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News Release

JCPENNEY REPORTS 4.3 PERCENT INCREASE IN JUNE COMPARABLE STORE SALES

Direct Sales Increase 6.0 Percent, with jcp.com Sales Increasing 27 Percent

Management Raises Second Quarter EPS Guidance to \$0.65 Per Share

PLANO, Texas, July 6, 2006 -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 5.0 percent for the five weeks ended July 1, 2006. On a comparable store basis, sales increased 4.3 percent, on top of a 7.4 percent increase in last year's period. All merchandise divisions had sales gains, with the best divisional performances in children's, fine jewelry and women's accessories. Additionally, men's and women's casual sportswear performed well. Geographically, all regions had sales gains with the best results in the western and southeastern regions of the country.

Direct sales increased 6.0 percent during the period on top of a 9.1 percent increase last year. Internet sales through jcp.com continue to represent the Company's fastest growing sales channel, increasing approximately 27 percent in June, on top of a 40 percent increase last year.

July Sales Guidance

For the four-week July period, management expects comparable department store sales to increase low single digits and Direct sales to be flat to up slightly. In last year's July period, comparable department store and Direct sales increased 1.6 percent and 4.0 percent, respectively.

Earnings Outlook

Based on sales and operating performance trends through the June period, management is raising second quarter guidance for earnings from continuing operations to approximately \$0.65 per share, an increase of \$0.03 per share from previous guidance. This new guidance reflects improved operating profit as well as lower than anticipated net interest expense. With this increase, full year 2006 earnings from continuing operations are expected to be in the range of \$4.29 to \$4.39 per share.

Preliminary June Sales Summary

(\$ in millions)

	Period ended		% Increase			
			All Stores		Comp Stores	
	Jul 1, 2006	Jul 2, 2005	2006	2005	2006	2005
<u>5 Weeks</u>						
Department stores	\$ 1,386	\$ 1,320	5.0	8.1	4.3	7.4
Direct	229	216	6.0	9.1		
Total Company	\$ 1,615	\$ 1,536	5.1	8.2		
<u>9 Weeks</u>						
Department stores	\$ 2,573	\$ 2,387	7.8	6.3	7.3	5.3
Direct	425	409	3.9	8.5		
Total Company	\$ 2,998	\$ 2,796	7.2	6.6		
<u>22 Weeks</u>						
Department stores	\$ 6,108	\$ 5,846	4.5	4.5	3.8	3.8
Direct	1,110	1,068	3.9	6.6		
Total Company	\$ 7,218	\$ 6,914	4.4	4.9		

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 April 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, changes in credit card payment terms, seasonality, economic conditions, including the price and availability of oil and natural gas, 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. 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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