

J C PENNEY CORP INC
Form S-4
November 18, 2002
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As filed with the Securities and Exchange Commission on November 18, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

J. C. PENNEY CORPORATION, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

5311
(Primary Standard Industrial Classification
Code Number)

13-5583779
I.R.S. Employer
Identification No.)

J. C. PENNEY COMPANY, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

26-0037077
(I.R.S. Employer
Identification No.)

C. R. Lotter, Esq.
Executive Vice President, Secretary and General Counsel
6501 Legacy Drive
Plano, Texas 75024-3698
Telephone: (972) 431-1000
Facsimile: (972) 431-1133
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent For Service)

J. C. PENNEY CORPORATION, INC.
J. C. PENNEY COMPANY, INC.
6501 Legacy Drive Plano, Texas 75024-3698
Telephone: (972) 431-1000
Facsimile: (972) 431-1133
(Name, Address, Including Zip Code, and Telephone Number,

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Including Area Code, of Registrant's Principal Executive Offices)

Copies to:

Christopher C. Paci, Esq.
SHEARMAN & STERLING
599 Lexington Avenue
New York, New York 10022
Telephone: (212) 848-4000
Facsimile: (646) 848-8515

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box."

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering."

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering."

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
9.000% Notes Due 2012	\$ 230,203,000	100%(3)	\$ 230,203,000	\$ 21,179

- (1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) of the Securities Act.
- (2) Calculated based upon the market value of the securities to be received by the registrants in accordance with Rule 457(f)(2) of the Securities Act.
- (3) Exclusive of accrued interest, if any.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION, DATED NOVEMBER 18, 2002

PRELIMINARY PROSPECTUS

JCPenney

J. C. Penney Corporation, Inc.

**Offer to Exchange \$230,203,000 of Its
9.000% Notes Due 2012**

(of which J. C. PENNEY COMPANY, INC. is Co-obligor)

for \$230,203,000 of Its Outstanding

9.000% Notes Due 2012

(of which J. C. PENNEY COMPANY, INC. is Co-obligor)

**This exchange offer will expire at 5:00 p.m.,
New York City time, on _____, 2003, unless extended.**

-
- . We are offering to exchange \$230,203,000 aggregate principal amount of notes due August 1, 2012, registered under the Securities Act of 1933, as amended (the Securities Act) (referred to in this prospectus as registered notes), for \$230,203,000 aggregate principal amount of outstanding 9.000% notes due August 1, 2012 issued in a private offering on July 26 and August 9, 2002 (referred to in this prospectus as outstanding 9.000% notes). The registered notes will mature on August 1, 2012.
 - . The terms of the registered notes will be substantially identical to the outstanding 9.000% notes, except that the registered notes will be registered under the Securities Act and will not be subject to transfer restrictions or registration rights. The outstanding 9.000% notes were issued in a private placement exemption from registration under the Securities Act.
 - . We will pay interest on the registered notes semi-annually on each February 1 and August 1, commencing on February 1, 2003.
 - . Subject to the terms of this exchange offer, we will exchange the registered notes for all outstanding 9.000% notes that are validly tendered and not withdrawn prior to 5:00 PM, New York City time, on _____, 2003, the date of the expiration of this exchange offer.
 - . The exchange of outstanding 9.000% notes for registered notes pursuant to this exchange offer will not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
 - . We will not receive any proceeds from this exchange offer.

SEE RISK FACTORS BEGINNING ON PAGE 12 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE REGISTERED NOTES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Each broker-dealer that receives registered notes for its own account in exchange for outstanding 9.000% notes, where those outstanding 9.000% notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the registered notes. See Plan of Distribution in this prospectus.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this prospectus is _____, 2002.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the registered notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations, and prospectus may have changed since that date.

This exchange offer is not being made to, and we will not accept surrenders for exchange from, holders of outstanding 9.000% notes in any jurisdiction in which this exchange offer or the acceptance of this exchange offer would violate the securities or blue sky laws of that jurisdiction.

