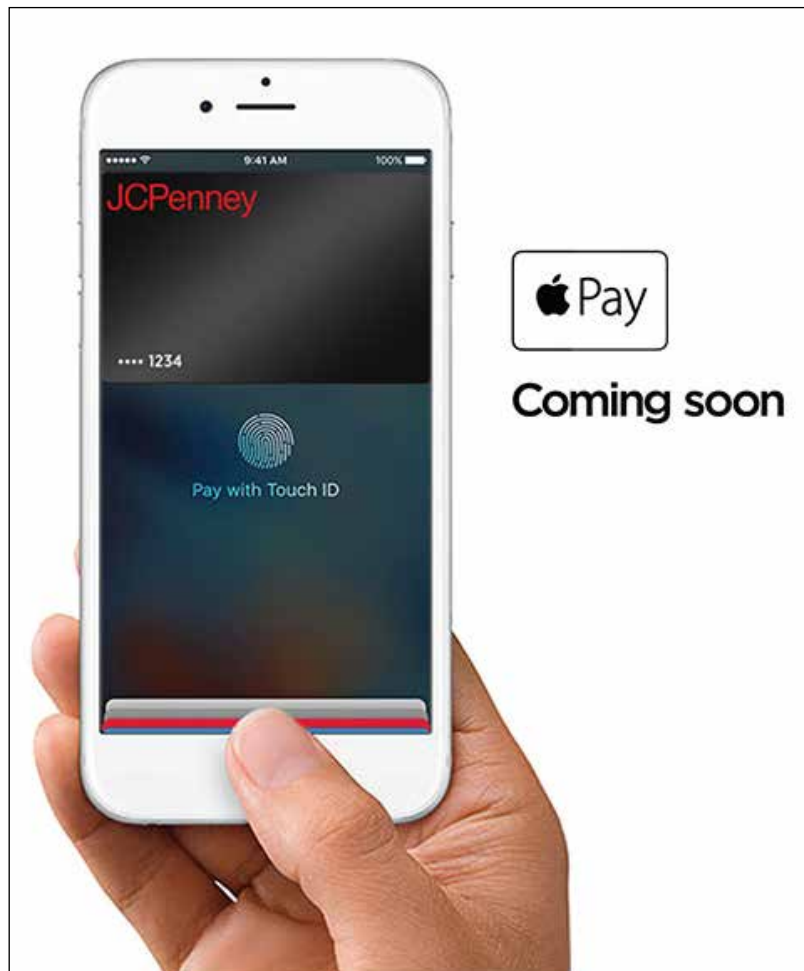
SHOPPING IS A SNAP WITH NEW JCPENNEY APP FEATURES



JCPENNEY CONTINUES TO UPDATE IPHONE AND ANDROID APPS WITH TOOLS AND SERVICES THAT MAKE SHOPPING QUICK AND SEAMLESS.

The new JCPenney mobile app feature, “Snap 2 Shop™,” leverages image recognition technology that allows users to simply snap a photo of any object or image to find the exact or like item on jcp.com. JCPenney has also streamlined the guest checkout process by allowing users to scan their ID and credit card to automatically fill in their name, address and payment information. The app can detect when a customer is in store, enabling location services and beacons to deliver relevant in-store notifications about current offers, coupons, store services, local ads and more. For customers using the app, the “in-store mode” feature can check inventory to indicate whether items designated as “saved for later” are available.

