

J C PENNEY CORP INC  
 Form 424B5  
 April 26, 2007  
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### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Maximum	Maximum aggregate offering price	Amount of Registration fee(1)
		offering price per unit		
5.75% Senior Notes due February 15, 2018	\$ 300,000,000	99.036%	\$ 297,108,000	\$ 9,121
6.375% Senior Notes due October 15, 2036	\$ 700,000,000	98.695%	\$ 690,865,000	\$ 21,210

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. The total registration fee due for this offering is \$30,331.

PROSPECTUS SUPPLEMENT

To Prospectus Dated April 24, 2007

Filed pursuant to Rule 424(b)(5)  
 SEC File Nos. 333-142317  
 333-142317-01

**\$1,000,000,000**

**J. C. Penney Corporation, Inc.**

**\$300,000,000 5.75% Senior Notes due February 15, 2018**

**\$700,000,000 6.375% Senior Notes due October 15, 2036**

**Co-Obligation of**

**J. C. Penney Company, Inc.**

This is an offering of an aggregate of \$300,000,000 5.75% Senior Notes due February 15, 2018 (2018 notes) and an aggregate of \$700,000,000 6.375% Senior Notes due October 15, 2036 (2036 notes). We refer to the 2018 notes and the 2036 notes together as the notes. We will pay interest on the 2018 notes on February 15 and August 15 of each year beginning August 15, 2007. We will pay interest on the 2036 notes on April 15 and October 15 of each year beginning October 15, 2007. The 2018 notes will bear interest at a rate of 5.75% per year and will mature on February 15, 2018. The 2036 notes will bear interest at a rate of 6.375% per year and will mature on October 15, 2036.

Upon the occurrence of both (a) a change of control of JCPenney and (b) a downgrade of the notes below an investment grade rating by each of Fitch Ratings, Moody's Investors Services, Inc. and Standard & Poor's Ratings Services within a specified period, we will be required to make an

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offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase.

For a more detailed description of the above provision and the notes generally, see *Description of Notes* beginning on page S-8 of this prospectus supplement.

Investing in the notes involves risks. See the *Risk Factors* section in our Annual Report on Form 10-K for the fiscal year ended February 3, 2007 and the *Risk Factors* section on page S-5 of this prospectus supplement.

	Price to the Public	Underwriting Discounts and Commissions	Proceeds to Company (1)
Per 2018 Note	99.036%	0.675%	98.361%
Per 2036 Note	98.695%	0.875%	97.820%
Total	\$987,973,000	\$8,150,000	\$979,823,000

(1) Before deduction of expenses payable by the Company, estimated at \$500,000.

Delivery of the notes will be made in book-entry form only through the facilities of The Depository Trust Company on or about April 27, 2007, against payment therefor in immediately available funds.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

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*Joint Book-Running Managers*

**LEHMAN BROTHERS**

**BANC OF AMERICA SECURITIES LLC**

**JPMORGAN**

*Co-Managers*

BARCLAYS CAPITAL

CITI

CREDIT SUISSE

RBS GREENWICH CAPITAL

UTENDAHL CAPITAL PARTNERS, L.P.

WACHOVIA SECURITIES

WELLS FARGO SECURITIES

THE WILLIAMS CAPITAL GROUP, L.P.

The date of this prospectus supplement is April 24, 2007.



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This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this notes offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document, including the information incorporated by reference, or to which we have referred you. We have not authorized anyone to provide you with information that is different. Before purchasing any notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading Incorporation by Reference in the accompanying prospectus. This document may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the respective dates of the prospectus supplement or the accompanying prospectus.

