



Global Corporate Trust
60 Livingston Avenue
EP-MN-WS1D
Saint Paul, MN 55107

usbank.com

NOTICE
To the Holders of
CABCO Trust for J. C. Penney Debentures
CUSIP No. * 126797208

TO DEPOSITORIES, NOMINEES, CUSTODIANS AND OTHER INTERMEDIARIES: THIS TRANSMITTAL CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. ALL DEPOSITORIES, NOMINEES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO THE BENEFICIAL OWNERS OF SUCH SECURITIES.

Reference is made to (1) the agreements (collectively, the “**Governing Agreements**”) governing the CABCO Trust For J.C. Penney Debentures (the “**Trust**”) including, without limitation: (i) the Amended and Restated Trust Agreement, dated March 25, 1999 (the “**Trust Agreement**”); and (ii) the Standard Terms and Provisions of Series Trust Agreement (the “**Standard Terms**”) between Corporate Asset Backed Corporation., as depositor (the “**Depositor**”), and U.S. Bank National Association, as trustee (the “**Trustee**”), as successor to The Bank of New York Mellon (successor to United States Trust Company of New York), and (2) the Trustee’s prior notices to Holders dated May 18, 2020, July 17, 2020, October 28, 2020, and December 10, 2020 (the “**Prior Notices**”). Capitalized terms used and not defined herein have the respective meanings given to them in the Governing Agreements or the Prior Notices, as the context requires.

This notice is given to you by U.S. Bank National Association, not in its individual capacity, but solely in its capacity as the Trustee of the CABCO Trust for J. C. Penney Debentures under the Governing Agreements.

* The CUSIP numbers are included herein solely for the convenience of the registered owners of the Certificates. No representation is made as to the correctness or accuracy of the CUSIP numbers.



Background
Regarding Confirmation of J.C. Penney Chapter 11 Plan

As noted in the Prior Notices, on May 15, 2020, J. C. Penney Company, Inc. (“**J.C. Penney**”) and certain of its affiliates (collectively with J.C. Penney, the “**Debtors**”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division (Case No. 20-20182). This filing constituted an event of default with respect to the Bonds held by the CABCO Trust for J. C. Penney Debentures, which consist of J.C. Penney Company, Inc. 7.625% debentures due March 1, 2097, CUSIP 708160BL9 (the “**2097 Debentures**”), with a face value of \$52,650,000.

On October 26, 2020, the Debtors filed a proposed *Joint Chapter 11 Plan of Reorganization of J. C. Penney Company, Inc. and its Debtor Affiliates* (as amended from time to time, the “**Plan**”). Claims relating to the 2097 Debentures, including the 2097 Debentures held by the CABCO Trust for J. C. Penney Debentures, were included in “Class 7 -- Unsecured Notes Claims” for purposes of the Plan, the proposed treatment for which was described on page 24 of the Plan.

On December 14, 2020, the Bankruptcy Court entered an order approving the Plan, including the Debtors’ proposed treatment of claims in Class 7. Additional information relating to the bankruptcy, including a copy of the Plan, the Bankruptcy Court’s December 14, 2020 order confirming the Plan, and other filings relating to the Plan, can be found on the website of the Debtors’ claims and noticing agent, Kroll Restructuring Administration (f/k/a Prime Clerk, LLC), at <https://cases.ra.kroll.com/jcpenney/>.

Notice from Underlying Trustee Regarding
No Distribution on 2097 Debentures

On December 7, 2023, BOKF, NA, as trustee of the 2097 Debentures and certain other securities issued by the Debtors (the “**Underlying Trustee**”), issued the notice attached hereto as **Exhibit A** (the “**December 2023 Notice**”) to the holders of such securities, including the CABCO Trust for J. C. Penney Debentures. The December 2023 Notice states, among other things, that there will be no distributions on the 2097 Debentures. The December 2023 Notice, and the analysis of the background facts leading up to the issuance of the December 2023 Notice, were prepared and conducted solely by the Underlying Trustee and not by U.S. Bank National Association, in its capacity as Trustee of the CABCO Trust for J. C. Penney Debentures or otherwise.

BASED ON THE UNDERLYING TRUSTEE’S CONFIRMATION THAT THERE WILL BE NO DISTRIBUTIONS ON THE 2097 DEBENTURES, THERE WILL BE NO DISTRIBUTIONS TO HOLDERS OF THE CABCO TRUST FOR J. C. PENNEY DEBENTURES. THE TRUSTEE WILL THEREFORE PROCEED TO CLOSE ITS BOOKS AND RECORDS RELATING TO THAT TRUST. AS A RESULT, THERE WILL ALSO BE NO FURTHER COMMUNICATIONS FROM THE TRUSTEE REGARDING THE CABCO TRUST FOR J. C. PENNEY DEBENTURES.



Questions regarding this notice may be directed to the Trustee via email at janet.ohara@usbank.com. Holders with other questions may contact Bondholder Services at (800) 934-6802, option #7. In connection with any such questions, Holders may be asked to verify their holdings in the Trust.

In addressing inquiries that may be directed to it, the Trustee may conclude that a specific response to a particular inquiry from an individual Holder is not consistent with equal and full dissemination of information to all Holders. To protect the interests of all Holders, the Trustee may condition any response to inquiries by Holders upon the execution and delivery of a confidentiality agreement and may determine not to disclose certain information.

* * *

Holders and other persons interested in the Trust should not rely on the Trustee, its counsel, or any other advisors that may be retained by the Trustee, as their sole source of information. Although this notice contains a summary of certain information, this notice is not a complete summary or statement of such information, of relevant law, or of relevant legal procedures and the Trustee makes no representation and accepts no responsibility or liability as to the completeness or accuracy of the information provided herein. Holders should carefully consider the implications of the matters described in this notice and consult with their own legal and financial advisors.