ACCEPTING APPLE PAY™ AT STORES NATIONWIDE

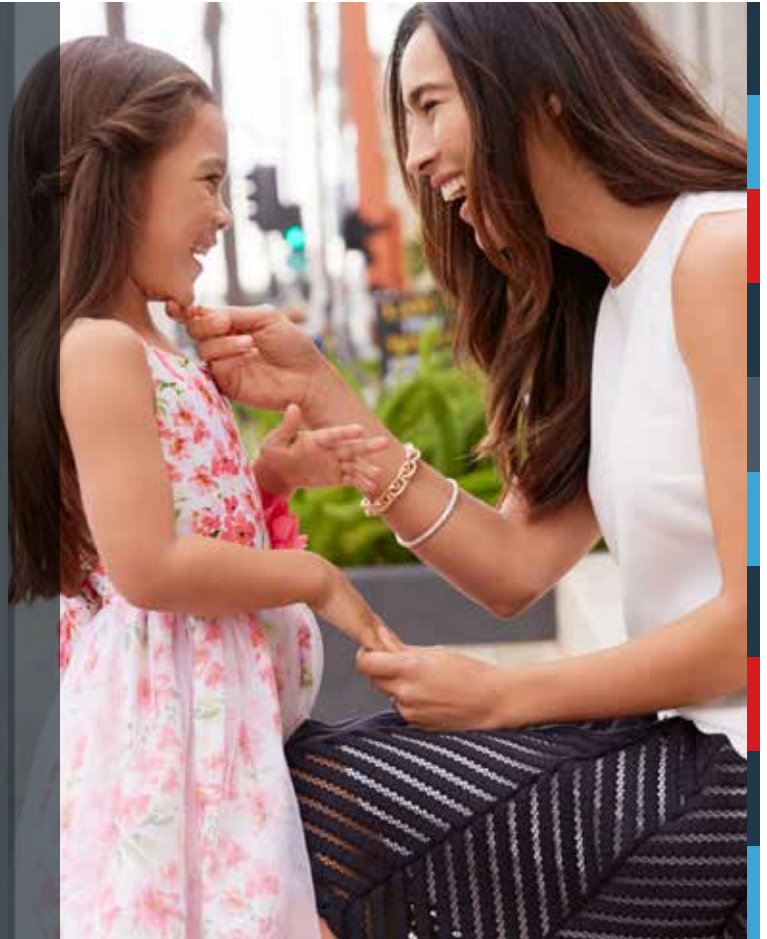


Apple Pay will soon be a convenient payment method available at all 1,000 JCPenney stores, making it possible for customers to pay for their purchases using their iPhone. We will be one of the first retailers to have our JCPenney credit card available on Apple Pay, giving card holders the ability to continue earning shopping points through JCPenney Rewards.



WITH APPLE PAY, CUSTOMERS WILL BE ABLE TO PAY FOR THEIR PURCHASES BY SIMPLY HOLDING THEIR IPHONE OR APPLE WATCH NEAR THE POINT-OF-SALE TERMINAL.

**INCREASED
REVENUE PER
CUSTOMER**



JCPenney

**GET YOUR
PENNEY'S
WORTH**

STRATEGIC PRIORITY #3: INCREASED REVENUE PER CUSTOMER

With 87 million customers who shop JCPenney or jcp.com at least once throughout the year, there is considerable opportunity to entice them to shop often and spend more. It starts with a brand identity that reinforces the many occasions where JCPenney can provide what every family needs at a price they can afford. But it's also about instilling newness, building loyalty and showcasing a dynamic shopping experience that radically shifts the perception of what JCPenney has to offer.

DRIVING BUSINESS IN HOME



A MAJOR RETURN TO APPLIANCES

After more than 30 years, JCPenney decided to re-enter the major appliance market in February 2016 as part of a comprehensive effort to attract more customers into stores and capitalize on the millions of homeowners who are updating their homes. Customers can currently buy top-rated kitchen and laundry appliances from GE Appliances, Hotpoint, LG and Samsung in 22 pilot stores, as well as jcp.com. To increase shopping appeal among women, the appliance showrooms are strategically adjacent to other popular home categories with select display models styled in lifestyle vignettes to help show how they could look in their homes. Based on the results of this pilot, we will expand our appliance selection to even more stores by the end of 2016.

STORE EXPERIENCES



AT THE CENTER OF THE EXPERIENCE

JCPenney will begin introducing an all-new center core layout in one-third of our stores this spring, transforming the heart of each store into a stimulating environment for fashion, beauty, jewelry and accessories. The decision comes as a result of a 2015 center core pilot that dazzled shoppers, inspiring women of all ages to shop multiple departments across fashion jewelry, accessories, footwear and handbags. Merchandise from brands such as Liz Claiborne, Mixit®, Monet®, Worthington® and a.n.a® is prominently displayed on sleek modern fixtures and forms to showcase the season's most stylish trend statements. Shoppers will also find displays of fashion jewelry with apparel to help them envision a complete look. Anchored by Sephora inside JCPenney and the Fine Jewelry Store, this vibrant presentation takes fashion and beauty to an entirely new level.

