KB HOME
Form 424B5
July 24, 2012
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As filed pursuant to Rule 424(b)(5)
Under the Securities Act of 1933
Registration No. 333-176930

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities or a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 24, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated September 20, 2011)

$250,000,000

KB HOME

% Senior Notes due 2022

The notes offered hereby will bear interest at the rate of % per year. Interest on the notes is payable semi-annually on March 15 and September 15 of each year, beginning on March 15, 2013. The notes will mature on September 15, 2022. The notes may be redeemed, in whole at any time or in part from time to time, at our option, at the redemption prices described in this prospectus supplement, plus accrued and unpaid interest, if any, to the applicable redemption date.

The notes will be unconditionally guaranteed, jointly and severally, by certain of our operating subsidiaries on a senior unsecured basis. The notes will be senior unsecured obligations of KB Home and will rank equally with all other unsecured and unsubordinated indebtedness of KB Home. If we undergo a change of control, under certain circumstances, we may be required to offer to purchase the notes from holders at a price equal to 101% of the principal amount plus accrued and unpaid interest thereon.

Investing in the notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

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

	Per Note	Total
Public Offering Price	%	$
Underwriting Discount	%	$
Proceeds to KB Home (before estimated expenses)	%	$

Interest on the notes will accrue from , 2012 to the date of delivery.

Delivery of the notes is expected to be made to investors through the book-entry delivery system of The Depository Trust Company on or about , 2012, which is the business day following the date of this prospectus supplement (such settlement cycle is referred to as T+). You should be advised that trading of the notes may be affected by the T+ settlement.

Joint Book-Running Managers

Citigroup **Credit Suisse** **Deutsche Bank Securities**

The date of this prospectus supplement is , 2012.

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Prospectus Supplement

Prospectus

You should rely only on the information contained in or incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we nor any of the underwriters have authorized anyone to provide you with any information other than the information contained in or incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus. We are not making any offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in or incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front of this prospectus supplement, the date on the front of the accompanying prospectus or the date of the applicable incorporated document, as the case may be. Our business, financial condition, results of operations and prospects may have changed since those dates.

When this prospectus supplement uses the words KB Home, we, us, and our, they refer to KB Home, a Delaware corporation, and its subsidiaries unless otherwise stated or the context otherwise requires.

Our fiscal year ends on November 30. In 2012, our first fiscal quarter ended on February 29 and our second fiscal quarter ended on May 31. When this prospectus supplement refers to particular years or quarters in connection with the discussion of our results of operations or financial condition, those references mean the relevant fiscal years and fiscal quarters, unless otherwise stated.

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We are one of the largest homebuilding companies in the United States. When we refer in this prospectus supplement or accompanying prospectus or in the documents incorporated or deemed incorporated by reference herein or therein to homes or units, we mean single-family residences, which include detached and attached single-family homes, townhomes and condominiums, and references to our homebuilding revenues and similar references refer to revenues derived from sales of single-family residences, in each case unless otherwise expressly stated or the context otherwise requires.

The information in this prospectus supplement and accompanying prospectus and in the documents incorporated or deemed incorporated by reference herein or therein concerning the housing market, the homebuilding industry, our market share or our size relative to other homebuilders and similar matters is derived principally from publicly available information and from industry sources. Although we believe that this publicly available information and the information provided by these industry sources is reliable, we have not independently verified any of this information and we cannot assure you of its accuracy.

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PROSPECTUS SUPPLEMENT SUMMARY

The following is a brief summary of the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference herein or therein. It does not contain all of the information that may be important to you. You should read carefully this prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference herein or therein, including the Risk Factors and the financial statements and the related notes included elsewhere or incorporated by reference herein or therein, before making a decision with respect to an investment in the notes.

KB HOME

We are one of the largest and most recognized homebuilding companies in the United States, with operating divisions in the following regions and states: West Coast California; Southwest Arizona and Nevada; Central Colorado and Texas; and Southeast Florida, Maryland, North Carolina and Virginia. Founded in 1957, we are listed on the New York Stock Exchange under the ticker symbol KBH. We are incorporated in Delaware. Our principal executive offices are located at 10990 Wilshire Boulevard, Los Angeles, California 90024. Our telephone number is (310) 231-4000.

