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News Release

JCPENNEY REPORTS STRONG SEPTEMBER SALES

Comparable Store Sales Increase 8.7 Percent

Direct Sales Increase 11.8 Percent; Internet Sales Increase 36 Percent

Management Raises Third Quarter and Full Year Earnings Guidance

PLANO, Texas, Oct. 5, 2006 -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 10.2 percent for the five weeks ended Sept. 30, 2006, and comparable store sales increased 8.7 percent, well ahead of initial guidance for the month. In last year's September period, comparable store sales increased 1.4 percent. Sales were strong across all apparel and accessory categories, with the best divisional performances in fine jewelry, children's and men's. Geographically, all regions had comparative store sales gains, with the best results in the northeast and central regions.

Direct sales in total increased 11.8 percent for the period, also well ahead of initial guidance. In the same period last year, Direct sales increased 0.4 percent. Internet sales through www.jcp.com continue to represent the Company's fastest growing sales channel, increasing approximately 36 percent in September on top of a 30 percent increase last year.

Sales Outlook

As noted previously, management believes it is prudent to take a cautious view of the consumer environment, as evidenced by continuing softness in big ticket home categories. Accordingly, management expects both comparable department store and Direct sales to increase low single digits in the four week October period. In last year's October period, comparable department store sales increased 2.4 percent and Direct sales declined 2.9 percent.

This week, the Company is opening 20 new stores in markets throughout the United States, with the majority of the stores built in the successful new off-mall format. This represents a first step in the acceleration of the Company's store opening program. In total, the Company will open 28 new stores in 2006, and has announced plans to open an additional 150 new and relocated stores in the 2007 to 2009 time period.

Earnings Guidance

As a result of sales and profit trends through the first nine weeks of the quarter exceeding initial expectations, management is raising third quarter guidance for earnings from continuing operations to \$1.11 per share, an increase of \$0.04 per share from previous guidance. Incorporating the current increase, full year earnings from continuing operations are now expected to be approximately \$4.61 per share compared to previous guidance of \$4.57 per share.

Preliminary September Sales Summary

(\$ in millions)

	Period ended		% Increase			
			All Stores		Comp Stores	
	Sept 30, 2006	Oct 1, 2005	2006	2005	2006	2005
<u>5 Weeks</u>						
Department stores	\$ 1,378	\$ 1,251	10.2	1.9	8.7	1.4
Direct	284	254	11.8	0.4		
Total Company	\$ 1,662	\$ 1,505	10.4	1.6		
<u>9 Weeks</u>						
Department stores	\$ 2,764	\$ 2,627	5.2	2.9	3.9	2.2
Direct	479	448	6.9	0.0		
Total Company	\$ 3,243	\$ 3,075	5.5	2.4		
<u>35 Weeks</u>						
Department stores	\$ 9,930	\$ 9,476	4.8	3.8	3.9	3.0
Direct	1,771	1,698	4.3	4.5		
Total Company	\$ 11,701	\$ 11,174	4.7	3.9		

Sales Conference Call Recording (8:00 a.m. ET) – (402) 220-5662

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About JCPenney

J. C. Penney Corporation, Inc., the wholly owned operating subsidiary of J. C. Penney Company, Inc., is one of America's largest department store, catalog, and e-commerce retailers, employing approximately 151,000 associates. As of July 29, 2006, J. C. Penney Corporation, Inc. operated 1,021 JCPenney department stores throughout the United States and Puerto Rico. JCPenney is the nation's largest catalog merchant of general merchandise, and jcp.com is one of the largest apparel and home furnishings sites on the Internet. JCPenney refers to the Internet/catalog business as Direct.

This release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, which reflect the Company's current views of future events and financial performance, involve known and unknown risks and uncertainties 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, competition, consumer demand, seasonality, economic conditions, including the price and availability of oil and natural gas, changes in interest rates, changes in management, retail industry consolidations, government activity, and acts of terrorism or war. Please refer to the Company's most recent Form 10-K and subsequent filings for a further discussion of risks and uncertainties. Investors should take such risks into account when making investment decisions. We do not undertake to update these forward-looking statements as of any future date. In addition, non-GAAP terms referenced are defined and presented in the Company's most recent annual report on Form 10-K.

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