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**SUMMARY**

*This summary highlights information more fully described elsewhere in this prospectus supplement and the accompanying prospectus. Because this is a summary, it is not complete and does not contain all of the information that you should consider before investing in the notes. Before deciding to invest in our notes, you should carefully read this prospectus supplement and the accompanying prospectus, including the SEC filings that we have incorporated by reference into the prospectus, including the Risk Factors section in our Annual Report on Form 10-K for the fiscal year ended February 3, 2007, and the Risk Factors section in this prospectus supplement on page S-5.*

**Company Overview**

JCPenney was founded by James Cash Penney in 1902 and has grown to be a major retailer with fiscal 2006 sales of \$19.9 billion. We operate 1,039 JCPenney department stores in 49 states and Puerto Rico. Our business consists of selling merchandise and services to consumers through our department stores and Direct (Internet/catalog) channels. Department stores and Direct generally serve the same type of customers and provide virtually the same mix of merchandise. Department stores accept returns from sales made in stores, via the Internet and through catalogs. We market family apparel, jewelry, shoes, accessories and home furnishings. In addition, our department stores provide customers with services such as salon, optical, portrait photography and custom decorating.

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 supplement as the Co-Obligor. J. C. Penney Corporation, Inc. is referred to in this prospectus supplement as the Issuer.

The Co-Obligor is a holding company that derives its operating income and cash flow from the Issuer. 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 supplement as the SEC. The Co-Obligor and its consolidated subsidiaries, including the Issuer, are collectively referred to in this prospectus supplement as we, us, our, JCPenney or the Company, unless indicated otherwise.

Our principal offices are located at 6501 Legacy Drive, Plano, Texas 75024. Our telephone number is (972) 431-1000. We maintain a web site on the Internet at [www.jcpenney.net](http://www.jcpenney.net). Our web site, and the information contained on it, are not part of this prospectus supplement or the accompanying prospectus.

**Recent Developments**

We recently announced our new growth initiatives that will be focused around the four strategies of our new 2007-2011 Long Range Plan, which include: (1) developing a strong and enduring emotional connection with our customers, (2) offering inspiring merchandise and services, (3) becoming the preferred choice for a retail career, and (4) establishing JCPenney as the growth leader in the retail industry.

*Financial Expectations for 2007-2011*

We announced our financial performance expectations through 2011, which we believe include a number of measures that will establish JCPenney as a growth leader in the retail industry. Long Range Plan financial targets include:

total department store sales increasing mid-to-high single digits annually, comparable store sales increasing low-to-mid single digits and Direct sales increasing mid-single digits (with improvement throughout the period);

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continued improvement in both gross margin and operating expense ratios throughout the plan period, reaching approximately 40 percent and 28 percent of sales in 2011, respectively;

operating income of 12 percent to 12.5 percent of sales in 2011;

a 16 percent compound annual growth rate in earnings per share for 2008 through 2011;

capital expenditures planned at \$1.275 billion per year for 2008 through 2011; and

continued improvement in returns on capital and financial leverage metrics, with a cash position of approximately \$1.5 billion in 2011.

*New Store Opening Plans*

We currently expect to open 250 new stores over the next five years, including our first ever store in New York City's Midtown Manhattan. Additionally, we plan to renovate approximately 300 stores by the end of 2011.

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**The Offering**

Issuer	J. C. Penney Corporation, Inc.
Co-Obligor	J. C. Penney Company, Inc.
Securities Offered	\$300,000,000 aggregate principal amount of 5.75% Senior Notes due February 15, 2018 (2018 notes) and \$700,000,000 aggregate principal amount of 6.375% Senior Notes due October 15, 2036 (2036 notes) (together, the notes).
Issue Price	99.036 percent for 2018 notes and 98.695 percent for 2036 notes.
Interest	Interest on the 2018 notes will accrue at 5.75% per annum, and interest on the 2036 notes will accrue at 6.375% per annum.
Interest Payment Dates	Interest on the notes will accrue from April 27, 2007. Interest on the 2018 notes will be payable semi-annually in cash on February 15 and August 15 of each year, commencing August 15, 2007. Interest on the 2036 notes will be payable semi-annually in cash on April 15 and October 15 of each year, commencing October 15, 2007.
Ranking	The notes will be senior, unsecured obligations of the Issuer and the Co-Obligor ranking equally in right of payment with other senior indebtedness of the Issuer and Co-Obligor.
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Triggering Event (as defined herein), we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of Notes Change of Control.
Further Issuances	We reserve the right, from time to time, without the consent of the holders of the notes, to issue additional notes of the same series as either series of notes on terms and conditions substantially identical to those of such notes (except for the issue date and price to public), which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, such notes.
Pro Forma Ratio of Earnings to Fixed Charges	After giving effect to the issuance of the notes, the pro forma ratio of earnings to fixed charges would have been 5.5 for fiscal year 2006. See Pro Forma Ratio of Earnings to Fixed Charges.
Certain Covenants	The indenture contains covenants that will limit our ability to create certain liens and engage in certain sale and leaseback transactions. The indenture does not limit the amount of debt that the Issuer, the Co-Obligor or any of their subsidiaries may incur.