RECENT DEVELOPMENTS

Tender Offers

On July 11, 2012, we commenced tender offers to purchase for cash any and all of our 5 $^3/_4$% Senior Notes due 2014 (the 2014 Notes), and up to $150.0 million in aggregate principal amount, less any amount accepted in the tender offer for the 2014 Notes (the Maximum 2015 Amount), of our 5 $^7/_8$% Senior Notes due 2015 (the 5 $^7/_8$% Notes) and our 6 $^1/_4$% Senior Notes due 2015 (the 6 $^1/_4$% Notes, and together with the 5 $^7/_8$% Notes, the 2015 Notes). In this prospectus supplement, we refer to the 2014 Notes and the 2015 Notes, collectively, as the Tender Offer Notes. The tender offers are being made on the terms and subject to the conditions set forth in the offer to purchase, dated July 11, 2012, and the related letter of transmittal concerning the tender offers, in each case as amended or supplemented (together, the Offer to Purchase).

The amount of 2015 Notes purchased in the applicable tender offer will be subject to the Maximum 2015 Amount. This means that if $150.0 million or more in aggregate principal amount of the 2014 Notes is validly tendered and accepted by us for purchase, no 2015 Notes will be accepted for purchase. If less than $150.0 million in aggregate principal amount of the 2014 Notes is validly tendered and accepted by us for purchase, and the aggregate principal amount of 2015 Notes validly tendered exceeds the Maximum 2015 Amount, we will accept for purchase an amount of such 2015 Notes that is prorated based on the aggregate principal amount tendered in the tender offers for the 2015 Notes, as applicable. We may waive or increase the Maximum 2015 Amount in our sole discretion, subject to compliance with applicable law.

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Subject to the terms and conditions of the Offer to Purchase, set forth in the table below is the tender offer consideration for each series of notes validly tendered and accepted by us for purchase in the applicable tender offer:

				Dollars per $1,000 Principal Amount of Securities			
Title of Security	CUSIP Number	Principal Amount Outstanding	Acceptance Priority Level	Tender Offer Consideration	Early Tender Premium	Total Consideration	Acceptance Cap
2014 Note Tender Offer							
5 $^{3}/_{4}$% Senior Notes due 2014	48666KAH2	$ 193,696,000	1	$ 1,010	$ 30	$ 1,040	Not Applicable
2015 Note Tender Offers							
5 $^{7}/_{8}$% Senior Notes due 2015	48666KAL3	$ 170,007,000	2	$ 990	$ 30	$ 1,020	Maximum 2015 Amount
6 $^{1}/_{4}$% Senior Notes due 2015	48666KAM1	$ 296,297,000	2	$ 990	$ 30	$ 1,020	

In addition, the table above sets forth the early tender premium offered for each series of notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on July 23, 2012 and accepted for purchase by us. As of such time, there were approximately $117.6 million in aggregate principal amount of the 2014 Notes tendered, there were approximately $66.8 million in aggregate principal amount of the 5 $^{7}/_{8}$% Notes tendered and there were approximately $59.1 million in aggregate principal amount of the 6 $^{1}/_{4}$% Notes tendered. Accrued and unpaid interest will be paid on any notes of each series accepted by us for purchase up to, but not including, the settlement date.

The tender offers are scheduled to expire at 11:59 p.m., New York City time, on August 7, 2012, and are conditioned, among other things, upon the completion of the offer and sale by us of not less than $250.0 million in aggregate principal amount of notes through this offering.

We cannot assure you that the tender offers will be consummated in accordance with their terms, or at all, or that a significant principal amount of the Tender Offer Notes will be tendered and cancelled pursuant to the tender offers. This offering is not conditioned upon the successful consummation of the tender offers. We intend to use all or a portion of the net proceeds from this offering and unrestricted cash on hand, if necessary, to purchase for cash any and all of the 2014 Notes and up to the Maximum 2015 Amount of the 2015 Notes validly tendered and accepted by us for purchase. We intend to use any remaining net proceeds from this offering for general corporate purposes. For a discussion of the terms of the Tender Offer Notes, see our Annual Report on Form 10-K for the year ended November 30, 2011 and the Notes to Consolidated Financial Statements, both of which are incorporated by reference in this prospectus supplement. See also Use of Proceeds in this prospectus supplement.

