



## JCPENNEY REPORTS SEPTEMBER SALES

**PLANO, Texas, Oct. 11, 2007** – J. C. Penney Company, Inc. (NYSE:JCP) total department store sales decreased 1.2 percent for the five weeks ended Oct. 6, 2007. Comparable department store sales decreased 4.6 percent and total Direct sales decreased 8.5 percent, below management's most recent guidance for a low-single digit sales increase for both. Internet sales through [www.jcp.com](http://www.jcp.com) increased 6.4 percent for the month, on top of a 36 percent increase last year. In last year's September period, comparable department store and Direct sales increased 8.7 percent and 11.8 percent, respectively, representing one of the most difficult comparisons of the year.

Myron E. (Mike) Ullman, III, chairman and chief executive officer of JCPenney said, "JCPenney continues to execute its long-range plan initiatives to accelerate growth and achieve a position of leadership in the retail industry. While unseasonable weather in large areas of the country and the well-chronicled issues affecting the housing market impacted our sales for the September period, we are encouraged by the favorable response to our fall merchandise assortments in areas experiencing normal temperatures and the ongoing strength of key categories, such as fine jewelry.

"Based on our success during the recent Back-to-School season, we believe customers will continue to respond well to calendar-related or 'appointment shopping' events. For the upcoming holidays, we believe that we are well-positioned with our merchandise and promotional events to reinforce for our customers why we should be their preferred shopping choice."

For the month, the best performing merchandise categories were in fine jewelry and women's apparel and accessories, with continued strength in juniors, dresses, and intimate apparel, while

sales were softest in the home and children's divisions. Geographically, the best performing areas of the country were the southwest and northwest. Direct sales, which are heavily weighted toward home merchandise categories, also reflected weakness in the catalog business.

As part of its real estate growth strategy, the Company opened 22 new stores on Oct. 5, bringing total new store openings in 2007 to 44. With six more stores slated to open in the next few weeks, JCPenney will meet its goal of opening 50 new and relocated stores in 2007.

### **Sales and Earnings Outlook**

The following updated guidance takes into consideration operating performance during the first two months of the Company's fiscal third quarter, as well as the expected near-term continuation of the sales trends described above:

- October sales: Comparable department store sales are expected to increase low- to mid-single digits, and reflect a major promotional event in the first week of November that will be included in this year's October reporting period. Direct sales are expected to decrease low-single digits.
- Third quarter sales: Management now expects both comparable department store and Direct sales to decrease low-single digits.
- Third quarter earnings: The Company now expects earnings for the third quarter to be in the range of \$1.00 to \$1.04 per share, compared to the previous guidance of \$1.28 per share that had been included in full year earnings guidance.
- Fourth quarter: As is its normal practice, management will address fourth quarter earnings guidance when it reports third quarter earnings on Thursday, Nov.15.

## Preliminary September Sales Summary

(\$ in millions)

	Period ended		% Increase/(Decrease)			
			All Stores		Comp Stores	
	Oct 6, 2007	Sept 30, 2006	2007	2006	2007	2006
<u>5 Weeks</u>						
Department stores	\$ 1,362	\$ 1,378	(1.2)	10.2	(4.6)	8.7
Direct	260	284	(8.5)	11.8		
Total Company	\$ 1,622	\$ 1,662	(2.4)	10.4		
<u>9 Weeks</u>						
Department stores	\$ 2,723	\$ 2,764	(1.5)	5.2	(4.3)	3.9
Direct	462	479	(3.5)	6.9		
Total Company	\$ 3,185	\$ 3,243	(1.8)	5.5		
<u>35 Weeks</u>						
Department stores	\$ 10,211	\$ 9,930	2.8	4.8	0.3	3.9
Direct	1,716	1,771	(3.1)	4.3		
Total Company	\$ 11,927	\$ 11,701	1.9	4.7		

### ***Sales Conference Call Recording (8:30 a.m. ET) – (402) 220-5662***

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#### **About JCPenney**

JCPenney is one of America's leading retailers, operating 1,064 department stores throughout the United States and Puerto Rico, as well as one of the largest apparel and home furnishing sites on the Internet, [jcp.com](http://jcp.com), and the nation's largest general merchandise catalog business. Through these integrated channels, JCPenney offers a wide array of national, private and exclusive brands which reflect the Company's commitment to providing customers with style and quality at a smart price. Traded as "JCP" on the New York Stock Exchange, the Company posted revenue of \$19.9 billion in 2006 and is executing its strategic plan to be the growth leader in the retail industry. Key to this strategy is JCPenney's "Every Day Matters" brand positioning, intended to generate deeper, more emotionally driven relationships with customers by fully engaging the Company's 155,000 Associates to offer encouragement, provide ideas and inspire customers every time they shop with JCPenney.

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, general economic conditions, including inflation, consumer spending patterns and debt levels, the cost of goods, trade restrictions, changes in tariff, freight, paper and postal rates, changes in the cost of fuel and other energy and transportation costs, competition and retail industry consolidations, interest rate fluctuations, risks associated with war, an act of terrorism or pandemic, and a systems failure and/or security breach that results in the theft, transfer or unauthorized disclosure of customer, employee or Company information. 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.

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