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News Release

JCPENNEY REPORTS AUGUST SALES

Comparable Department Store Sales Decrease Slightly, Direct Sales Increase Slightly

Management Reaffirms Earnings Guidance

PLANO, Texas, Aug. 31, 2006 -- J. C. Penney Company, Inc. (NYSE:JCP) total department store sales increased 0.7 percent for the four weeks ended August 26, 2006. On a comparable store basis, sales decreased 0.5 percent, slightly below initial guidance and compared with a 2.8 percent increase last year. The best divisional performances were in women's accessories, particularly fashion jewelry and lingerie, fine jewelry and children's apparel and footwear. The Company experienced softer sales of big ticket items, particularly furniture, which was up against a stronger sales environment last year. Geographically, the best results were in the southeastern and western regions of the country. For the Back-to-School season to date, a period that runs from mid-July through early-September, sales have generally met the Company's expectations, with strength at the beginning of the season partially offset by softness in certain categories in August.

Internet sales through www.jcp.com continue to represent the Company's fastest growing sales channel, increasing approximately 16 percent in August on top of an increase of nearly 30 percent last year. Direct sales in total increased 0.5 percent for the period, in line with initial guidance.

Outlook

While sales for August were somewhat below expectations, underlying traffic and transaction trends continue to be favorable, and the Company remains confident in its positioning for the back half of the year. Accordingly, management is reaffirming its previous earnings guidance for the third and fourth quarters, with comparable department store and Direct sales both expected to increase low single digits in the five week September period. In last year's September period,

comparable department store and Direct sales increased 1.4 percent and 0.4 percent, respectively.

Preliminary August Sales Summary

(\$ in millions)

	Period ended		% Increase/ (Decrease)			
	Aug. 26, 2006	Aug. 27, 2005	All Stores		Comp Stores	
			2006	2005	2006	2005
<u>4 Weeks</u>						
Department stores	\$ 1,386	\$ 1,376	0.7	3.7	(0.5)	2.8
Direct	195	194	0.5	0.0		
Total Company	<u>\$ 1,581</u>	<u>\$ 1,570</u>	0.7	3.2		
 <u>30 Weeks</u>						
Department stores	\$ 8,552	\$ 8,225	4.0	4.1	3.2	4.1
Direct	1,487	1,444	3.0	5.3		
Total Company	<u>\$ 10,039</u>	<u>\$ 9,669</u>	3.8	4.3		

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

For further information, contact:

Investor Relations

Bob Johnson; (972) 431-2217; rvjohnso@jcpenney.com

Ed Merritt; (972) 431-8167; emerritt@jcpenney.com

Media Relations

Darcie Brossart; (972) 431-3400; dbrossar@jcpenney.com

Quinton Crenshaw; (972) 431-3400; gcrensa@jcpenney.com

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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