Please note that this notice is not intended and should not be construed as investment, accounting, financial, legal, tax, or other advice by or on behalf of the Trustee, or its directors, officers, affiliates, agents, attorneys, or employees. Each person or entity receiving this notice should seek the advice of its own advisors in respect of the matters set forth herein.

Please be further advised that the Trustee reserves all of the rights, powers, claims, and remedies available to it under the Governing Agreements and applicable law. No delay or forbearance by the Trustee in exercising any right or remedy accruing upon the occurrence of a default, or otherwise under the terms of the Governing Agreements, other documentation relating thereto or under applicable law, shall impair any such right or remedy or constitute a waiver thereof or acquiescence therein.

The Trustee expressly reserves all rights in respect of the Governing Agreements including, without limitation, its right to recover its fees and costs (including, without limitation, fees and costs incurred or to be incurred by it in performing its duties, indemnities owing or to become owing to it, compensation for its time spent, and reimbursement for fees and costs of counsel and other agents it employs in performing its duties or to pursue remedies) and its right, prior to exercising any rights or powers in connection with the Governing Agreements at the request or direction of any Holder, to receive security or indemnity satisfactory to it against all costs, expenses, and liabilities which might be incurred in compliance therewith, and all rights that may be available to it under applicable law or otherwise.

Prior to any distribution to Holders, to the extent permitted under the Governing Agreements, funds held by the Trustee may be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become



owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions, including the resolution of the issues described in this notice.

Recipients of this notice are cautioned that this notice is not evidence that the Trustee will recognize the recipient as a Holder.

Dated: January 16, 2024

U.S. BANK NATIONAL ASSOCIATION, as Trustee of the CABCO Trust for J. C. Penney Debentures

EXHIBIT A

To the holders of:

J. C. PENNEY CORPORATION, INC.

5.65% SENIOR NOTES DUE 2020

6.9% DEBENTURES DUE 2026

6.375% SENIOR NOTES DUE 2036

7.4% DEBENTURES DUE 2037

7.625% DEBENTURES DUE 2097

CUSIP Nos.¹: 708130AD1, 708160BK1, 708130AC3, 708160BS4 and 708160BL9

**NOTICE OF FILING OF
CLAIMS ADMINISTRATION STATUS
FINAL REPORT AND NOTICE OF
NO DISTRIBUTION TO HOLDERS OF
GENERAL UNSECURED CLAIMS**

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL HOLDERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

Reference is hereby made to that certain Indenture, dated as of April 1, 1994 (as may be amended, supplemented, or otherwise modified from time to time, the “*Indenture*”), by and among J. C. Penney Corporation, Inc., as issuer (the “*Company*”), J. C. Penney Company, Inc., as co-obligor with respect to certain Securities and guarantor with respect to other Securities (the “*Co-Obligor*”), and BOKF, NA (as successor to Wilmington Trust, National Association, as successor to U.S. Bank, National Association, as successor to Bank of America National Trust and Savings Association), as Trustee, pursuant to which the above-referenced notes and debentures (collectively, the “*Securities*”) were issued. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Indenture.

As we previously advised you, on May 15, 2020, the Company, the Co-Obligor, and certain of their affiliates (collectively, the “*Debtors*”) filed voluntary petitions for relief (the “*Chapter 11 Cases*”) under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the “*Bankruptcy Court*”). Information regarding the

¹ CUSIP numbers appearing herein have been included solely for the convenience of the holders of the Securities (the “*Holders*”). The Trustee assumes no responsibility for the selection or use of such numbers and makes no representation as to the correctness of the CUSIP numbers listed above.

Chapter 11 Cases can be found on the website of the Debtor's claims and noticing agent, Kroll Restructuring Administration (f/k/a Prime Clerk, LLC), at <https://cases.ra.kroll.com/jcpenney/>.

As we also previously advised you, on October 26, 2020, the Debtors filed their Disclosure Statement [D.I. 1647] (as amended from time to time, the “**Disclosure Statement**”) in connection with the *Joint Chapter 11 Plan of Reorganization of J. C. Penney Company, Inc. and its Debtor Affiliates* [D.I. 1646] (as amended from time to time, the “**Plan**”).

The Plan classifies the claims with respect to the Securities as Class 7 (the “**Unsecured Notes Claims**”). Under the Plan, each Holder of an Unsecured Notes Claim will receive its *pro rata* share of (i) any portion of \$750,000 of cash distributed to the Trustee on the Effective Date (as defined in the Plan) remaining after the application of such cash to the indemnification claims of the Trustee pursuant to the Indenture and (ii) taken together with the Second Lien Notes Claims and General Unsecured Claims (each as defined in the Plan), (a) any cash remaining in the Wind-Down Reserve (as defined in the Plan) once all claims entitled to payment therefrom have been satisfied, no Disputed Claims (as defined in the Plan) that may be entitled to payment from such sources remain to be adjudicated, and all First Lien Claims (as defined in the Plan) have been satisfied in full, and (b) the Unsecured Claims Earnout Pool (as defined in the Plan). Holders should consult the Disclosure Statement and the Plan (including Article III, Section B.7) for a description of the treatment of the Unsecured Notes Claims and the other provisions of the Plan.

As we also previously advised you, on December 14, 2020, the Bankruptcy Court entered an order [D.I. 2190] (the “**Confirmation Order**”) approving the Disclosure Statement and confirming the Plan. Copies of the Disclosure Statement, the Plan, and the Confirmation Order can be found on the website of the Debtor's claims and noticing agent, Kroll Restructuring Administration (f/k/a Prime Clerk, LLC), at <https://cases.ra.kroll.com/jcpenney/>.

As we also previously advised you, the effective date of the Plan occurred on January 30, 2021 (the “**Effective Date**”). As of the Effective Date, the Securities and the Indenture have been cancelled and are no longer outstanding except for certain express purposes set forth in the Plan and the Confirmation Order.