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OFFERING SUMMARY

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should read this entire prospectus supplement and accompanying prospectus carefully, including the Description of the Notes and Description of Debt Securities sections, before making an investment in the notes. In this section, KB Home, we, our, and us mean KB Home excluding our subsidiaries, unless otherwise stated or the context requires.

Issuer	KB Home, a Delaware corporation.
The Notes	$250.0 million aggregate principal amount of % Senior Notes due 2022.
Maturity	September 15, 2022.
Interest	Annual rate: %, accruing from , 2012.
	Payment frequency: Every six months on March 15 and September 15.
	First payment: March 15, 2013.
Guarantees	Payment of principal of and premium, if any, and interest on the notes offered hereby will be unconditionally guaranteed, jointly and severally, on a senior unsecured basis by certain of our operating subsidiaries, which we sometimes refer to as the guarantors. Each of these guarantors also guarantees, on a senior unsecured basis, our outstanding 2014 Notes, 2015 Notes, 9.100% Senior Notes due 2017, 7 1/4% Senior Notes due 2018 and 8.00% Senior Notes due 2020 (collectively, our Senior Notes). Under certain circumstances, any or all of the guarantors may be released from their guarantees of the notes, and other subsidiaries of KB Home may or may be required to guarantee the notes. Each guarantor s guarantee of the notes offered hereby will rank equally with all other unsecured and unsubordinated indebtedness and guarantees of that guarantor, including its guarantees of our borrowings and other obligations under our Senior Notes. Your right to payment under the guarantees of the notes offered hereby will be effectively subordinated to all existing and future secured indebtedness of the guarantors of the notes to the extent of the value of the assets securing such indebtedness. See Description of Debt Securities Guarantees and Description of Debt Securities Ranking Ranking of Senior Debt Securities and Guarantees in the accompanying prospectus.
Ranking	The notes offered hereby will be our unsecured and unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness including, without limitation, our Senior Notes. Your right to payment under the notes offered hereby will be:
	effectively subordinated to all existing and future indebtedness, trade payables, guarantees and other liabilities of the subsidiaries of

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KB Home that are not guarantors of the notes, which we refer to herein as non-guarantor subsidiaries. Non-guarantor subsidiaries had approximately $172.7 million of liabilities outstanding, excluding intercompany liabilities, as of May 31, 2012; and

effectively subordinated to all our existing and future secured indebtedness and all the existing and future secured indebtedness of the guarantors of the notes to the extent of the value of the assets securing such indebtedness, which indebtedness is currently comprised principally of indebtedness secured by purchase money mortgages on real property, the aggregate principal amount of which indebtedness was approximately $14.2 million at May 31, 2012.

See Risk Factors Risk Factors Relating to the Notes Our ability to service our debt, including the notes, depends upon cash provided to us by our subsidiaries, and the notes are effectively subordinated to the liabilities of our subsidiaries that are not guarantors of the notes and to secured indebtedness of us and the guarantors in this prospectus supplement and Description of Debt Securities Ranking Ranking of Senior Debt Securities and Guarantees and Holding Company Structure in the accompanying prospectus.

Use of Proceeds

We estimate that we will receive approximately $245.9 million in net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use all or a portion of the net proceeds from this offering and unrestricted cash on hand, if necessary, to purchase for cash any and all of the 2014 Notes and up to the Maximum 2015 Amount of the 2015 Notes validly tendered and accepted by us for purchase, including the payment of accrued interest and any applicable early tender premium, as described in this prospectus supplement under Prospectus Supplement Summary Recent Developments Tender Offers. We intend to use any remaining net proceeds from this offering for general corporate purposes. See Use of Proceeds in this prospectus supplement.

Optional Redemption

We may redeem the notes, in whole at any time or from time to time in part, at our option, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (exclusive of interest accrued to the applicable redemption date), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 50 basis points, plus, in each case, accrued and unpaid interest on the notes being redeemed to the applicable redemption date. See Description of the Notes Optional Redemption in this prospectus supplement.

