



Dear Vendor Partner:

As we close out the fiscal year, I want to take the opportunity to thank you again for your continued support and partnership with JCPenney. It has been important to us throughout our journey to restore profitable growth, and we remain focused on that goal. While 2013 brought a lot of change and challenges to JCPenney and the entire retail sector, we are pleased with the Company's performance and expect to end the year on a positive note.

The Holiday season was certainly an interesting one, with a compressed calendar, winter snow storms and challenging mall traffic. In spite of the significant headwinds facing all retailers, we made it through the holiday shopping season in good shape. With your partnership, JCPenney's combination of relevant and giftable merchandise, focus on customer service, and compelling promotions enabled our teams to drive sales between Black Friday and Christmas that exceeded our expectations.

The Company experienced especially good performance in several categories including outerwear, sweaters, fleece and cold weather accessories, active wear, young men's, juniors, housewares, Sephora, boots, and athletic shoes. In addition, we are pleased to share that sales through jcp.com continued to be robust this season. Gift card sales were also particularly strong during the period, which shows customers have faith in JCPenney and trust we will continue to be their preferred shopping destination for years to come.

We are now looking ahead to a new year that will bring new brands and new opportunities for growth at JCPenney. Here are just some of the items we are excited to share:

- Over the coming weeks, we will be revamping and re-merchandising our intimates floor in time for the Valentine's Day holiday. We are re-launching Ambrielle and bringing back dedicated staffing and bra fit specialists to better serve our customer.
- We have exciting new ideas in Men's and Women's apparel, including exclusive partnerships in the golf wear business for men and career dressing for women that we'll be announcing soon.
- During the Academy Awards, we will be launching an exciting marketing campaign as we have done in years past. We think you will like our new brand positioning and how it will speak to our entire customer base.
- By early March, the revamp of our Home floor will be complete and we will be ready for business, with relevant assortments of national and private brands that will better resonate with JCPenney's customer, a floor layout that is easier to shop, and a promotional cadence that draws more traffic both in stores and online.

We will release our Fourth Quarter earnings in February. At that time, we will have more news to share about the final months of 2013 and, more importantly, how we intend to continue our turnaround progress in 2014 by prudently managing our business, engaging and rewarding our people, and delivering on our promise to the customer every single day.

Once again, I want to thank you personally, and on behalf of the entire team at JCPenney, for your continued support. With your partnership, we are confident that JCPenney is on the right track.

Happy New Year.

A handwritten signature in black ink, appearing to read "MEU", is located below the "Happy New Year" text.

Myron E. Ullman