**Notice of Filing of Claims Administration Status Final Report and
Notice of No Distribution to Holders of General Unsecured Claims**

Please take notice that, on November 17, 2023, the Debtors filed the *Claims Administration Status Final Report and Notice of No Distribution to Holders of General Unsecured Claims* [D.I. 1245] in the Chapter 11 Cases (the “**Final Report**”), a copy of which is attached hereto as Exhibit A. **AS DETAILED MORE FULLY IN THE FINAL REPORT, BASED ON THE EARNOUT CALCULATION (AS DEFINED IN THE FINAL REPORT), THE AMOUNT OF THE UNSECURED CLAIMS EARNOUT POOL IS ZERO AND THERE WILL BE NO PAYMENTS FROM THE UNSECURED CLAIMS EARNOUT POOL (I.E., NO PAYMENTS TO HOLDERS OF UNSECURED NOTES CLAIMS). ACCORDINGLY, HOLDERS WILL NOT RECEIVE ANY DISTRIBUTION FROM THE UNSECURED**

CLAIMS EARNOUT POOL, AND THERE WILL BE NO FURTHER DISTRIBUTIONS TO THE HOLDERS.

Future Communications with the Trustee

Because the Securities have been cancelled and are no longer outstanding and because there will be no further distributions to the Holders, there will be no further communications from the Trustee regarding the Securities. Should any Holder desire to contact the Trustee, such Holder may direct questions to:

George Kubin
BOKF, NA
1600 Broadway, 3rd Floor
Denver, CO 80202
Email: gkubin@bokf.com

With a copy to counsel:

Mark R. Somerstein, Esq.
Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
Email: mark.somerstein@ropesgray.com

Matters Pertaining to the Trustee and the Indenture

The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with an equal and full dissemination of significant information to all Holders or parties in interest.

Holders should not rely on the Trustee or its counsel as their sole source of information. Holders should consider consulting their own legal, financial and business advisors for advice regarding the matters described herein. The Trustee makes no recommendations and gives no investment, legal, or tax advice as to the matters described herein or as to the Plan, the Disclosure Statement, the Confirmation Order, the Final Report, or the Indenture, generally. Holders may not rely on advice or information provided to or provided by the Trustee, statements as to the legal position included in notices issued by the Trustee relating to the Securities or otherwise, or the views of the Trustee expressed herein or otherwise. All descriptions of the Indenture, the Plan, the Disclosure Statement, the Confirmation Order, the Final Report, and the Indenture are summarized for the benefit of Holders and are qualified in their entirety by the specific provisions of such documents.

Dated: December 7, 2023

BOKF, NA, as Trustee

Exhibit A

Final Report

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

In re:	)	
	)	Chapter 11
	)	
J. C. PENNEY DIRECT MARKETING	)	Case No. 20-20184
SERVICES, LLC., <i>et al.</i> ,	)	
	)	(Jointly Administered)
	)	(Formerly Jointly Administered under
	)	J.C. Penney Company, Inc., 20-20182)

**CLAIMS ADMINISTRATION STATUS FINAL REPORT AND NOTICE
OF NO DISTRIBUTION TO HOLDERS OF GENERAL UNSECURED CLAIMS**

The above-captioned wind-down debtors (collectively, “J. C. Penney” or the “Wind-Down Debtors”) file this Claims Administration Final Report (this “Final Report”) as of November 1, 2023 and state as follows:

There will be no distribution to holders of Class 8 General Unsecured Claims. If you hold a Class 8 General Unsecured Claim against J. C. Penney, you will not receive a payment for your claim. If you filed a proof of claim, or if you have signed a stipulation or a settlement agreement with J. C. Penney regarding your claim, you will not receive a payment for that claim.

Number of omnibus claims objections filed:	81
Next hearing date on omnibus claims objections:	None scheduled at this time.
Total number of priority claims unresolved:	4 out of 2,348
Total dollar amount of priority claims unresolved:	\$2,152,063* out of \$10,752,737,804
Total number of general unsecured claims unresolved:	13 out of 5,007
Total dollar amount of general unsecured claims unresolved:	\$29,006,630* out of \$4,930,828,852
Anticipated first general unsecured claims distribution date, if any:	N/A. See below.
Amount of funds available to pay general unsecured claims:	\$0

* Plus unliquidated amounts.

SUMMARY OF EARNOUT REPORT AND CLAIMS TREATMENT UNDER THE PLAN

I. Introduction.

The Plan¹ and the Asset Purchase Agreement (the “APA”) form the basis of calculating recoveries to holders of Class 4, 6, 7, and 8 Claims.² A summary of the Plan Classes relevant to this Final Report are as follows:

Plan Class	Class Description	Typical Claimants in Class
4	First Lien Claims	Lenders under the ABL Credit Facility due 2022 ³ Lenders under the 2016 Term Loan due 2023 ⁴ Holders of the 5.875% Senior Secured Notes due July 2023
6	Second Lien Notes	Holders of the 8.625% Second Lien Secured Notes due March 2025
7	Unsecured Notes	Holders of certain Unsecured Notes ⁵
8	General Unsecured Claims	Trade vendors Litigation parties Personal Injury Claimants Employees

¹ The “Plan” means the *Amended Joint Chapter 11 Plan of Reorganization of J. C. Penney Company, Inc. and Its Debtor Affiliates* [Docket No. 2162, Case No. 20-20182], as confirmed by the *Amended Order Approving the Disclosure Statement for, and Confirming, the Amended Joint Chapter 11 Plan of Reorganization of J. C. Penney Company, Inc. and Its Debtor Affiliates* [Docket No. 2190, Case No. 20-20182] (the “Confirmation Order”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan, the Asset Purchase Agreement (as defined in the Plan), or the Earnout Agreement (as defined in the Plan), as applicable.

² Claims in Classes 1, 2, and 3 have been paid in full.

³ The “ABL Credit Facility” means that certain Credit Agreement dated as of June 20, 2014, as amended, by and among certain Debtor entities, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent and collateral agent, with a maturity date of June 20, 2022.