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Certain Covenants	We have agreed to certain restrictions on secured debt, sale and leaseback transactions and mergers, consolidations and transfers of substantially all of our assets. However, these covenants are subject to a number of important exceptions and limitations, and you should carefully review the information with respect to these covenants and the related definitions appearing in the accompanying prospectus under Description of Debt Securities Certain Covenants, Description of Debt Securities Consolidation, Merger and Sale of Assets and Description of Debt Securities Certain Definitions.
Offer to Repurchase Upon a Change of Control Triggering Event	Upon a change of control triggering event, we will be required to make an offer to repurchase all outstanding notes offered hereby at a price in cash equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest to, but not including, the repurchase date. See Description of the Notes Change of Control Offer in this prospectus supplement.
Book-Entry Notes	The notes offered hereby will be issued in book-entry form and represented by one or more global notes deposited with a custodian for The Depository Trust Company and registered in the name of The Depository Trust Company or its nominee. See Description of Debt Securities Book-Entry; Delivery and Form in the accompanying prospectus.
Material United States Federal Income Tax Considerations	For a summary of certain U.S. federal income tax consequences of the holding and disposing of the notes, see Material United States Federal Income Tax Considerations in this prospectus supplement.
Risk Factors	You should carefully review the information in this prospectus supplement under the caption Risk Factors, as well as the other information in this prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference herein or therein, in evaluating an investment in the notes offered hereby.
Listing; No Prior Market	We currently do not intend to list the notes offered hereby on any securities exchange, there is currently no market for the notes and there can be no assurance that one will develop. See Underwriting in this prospectus supplement.

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FORWARD-LOOKING STATEMENTS

You are cautioned that certain statements contained or incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus are forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates, hopes, and similar expressions con forward-looking statements. In addition, any statements concerning future financial or operating performance (including future revenues, homes delivered, net orders, selling prices, expenses, expense ratios, gross profit margins, earnings or earnings per share, or growth or growth rates), future market conditions, future interest rates, and other economic conditions, ongoing business strategies or prospects, future dividends and changes in dividend levels, the value of backlog (including amounts that we expect to realize upon delivery of homes included in backlog and the timing of those deliveries), potential future acquisitions and the impact of completed acquisitions, future share repurchases and possible future actions, which may be provided by us, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our operations, economic and market factors, and the homebuilding industry, among other things. These statements are not guarantees of future performance, and we have no specific policy or intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The most important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to: general economic, employment and business conditions; adverse market conditions that could result in additional impairment or land option contract abandonment charges and operating losses, including an oversupply of unsold homes, declining home prices and increased foreclosure and short sale activity, among other things; conditions in the capital and credit markets (including residential consumer mortgage lending standards, the availability of residential consumer mortgage financing and mortgage foreclosure rates); material prices and availability; labor costs and availability; changes in interest rates; inflation; our debt level, including our ratio of debt to total capital, and our ability to adjust our debt level and structure and to access the credit, capital or other financial markets or other external financing sources; weak or declining consumer confidence, either generally or specifically with respect to purchasing homes; competition for home sales from other sellers of new and existing homes, including lenders and other sellers of homes obtained through foreclosures or short sales; weather conditions, significant natural disasters and other environmental factors; government actions, policies, programs and regulations directed at or affecting the housing market (including, but not limited to, the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, tax credits, tax incentives and/or subsidies for home purchases, tax deductions for residential consumer mortgage interest payments and property taxes, tax exemptions for profits on home sales, and programs intended to modify existing mortgage loans and to prevent mortgage foreclosures), the homebuilding industry, or construction activities; the availability and cost of land in desirable areas; our warranty claims experience with respect to homes previously delivered and actual warranty costs incurred; our ability to obtain reimbursement and/or recoveries for the costs incurred in connection with resolving claims and undertaking repairs related to allegedly defective drywall material in homes previously delivered and other warranty-related obligations; legal or regulatory proceedings or claims; our ability to use/realize the net deferred tax assets we have generated; our ability to successfully implement our current and planned product, geographic and market positioning (including, but not limited to, our efforts to expand our inventory base/pipeline with desirable land positions or interests at reasonable cost and to expand our community count, open new communities for sales and sell higher-priced homes, and our increasing operational and investment concentration in markets in California and Texas), revenue growth, asset optimization, and overhead and other cost reduction strategies and initiatives; consumer traffic to our new home communities and consumer interest in our product designs; the manner in which our homebuyers are offered and whether they are able to obtain residential consumer mortgage loans and mortgage banking services, including from our preferred mortgage lender, Nationstar; the operational transition of our preferred mortgage lending relationship to Nationstar and the performance of Nationstar with respect to that relationship and in originating residential consumer mortgage loans for the Company s homebuyers; information technology failures and data security breaches; the possibility that the proposed offer and sale of the notes to fund the purchase of the 2014 Notes and the 2015 Notes in the applicable tender offers will not close timely or at all; and other events outside of our control. Please see our Annual Report on Form 10-K for the fiscal year ended November 30, 2011, our Quarterly Reports on Form 10-Q for the fiscal quarters ended February 29, 2012 and May 31, 2012, and our other filings with the SEC for a further discussion of these and other risks and uncertainties applicable to our business.

