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# News Release

## **JCPENNEY REPORTS 11.1 PERCENT INCREASE IN MAY COMPARABLE STORE SALES**

**Direct Sales Increase 1.6 Percent, with jcp.com Sales Up 25 Percent**

**Management Raises Second Quarter EPS Guidance to \$0.62 Per Share**

**PLANO, Texas, June 1, 2006** -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 11.2 percent for the four weeks ended May 27, 2006. On a comparable store basis, sales increased 11.1 percent, well above guidance for a low single digit sales increase. In the same period last year, comparable store sales increased 2.9 percent. All merchandise divisions had at least high-single digit sales gains for the period with particularly strong results surrounding Mother's Day. The best divisional performance came from fine jewelry, women's accessories, children's apparel and family shoes. The Company also saw strength in apparel sales, particularly in women's dresses and casual sportswear categories. Geographically, all regions of the country generated double digit sales gains.

Direct sales increased 1.6 percent during the period surpassing initial guidance for sales to be about flat. In the same period last year, Direct sales increased 7.8 percent. Internet sales through [jcp.com](http://jcp.com) continue to represent the Company's fastest growing sales channel, increasing approximately 25 percent in May, on top of a 35 percent increase in last year's period.

### **June Sales Guidance**

For the month of June, management expects both comparable department store and Direct sales to increase slightly, given the strength last year. In last year's June period, comparable department store and Direct sales increased 7.4 percent and 9.1 percent, respectively.

## **Earnings Outlook**

While still early in the quarter, based on sales performance in the May period, management is raising guidance for earnings from continuing operations in the second quarter by \$0.02 per share to approximately \$0.62 per share, up from previous guidance of approximately \$0.60 per share.

### **Preliminary Sales Summary**

(\$ in millions)

	Period ended		% Increase			
			All Stores		Comp Stores	
	May. 27, 2006	May. 28, 2005	2006	2005	2006	2005
<b><u>4 Weeks</u></b>						
Department stores	\$ 1,187	\$ 1,067	11.2	4.3	11.1	2.9
Direct	196	193	1.6	7.8		
Total Company	\$ 1,383	\$ 1,260	9.8	4.9		
<b><u>17 Weeks</u></b>						
Department stores	\$ 4,722	\$ 4,526	4.3	3.6	3.6	2.8
Direct	881	852	3.4	6.0		
Total Company	\$ 5,603	\$ 5,378	4.2	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 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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