

Item 2.02 Results of Operations and Financial Condition.

J. C. Penney Company, Inc. (the “Company”) issued an earnings press release on May 17, 2018 announcing its 2018 first quarter results of operations and financial condition. The full text of the press release is attached as Exhibit 99.1.

The press release and accompanying schedules provide certain information regarding (i) adjusted earnings before net interest expense, income tax expense/(benefit) and depreciation and amortization (adjusted EBITDA), (ii) adjusted net income/(loss), (iii) adjusted earnings/(loss) per share - diluted and (iv) free cash flow, all of which may be considered non-GAAP financial measures under the rules of the Securities and Exchange Commission. A reconciliation of each such non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP is included with the release.

The Company defines (i) adjusted EBITDA as net income/(loss) excluding net interest expense (including the (gain)/loss on extinguishment of debt), income tax expense/(benefit), depreciation and amortization, restructuring and management transition charges, other components of net periodic pension cost/(income) and the proportional share of net income from the Company’s joint venture formed to develop the excess property adjacent to the Company’s Home Office in Plano, Texas (Home Office Land Joint Venture), (ii) adjusted net income/(loss) as net income/(loss) excluding restructuring and management transition charges, other components of net periodic pension cost/(income), the (gain)/loss on extinguishment of debt, the proportional share of net income from the Home Office Land Joint Venture and the tax impact for the allocation of income taxes to other comprehensive income items related to the Company’s pension plans and interest rate swaps, and (iii) adjusted earnings/(loss) per share - diluted as earnings/(loss) per share - diluted excluding restructuring and management transition charges, other components of net periodic pension cost/(income), the (gain)/loss on extinguishment of debt, the proportional share of net income from the Home Office Land Joint Venture and the tax impact for the allocation of income taxes to other comprehensive income items related to the Company’s pension plans and interest rate swaps. Unlike other operating expenses, restructuring and management transition charges, the (gain)/loss on extinguishment of debt, the proportional share of net income from the Home Office Land Joint Venture and the tax impact for the allocation of income taxes to other comprehensive income items related to the Company’s pension plans and interest rate swaps are not directly related to the Company’s ongoing core business operations, which consists of selling merchandise and services to consumers through the Company’s department stores and the Company’s website at jcpenny.com. Further, other components of net periodic pension cost/(income) is determined using numerous complex assumptions about changes in pension assets and liabilities that are subject to factors beyond the Company’s control, such as market volatility. The Company believes that the presentation of these non-GAAP financial measures, which management uses to assess the Company’s operating results, is useful in order to better understand the Company’s financial performance and facilitate the comparison of the Company’s results to the results of its peer companies.

The Company defines free cash flow as cash flow from operating activities less capital expenditures, plus proceeds from the sale of operating assets. The Company believes that free cash flow is a relevant indicator of its ability to repay maturing debt, revise its dividend policy or fund other uses of capital that the Company believes will enhance stockholder value. Free cash flow is limited and does not represent remaining cash flows available for discretionary expenditures due to the fact that the measure does not deduct payments required for debt maturities, payments made for business acquisitions or required pension contributions, if any.

The Company believes it is important to view each of these non-GAAP financial measures in addition to, rather than as a substitute for, the GAAP measures of net income/(loss), earnings/(loss) per share - diluted, and cash flow from operating activities, respectively.

Item 9.01 Financial
Statements
and
Exhibits.

(d) Exhibit 99.1 J. C.
Penney
Company,
Inc. News
Release
issued
May 17,
2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

J. C. PENNEY COMPANY, INC.

By: /s/ Jeffrey A. Davis
Jeffrey A. Davis
Executive Vice President and
Chief Financial Officer

Date: May 17, 2018