⁴ The “2016 Term Loan” means that certain Amended and Restated Credit and Guaranty Agreement, dated as of June 23, 2016, as amended, by and between certain Debtor entities, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.

⁵ Class 7 includes holders of:

- i. Those certain 5.65% Senior Unsecured Notes due June 2020;
- ii. Those certain 7.125% Unsecured Debentures due November 15, 2023;
- iii. Those certain 6.90% Debentures due August 2026;
- iv. Those certain 6.375% Senior Notes due October 2036;
- v. Those certain 7.40% Debentures due April 2037; and
- vi. Those certain 7.625% Debentures due March 2097.

As described in the table above, claimants in Classes 4, 6, and 7 are related to various debt instruments in place prior to the Petition Date. Class 8 encompasses all other claimants holding General Unsecured Claims. Employees and former employees seeking recovery on retirement plan claims (*i.e.*, SRP/BRP/Mirror Plan), litigation claimants seeking recovery for tort claims (*i.e.*, personal injury claims) and other matters, and trade vendors seeking recovery for unpaid prepetition claims, among other claimants, are all claimants within Class 8 – General Unsecured Claims.

The Plan presented two potential pools of recovery to claimants in Classes 6, 7 and 8:

Pool 1 – Recovery through the Wind-Down Reserve if Class 4 claimants were paid in full.

- Class 4 Claims total over \$1.57 billion in aggregate.
- Through the Credit Bid Distributions, Class 4 claimants have received \$100,000,000 in distributions under the Plan as of the date hereof.
- Further recovery to Class 4 claimants, expected to be between \$30 million and \$59 million, is sourced from, and will exhaust, the Wind-Down Reserve.
- With total recoveries to Class 4 claimants between \$130 – 159 million (8.3% - 10.1%), Class 4 Claims cannot be paid in full.
- Because Class 4 Claims cannot be paid in full, there is no recovery available for Classes 6, 7 and 8 through the Wind-Down Reserve.

Pool 2 – Recovery through the Unsecured Claims Earnout Pool.

- Through extensive negotiations with the Unsecured Creditors Committee, Classes 6, 7 and 8 were granted a potential recovery based on the performance of the purchaser and new operator of J. C. Penney (“OpCo”).
- If OpCo met certain performance metrics outlined in the Earnout Agreement, claimants in Classes 6, 7 and 8 would receive a distribution of funds from the Unsecured Claims Earnout Pool, which distributions would have been funded by OpCo in an amount up to \$15,000,000.
- OpCo did not achieve the performance targets set forth in the Earnout Agreement, and therefore no recovery under the Unsecured Claims Earnout Pool is available to claimants in Classes, 6, 7 and 8.

As described above and in further detail to follow, there will be no distribution to holders of Class 8 General Unsecured Claims. If you hold a Class 8 General Unsecured Claim against J. C. Penney, you will not receive any payment on account of your Claim. If you filed a Proof of Claim, or if you have signed a stipulation or a settlement agreement with J. C. Penney regarding your Claim, you will not receive any payment on account of that Claim.

Attached hereto as **Exhibit C** is a comparison of estimated class recoveries provided in the Disclosure Statement [Docket No. 1647, Case 20-20182] and the actual recoveries projected as of November 1, 2023.

II. Plan Treatment and Status

Article III of the Plan describes the treatment of Claims, which is summarized below. The following terms are defined in the Plan and summarized here for reference. Please see Article I of the Plan for the full text of these defined terms, and Article III of the Plan for the full text of the treatment of each class of Claims.

Wind-Down Reserve	A segregated account established by the Plan Administrator to satisfy the expenses of the Wind-Down Debtors and the Plan Administrator as set forth in the Plan and the Wind-Down Budget filed on June 14, 2021 [Docket No. 3117, Case 20-20182],⁶ and to be distributed to holders of Claims in Classes 4, 6, 7, and 8 in the event of any excess. Plan art. I.A.224 and VIII.C. After Class 4 Claims are paid in full, Pro Rata shares of the Wind-Down Reserve are measured over the total amount of Claims in Classes 6, 7, and 8. Plan art. III.B.4-8.
Effective Date	January 30, 2021; the date on which the PropCo Sale transaction contemplated by the Asset Purchase Agreement closed.
Asset Purchase Agreement	That certain Asset Purchase Agreement, dated as of October 28, 2020, executed by Copper Retail JV LLC, Copper BidCo LLC, and the Debtors in connection with the OpCo Sale and the PropCo Sale, a copy of which has been Filed with the Bankruptcy Court at [Docket No. 1668-1, Case 20-20182], together with all exhibits, appendices, supplements, documents, and agreements ancillary thereto, in each case as amended, modified, or supplemented from time to time, and as approved by the <i>Order (I) Authorizing (A) Entry Into and Performance Under the Asset Purchase Agreement And (B) the Sale of the OpCo Acquired Assets and the PropCo Acquired Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, and (C) Assumption and Assignment of Executory Contracts and Unexpired Leases and (II) Granting Related Relief</i> [Docket No. 1814, Case 20-20182].
Earnout Agreement	The agreement executed by the Debtors, OpCo Purchaser, certain guarantors, and Copper Earnout Trust (“ <u>EarnoutCo</u> ”), providing for, among other things, the potential funding of an Unsecured Claims Earnout Pool based on calculations described therein.
Credit Bid Distributions	Assets distributed to PropCo Purchaser and EarnoutCo under the Asset Purchase Agreement, consisting of approximately \$8,700,000

⁶ The initial Wind-Down Budget, filed on June 14, 2021 [Docket No. 3117, Case 20-20182], estimated that the ending cash balance of the Wind-Down Reserve, after payment of all budget items, would be approximately \$69,960,000.

	in cash and \$91,300,000 in real property and other interests, for a total Credit Bid Distributions of \$100,000,000.
Unsecured Claims Earnout Pool	A pool to be funded by OpCo Purchaser after the conclusion of Fiscal Year 2022, based on a calculation of the “Earnout Base” for Fiscal Year 2021 and Fiscal Year 2022 provided in the Earnout Report pursuant to the Earnout Agreement. <i>See Part III infra.</i>

A. Class 4 Claims: First Lien Claims

Allowed Claim Amount: \$1,571,414,062.50, plus interest, fees, and other expenses and amounts incurred through the Effective Date of the Plan. Plan art. III.B.4(b).