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RISK FACTORS

You should carefully consider the risks and uncertainties described below before purchasing the notes offered hereby, as well as the risks and uncertainties described elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus. The following important factors could adversely impact our homebuilding and financial services operations, and our consolidated financial statements. These factors could cause our actual results to differ materially from the forward-looking and other statements that we make in this prospectus supplement and the accompanying prospectus, and the documents incorporated and deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus. However, these are not the only risks and uncertainties that we face. You are also cautioned that some of the statements contained or incorporated by reference in this prospectus supplement and accompanying prospectus are forward-looking statements and are subject to risks, uncertainties and assumptions. See Forward-Looking Statements in this prospectus supplement.

Risk Factors Relating to KB Home

For a discussion of risks and uncertainties relating to KB Home and our business, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended November 30, 2011, which is incorporated by reference in this prospectus supplement.

Risk Factors Relating to the Notes

Your right to receive payments on the notes will be effectively subordinated to the rights of any future secured creditors of our company. Further, the guarantees of these notes will be effectively subordinated to all of our guarantors future secured indebtedness.

Your right to receive payments on the notes offered hereby will be effectively subordinated to the rights of any future secured creditors of ours, and the guarantees of the notes will be effectively subordinated to all of our guarantors future secured indebtedness, to the extent of the value of the assets securing such indebtedness. In the event of any distribution or payment of our assets in any insolvency, foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness will have a prior claim to those of our assets that constitute their collateral. Holders of the notes will participate ratably in our remaining assets with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of the notes may receive less, ratably, than holders of secured indebtedness.

We intend to use all or a portion of the net proceeds from the offering of the notes to pay for the purchase of Tender Offer Notes validly tendered in the applicable tender offer and accepted by us. If we do not use all of the net proceeds from this offering to pay for the purchase of Tender Offer Notes, our overall debt level will increase. In addition, whether we use all or only a portion of the net proceeds from this offering to pay for the purchase of Tender Offer Notes, the notes offered hereby will bear a higher rate of interest than the Tender Offer Notes.

We intend to use all or a portion of the net proceeds from this offering to pay for the cost of purchasing the Tender Offer Notes validly tendered and accepted by us for purchase in the applicable tender offer. In the Offer to Purchase, and subject to its terms and conditions, we have indicated that we will accept for purchase any and all validly tendered 2014 Notes and up to the Maximum 2015 Amount in aggregate principal amount of validly tendered 2015 Notes. We may increase or waive the Maximum 2015 Amount in our sole discretion, subject to compliance with applicable law. If the aggregate principal amount of this offering exceeds the amount of Tender

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Offer Notes accepted for purchase by us in the applicable tender offers, the aggregate amount of principal we owe for borrowed money will increase and we may use such excess amount for general corporate purposes. Whether we use all or only a portion of the net proceeds from this offering to pay for the purchase of Tender Offer Notes, the notes offered hereby will bear a higher rate of interest than the Tender Offer Notes.

Our ability to service our debt, including the notes, depends upon cash provided to us by our subsidiaries, and the notes are effectively subordinated to the liabilities of our subsidiaries that are not guarantors of the notes and to secured indebtedness of us and the guarantors.