Trustee

U.S. Bank National Association.

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Governing Law

The indenture and the notes will be governed by the laws of the State of New York.

Use of Proceeds

We will use the net proceeds from this offering to purchase a portion of our outstanding debt securities and for general corporate purposes, including the repayment of existing indebtedness. See Use of Proceeds.

For additional information regarding the notes, see Description of Notes in this prospectus supplement and Description of Securities Debt Securities in the accompanying prospectus.

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### **RISK FACTORS**

*Investing in the notes involves risk. You should carefully consider all the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to make an investment. In particular, you should carefully consider the risks and uncertainties included in the Risk Factors section of our Annual Report on Form 10-K for the fiscal year ended February 3, 2007 and incorporated by reference into the accompanying prospectus as well as those referred to below and the Cautionary Statement Regarding Forward-Looking Statements in the accompanying prospectus.*

#### **Risks Relating to Ownership of the Notes**

*The indenture does not restrict our ability to incur indebtedness.*

We will be able to incur substantial additional indebtedness in the future. As of April 24, 2007, we had approximately \$1.1 billion available for additional borrowing under our credit facility.

*We may not be able to purchase the notes upon a change of control triggering event.*

Upon the occurrence of a specified change of control triggering event, we will be required to offer to purchase each holder's notes at a price equal to 101% of their principal amount plus accrued and unpaid interest. At the time of occurrence of such change of control triggering event, we may not have sufficient financial resources to purchase all of the notes that holders tender to us in connection with a change of control offer. See Description of Notes Change of Control.

*An active trading market may not develop for the notes, and you may not be able to resell the notes.*

The notes are new securities with no previous existing trading market. The underwriters have informed us that they initially intend to make a market in the notes but they are not obligated to do so. The underwriters may discontinue such market-making activity at any time without notice. However, both the liquidity and market price of the notes may be adversely affected by changes in our financial performance or prospects, or in the prospects for companies in our industry generally. We cannot assure you that an active or stable trading market will develop for the notes.

### **USE OF PROCEEDS**

Our net proceeds from the sale of the notes in this offering after deducting underwriting discounts and commissions and estimated offering expenses payable by us will be approximately \$979 million. We intend to use up to \$312 million of the net proceeds of this offering to purchase our 8.125% Debentures due April 1, 2027, and the balance of the net proceeds for general corporate purposes, including the repayment of existing indebtedness.

**Table of Contents****PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges as of February 3, 2007 on an actual basis and as adjusted to reflect the issuance of the notes, including the receipt of the net proceeds from the sale of the notes (after deducting the underwriting discount and estimated fees and expenses) and pending application of those proceeds. You should read this table in conjunction with the consolidated financial statements and notes incorporated by reference in the accompanying prospectus.

	53 Weeks Ended	
	February 3, 2007 Actual	As Adjusted
	(dollars in millions)	
Income from continuing operations before income tax	\$ 1,792	\$1,742
Plus: Fixed charges		
Interest expense, net	130	180
Add back: interest income included in net interest	135	135
Estimated interest within rental expense	70	70
Capitalized interest	5	5
<b>Total fixed charges</b>	<b>340</b>	<b>390</b>
Less: Capitalized interest	(5)	(5)
<b>Total earnings available for fixed charges</b>	<b>\$ 2,127</b>	<b>\$2,127</b>
Ratio of earnings to fixed charges	6.3	5.5

**Table of Contents****CAPITALIZATION**

The following table sets forth our capitalization as of February 3, 2007 on an actual basis and as adjusted to reflect the receipt of the net proceeds from the sale of the notes (after deducting the underwriting discount and estimated fees and expenses) and pending application of those proceeds. You should read this table in conjunction with the consolidated financial statements and notes incorporated by reference in the accompanying prospectus.