Components of Recovery:

1. Credit Bid Pro Rata share of the Credit Bid Distributions (totaling \$100,000,000), approximately \$8,700,000 of which was paid in cash. Plan Article I.A.44.
2. A Pro Rata share of any Cash remaining in:
 - a. the Wind-Down Reserve;
 - b. the Professional Fee Escrow; and
 - c. the Administrative / Priority Claims Reserve. Plan art. III.B.4(c).

Partial Recovery to Date: Recoveries to date on account of Credit Bid Distributions total \$100,000,000. Included in that total are multiple cash distributions. On or about the OpCo Closing Date, an initial cash distribution was made on account of the Credit Bid Distributions in the amount of approximately \$6,100,000. On January 15, 2021, a second interim cash distribution was made on account of the Credit Bid Distributions in the amount of \$1,500,000.⁷ On or about the Effective Date, another cash distribution was made on account of the Credit Bid Distributions in the amount of \$1,100,000. Based on the assets available for recovery, Class 4 Claims cannot be paid in full.

B. Class 6 Claims: Second Lien Notes Claims

Allowed Claim Amount: \$524,925,000.00. Plan art. III.B.6(b).

Components of Recovery:

1. Pro-Rata share of \$1,500,000 of Cash;
2. Pro Rata share (with Classes 4, 7, and 8) of any Cash remaining in the Wind-Down Reserve after Class 4 Claims have been paid in full; and
3. Pro-Rata share (with Classes 7 and 8) of the Unsecured Claims Earnout Pool. Plan art. III.B.6(c).

⁷ This distribution was made pursuant to section 2.1(f)(iv) of the APA.

Partial Recovery to Date: On or about the Effective Date, holders of Class 6 Claims received a partial distribution of \$1,500,000. No further recovery is available for holders of Class 6 Claims.

C. Class 7 Claims: Unsecured Notes Claims

Allowed Claim Amount: \$1,346,360,131.29. Plan art. III.B.7(b).

Components of Recovery:

1. Pro-Rata share of \$750,000.00 of Cash;
2. Pro Rata share (with Classes 4, 6 and 8) of any Cash remaining in the Wind-Down Reserve after Class 4 Claims have been paid in full; and
3. Pro-Rata share (with Classes 6 and 8) of the Unsecured Claims Earnout Pool. Plan art. III.B.7(c).

Partial Recovery to Date: On or about the Effective Date, holders of Class 7 Claims received a partial distribution of \$750,000. No further recovery is available for holders of Class 7 Claims.

D. Class 8 Claims: General Unsecured Claims

Aggregate Allowed Claims: \$2,763,346,879.29, plus certain unliquidated amounts.

Components of Recovery:

1. Waiver of any preference actions arising under section 547 of the Bankruptcy Code or any comparable action arising under applicable nonbankruptcy law;
2. Pro Rata share (with Classes 4, 6, and 7) of any Cash remaining in the Wind-Down Reserve after Class 4 Claims have been paid in full; and
3. Pro-Rata share (with Classes 6, and 7) of the Unsecured Claims Earnout Pool. Plan art. III.B.8(b).

Partial Recovery to Date: Holders of Class 8 Claims have not received any distributions to date. No further recovery is available for holders of Class 8 Claims.

III. Earnout Agreement and the Unsecured Claims Earnout Pool

A. Earnout Agreement

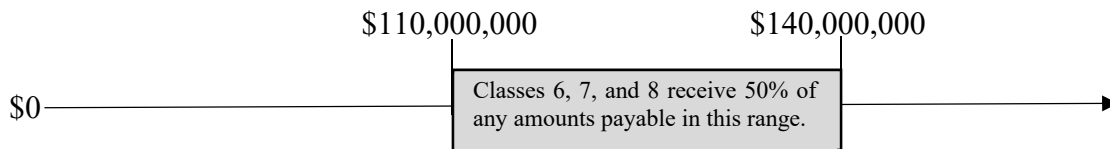
The APA contemplated the execution of an Earnout Agreement between OpCo Purchaser, Earnout Co., and J.C. Penney, the form of which was attached as Exhibit N to the APA [Docket No. 1668, Case No. 20-20182]. The Earnout Agreement was executed in its final form on December 7, 2020.

Pursuant to section 1 of the Earnout Agreement, OpCo Purchaser is obligated to pay to Earnout Co. the amounts of (i) 20% of the FY21 Earnout Base (the “FY21 Earnout”) and (ii) 20%

of the FY22 Earnout Base (the “FY22 Earnout”). These amounts are calculated pursuant to sections 4(d) and 4(e) of the Earnout Agreement as follows:

- (i) the Fiscal Year 2021 Earnout Base (“FY21 Earnout Base”) is equal to (x) the Average Net Merchandise Accounts Payable for OpCo Purchaser’s fiscal year 2021 minus (y) the Net Merchandise Accounts Payable as of January 30, 2021. If this amount is less than or equal to zero, OpCo Purchaser shall not be required to make a payment on account of the FY21 Earnout Base.
- (ii) the Fiscal Year 2022 Earnout Base (“FY22 Earnout Base”) is equal to (x) the Average Net Merchandise Accounts Payable for OpCo Purchaser’s fiscal year 2022 minus (y) the Average Net Merchandise Accounts Payable for OpCo Purchaser’s fiscal year 2021. If this amount is less than or equal to zero, OpCo Purchaser shall not be required to make a payment on account of the FY22 Earnout Base.