STORE EXPERIENCES

CONTINUED



THE BOUTIQUE

There's more to love at JCPenney with the debut of an all new in-store concept called "The Boutique," which gives plus-size women an elevated shopping environment and more contemporary clothing options in sizes 14W-24W and 0x-3x. Designed to resemble a boutique shopping environment, this new shopping experience delivers a compelling array of plus-sized fashion from brands such as Boutique +, a.n.a, Liz Claiborne, Worthington, Alyx® and Bisou Bisou®. The merchandise will be displayed on new modern fixtures and plus-size mannequins showcasing how various styles complement a curvy silhouette. After a successful 12-store pilot in fall 2015, the new concept will be available in nearly 200 stores starting May 2016.

THE BOUTIQUE
WOMEN'S SIZES 14W - 24W

STORE EXPERIENCES

CONTINUED

A CUT ABOVE THE REST

In a move to boldly reinvent 850 jcp salons across the country, JCPenney embarked on an exclusive collaboration with the editors of InStyle™ Magazine to launch a modern, cutting-edge salon called The Salon by InStyle. In 2015, we began the salon transformation by unveiling 28 pilot locations and are now implementing a nationwide salon rebranding. The Salon by InStyle concept delivers a superior approach to professional hair care that resonates with new and younger customers who identify with the fashion, hair and beauty trends curated by InStyle. Additionally, the new salon concept offers unique benefits for stylists that focus on cultivating training and leadership opportunities.



THE
SALON
BY InStyle

STORE EXPERIENCES

CONTINUED



EXPANDING THE MAGIC OF DISNEY

After a successful expansion in fall 2015, the Disney Collection continues to enchant customers in nearly 700 Disney shops inside JCPenney stores across the country. With over 300 exclusive toys, collectibles and children's apparel designed and sourced by Disney, this magical retail space features some of Disney's most popular characters from Frozen, Cinderella, Cars, Toy Story and more.

STORE EXPERIENCES

CONTINUED



SEPHORA
inside **JCPenney**

THE BEAUTY OF SEPHORA INSIDE JCPENNEY

Sephora is one of the most powerful and exciting beauty concepts in the retail industry. Displaying an impressive presentation of prestige cosmetics, skincare, fragrance, tools and accessory products, Sephora inside JCPenney is an exclusive attraction featured in over half of our 1,000 stores. Each Sephora inside JCPenney is located prominently within the center of the store and offers a unique open-sell environment encompassing approximately 2,000 square feet. Customers are encouraged to try, test and play with products, as specially trained beauty consultants offer a completely unbiased approach to recommending brands. Building on a decade of success, JCPenney will open 60 new locations in 2016 and will continue entering high potential markets, reinforcing Sephora inside JCPenney as the premier destination for beauty.

EXCLUSIVE COLLABORATIONS



SUITING UP WITH MICHAEL STRAHAN

Michael Strahan is a man known for impeccable style and his debut line, Collection by Michael Strahan, does not disappoint. Introduced exclusively at JCPenney in September 2015, Michael's namesake brand features men's tailored clothing, dress shirts, neckwear and accessories for a current yet distinct look. This exclusive collaboration has been so popular that we're expanding the brand to over 500 stores in 2016.



AN ACTIVE PARTNERSHIP

Michael Strahan has been such a great brand partner for JCPenney that we're launching an athleisure collection, MSX by Michael Strahan, just in time for Father's Day. Inspired by Michael's active lifestyle, this collection is both functional and stylish. Men will find tees, tanks, shorts and jogger pants, along with other athleisure pieces, that provide wardrobe versatility beyond the gym.



EXCLUSIVE COLLABORATIONS

CONTINUED



DESIGNS OF A DECADE

JCPenney and legendary fashion designer Nicole Miller celebrated a decade of nicole by Nicole Miller® designs with an anniversary capsule collection that paid homage to one of our most popular exclusive brands. The specialty line showcased the enduring popularity of nicole by Nicole Miller, spotlighting her modern design aesthetic by using eclectic prints, bold colors and sophisticated accents that have become synonymous with Nicole Miller's signature style.