	As of	
	February 3, 2007	
	Actual	As Adjusted
	(dollars in millions)	
Cash and short-term investments (1)	\$ 2,747	\$ 3,415
Debt included in current liabilities:		
Current maturities of long-term debt (1)	\$ 434	\$ 434
Debt included in long-term liabilities:		
Long-term debt, excluding current maturities	3,010	2,707
Notes offered hereby		1,000
<b>Total debt</b>	<b>\$ 3,444</b>	<b>\$ 4,141</b>
Total stockholders' equity	4,288	4,281
<b>Total debt and stockholders' equity</b>	<b>\$ 7,732</b>	<b>\$ 8,422</b>

(1) Does not reflect the payment at maturity in respect of \$325 million aggregate principal amount of our 7.60% Notes due April 1, 2007.

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**DESCRIPTION OF NOTES**

We are offering an aggregate of \$300,000,000 5.75% Senior Notes due February 15, 2018 (2018 notes) and an aggregate of \$700,000,000 6.375% Senior Notes due October 15, 2036 (2036 notes). We refer to the 2018 notes and the 2036 notes together as the notes. The following is a description of the particular terms of the notes offered by this prospectus supplement and the accompanying prospectus and, to the extent inconsistent with the accompanying prospectus, replaces the description of the general terms and provisions of debt securities provided in the prospectus. We refer potential purchasers of the notes to that description, as well as to the following description. The statements in this prospectus supplement concerning the notes and the Indenture do not purport to be complete.

In this section entitled Description of the Notes, when we refer to the Company, JCPenney, the Issuer, we, our, or us, we are referring J. C. Penney Corporation, Inc., as issuer of the notes, and not to J. C. Penney Company, Inc. or any of the subsidiaries of J. C. Penney Corporation, Inc.

**General**

The notes are an issue of debt securities described in the prospectus that follows. Each series of notes will be issued as a separate series of senior debt securities under the Indenture, under which U.S. Bank National Association serves as Trustee (Trustee). The Bank of New York will serve as paying agent with respect to the notes. The 2018 notes will mature on February 15, 2018 and the 2036 notes will mature on October 15, 2036. In addition to the notes, we have in the past, and may in the future, issue from time to time other series of securities under the Indenture consisting of notes, debentures or other evidences of indebtedness. Such other series will be separate from and independent of the notes. The notes will be issued only in registered form in denominations of \$1,000 and integral multiples of \$1,000. The notes will not be entitled to the benefit of any sinking fund.

The 2018 notes are initially being offered in the principal amount of \$300,000,000 and the 2036 notes are initially being offered in the principal amount of \$700,000,000. We may, without the consent of the holders, issue additional notes of the same series as either series of notes on terms and conditions substantially identical to those of such notes (except for the issue date and price to public), which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, such notes.

**Payment of Interest**

Each 2018 note and 2036 note will bear interest at the rate set forth on the front cover hereof, payable semi-annually in arrears. Interest on the 2018 notes will be payable on February 15 and August 15 of each year, to the person in whose name such note is registered at the close of business on the preceding February 1 or August 1, respectively. The first interest payment date for the 2018 notes is August 15, 2007. Interest on the 2036 notes will be payable on April 15 and October 15 of each year, to the person in whose name such note is registered at the close of business on the preceding April 1 or October 1, respectively. The first interest payment date for the 2036 notes is October 15, 2007. Interest will accrue on the notes from April 27, 2007. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

**Change of Control**

If a Change of Control Triggering Event occurs, unless we have exercised our right to satisfy and discharge the notes prior to maturity as described below, holders of notes will have the right to require us to repurchase all or any part (in integral multiples of \$1,000 original principal amount) of their notes pursuant to the offer described below (Change of Control Offer) on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (Change of Control Payment). Within 30 days following any Change of Control Triggering Event, we will be required to mail a

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notice to holders of notes describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (Change of Control Payment Date), pursuant to the procedures required by the notes and described in such notice. We must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the notes by virtue of such conflicts and compliance with law.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

accept for payment all notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the Trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being purchased.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of JCPenney and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require JCPenney to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of JCPenney and its subsidiaries taken as a whole to another person or group may be uncertain.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