Unless the context otherwise requires, as used in this prospectus:

- the terms JCPenney, our, or we refer to the combined entities of J. C. Penney Corporation, Inc., its parent (J. C. Penney Company, Inc.) and its subsidiaries;
- the term outstanding 9.000% notes refers to the 9.000% notes due 2012 that we issued in a private offering on July 26, 2002 and August 9, 2002;
- the term registered notes refers to the 9.000% notes due 2012 that we registered under the Securities Act and that we are offering in exchange for the outstanding 9.000% notes; and
- the term outstanding 9.000% notes refers to the outstanding 9.000% notes and the registered notes, collectively.

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the SEC. Our filings with the SEC are available on the Internet at the SEC's EDGAR website at <http://www.sec.gov>. You may read and copy any document that we file with the SEC at the SEC's public reference rooms at the following address:

450 Fifth Street, N.W., Room 1024
Washington, D.C. 20549

You can call the SEC at 1-800-SEC-0330 for more information about the public reference rooms and their copy charges. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information that we file with the SEC and which is not included in or delivered with this prospectus. This means that we can disclose important information to you by referring you to information and documents that we have filed with the SEC. Any information that we refer to in this manner is considered part of this prospectus. Any information that we file with the SEC after the date of this prospectus will automatically update and supersede the corresponding information contained in this prospectus.

We are incorporating by reference the following documents that we have previously filed with the SEC:

J. C. Penney Company, Inc. (our parent company)

- Its annual report on Form 10-K for the fiscal year ended January 26, 2002;
- Its 2002 proxy statement filed on April 9, 2002;
- Its quarterly reports on Form 10-Q for the quarters ended April 27, 2002, and July 27, 2002; and
- Its current reports on Form 8-K dated May 31, 2002, June 26, 2002, June 26, 2002, July 10, 2002, July 11, 2002, July 25, 2002, August 9, 2002, August 13, 2002 and September 6, 2002.

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J. C. Penney Funding Corporation

Its annual report on Form 10-K for the fiscal year ended January 26, 2002;
Its quarterly reports on Form 10-Q for the quarters ended April 27, 2002 and July 27, 2002; and
Its current reports on Form 8-K dated September 6, 2002.

We are also incorporating by reference any future filings that we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus. In no event, however, will any of the information that we disclose under Item 9 of any Current Report on Form 8-K that we may from time to time file with the SEC be incorporated by reference into, or otherwise included in, this prospectus.

You may request a free copy of any documents referred to above, including exhibits specifically incorporated by reference in those documents, by contacting us at the following address and telephone number:

J. C. Penney Corporation, Inc.
P. O. Box 10001
Dallas, Texas 75301
Telephone: (972) 431-2207
Attention: Investor Relations

If you would like to request documents, please do so by no later than _____, 2002 in order to receive the documents before this exchange offer expires on _____, 2002.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the section entitled Summary, and the documents incorporated herein by reference contain forward-looking statements. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include, among other things, those listed above in Risk Factors and elsewhere in this prospectus and the documents incorporated herein by reference. In some cases, you can identify forward-looking statements by terminology such as may, should, expects, intends, plans, anticipates, believes, estimates, predicts, potential, continue, or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined above in Risk Factors. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this prospectus.

We also used other factors and assumptions not identified above in deriving the forward-looking statements. Our failure to realize these other assumptions or the impact of the other factors may also cause actual results to differ materially from those projected.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. You are cautioned not to rely on the forward-looking statements, which speak only as of the date of this prospectus. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and may not contain all of the information that is important to you. You should read the entire prospectus carefully, including the Risk Factors section and financial statements and notes to these statements contained or incorporated by reference in this prospectus, to understand fully the terms of the registered notes, the exchange offer and our company.

