

J C PENNEY CO INC
Form SC 13D/A
February 25, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)**

**Under the Securities Exchange Act of 1934
(Amendment No. 3)***

J.C. Penney Company, Inc.
(Name of Issuer)

Common Stock

(Title of Class of Securities)

708160106

(CUSIP Number)

Roy J. Katzovicz, Esq.

Pershing Square Capital Management, L.P.

888 Seventh Avenue, 42nd Floor

New York, NY 10019

212-813-3700

With a Copy to:

Stephen Fraidin, Esq.

Kirkland & Ellis LLP

601 Lexington Avenue

New York, NY 10022

212-446-4800

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 24, 2011

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

NAME OF REPORTING PERSON

1

Pershing Square Capital Management, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY 8

OWNED BY 39,075,771

SOLE DISPOSITIVE POWER

EACH REPORTING 9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

39,075,771

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

39,075,771

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

16.5%(1)

TYPE OF REPORTING PERSON

14

IA

(1) Calculated based on 236,596,234 shares of the Common Stock, 50 cents par value, of J.C. Penney Company, Inc., outstanding as of December 3, 2010, as reported in J.C. Penney Company, Inc. s quarterly report on Form 10-Q for the quarterly period ended October 30, 2010.

NAME OF REPORTING PERSON

1

PS Management GP, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF

0

SHARES
BENEFICIALLY OWNED BY

8

SHARED VOTING POWER

39,075,771

EACH
REPORTING

9

SOLE DISPOSITIVE POWER

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

39,075,771

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

39,075,771

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

16.5%(2)

14

TYPE OF REPORTING PERSON

OO

(2) Calculated based on 236,596,234 shares of the Common Stock, 50 cents par value, of J.C. Penney Company, Inc., outstanding as of December 3, 2010, as reported in J.C. Penney Company, Inc.'s quarterly report on Form 10-Q for the quarterly period ended October 30, 2010.

NAME OF REPORTING PERSON

1

Pershing Square GP, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF

0

SHARES
BENEFICIALLY OWNED BY

8

SHARED VOTING POWER

16,985,050

EACH
REPORTING

9

SOLE DISPOSITIVE POWER

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

16,985,050

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

16,985,050

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.2%(3)

TYPE OF REPORTING PERSON

14

IA

(3) Calculated based on 236,596,234 shares of the Common Stock, 50 cents par value, of J.C. Penney Company, Inc., outstanding as of December 3, 2010, as reported in J.C. Penney Company, Inc. s quarterly report on Form 10-Q for the quarterly period ended October 30, 2010.

NAME OF REPORTING PERSON

1

William A. Ackman

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

0

SHARED VOTING POWER

SHARES
BENEFICIALLY OWNED BY

8

OWNED BY

39,075,771

SOLE DISPOSITIVE POWER

EACH
REPORTING

9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

39,075,771

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

39,075,771

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

16.5%(4)

TYPE OF REPORTING PERSON

14

IN

(4) Calculated based on 236,596,234 shares of the Common Stock, 50 cents par value, of J.C. Penney Company, Inc., outstanding as of December 3, 2010, as reported in J.C. Penney Company, Inc. s quarterly report on Form 10-Q for the quarterly period ended October 30, 2010.

ITEM 1. SECURITY AND ISSUER

This amendment No. 3 to Schedule 13D (this 13D Amendment No. 3) amends and supplements the statement on Schedule 13D (the Original Schedule 13D), filed on October 8, 2010, as amended and supplemented by amendment No. 1 (the 13D Amendment No. 1), filed on January 25, 2011 and amendment No. 2 (the 13D Amendment No. 2), filed on February 10, 2011 (the Original Schedule 13D as amended and supplemented by the 13D Amendment No. 1, the 13D Amendment No. 2 and this 13D Amendment No. 3, the Schedule 13D), by Pershing Square Capital Management, L.P., a Delaware limited partnership (Pershing Square); PS Management GP, LLC, a Delaware limited liability company (PS Management); Pershing Square GP, LLC, a Delaware limited liability company (Pershing Square GP); and William A. Ackman, a citizen of the United States of America (together with Pershing Square, PS Management and Pershing Square GP , the Reporting Persons), relating to the common stock, par value \$0.50 per share (the Common Stock), of J.C. Penney Company, Inc., a Delaware corporation (the Issuer). The principal executive offices of the Issuer are located at: 6501 Legacy Drive, Plano, Texas 75024-3698.

Capitalized terms not defined in this 13D Amendment No. 3 shall have the meaning ascribed to them in the Schedule 13D. Except as set forth herein, the Schedule 13D is unmodified.

As of February 24, 2011, as reflected in this Amendment No. 3 the Reporting Persons beneficially owned an aggregate of 39,075,771 shares of Common Stock (which include 4,156,700 shares of Common Stock underlying listed American-style call options), representing approximately 16.5% of the outstanding shares of Common Stock of the Issuer. The Reporting Persons also have additional economic exposure to approximately 602,600 notional shares of Common Stock under certain cash-settled total return swaps (Swaps), bringing their total aggregate economic exposure to 39,678,371 shares of Common Stock, representing approximately 16.8% of the outstanding shares of Common Stock of the Issuer.

ITEM 4. PURPOSE OF TRANSACTION

Item 4 of the Schedule 13D is hereby amended and supplemented by adding the following information:

In connection with the Issuer's announcement that its board of directors had approved a new \$900 million open market share repurchase program to be funded using the Issuer's existing cash reserves, Pershing Square entered into a stockholders agreement, dated February 24, 2011 (the Stockholders Agreement) with the Issuer which is described in Item 6 hereof. The Stockholders Agreement is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Item 6 of the Schedule 13D is hereby amended and supplemented by adding the following information:

Pershing Square entered into the Stockholders Agreement with the Issuer in connection with the Issuer's announcement that its board of directors had approved a new \$900 million open market share repurchase program to be funded using the Issuer's existing cash reserves. The Stockholders Agreement

limits the ability of certain Reporting Persons to vote or direct the vote of or to make certain transfers involving securities of the Issuer corresponding to such Reporting Persons increased percentage of beneficial ownership of the Issuer's Common Stock it may obtain as a result of this repurchase program. This summary of the Stockholders Agreement is qualified in its entirety by reference to the Stockholders Agreement, a copy of which is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Item 7 of the Schedule 13D is hereby amended and supplemented by adding the following exhibit(s):
Exhibit 99.4 Stockholders Agreement

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: February 25, 2011

**PERSHING SQUARE CAPITAL
MANAGEMENT, L.P.**

By: PS Management GP, LLC,
its General Partner

By: /s/ William A. Ackman
William A. Ackman
Managing Member

PS MANAGEMENT GP, LLC

By: /s/ William A. Ackman
William A. Ackman
Managing Member

PERSHING SQUARE GP, LLC

By: /s/ William A. Ackman
William A. Ackman
Managing Member

/s/ William A. Ackman
WILLIAM A. ACKMAN

EXHIBIT INDEX

Exhibit	Description
99.1	Joint Filing Agreement*
99.2	Trading Data*
99.3	Letter Agreement*
99.4	Stockholders Agreement

* Previously Filed