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News Release

JCPENNEY REPORTS 4.9 PERCENT INCREASE IN JULY COMPARABLE STORE SALES

jcp.com Sales Increased 21 Percent

Management Raises Second Quarter EPS Guidance to \$0.71 Per Share

PLANO, Texas, Aug. 3, 2006 -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 5.5 percent for the four weeks ended July 29, 2006. On a comparable store basis, sales increased 4.9 percent, on top of a 1.6 percent increase in last year's period. All merchandise divisions had sales gains, with the best divisional performances in family shoes, women's accessories and men's apparel. Geographically, all regions had sales gains with the best results in the western and southeastern regions of the country.

Internet sales through jcp.com continue to represent the Company's fastest growing sales channel, increasing approximately 21 percent in July on top of a 30 percent increase last year. Direct sales in total were flat for the period, consistent with previous guidance for sales to be flat-to-up slightly. Last year, Direct sales increased 4.0 percent.

August Sales Guidance

While the Company is entering the Back-To-School selling season with positive momentum, it continues to take a cautious approach toward future guidance given macroeconomic conditions. Accordingly, for the four-week August period, management guidance is for both comparable department store and Direct sales to increase slightly. In last year's August period, comparable department store sales increased 2.8 percent and Direct sales were flat.

Earnings Outlook

Based on sales and operating performance trends, management now expects second quarter earnings from continuing operations to be approximately \$0.71 per share, an increase of \$0.06 per share from previous guidance. This guidance reflects continued improvement in operating performance coupled with lower net interest expense. Management will address guidance for the back half of the year in the second quarter earnings release and conference call on Aug. 10.

Preliminary July Sales Summary

(\$ in millions)

	Period ended		% Increase			
			All Stores		Comp Stores	
	Jul 29, 2006	Jul 30, 2005	2006	2005	2006	2005
<u>4 Weeks</u>						
Department stores	\$ 1,057	\$ 1,002	5.5	2.3	4.9	1.6
Direct	182	182	0.0	4.0		
Total Company	\$ 1,239	\$ 1,184	4.6	2.6		
<u>13 Weeks</u>						
Department stores	\$ 3,631	\$ 3,390	7.1	5.1	6.6	4.2
Direct	607	591	2.7	7.1		
Total Company	\$ 4,238	\$ 3,981	6.5	5.4		
<u>26 Weeks</u>						
Department stores	\$ 7,166	\$ 6,849	4.6	4.2	3.9	3.5
Direct	1,292	1,250	3.4	6.2		
Total Company	\$ 8,458	\$ 8,099	4.4	4.5		

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

Second Quarter Earnings Conference Call

Senior management will host a live conference call and real-time webcast on Aug. 10, 2006, beginning at 9:30 a.m. ET to discuss second quarter earnings. Access to the conference call is open to the press and general public in a listen only mode. To access the conference call, please dial **973-935-2035** and reference the JCPenney Quarterly Earnings Conference Call. The telephone playback will be available for two days beginning approximately two hours after the conclusion of the call by dialing **973-341-3080**, pin code **6939847**. The live webcast may be

accessed via JCPenney's Investor Relations page at www.jcpenny.net or on www.streetevents.com (for members) and www.fulldisclosure.com (for media and individual investors). Replays of the webcast will be available for up to 90 days after the event.

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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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