The notes will initially be guaranteed by certain of our subsidiaries. However, a substantial portion of our revenue and income is generated by, and a substantial portion of our assets is held by, the non-guarantor subsidiaries. For example, the non-guarantor subsidiaries generated approximately 43.3% and 42.2% of our consolidated revenues during the fiscal year ended November 30, 2011 and the six months ended May 31, 2012, respectively, and the non-guarantor subsidiaries held approximately 24.1% and 24.8% of our consolidated assets at November 30, 2011 and May 31, 2012, respectively. For further information, you should review note 19 to our consolidated financial statements appearing in our Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2012 and note 21 to our consolidated financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended November 30, 2011, both of which are incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus and include condensed consolidating financial statements that separately present the results of operations and financial condition of the guarantor and non-guarantor subsidiaries.

We are a holding company, and we conduct our operations through subsidiaries. We derive substantially all our revenues from our subsidiaries, and all of our operating assets are owned by our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depends on the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide us with cash to pay amounts due on our obligations, including the Senior Notes and the notes offered hereby. Our subsidiaries are separate and distinct legal entities and the non-guarantor subsidiaries have no obligation to make payments on the notes offered hereby or to make any funds available for that purpose. In addition, dividends, loans, or other distributions from our subsidiaries to us may be subject to contractual and other restrictions, are dependent upon the results of operations of our subsidiaries and are subject to other business considerations.

Because of our holding company structure, the notes offered hereby will be effectively subordinated to all existing and future liabilities of the non-guarantor subsidiaries. These liabilities may include, among others, indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. Therefore, our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of any non-guarantor subsidiary upon that subsidiary s liquidation or reorganization will be subject to the prior claims of that subsidiary s creditors and of the holders of any indebtedness or other obligations guaranteed by that subsidiary, except to the extent that we may ourselves be a creditor with recognized claims against that subsidiary. However, even if we are a creditor of a non-guarantor subsidiary, our claims would still be effectively subordinated to any security interests in, or mortgages or other liens on, the assets of that subsidiary and would be subordinate to any indebtedness of that subsidiary senior to that held by us. As of May 31, 2012, the non-guarantor subsidiaries had approximately $172.7 million of liabilities outstanding, excluding intercompany liabilities, to which the notes offered hereby would be structurally subordinated.

The notes offered hereby will also be effectively subordinated to our existing and future secured indebtedness and the existing and future secured indebtedness of the guarantors of the notes. Such existing indebtedness is currently comprised principally of indebtedness secured by purchase money mortgages on real property, the aggregate principal amount of which was approximately $14.2 million at May 31, 2012.

Each guarantor of the notes offered hereby also guarantees, on a senior unsecured basis, our outstanding Senior Notes. Each guarantor s guarantee of the notes offered hereby will rank equally with all other unsecured

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and unsubordinated indebtedness and guarantees of that guarantor, including its guarantees of our borrowings and other obligations under our Senior Notes. At May 31, 2012, we had $1.564 billion of Senior Notes outstanding. Your right to payment under the guarantees of the notes offered hereby will be effectively subordinated to the secured indebtedness of the guarantors of the notes to the extent of the value of the assets securing such indebtedness, as described above.

The indenture that will govern the notes offered hereby does not contain any limitation on the amount of unsecured liabilities, including indebtedness and guarantees, that we and our subsidiaries may incur in the future.

Federal and state laws allow courts, under specific circumstances, to void guarantees and to require you to return payments received from guarantors.

The notes offered hereby will initially be guaranteed by the guarantors and, under certain circumstances, other subsidiaries of ours may or may be required to guarantee the notes. Any of these guarantees may be subject to review as fraudulent transfers under federal bankruptcy law and comparable provisions of state fraudulent transfer laws in the event a bankruptcy or reorganization case is commenced by or on behalf of one of the guarantors or if a lawsuit is commenced against one of the guarantors by or on behalf of an unpaid creditor of such guarantor. Although the elements that must be found for a guarantee to be determined to be a fraudulent transfer vary depending upon the law of the jurisdiction that is being applied, as a general matter, if a court were to find that, at the time any guarantor issued its guarantee of the notes:

- it issued the guarantee to delay, hinder or defraud present or future creditors; or

- it received less than reasonably equivalent value or fair consideration for issuing the guarantee at the time it issued the guarantee, and

- was insolvent or rendered insolvent by reason of issuing the guarantee; or

- was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature,

then the court could void the obligations under such guarantee, subordinate the guarantee to that of the guarantor s other debt or take other action detrimental to you and the guarantees of the notes offered hereby, including directing the return of any payments received from the guarantors.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the law of the jurisdiction that is being applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a person would be considered insolvent if, at the time it incurred the debt or issued its guarantee:

- the present fair value of its assets was less than the amount that would be required to pay its liabilities on its existing debts, including contingent liabilities, as they become due; or it could not pay its debts as they become due.