Article I.A.211 of the Plan defines the Unsecured Claims Earnout Pool as “50% of any incremental amounts payable under Section 1 of the Earnout Agreement between \$110,000,000 and \$140,000,000,” which is illustrated as follows:



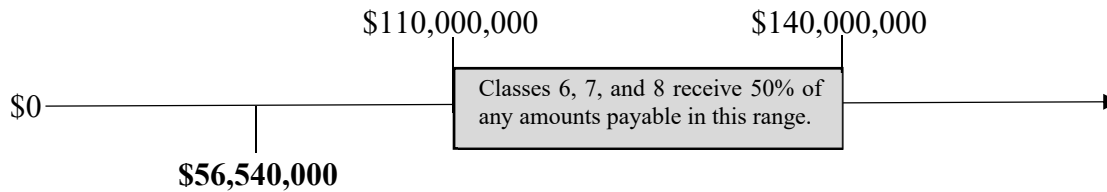
Accordingly, the Unsecured Claims Earnout Pool is only funded if the FY21 Earnout plus the FY22 Earnout is more than \$110,000,000; if it is more than \$110,000,000, then the Unsecured Claims Earnout Pool will be funded with 50% of the next 30,000,000. Therefore, the maximum amount that can fund the Unsecured Claims Earnout Pool is \$15,000,000.

B. Earnout Calculation for FY21 and FY22

“Average Net Merchandise Accounts Payable” (“ANMAP”) is shown on **Exhibit A** attached hereto for fiscal year 2021 and on **Exhibit B** attached hereto for fiscal year 2022. The Net Merchandise Accounts Payable amount as of January 30, 2021 was approximately \$7,000,000. The ANMAP for fiscal year 2021 was approximately \$295,440,000. Therefore, the resulting FY21 Earnout Base is approximately \$288,440,000, and the **FY21 Earnout** (which is 20% of the FY21 Earnout Base) **equals approximately \$57,690,000**.

The ANMAP for fiscal year 2022 was approximately \$289,660,000. The FY22 Earnout Base is calculated by subtracting the ANMAP for fiscal year 2021 from the ANMAP for fiscal year 2022. Thus, the FY22 Earnout Base equals approximately negative \$5,770,000 [\$289,660,000 - \$295,440,000]. The FY22 Earnout is calculated at 20% of the FY22 Earnout

Base, which means the **FY22 Earnout is approximately negative \$1,150,000.** Pursuant to section 4(d) of the Earnout Agreement, the FY22 Earnout equals zero for purposes of OpCo's payment if the calculation equals an amount is less than zero.



The sum of the FY21 Earnout plus the FY22 Earnout is approximately \$56,540,000, which is \$57,690,000 minus \$1,150,000. Because the sum of the FY21 Earnout and the FY22 Earnout is less than \$110,000,000, the Unsecured Claims Earnout Pool cannot be funded. **Therefore, the amount of the Unsecured Claims Earnout Pool is zero and Classes 6, 7, and 8 will not receive any distribution from the Unsecured Claims Earnout Pool.** This means that Class 8 General Unsecured Claims, which cannot recover from the Wind-Down Reserve either, will not receive any distribution.

IV. Conclusion

Class 4 Claims: Class 4 Claims were Allowed in an aggregate total of \$1,571,414,062.50. The Wind-Down Debtors estimate that after all estate expenses are paid, the Wind-Down Reserve will contain a remainder balance between \$0 and \$29,000,000. Any further distribution to holds of Claims in Class 4 will constitute the entirety of the Wind-Down Reserve and will not pay Class 4 Claims in full.

Class 6 Claims: Because Class 4 Claims cannot be paid in full, Class 6 Claims will not be paid any funds from the Wind-Down Reserve. Because the sum of the FY21 Earnout plus the FY22 Earnout (the "Earnout Calculation") does not exceed \$110,000,000.00, the Plan provides that the Unsecured Claims Earnout Pool cannot be funded. Therefore, Class 6 Claims will not receive any funds from the Unsecured Claims Earnout Pool. Holders of Class 6 Claims will receive no further recovery under the Plan.

Class 7 Claims: Because Class 4 Claims cannot be paid in full, Class 7 Claims will not be paid any funds from the Wind-Down Reserve. Because the Earnout Calculation does not exceed \$110,000,000, the Plan provides that the Unsecured Claims Earnout Pool cannot be funded. Therefore, Class 7 Claims will not receive any funds from the Unsecured Claims Earnout Pool. Holders of Class 7 Claims will receive no further recovery under the Plan.

Class 8 Claims: Because Class 4 Claims cannot be paid in full, Class 8 Claims will not be paid any funds from the Wind-Down Reserve. Because the Earnout Calculation does not exceed \$110,000,000, the Plan provides that the Unsecured Claims Earnout Pool cannot be funded. Therefore, Class 8 Claims will not receive any funds from the Unsecured Claims Earnout Pool.

There will be no distribution to holders of Class 8 General Unsecured Claims. If you hold a Class 8 General Unsecured Claim against J. C. Penney, you will not receive any payment on account of your Claim. If you filed a Proof of Claim, or if you have signed a stipulation or a settlement agreement with J. C. Penney regarding your Claim, you will not receive any payment on account of that Claim.

Copies of this Final Report, the Plan, the Confirmation Order, the APA, and other bankruptcy filings are available at J. C. Penney's restructuring website at <https://cases.ra.kroll.com/JCPenney>. If you have any questions about this notice or your claim(s) against J. C. Penney, you may contact the Claims Agent, Kroll Restructuring Administration LLC, at 877-720-6576 or 646-979-4417. Please note that the attorneys at Jackson Walker LLP and Kirkland & Ellis LLP represent J. C. Penney with respect to these chapter 11 cases and cannot provide you with legal advice.