**PENNEY'S
WORTH**



GET YOUR PENNEY'S WORTH

UNDERSTANDING THE VALUE OF EVERY CUSTOMER

JCPenney is on a mission to make sure every shopping experience is worth the customer's time, money and effort. "Get Your Penney's Worth" is our brand promise to customers that will become a mainstay of our seasonal advertising campaigns, which spotlight an enticing array of private, national and exclusive brands. JCPenney also introduced "Penney Days," a unique promotional event that makes select private brand merchandise available for just one cent. Customers won't be able to resist the opportunity to try their first Arizona tee or JCPenney Home towel for just a penny. The inspiration and virtues behind "Get Your Penney's Worth" will be adapted into a new customer service model for associates, as well as influence the Company's mobile and online experiences.




GET YOUR PENNEY'S WORTH

CONTINUED

CONNECTING WITH THE MODERN AMERICAN MOM

We know our customer's definition of value goes beyond price. She's a mom who's constantly on the go and her time is valuable. She's also tech savvy and socially connected, and uses her phone to influence her purchase decisions during a shopping trip. The modern American mom represents today's multicultural America, and our goal is to help her see that we have the contemporary style and great value she wants. When she walks out of our store with a full shopping bag, it means we've helped her find exactly what she's looking for. That's valuing her time and helping her get her Penney's worth.



FROM DAY JOB TO DAY CARE
30-40% OFF WORTHINGTON
THAT'S GETTING
YOUR PENNEY'S
WORTH

W
WORTHINGTON

GET YOUR
PENNEY'S
WORTH

JCPenney

PRODUCTS AND PRICES AVAILABLE 2/9 - 2/10. WHILE SUPPLIES LAST. SELECTED ONLY SHOP BY STORE.

GET YOUR PENNEY'S WORTH

CONTINUED

REWARDING LOYALTY

Beginning April 2016, the Company will test new enhancements to the JCPenney Rewards customer loyalty program. The biggest improvements include points that do not expire for active shoppers, the ability to earn unlimited reward certificates, and bonus point and bonus reward opportunities. JCPenney credit cardmembers will earn rewards twice as fast when they use their card.

Also, accessing and applying your rewards during checkout has never been easier! In store, associates can quickly look up a member's Rewards profile by using the customer's phone number or email address to access their available certificates or to ensure customers earn rewards points on their purchase. JCPenney will continue to test new program features throughout the year to build continued loyalty with our most engaged customers.

**JCPENNEY
REWARDS**

**YOU EARNED AN
EXTRA BONUS!**

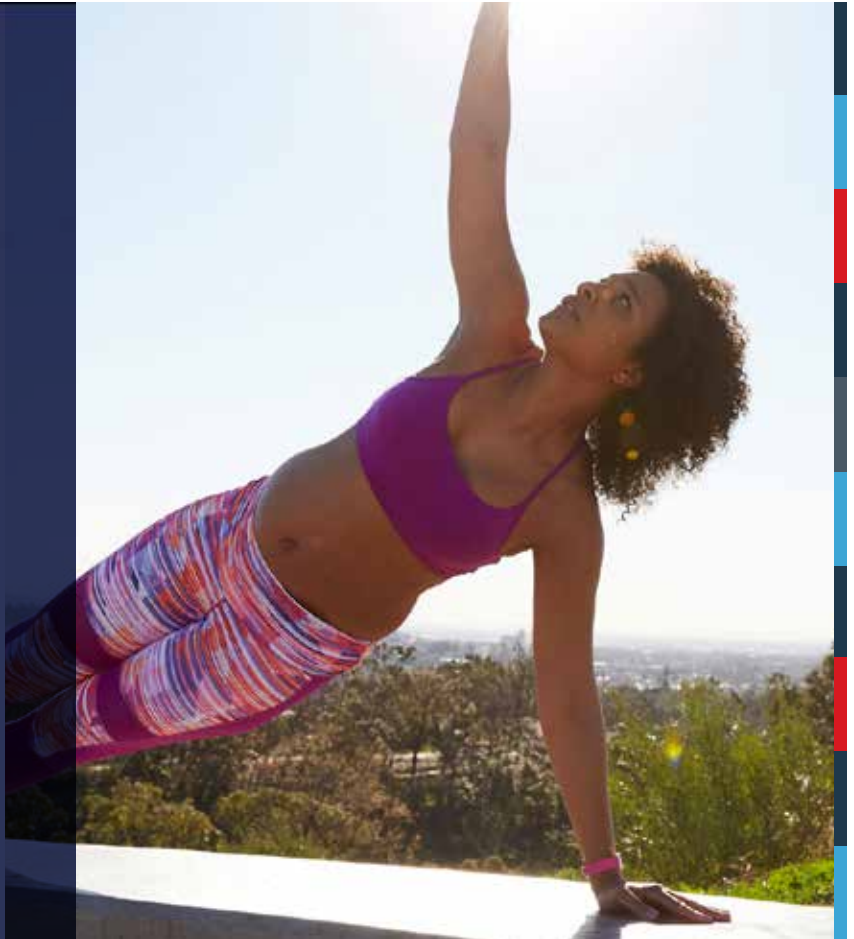
**THANKS FOR YOUR
RECENT PURCHASE
OF \$50 OR MORE.**
Use this bonus reward to
get something you love.