*Below Investment Grade Rating Event* means that notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

*Change of Control* means the occurrence of any of the following: (1) any event requiring the filing of any report under or in response to Schedule 13D or 14D-1 pursuant to the Securities Exchange Act of 1934, as amended, disclosing beneficial ownership of either 50% or more of the common stock of J. C. Penney Company, Inc. then outstanding or 50% or more of the voting power of the voting stock of J. C. Penney Company, Inc. then outstanding; (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of J. C. Penney Company, Inc. or JCPenney and their respective subsidiaries taken as a whole to one or more persons (as defined in the Indenture) other than J. C. Penney Company, Inc. or one of its subsidiaries; or (3) the first day on which a majority of the members of J. C. Penney Company, Inc.'s Board of Directors are not Continuing Directors.

*Change of Control Triggering Event* means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

*Continuing Director* means, as of any date of determination, any member of the Board of Directors of J. C. Penney Company, Inc. who (1) was a member of such Board of Directors on the date of the issuance

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of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of J. C. Penney Company, Inc.'s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

*Fitch* means Fitch Ratings.

*Investment Grade Rating* means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*Moody's* means Moody's Investors Services, Inc.

*Rating Agencies* means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Securities Exchange Act of 1934, as amended, selected by us (as certified by a resolution of our Board of Directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

*S&P* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

**Book-Entry System**

Upon issuance, each series of notes will be represented by one or more fully registered global certificates, each of which we refer to as a global security. Each such global security will be deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of DTC or a nominee thereof. Unless and until it is exchanged in whole or in part for notes in definitive form, no global security may be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of such successor.

DTC has advised us that DTC is a limited-purpose trust company organized under New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities for its participating organizations (DTC Participants) and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is also available to others (Indirect DTC Participants) for example, both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Under the rules, regulations and procedures creating and affecting DTC and its operations, DTC is required to make book-entry transfers between DTC Participants on whose behalf it acts with respect to the debt securities and is required to receive and transmit distributions of principal of and interest on the debt securities. DTC Participants and Indirect DTC Participants with which investors have accounts with respect to the debt securities similarly are required to make book-entry transfers and receive and transmit payments on behalf of their respective investors.

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a security held in DTC to transfer or pledge that interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of that interest, may be affected by the lack of a physical certificate of that interest. The laws of

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some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a security held in DTC to those persons may be limited.

DTC has advised us that it will take any action permitted to be taken by a holder of debt securities (including, without limitation, the presentation of debt securities for exchange) only at the direction of one or more participants to whose accounts with DTC interests in the relevant debt securities are credited, and only in respect of the portion of the aggregate principal amount of the debt securities as to which that participant or those participants has or have given the direction. However, in certain circumstances, DTC will exchange the global securities held by it for certificated debt securities, which it will distribute to its participants.

Although DTC has agreed to the procedures described above in order to facilitate transfers of global securities among participants of DTC, they are under no obligation to perform or continue to perform these procedures and these procedures may be modified or discontinued at any time. Neither we, nor any trustee, nor any registrar and transfer agent with respect to the notes offered hereby will have any responsibility for the performance by DTC or its respective participants or indirect participants or the respective obligations under the rules and procedures governing their operations.

**Satisfaction and Discharge Prior to Maturity**

Pursuant to an election by us under the Indenture, we have the right at any time to satisfy and discharge our obligations under the notes by depositing in trust with the Trustee money or U.S. government obligations. For United States federal income tax purposes, it is likely that any such deposit and discharge with respect to any notes will be treated as a taxable exchange of such notes for interests in the trust. For a description of the applicable provisions and the tax effects, see [Description of Securities Debt Securities Satisfaction and Discharge Prior to Maturity](#) in the accompanying prospectus.



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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

**General**

The following is a summary of material United States federal income tax considerations relating to the purchase, ownership and disposition of the notes by initial investors. It is not a complete analysis of all the potential tax considerations relating to the notes. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (Code), Treasury Regulations promulgated under the Code and currently effective administrative rulings and judicial decisions. These authorities may be changed, perhaps with retroactive effect, so as to result in U.S. federal income tax consequences different from those set forth below. The Issuer has not sought any ruling from the Internal Revenue Service (IRS), and the Issuer cannot assure you that the IRS will agree with the statements in this summary.