Respectfully Submitted,
November 17, 2023

/s/ Victoria Argeroplos

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Co-Counsel to the Wind-Down Debtors

Certificate of Service

I certify that on November 17, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. I further certify that I emailed a copy of the foregoing document to Sherrene Cook at her gmail address.

/s/ Victoria Argeroplos
Victoria Argeroplos

Exhibit A
Fiscal Year 2021 ANMAP Report

Penney Borrower LLC**Average Net Merchandise Accounts Payable (ANMAP) Report**

(\$ in millions)	OBS*	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Average
200101 - Accounts Payable Merchandise	30.00	174.37	237.00	190.79	147.04	148.61	169.65	291.57	312.58	295.00	285.86	172.74	63.59	207.40
200102 - Accounts Payable Other	-	-	-	-	-	-	-	-	-	0.17	0.17	0.20	0.24	0.06
200105 - Accts Pay Trans Intra Division	-	0.71	0.62	0.86	0.82	0.69	1.61	-	2.03	1.67	4.25	1.32	1.54	1.34
200106 - Accts Pay Vendor Funded Training	2.00	-	-	-	-	-	-	-	-	(0.80)	-	-	-	(0.07)
200113 - Vendor Debit Balance Reserve	6.00	7.06	6.00	4.51	4.51	6.22	4.95	5.15	5.36	5.28	5.64	4.85	5.25	5.40
200114 - Puerto Rico Accounts Payable	1.00	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
200130 - Retired Receiving Pending	(6.00)	(1.72)	(0.84)	(0.72)	(0.72)	(0.78)	(0.90)	(1.36)	(1.61)	(2.19)	(2.10)	(2.10)	(2.10)	(1.43)
200151 - A_P Return to Vendor	-	-	(0.57)	(1.78)	(1.56)	(1.57)	(0.74)	(3.00)	(3.25)	0.15	0.06	(1.51)	(1.36)	(1.26)
200206 - A_P Merchandise Accrual	30.00	32.46	16.01	(9.91)	-	18.61	45.02	7.78	(19.75)	(14.99)	12.10	34.53	43.94	13.82
200207 - JDEALS Defective Holding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200245 - Unfavorable IPV Holding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200246 - Consignment Trade Payables	6.00	4.28	5.86	6.39	4.50	4.16	1.49	6.29	6.06	4.28	8.87	5.36	5.69	5.27
200251 - First Cost Import Trade Payable	35.00	122.63	141.96	116.74	96.71	105.38	134.57	161.16	170.77	110.36	88.90	132.58	149.61	127.62
200252 - Import Freight Trade Payable	3.00	3.70	4.25	2.48	3.34	3.75	4.55	7.00	8.71	6.33	4.31	6.10	7.65	5.18
200253 - Import Duty Trade Payable	26.00	29.64	32.69	27.93	23.98	21.96	28.19	37.84	39.35	34.76	29.26	31.11	37.65	31.20
200255 - Import Buying Trade Payable	-	-	-	-	-	-	-	-	-	-	0.04	0.03	0.03	0.01
200260 - Debit Balance Transfers	-	-	-	-	-	-	-	-	-	(0.00)	(3.67)	-	-	(0.31)
200261 - Deposits To Offset Debit Balances	1.00	-	-	-	-	-	-	-	-	0.08	(0.50)	(1.65)	0.30	(0.15)
200299 - Warranty Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merchandise Accounts Payable	134.00	373.66	443.48	337.79	279.13	307.53	388.92	512.93	520.77	440.61	433.70	384.07	312.54	394.59
Merchandise Accounts Payable Prepayments	127.00	197.00	174.00	81.00	99.80	90.80	80.80	84.25	111.25	113.15	62.15	49.55	46.10	99.15
Net Merchandise Accounts Payable	7.00	176.66	269.48	256.79	179.33	216.73	308.12	428.68	409.52	327.46	371.55	334.52	266.43	295.44

* Net Merchandise Accounts Payable as of the OpCo Closing Date (12/7/20)

Average Net Merchandise Accounts Payable	295.44
Less: Net Merchandise Accounts Payable as of the OpCo Closing Date	7.00
FY21 Earnout Base	288.44
	20.0%
FY21 Earnout	57.69

LIQUIDITY

(\$ in millions)	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Average
Ending Cash Balance	447	433	528	493	611	731	560	354	269	644	396	252	477
ABL Availability	998	1,031	1,018	1,014	963	959	921	1,037	1,244	1,258	1,214	995	1,054
Total Liquidity	1,445	1,464	1,546	1,507	1,574	1,690	1,481	1,391	1,513	1,902	1,610	1,247	1,531