**\$10
BONUS
REWARD**

Get \$10 off* a single
purchase of \$10 or more
in store or at jcp.com.

*Some restrictions apply. See back for details.

WARRIOR CULTURE



JCPenney

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WARRIOR CULTURE

The JCPenney Warrior movement originated with a small group of associates from across the nation whose task was to restore the Company's culture from the ground up. What began as a group of 16 has grown to over 100,000 associates around the globe fighting for the resurgence of JCPenney to its rightful place as a retail industry leader.

The Warriors have evolved to not only build and maintain Company culture, but drive sales in new and unique ways. Throughout 2015, Warriors conducted multiple contests across stores allowing friendly sales competitions to promote key merchandise categories. As a result of the competitions, we were able to outpace merchandise sales plans for items such as polo shirts, denim and activewear.



ASSOCIATES AT THE JCPENNEY IN WEST ACRES SHOPPING CENTER IN FARGO, NORTH DAKOTA ARE READY TO COMPETE IN A BACK-TO-SCHOOL DENIM SALES COMPETITION.

WARRIOR CULTURE

CONTINUED

A JCPENNEY FAMILY REUNION

JCPenney held its first store leadership conference in nearly five years in 2015. Over 1,200 general, district and regional managers convened in Dallas to share in the Warrior Spirit, and celebrate the end of a challenging era and prepare for a new period of growth. The conference schedule included heartfelt words from JCPenney leaders, inspirational guest speakers and critical working sessions. It was also an opportunity for Company leaders, including then-president and CEO-designee, Marvin R. Ellison, to present a moving farewell tribute to outgoing CEO, Myron E. “Mike” Ullman, III.



MARVIN R. ELLISON AND MIKE ULLMAN DURING A GENERAL SESSION AT THE STORE LEADERSHIP CONFERENCE IN DALLAS, TEXAS, MARCH 2015.

WARRIOR CULTURE

CONTINUED



Upon conclusion of the conference, nearly 300 JCPenney associates were recognized with the prestigious Founder's Award, the Company's highest honor for leadership excellence. Associates received the award for adding exceptional value to the Company, driving profitable growth or going the extra mile for customers.

WARRIOR CULTURE

CHAMPIONS AWARD

JCPenney recognized 1,736 sales associates from stores with the Champions Award for Sales Performance. The award is presented to commission associates from stores who rank in the top 10 percent in sales volume for a year in categories like fine jewelry, window coverings, salon and more.