Except as otherwise provided, this summary is limited to initial investors who purchase notes of either series (or both series) for cash at the initial issue price for such series (i.e., the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of each series of such notes is sold) pursuant to this offering and who hold the notes as capital assets (generally for investment purposes). This summary does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction. In addition, this discussion does not address all tax considerations that may be applicable to holders particular circumstances or to holders that may be subject to special tax rules, such as, for example:

holders subject to the alternative minimum tax;

banks, insurance companies, or other financial institutions;

tax-exempt organizations;

dealers in securities or commodities;

expatriates;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

U.S. holders whose functional currency is not the U.S. dollar;

persons that will hold the notes as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction;

persons deemed to sell the notes under the constructive sale provisions of the Code; or

partnerships or other pass-through entities.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your tax advisor regarding the tax consequences of the partnership's purchase, ownership and disposition of the notes.

**THIS SUMMARY OF MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE FOR ANY PARTICULAR INVESTOR. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

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### **U.S. Holders**

The following is a general summary of the material United States federal income tax consequences that generally will apply to a U.S. Holder of the notes. Certain consequences to Non-U.S. Holders of the notes are described under Consequences to Non-U.S. Holders, below. You are a U.S. Holder if you are a beneficial owner of a note that is, for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons (as defined in the Code) or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

### *Payments of Interest*

The Issuer anticipates, and this summary assumes, that the notes will not bear original issue discount (OID), for U.S. federal income tax purposes. Therefore, the Issuer does not expect that holders of the notes will be required to recognize OID as interest income over the term of the notes under the OID tax regulations, and stated interest on the notes will generally be taxable to a U.S. Holder as ordinary income at the time it is paid or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

In certain circumstances, the Issuer may be obligated to pay amounts in excess of stated interest or principal on the notes. According to Treasury Regulations, the possibility that any such payments in excess of stated interest or principal will be made will not affect the amount of interest income a U.S. Holder recognizes if there is only a remote chance as of the date the notes were issued that such payments will be made. The Issuer believes that the likelihood that it will be obligated to make any such payments is remote. Therefore, the Issuer does not intend to treat the potential payment of a premium pursuant to the change of control provisions as part of the yield to maturity of the note. If the Issuer pays a premium pursuant to the change of control provisions, U.S. Holders will be required to recognize such amounts as income or gain at such time.

### *Disposition of Notes*

Upon the sale, exchange or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on such disposition (except to the extent any amount realized is attributable to accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and the holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such holder.

Gain or loss recognized on the disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period for the note is more than 12 months. Long-term capital gains of noncorporate taxpayers generally are taxed at a lower maximum marginal tax rate than that applicable to ordinary income. The deductibility of capital losses by U.S. Holders is subject to certain limitations.

### *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to certain payments of principal, premium (if any) and interest on and the proceeds of certain sales of notes unless the U.S. Holder is an exempt recipient. A backup withholding tax may apply to such payments if the U.S. Holder fails to provide its taxpayer identification number



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or certification of exempt status or has been notified by the IRS that payments to the U.S. Holder are subject to backup withholding.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided that the U.S. Holder furnishes the required information to the IRS on a timely basis.

**Non-U.S. Holders**

The following is a general summary of the material United States federal income tax consequences that generally will apply to a

Non-U.S. Holder of notes. The term Non-U.S. Holder means a beneficial owner of a note that is, for U.S. federal income tax purposes, a nonresident alien individual or a corporation, estate or trust that is not a U.S. Holder. If you are a Non-U.S. Holder, the Issuer encourages you to consult your tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to you.