We cannot be sure as to the standard that a court would use to determine whether or not the guarantors were solvent at a relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided or the guarantees would not be subordinated to the guarantors other debt. If that were to occur, any guarantee could also be subject to the claim that, because the guarantee was incurred for our benefit, and only indirectly for the benefit of the applicable guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration.

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The guarantors may be released from their guarantees of the notes under certain circumstances.

Any or all of the guarantors of the notes offered hereby may be released from their respective guarantees under certain circumstances specified in the indenture that will govern the notes. If this were to occur, holders of the notes would be structurally subordinated to the liabilities of such released guarantors, as described above, and it could have a material adverse effect on the value of the notes. See Description of Debt Securities Guarantees in the accompanying prospectus.

Substantially all of our currently outstanding unsecured indebtedness is scheduled to mature prior to the notes offered hereby.

At May 31, 2012, we had $1.564 billion of Senior Notes outstanding that will rank equally with the notes offered hereby, without giving effect to the tender offers for our Tender Offer Notes. All of these Senior Notes are scheduled to mature prior to the stated maturity of the notes offered hereby.

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

Upon the occurrence of a change of control triggering event (as defined in Description of the Notes in this prospectus supplement), we will be required to make an offer to each holder of the notes offered hereby to repurchase all or any part of such holder s notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase. If we experience a change of control triggering event, we cannot assure you that we would have sufficient financial resources available to repurchase the notes in cash at such time. The terms governing our 9.100% Senior Notes due 2017 and 8.00% Senior Notes due 2020 provide for a similar offer to repurchase requirement with respect to the applicable series of securities. As of the date of this prospectus supplement, the aggregate principal balance of our 9.100% Senior Notes and 8.00% Senior Notes is $265,000,000 and $350,000,000, respectively. Our failure to repurchase these securities would result in a default under the applicable securities, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes offered hereby.

The terms of the indenture and the notes provide only limited protection against significant corporate events that could affect adversely your investment in the notes.

While the indenture and the notes offered hereby contain terms intended to provide protection to holders upon the occurrence of certain events involving significant corporate transactions or our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the notes. As described under Description of the Notes Change of Control Offer in this prospectus supplement, upon the occurrence of a change of control triggering event, we will be required to make an offer to each holder of the notes to repurchase their notes at 101% of their principal amount. However, the definition of the term change of control triggering event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively affect the value of your notes. If we were to enter into a significant corporate transaction that would negatively affect the value of the notes, but that would not constitute a change of control triggering event, you would not have any rights to require us to repurchase the notes prior to their maturity, which also would adversely affect your investment. Additionally, a 2009 Delaware Chancery Court decision found that incumbent directors are permitted to approve as a continuing director of a board any person, including one nominated by a dissident stockholder and not recommended by the board, as long as the approval is granted in good faith and in accordance with the board s fiduciary duties. Accordingly, a holder of notes may not be able to require us to repurchase notes as a result of the change in the composition of the directors on our board. The same court also observed that certain provisions in indentures, such as continuing director provisions, could function to entrench an incumbent board of directors and could raise enforcement concerns if adopted in violation of a board s fiduciary duties. If such a provision were found unenforceable, holders would not be able to require us to repurchase notes as a result of a change of control resulting from a change in the composition of our board. The Delaware Supreme Court subsequently affirmed this decision of the Delaware Chancery Court. See Description of the Notes Change of Control Offer in this prospectus supplement.

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Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks described above.

We and our subsidiaries may be able to incur substantial additional indebtedness, including secured debt, in the future. The terms of the indenture governing the notes do not fully prohibit us or our subsidiaries from doing so. See Description of Debt Securities Certain Covenants in the accompanying prospectus. If we incur any additional indebtedness that ranks *pari passu* with the notes offered hereby, the holders of such debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

An active trading market may not develop for the notes.