JCPENNEY
CARES



JCPenney

GET YOUR
PENNEY'S
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JCPENNEY CARES

HELPING KIDS BEYOND THE CLASSROOM

With JCPenney Cares, a registered non-profit, 501(C)(3) organization, we focused our 2015 philanthropic efforts on keeping kids safe, healthy and engaged outside of the classroom by supporting non-profit organizations dedicated to youth development and enrichment. At key times throughout the year, JCPenney invited customers to round up their in-store or online purchases to the nearest dollar to support JCPenney Cares. In 2015, JCPenney Cares raised over \$2.4 million dollars through customer donations alone. With this support, JCPenney Cares was able to provide over \$4.6 million in grants to organizations such as Boys & Girls Clubs of America, Girls Inc., YMCA of the USA® and After-School All-Stars.



DURING THE HOLIDAY SEASON, JCPENNEY HOSTED SHOPPING SPREES FOR LOCAL BOYS & GIRLS CLUB KIDS IN 11 CITIES ON DECEMBER 1 FOR #GIVINGTUESDAY. HOMETOWN CELEBRITIES IN EACH MARKET, SUCH AS ARIZONA CARDINALS PLAYER TONY JEFFERSON, TREATED THE KIDS TO A SPECIAL APPEARANCE.

JCPENNEY CARES

CONTINUED

SUPPORTING BREAST CANCER AWARENESS MONTH



We continued our support of Breast Cancer Awareness Month by inviting customers to round up throughout the month of October and by offering select apparel and accessories to benefit national organizations focused on breast cancer research, early detection and awareness. A jcp salon "Cuts for Hope" event also donated \$1 for every haircut service performed. Funds raised enabled JCPenney and JCPenney Cares to donate a total of \$250,000 to National Breast Cancer Foundation and \$1 million to the Breast Cancer Research Foundation.

WITH OUR CUSTOMERS' HELP, WE ARE ASSISTING ORGANIZATIONS DOING GREAT WORK IN HELPING TO BRING ATTENTION AND AWARENESS TO AN IMPORTANT HEALTH ISSUE AFFECTING ONE IN EIGHT WOMEN IN THE U.S.

REAL
ESTATE



REAL ESTATE VENTURES

PRIME PLANO PROPERTY

In early 2014, JCPenney invested a large amount of fringe land around the Home Office in Plano, Texas, into a joint venture, which has marketed and sold parcels of land for third-party development.

The sale of fringe land directly benefits JCPenney fiscally, but third-party development of the land greatly enriches the community in many aspects. In fact, tracts of land once owned by JCPenney are now under construction by Fortune 500 companies and other global headquarters relocating to the area, resulting in a significant boost to the local economy. What's more, a variety of residential and commercial developments are currently under construction on land once owned by JCPenney, including a high-rise hotel, luxury villas and high-end dining.



AERIAL RENDERING OF THE LEGACY WEST SUBMARKET SITUATED EAST OF THE HOME OFFICE CAMPUS. PHOTO CREDIT: THE KARAHAN COMPANIES

REAL ESTATE VENTURES

CONTINUED

EXPLORING SALE-LEASEBACK OF HOME OFFICE

In a continued effort to reduce outstanding debt and effectively manage expenses, JCPenney recently announced the potential sale and partial leaseback of the Home Office. A combination of favorable market conditions and surplus of available square footage within the building make this an attractive real estate opportunity for the Company. It is expected that the cost of leasing space within the building would be offset by a reduction in maintenance costs, property taxes and interest expense as a result of paying down debt with proceeds from the transaction.



JCPENNEY CORPORATE OFFICE IN PLANO, TEXAS

REAL ESTATE VENTURES

CONTINUED

NEW STORES AND RELOCATIONS

JCPenney is preparing to open two new stores in October 2016, displaying the Company's commitment to maintaining a solid store footprint in high-potential markets.

One all-new location will be located at Inland Center in San Bernardino, California, and will feature the best selection of private, national and exclusive brands, as well as attractions such as Sephora inside JCPenney and The Salon by InStyle.

The Company's location at Northridge Mall in Salinas, California will be relocated to a newly built anchor box adjacent to its current position in the shopping center. The new box will include a compelling floor plan, updated signage and graphics, and offer the most sought-after selection of brands.