Company Overview

JCPenney was founded by James Cash Penney in 1902 and has grown to be a major retailer, operating approximately 1,068 JCPenney department stores in all 50 states, Puerto Rico and Mexico. In addition, we operate approximately 54 Renner department stores in Brazil. The major portion of our business consists of providing merchandise and services to customers through department stores, catalog departments and the Internet. The catalog and Internet business processes about 30 million customer orders annually. We market predominantly family apparel, jewelry, shoes, accessories and home furnishings.

In addition, through our subsidiary Eckerd Corporation, we operate a chain of approximately 2,642 drugstores located throughout the Southeast, Sunbelt, and Northeast regions of the United States. Eckerd drugstores sell prescription drugs as well as general merchandise items such as over-the-counter drugs, beauty products, photo processing services, greeting cards and convenience food. We have developed a business plan designed to rebuild our Eckerd drugstore business, which establishes 2003 financial targets for Eckerd. These financial targets anticipate growth in sales volume in 2003 approaching \$16.5 billion and EBIT, calculated on a first-in, first out basis, reaching 4 to 4.5 percent of sales; the plan envisions improvements in both gross margin and selling, general and administrative expenses to more competitive levels. Reaching these targets, Eckerd would generate EBITDA of approximately \$1 billion for the period. Financial analysts currently value drugstore companies based on, among other things, multiples of EBITDA. Using this methodology, we believe Eckerd's gross enterprise value or equity value plus debt could approximate \$8 billion to \$11 billion in 2003, if the targets are achieved.

On January 27, 2002, J. C. Penney Company, Inc. was reorganized into a holding company structure. As part of this restructuring, the former J. C. Penney Company, Inc. changed its name to J. C. Penney Corporation, Inc. and became a wholly-owned subsidiary of a newly formed affiliated holding company. The new holding company assumed the name J. C. Penney Company, Inc., and is referred to in this prospectus as the Co-Obligor. J. C. Penney Corporation, Inc. is referred to in this prospectus as the Issuer. Shares of common and preferred stock of the Issuer outstanding as of January 27, 2002 were automatically converted into the identical number and type of shares of common and preferred stock of the Co-Obligor. Shares of common stock of 50¢ par value of the Co-Obligor remain publicly traded under the same symbol (JCP) on the New York Stock Exchange.

The Co-Obligor is a co-obligor on the outstanding 9.000% notes as well as the registered notes being offered in exchange for the outstanding 9.000% notes and, along with the Issuer, is liable for the payment of principal, premium (if any) and interest thereon. The Issuer is a wholly-owned subsidiary of the Co-Obligor. The Co-Obligor is a holding company that derives its operating income and cash flow from the Issuer. The Co-Obligor is the sole stockholder of the Issuer and the Issuer is the Co-Obligor's sole significant asset and only direct subsidiary. The Co-Obligor is also the co-obligor or guarantor, as the case may be, on all other outstanding debt of the Issuer which has been registered with the Securities and Exchange Commission, referred to in this prospectus as the SEC. The Co-Obligor and its consolidated subsidiaries, including the Issuer, are collectively referred to in this prospectus as we, us, our, JCPenney or the Company, unless indicated otherwise.

Our principal offices are located at 6501 Legacy Drive, Plano, Texas 75024-3698. Our telephone number is (972) 431-1000. We maintain a web site on the Internet at www.jcpenny.net. Our web site, and the information contained on it, are not to be considered part of this prospectus.

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The following financial information should be read in conjunction with the financial information contained in the Issuer's quarterly report on Form 10-Q for the 13 and 39 weeks ended October 27, 2001, incorporated by reference herein.