Exhibit B
Fiscal Year 2022 ANMAP Report

Penney Borrower LLC**Average Net Merchandise Accounts Payable (ANMAP) Report**

(\$ in millions)	Fiscal 2021	Fiscal 2022												Fiscal 2022
	Average	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Average
200101 - Accounts Payable Merchandise	207.4	146.89	269.03	247.90	154.13	221.44	207.41	389.95	384.85	367.00	305.60	183.60	198.10	256.33
200102 - Accounts Payable Other	0.1	0.30	0.21	0.02	0.10	0.16	0.05	0.06	0.07	-	0.90	0.10	0.20	0.18
200105 - Accts Pay Trans Intra Division	1.3	2.11	2.57	1.32	2.13	1.14	1.43	1.20	1.25	1.00	3.50	0.30	1.20	1.60
200106 - Accts Pay Vendor Funded Training	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
200113 - Vendor Debit Balance Reserve	5.4	2.76	2.13	2.04	2.38	3.28	2.97	2.38	2.82	4.00	4.00	5.50	9.60	3.66
200114 - Puerto Rico Accounts Payable	0.5	0.51	0.51	0.51	0.51	0.51	0.86	0.86	0.86	1.00	0.90	0.90	0.90	0.73
200130 - Retired Receiving Pending	(1.4)	(2.13)	(2.16)	(3.75)	(3.71)	(3.70)	(5.79)	(5.79)	(5.52)	(6.00)	(5.50)	(5.50)	(4.10)	(4.47)
200151 - A_P Return to Vendor	(1.3)	(4.65)	(6.17)	(0.85)	(1.73)	(3.22)	(1.74)	(1.59)	(2.68)	(2.00)	(1.80)	(1.70)	(0.50)	(2.39)
200206 - Invoice to Receipt Variance	13.8	(1.79)	(15.75)	(7.52)	(13.70)	(6.76)	(7.67)	(63.82)	(82.55)	(46.00)	(5.30)	4.30	(13.80)	(21.70)
200207 - JDEALS Defective Holding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200245 - Unfavorable IPV Holding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200246 - Consignment Trade Payables	5.3	7.74	8.09	3.01	3.09	4.43	2.18	3.27	2.16	1.00	1.20	1.40	0.40	3.16
200251 - First Cost Import Trade Payable	127.6	130.73	115.11	132.41	118.54	165.31	208.43	161.08	117.10	42.00	90.10	45.40	32.60	113.23
200252 - Import Freight Trade Payable	5.2	8.13	4.46	5.15	5.58	7.34	8.00	7.85	3.41	4.00	6.40	8.20	11.20	6.64
200253 - Import Duty Trade Payable	31.2	47.83	41.37	32.87	29.98	35.38	43.67	46.55	31.34	17.00	16.60	22.70	28.00	32.78
200255 - Import Buying Trade Payable	0.0	0.03	0.01	0.01	0.03	0.02	0.01	0.02	0.01	-	-	0.10	-	0.02
200260 - Debit Balance Transfers	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-
200261 - Deposits To Offset Debit Balances	(0.1)	2.23	0.46	0.01	0.00	0.21	0.06	0.09	0.24	-	0.10	0.40	-	0.32
200299 - Warranty Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merchandise Accounts Payable	394.6	340.68	419.89	413.12	297.34	425.55	459.87	542.12	453.36	383.00	416.70	265.70	263.80	390.09
Merchandise Accounts Payable Prepayments and Deposits	99.2	143.02	133.41	138.86	121.74	123.25	112.53	71.90	75.50	73.48	73.48	69.00	69.00	100.43
Net Merchandise Accounts Payable	295.4	197.66	286.48	274.26	175.60	302.29	347.35	470.22	377.86	309.52	343.22	196.70	194.80	289.66

Average Net Merchandise Accounts Payable 289.66

FY21 Earnout Base 295.44

(5.77)

20.0%

(1.15)

FY22 Earnout Payment Due -

LIQUIDITY

(\$ in millions)	Average	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Average
Ending Cash Balance	476	307	172	147	155	132	157	121	110	121	175	328	151	173
ABL Availability	1,044	1,182	1,219	1,230	1,510	1,510	1,504	1,504	1,547	1,547	1,547	1,547	1,548	1,450
Total Liquidity	1,520	1,489	1,391	1,377	1,665	1,642	1,661	1,625	1,657	1,668	1,722	1,875	1,699	1,623

Exhibit C
Comparison of Estimated Recoveries

SUMMARY OF EXPECTED RECOVERIES						
Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Projected Amount of Claims as of October 26, 2020 (as stated in the Disclosure Statement)	Amount of Allowed Claims as of November 1, 2023	Projected Recovery as of October 26, 2020 (as stated in the Disclosure Statement)	Projected Recovery as of November 1, 2023
4	First Lien Claims	(i) Each holder's Credit Bid Pro Rata share of the Credit Bid Distribution, subject to dilution under the Plan and (b) Its Pro Rata share of any cash remaining in the Wind-Down Reserve, Professional Fee Escrow, Administrative / Priority Claims Reserve, once all Allowed Claims entitled to payment therefrom have been satisfied and no Disputed Claims that may be entitled to payment from such sources remain to be adjudicated.	\$1,571,414,063	\$1,571,414,063	0 - 6.4%	1. Credit Bid Distributions (totaling \$100,000,000), including approximately \$8,700,000 in cash 2. \$30,000,000 interim cash distribution to be made from Wind-Down Reserve 3. Remaining cash in Wind-Down Reserve, expected to be between \$0 and \$29,000,000 (8.3% - 10.1%)

6	Second Lien Notes Claims	Each holder's Pro Rata share (taken together with the Unsecured Notes Claims and General Unsecured Claims) of any cash remaining in the Wind-Down Reserve once all Allowed Claims entitled to payment therefrom have been satisfied, no Disputed Claims that may be entitled to payment from such sources remain to be adjudicated, and all First Lien Claims have been satisfied in full.	\$405,765,753	\$524,925,000	< 1%	\$1,500,000 (0.2858%)
7	Unsecured Notes Claims	Each holder's Pro Rata share (taken together with the Second Lien Notes Claims and General Unsecured Claims) of any cash remaining in the Wind-Down Reserve once all Allowed Claims entitled to payment therefrom have been satisfied, no Disputed Claims that may be entitled to payment from such sources remain to be adjudicated, and all First Lien Claims and Second Lien Notes Claims have been satisfied in full.	\$1,346,126,461	\$1,346,360,131.29	< 1%	\$750,000 (0.0557%)

8 ¹	General Unsecured Claims	Each holder's Pro Rata share (taken together with the Second Lien Notes Claims and Unsecured Notes Claims) of any cash remaining in the Wind-Down Reserve once all Allowed Claims entitled to payment therefrom have been satisfied, no Disputed Claims that may be entitled to payment from such sources remain to be adjudicated, and all First Lien Claims have been satisfied in full.	\$710,090,918	\$2,763,346,879	< 1%	\$0 (0%)
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¹ The Disclosure Statement originally contemplated bifurcating Class 8 Claims into two sub-classes. However the confirmed Plan classified all General Unsecured Claims into Class 8, except for Class 7 Unsecured Notes Claims.