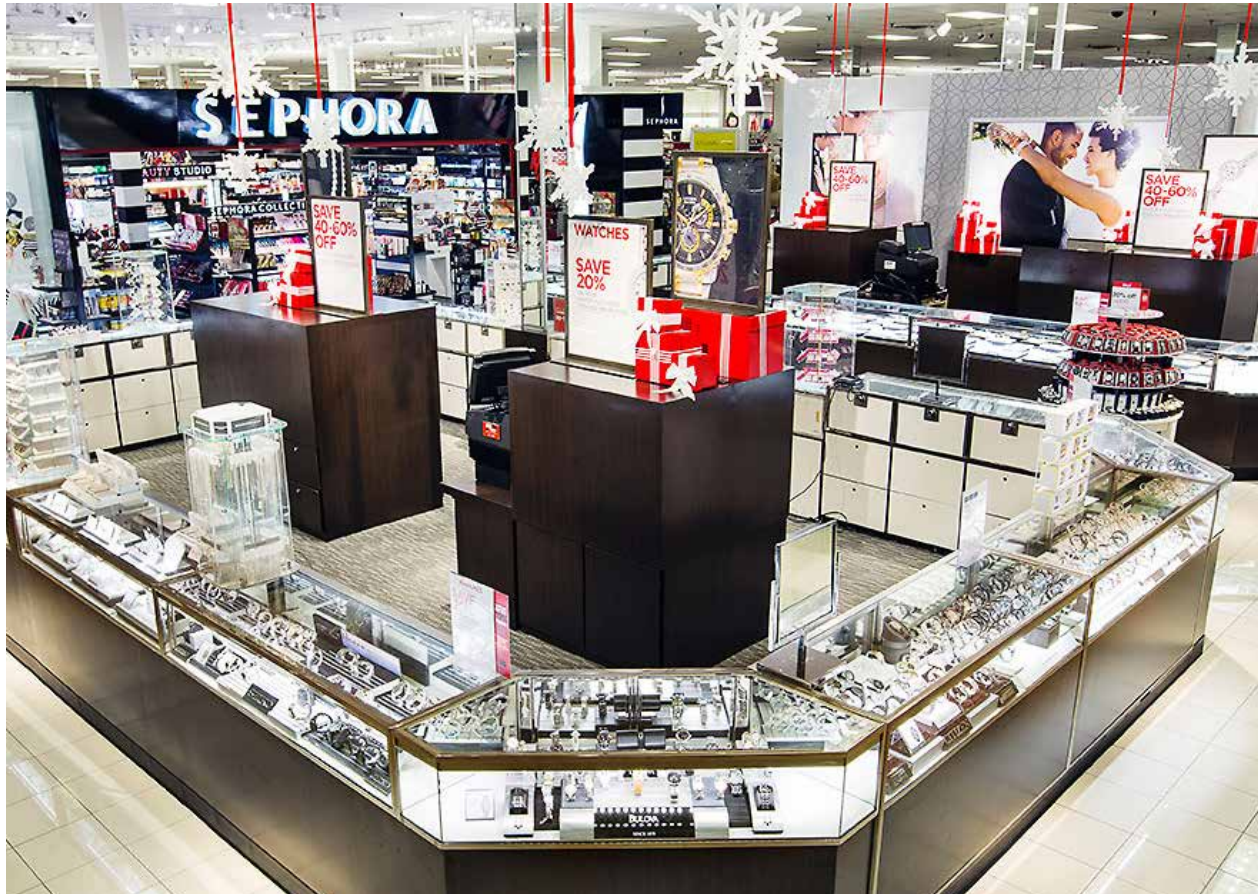
THE LAST ALL-NEW JCPENNEY STORE OPENED IN BROOKLYN, NEW YORK IN AUGUST 2014, EXPANDING OUR PRESENCE TO EACH NEW YORK CITY BOROUGH.