Summary of operating results of the Company for the 39 weeks ended October 27, 2001 and October 26, 2002 is as follows:

	39 Weeks Ended	
	Oct. 27, 2001	Oct. 26, 2002⁽¹⁾
	(unaudited) (Dollars in millions except per share data)	
Total retail sales		
Department stores and catalog	\$ 12,277	\$ 11,939
Eckerd drugstores	10,185	10,859
Total	22,462	22,798
Margins and expenses		
Gross margin LIFO		
Department stores and catalog	4,279	4,400
Eckerd drugstores	2,275	2,490
Total	6,554	6,890
Selling, general and administrative expenses		
Department stores and catalog	3,987	4,051
Eckerd drugstores	2,153	2,238 ⁽²⁾
Total	6,140	6,289
Other unallocated	9	19
Net interest expense	285	291
Acquisition amortization	73	25 ⁽³⁾
Restructuring and other, net	14	
Income from continuing operations before income taxes	33	266
Income taxes	14	97
Income from continuing operations	19⁽⁴⁾	169⁽⁴⁾
Gain/(loss) on sale of discontinued operations, net of tax	(16)	34
Net income	\$ 3⁽⁴⁾	\$ 203⁽⁴⁾
Earnings/(loss) per share from continuing operations	\$ (0.01)	\$ 0.55
Net income/(loss) per share	\$ (0.07)	\$ 0.68

- (1) Our business depends to a great extent on the last quarter of the year. Historically, sales for that period have averaged approximately one-third of annual sales. Accordingly, results for the 39 weeks ended October 26, 2002 are not necessarily indicative of results for the entire year.
- (2) Includes a \$3 million non-recurring gain.
- (3) Effective in fiscal 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets", which eliminates the amortization of goodwill. This change increased earnings per share by \$0.16 for the 39 weeks ended October 26, 2002.
- (4) Amounts available to common stockholders are \$22 million and \$20 million lower than the amounts shown for the 39 weeks ended October 27, 2001 and October 26, 2002, respectively, because of preferred dividends.

Table of Contents**Summary Consolidated Financial and Other Data**

Please read the summary consolidated financial and other data set forth below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and with our consolidated financial statements and notes, all incorporated herein by reference. Our fiscal year comprises 52 or 53 weeks, ending on the last Saturday in January. As used in this section, fiscal year 1999 represents the 52 weeks ended January 29, 2000, fiscal year 2000 represents the 52 weeks ended January 27, 2001 and fiscal year 2001 represents the 52 weeks ended January 26, 2002. The following table sets forth historical summary data for fiscal years 1999 through 2001 and the 26 weeks ended July 28, 2001 and July 27, 2002. These data, other than that for the 26 weeks ended July 28, 2001 and July 27, 2002, have been derived from our consolidated financial statements that have been audited by KPMG LLP, independent auditors, and are incorporated herein by reference. The data for the 26 weeks ended July 28, 2001 and July 27, 2002 are derived from our unaudited consolidated financial statements, which are incorporated herein by reference. Our historical operating results are not necessarily indicative of our operating results for any future period.

	Fiscal Year			26 Weeks Ended ⁽¹⁾	
	1999	2000	2001	July 28, 2001	July 27, 2002
	(unaudited)				
	(dollars in millions, except per share and other operating data)				
Statement of Operations Data:					
Department stores and catalog sales	\$ 19,316	\$ 18,758	\$ 18,157	\$ 7,917	\$ 7,629
Eckerd drugstore sales	12,427	13,088	13,847	6,816	7,297
Total retail sales	31,743	31,846	32,004	14,733	14,926
Department stores and catalog operating profit	670	254	548	144	179
Eckerd drugstores operating profit/(loss)	183	(76)	208	92	173
Total segment operating profit ⁽²⁾	853	178	756	236	352
Restructuring and other, net	169	488	21	12	
Income/(loss) from continuing operations	174	(568)	114	(12)	80
Net income/(loss)	336	(705)	98	(28)	80
Per Share Data:					
Income/(loss) from continuing operations	\$ 174	\$ (568)	\$ 114	\$ (12)	\$ 80
Less: preferred stock dividends, net of tax	36	33	29	15	