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News Release

JCPENNEY REPORTS AUGUST SALES

Comparable Department Store Sales Increase 2.8 Percent

PLANO, Texas, September 1, 2005 -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 3.7 percent, while comparable store sales increased 2.8 percent for the four weeks ended August 27, 2005. Comparable store sales were in line with previous guidance of a low-single digit increase, and come on top of a 4.1 percent increase in last year's August period. The best performing merchandise categories for the month were women's accessories and fine jewelry, home furnishings and family shoes. In addition, back to school categories contributed solid results, representing the fifth consecutive year of positive comparable store sales in this important selling season. From a geographical perspective, sales were strongest in the southeast and western regions of the country.

Direct (catalog/Internet) sales were flat, which was in line with previous guidance, and compared to a 6.0 percent increase in last year's August period. Sales for jcpenney.com increased nearly 30 percent for the month, on top of a 35 percent increase last August.

September Sales Guidance

For the month of September, the company expects comparable department store sales to increase low-single digits compared to an increase of 1.8 percent in the same period last year. Direct (catalog/Internet) sales are expected to be about flat versus a 3.3 percent increase last September, with continued strength coming from jcpenney.com.

Preliminary Sales Summary

(\$ in millions)

	Period ended		% Increase/(Decrease)			
			All Stores		Comp Stores	
	Aug. 27, 2005	Aug. 28, 2004	Aug. 27, 2005	Aug. 28, 2004	Aug. 27, 2005	Aug. 28, 2004
<u>4 Weeks</u>						
Department stores	\$1,376	\$1,327	3.7	4.2	2.8	4.1
Direct	194	194	0.0	6.0		
Total Company	<u>\$1,570</u>	<u>\$1,521</u>	3.2	4.4		
<u>30 Weeks</u>						
Department stores	\$8,225	\$7,900	4.1	7.2	4.1	7.3
Direct	1,444	1,371	5.3	3.1		
Total Company	<u>\$9,669</u>	<u>\$9,271</u>	4.3	6.5		

Capital Structure Repositioning Update

The company repurchased approximately 3.5 million shares of common stock during the four weeks ended August 27, 2005, bringing total fiscal 2005 repurchases to approximately 23.7 million shares of common stock for about \$1.2 billion. The company has now completed more than 75 percent of the aggregate \$4.15 billion share repurchase programs authorized since 2004, and continues to expect to complete the existing programs by the end of fiscal 2005.

Sales Conference Call Recording (8:00 a.m. Eastern) – (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 150,000 associates. As of July 30, 2005, J. C. Penney Corporation, Inc. operated 1,015 JCPenney department stores throughout the United States and Puerto Rico. JCPenney is the nation's largest catalog merchant of general merchandise, and jcpenny.com is one of the largest apparel and home furnishings sites on the Internet.

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 oil prices, changes in management, retail industry consolidations, acts of terrorism or war, and government activity. 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. In addition, non-GAAP terms referenced, such as EBITDA and free cash flow, are defined and presented in the Company's 2004 Annual Report on Form 10-K. We do not undertake to update these forward-looking statements as of any future date.

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