

## JCPENNEY ANNOUNCES ACTIONS TO FURTHER DE-RISK PENSION PLAN

*Company offers lump sum program; Prudential to assume benefit obligation for many retirees*

- Transactions expected to reduce \$5 billion U.S. pension obligation by 25-35%
- No cash contribution required
- Plan expected to remain overfunded on accounting and ERISA bases
- Prudential selected to assume the benefit obligations for up to 43,000 retirees and their beneficiaries
- No change to active associates or their pension plan benefits

**PLANO, Texas – (Oct. 2, 2015)** – J. C. Penney Company, Inc. (NYSE: JCP) today announced actions that will significantly reduce the benefit obligation of its qualified pension plan (“the Plan”) without requiring any cash contribution from the Company. JCPenney recently completed a lump-sum offer for select participants in the Plan, and it has also entered into an agreement with The Prudential Insurance Company of America (“Prudential”) to purchase a group annuity contract that will settle a substantial portion of JCPenney’s remaining retiree pension benefit obligations. After the closing of these transactions, which is anticipated later this year, the Plan is expected to remain over-funded on both accounting and ERISA bases, and the Company expects that it will not be required to make cash contributions to the Plan for the foreseeable future.

Ed Record, chief financial officer said, “We are grateful for all the contributions our retirees have made to JCPenney. We are confident that Prudential, an expert in this field, will provide great service to our retirees receiving monthly payments.” Record continued, “These actions not only continue to provide excellent benefit security for our retirees, but also further the Company’s objective of de-risking the Plan while improving the Company’s long-term risk profile.”

Approximately 12,000 retirees and surviving beneficiaries elected to receive voluntary lump-sum payments to settle the Plan’s pension obligation to them. In addition, approximately 1,900 former employees of JCPenney who have deferred vested benefits elected to receive voluntary lump-sums. The response deadline for the lump-sum offer was September 18, 2015, and the Plan expects to make the lump-sum payments in November once the final settlement amount is determined.

In conjunction, JCPenney has entered into a definitive agreement to purchase a group annuity contract from Prudential, under which Prudential will pay and administer future benefit payments to select retirees. The agreement provides for the Plan to transfer a portion of its obligations and assets to Prudential, and the transfer would leave the remaining Plan over-funded on both accounting and ERISA bases. The annuity transaction is expected to close in December 2015, and its final size is subject to the condition that the Plan remains overfunded at closing. If market conditions warrant, closing may be extended to 2016. After closing, Prudential will assume financial responsibility for making the annuity payments as provided in the group annuity contract.

Retirees and beneficiaries whose benefit obligations are transferred to Prudential will receive individualized information packages with further details and answers to frequently asked questions.

JCPenney's Benefit Plans Investment Committee hired an independent party, Fiduciary Counselors Inc., a leading independent fiduciary services firm, to represent the Plan and all of its participants and their beneficiaries, including those remaining in the Plan, to select the safest available annuity as defined by U.S. Department of Labor standards. Fiduciary Counselors selected a Prudential contract that provides an additional safeguard by segregating assets in a separate account dedicated to the payment of benefits to Plan retirees and their beneficiaries.

The actions announced today should reduce the pension obligation by 25-35% and the number of participants in the Plan by 25-35%. Although the Plan has been fully funded since 2009, owing to successful execution of the Company's asset de-risking strategy, market conditions were favorable to reduce the obligation now.

These transactions may result in a non-cash pension settlement charge with the impact to be determined at the closing of the transaction. This charge will be excluded from the Company's 2015 adjusted results. These actions continue a series of steps taken to reduce pension volatility and further de-risk the pension while maintaining a competitive benefit for associates. Previous steps include changes to Plan design, past contributions to maintain a well-funded pension Plan status, matching the Plan's asset allocation to the pension's liability profile, and offering participants who separate from the Company the option of a lump-sum settlement payment.

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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](http://www.jcpenney.com)

#### **About JCPenney:**

J. C. Penney Company, Inc. (NYSE: JCP), one of the nation's largest apparel and home furnishing retailers, is dedicated to fitting the diversity of America with unparalleled style, quality and value. Across approximately 1,020 stores and at [jcpenney.com](http://jcpenney.com), customers will discover a broad assortment of national, private and exclusive brands to fit all shapes, sizes, occasions and budgets. For more information, please visit [jcpenney.com](http://jcpenney.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. 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, 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, 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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