*Payments of Interest*

The 30% U.S. federal withholding tax (or lower applicable treaty rate) generally will not apply to any payment to a Non-U.S. Holder of interest on a note that is not effectively connected with a U.S. trade or business provided that:

the Non-U.S. Holder does not actually or constructively (under applicable attribution rules) own 10% or more of the total combined voting power of the Issuer's voting stock, within the meaning of Section 871(h)(3) of the Code;

the Non-U.S. Holder is not a controlled foreign corporation that is related to the Issuer directly or indirectly through stock ownership; and

(a) the Non-U.S. Holder provides its name and address, and properly certifies, under penalties of perjury, that it is not a United States person (which certification may be made on an IRS Form W-8BEN) or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its business holds the note on a Non-U.S. Holder's behalf and certifies, under penalties of perjury, either that it has received IRS Form W-8BEN from the holder or from another qualifying financial institution intermediary or that it is permitted to establish and has established the holder's foreign status through other documentary evidence, and otherwise complies with applicable requirements. If the notes are held by or through certain foreign intermediaries or certain foreign partnerships, such foreign intermediaries or partnerships must also satisfy the certification requirements of applicable Treasury Regulations.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest will be subject to the 30% U.S. federal withholding tax, unless the holder provides the Issuer with a properly executed (1) IRS Form W-8BEN claiming an exemption from or reduction in withholding under an applicable tax treaty or (2) IRS Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with the holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business (and, if an income tax treaty applies, the interest is attributable to a U.S. permanent establishment), the Non-U.S. Holder will instead be required to pay U.S. federal income tax on that interest on a net income basis in the same general manner as if the Non-U.S. Holder were a U.S. Holder. In addition, if a Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. For this purpose, interest on the notes which is effectively connected with the holder's conduct of a trade or business in the United States would be included in the holder's earnings and profits.

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### *Disposition of Notes*

Any gain recognized by a Non-U.S. Holder upon the sale, exchange or other taxable disposition of a note (except with respect to accrued and unpaid interest, which would be taxable as such) will not be subject to the 30% U.S. federal withholding tax. Such gain also generally will not be subject to U.S. federal income tax unless:

that gain is effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States (and, if an income tax treaty applies, is attributable to a U.S. permanent establishment); or

the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are met.

A Non-U.S. Holder described in the first bullet point above generally will be required to pay U.S. federal income tax on the net gain derived from the sale and if such holder is a foreign corporation, it may also be required to pay a branch profits tax at a 30% rate or a lower rate if so specified by an applicable tax treaty.

### *Information Reporting and Backup Withholding*

In general, the Issuer and certain other payors must report to the IRS and to each Non-U.S. Holder the amount of interest and certain other payments with respect to the notes paid to such Non-U.S. Holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable tax treaty. Backup withholding may apply to certain payments of principal, premium (if any) and interest on the notes to Non-U.S. Holders, as well as to the proceeds of certain sales of notes made through brokers, unless the holder has made appropriate certifications as to its foreign status, or has otherwise established an exemption. The certification of foreign status described above under "Payments of Interest" is generally effective to establish an exemption from backup withholding.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided that the Non-U.S. Holder furnishes the required information to the IRS on a timely basis.

### *Estate Tax*

Notes held at the time of death by an individual who is not a citizen or resident of the United States will not be included in such holder's gross estate for U.S. federal estate tax purposes, provided that the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of the Issuer's stock entitled to vote and income on the notes is not effectively connected with the conduct of a trade or business in the United States.

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Lehman Brothers Inc., Banc of America Securities LLC and J. P. Morgan Securities Inc. are acting as joint book-running managers for this offering. Under the terms of an underwriting agreement dated April 24, 2007, which we will file as an exhibit to a current report on Form 8-K and incorporate by reference into this prospectus, each of the underwriters named below has severally agreed to purchase from us the respective principal amount of notes shown opposite its name below:

<b>Underwriter</b>	<b>Principal Amount of 2018 notes</b>	<b>Principal Amount of 2036 notes</b>
Lehman Brothers Inc.	\$162,000,000	\$378,000,000
Banc of America Securities LLC	37,500,000	87,500,000
J. P. Morgan Securities Inc.	37,500,000	87,500,000
Barclays Capital Inc.	7,875,000	18,375,000
Citigroup Global Markets Inc.	7,875,000	18,375,000
Credit Suisse Securities (USA) LLC	7,875,000	18,375,000
Greenwich Capital Markets, Inc.	7,875,000	