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J C PENNEY CO INC
Form 8-K
August 03, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-k

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 31, 2004

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

| | | |
|--|----------------------------------|---|
| Delaware (State or other jurisdiction of incorporation) | 1-15274 (Commission File No.) | 26-0037077 (I.R.S. Employer Identification No.) |
|--|----------------------------------|---|

| | |
|--|------------|
| 6501 Legacy Drive Plano, Texas | 75024-3698 |
| (Address of principal executive offices) | (Zip code) |

Registrant's telephone number, including area code: (972) 431-1000

Item 2. Acquisition or Disposition of Assets.

J. C. Penney Company, Inc. (the "Company") and certain of its subsidiaries closed the sale of its Eckerd drugstore operations on July 31, 2004. The Company generated approximately \$3.5 billion in net cash proceeds from the sale after taxes, fees and other related costs. As previously announced, The Jean Coutu Group (PJC) Inc. acquired Eckerd drugstores and support facilities located in thirteen Northeast and mid-Atlantic states, as well as the Eckerd Home Office in Florida. CVS Corporation acquired Eckerd drugstores and support facilities located in the remaining southern states, principally Florida and Texas, as well as Eckerd's pharmacy benefits management and mail order businesses. See the news release dated August 1, 2004, attached as Exhibit 99.1.

Item 5. Other Events and Regulation FD Disclosure.

Capital Structure Repositioning

On August 2, 2004 the Company announced that it intends to use the

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approximately \$3.5 billion in net cash proceeds from the sale of the Eckerd drugstore operations and \$1.1 billion of existing cash balances to implement a major repositioning of its capital structure. This will consist of:

- o Up to \$3.0 billion for common stock repurchases, including up to \$650 million contingent upon the conversion of the Company's 5% Convertible Subordinated Notes Due 2008;
- o \$2.3 billion for the reduction of outstanding debt; and
- o \$3.4 billion elimination of the present value of Eckerd lease obligations.

Preferred Stock Redemption

The Company has called for redemption on August 25, 2004 all of its outstanding shares of Series B ESOP Convertible Preferred Stock, which are entirely held by the Company's Savings, Profit-Sharing and Stock Ownership Plan, a 401(k) savings plan.

See the news release dated August 2, 2004, attached as Exhibit 99.2.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

J. C. PENNEY COMPANY, INC.

By: /s/ Charles R. Lotter

Charles R. Lotter
Executive Vice President, Secretary
and General Counsel

Date: August 3, 2004

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|---|
| 99.1 | J. C. Penney Company, Inc. News Release issued August 1, 2004 |
| 99.2 | J. C. Penney Company, Inc. New Release |

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issued August 2, 2004