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News Release

JCPENNEY REPORTS 8.1 PERCENT COMPARABLE STORE SALES INCREASE

Internet Sales Grow 26 Percent

Third Quarter EPS Guidance Raised To \$1.22 Per Share

PLANO, Texas, Nov. 2, 2006 -- J. C. Penney Company, Inc. (NYSE:JCP) comparable department store sales increased 8.1 percent for the four weeks ended Oct. 28, 2006, well ahead of initial guidance for the month and compared with a 2.4 percent increase last year. Total department store sales increased 11.0 percent for the four weeks, including the positive impact from 28 new and relocated stores opened in 2006 - 20 of which opened on Oct. 6. The October store openings represent the first significant acceleration of the Company's store growth program that will add more than 175 new stores over the 2006 to 2009 time frame.

Sales in the October period were led by strong consumer demand for fall apparel and accessories, with the best overall merchandise performance in men's, children's and women's apparel categories. Geographically, all regions of the country generated consistent, strong comparable store sales gains. Management is pleased with sales results for its new product launches, including a.n.a, East 5th and JCPenney's new, exclusive beauty offering, Sephora, which launched in the first five stores on Oct. 6.

Internet sales through www.jcp.com continue to represent the Company's fastest growing sales channel, increasing approximately 26 percent in October, on top of a 20 percent increase last year. Total Direct sales increased 2.1 percent for the period, which was in line with guidance, and compared with a 2.9 percent decrease last year. The best performing categories in Direct were women's apparel and hard home merchandise.

November Sales Outlook

Management's outlook is for both comparable department store and Direct sales to increase low single digits for the four week November period ending Nov. 25, 2006. In last year's November period, comparable department store and Direct sales increased 3.6 percent and 2.5 percent, respectively.

Updated Third Quarter Earnings Guidance

While results for the third quarter have not been finalized, based on sales and operating performance trends, management is raising guidance for third quarter earnings from continuing operations to the area of \$1.22 per share, an increase of \$0.11 per share from previous guidance of \$1.11 per share, compared with \$0.94 per share in last year's third quarter. Management will address fourth quarter and full year earnings guidance in the Nov. 9 third quarter earnings release and conference call.

Preliminary October Sales Summary

(\$ in millions)

	Period ended		% Increase /(Decrease)			
			All Stores		Comp Stores	
	Oct. 28, 2006	Oct. 29, 2005	2006	2005	2006	2005
<u>4 Weeks</u>						
Department stores	\$ 1,298	\$ 1,169	11.0	2.7	8.1	2.4
Direct	240	235	2.1	(2.9)		
Total Company	\$ 1,538	\$ 1,404	9.5	1.7		
<u>13 Weeks</u>						
Department stores	\$ 4,062	\$ 3,796	7.0	3.0	5.2	2.5
Direct	719	683	5.3	(0.9)		
Total Company	\$ 4,781	\$ 4,479	6.7	2.4		
<u>39 Weeks</u>						
Department stores	\$ 11,228	\$ 10,645	5.5	3.8	4.4	3.0
Direct	2,011	1,933	4.0	3.5		
Total Company	\$ 13,239	\$ 12,578	5.3	3.7		

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

Third Quarter Earnings Conference Call

Senior management will host a live conference call and real-time webcast on Nov. 9, 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 6939848. The live webcast may be accessed via JCPenney's Investor Relations page at www.jcpenney.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 Oct. 28, 2006, J. C. Penney Corporation, Inc. operated 1,037 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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