REAL ESTATE VENTURES

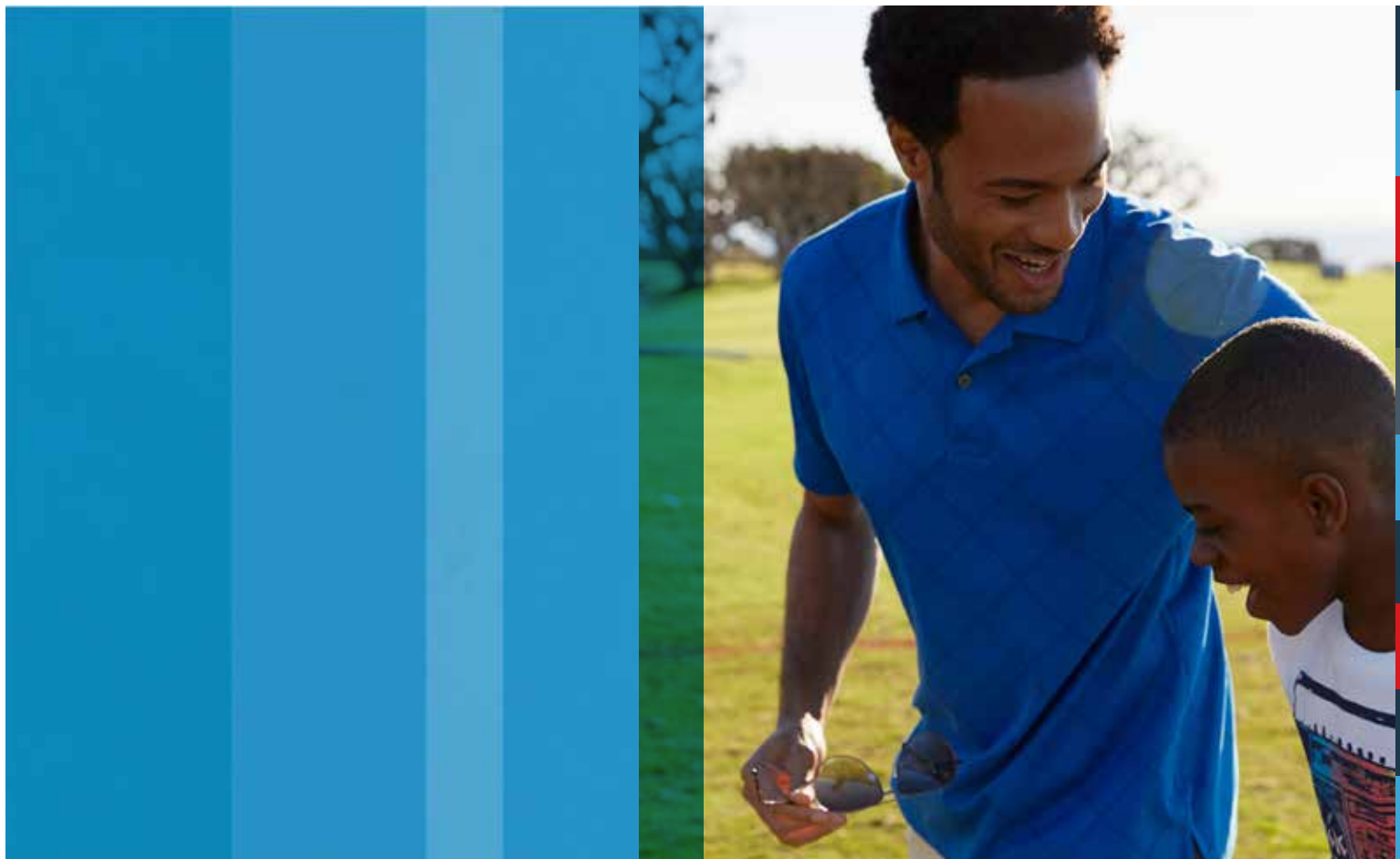
CONTINUED

SHINING UP AN OLDER PENNEY

JCPenney elevates the customer experience one location at a time by continuously renovating stores across the chain. Remodeled locations receive a host of upgrades, including re-laid floor plans, modern fixtures, energy efficient lighting, new fitting rooms and, in many cases, the addition of a Sephora inside JCPenney. When complete, renovated locations mimic the look and feel of a brand new JCPenney store. Recent renovations include Jackson, Tennessee; Parma, Ohio; and Rapid City, South Dakota..



A RENOVATED JCPENNEY STORE IN JACKSON, TENNESSEE DEBUTED ON NOVEMBER 19, 2015.



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