We cannot assure you that a trading market for the notes offered hereby will ever develop or, if a trading market develops, that it will be maintained or provide adequate liquidity. We do not intend to apply for listing of the notes on any securities exchange or for quotation on any automated or other quotation system. The notes are a new issue of securities with no trading history or established trading market. Any trading market for the notes may be adversely affected by changes in interest rates, the overall market for these types of securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a consequence, you might not be able to sell your notes, or, even if you can sell your notes, you might not be able to sell them at an acceptable price.

The trading price of the notes may be volatile and can be directly affected by many factors, including our credit rating.

In the event that a trading market for the notes offered hereby develops, the trading price of the notes could be subject to significant fluctuation in response to, among other factors, changes in our operating results, interest rates, the market for non-investment grade securities, general economic conditions and securities analysts recommendations, if any, regarding our securities.

Credit rating agencies continually revise their ratings for companies they follow, including us. Any ratings downgrade could adversely affect the trading price of the notes, or the trading market for the notes, to the extent a trading market for the notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future and any fluctuation may impact the trading price of the notes.

The notes may be issued with original issue discount (OID) for U.S. federal income tax purposes.

The notes offered hereby may be issued with OID for U.S. federal income tax purposes if the issue price of the notes is less than the stated principal amount of the notes by more than a *de minimis* amount. If the notes are issued with OID, U.S. holders of the notes will be required to include amounts in gross income on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable and regardless of the holder s method of tax accounting. For more information, see Material United States Federal Income Tax Considerations in this prospectus supplement.

In the event of a bankruptcy, holders may not have a claim with respect to OID on the notes constituting unmatured interest under the U.S. Bankruptcy Code.

Under the U.S. Bankruptcy Code, the principal amount of each note offered hereby in excess of its issue price (*i.e.*, OID) is treated as unmatured interest. The claim of a holder of a note in a bankruptcy proceeding in respect of the notes with respect to this OID, if any, would be limited to the portion thereof that had accreted prior to the date of the commencement of the bankruptcy case. Holders of notes would not be entitled to receive any additional portion of the OID, if any, that accreted through the duration of a bankruptcy proceeding.

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USE OF PROCEEDS

We estimate the net proceeds from this offering of notes to be approximately $245.9 million after deducting the underwriting discount and our estimated expenses relating to the offering. We intend to use all or a portion of the net proceeds from this offering and unrestricted cash on hand, if necessary, to purchase for cash any and all of the 2014 Notes and up to the Maximum 2015 Amount of the 2015 Notes validly tendered and accepted by us for purchase, including the payment of accrued interest and any applicable early tender premium, as described under Prospectus Supplement Summary Recent Developments Tender Offers in this prospectus supplement. We intend to use any remaining net proceeds from this offering for general corporate purposes, which may include the purchase from time to time of any 2014 Notes and 2015 Notes otherwise than pursuant to the tender offers described in the Offer to Purchase, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise.

As of July 5, 2012, $193.7 million aggregate principal amount of the 2014 Notes, $170.0 million aggregate principal amount of the 5 $^{7}/_{8}$% Notes and $296.3 million aggregate principal amount of the 6 $^{1}/_{4}$% Notes was outstanding. The 2014 Notes bear interest at the rate of 5 $^{3}/_{4}$% per annum and are scheduled to mature on February 1, 2014. The 5 $^{7}/_{8}$% Notes bear interest at the rate of 5 $^{7}/_{8}$% per annum and are scheduled to mature on January 15, 2015. The 6 $^{1}/_{4}$% Notes bear interest at the rate of 6 $^{1}/_{4}$% per annum and are scheduled to mature on June 15, 2015.

Subject to the terms and conditions of the Offer to Purchase, set forth in the table below is the tender offer consideration for each series of notes validly tendered and accepted by us for purchase in the applicable tender offer:

				Dollars per $1,000 Principal Amount of Securities			
Title of Security	**CUSIP Number**	**Principal Amount Outstanding**	**Acceptance Priority Level**	**Tender Offer Consideration**	**Early Tender Premium**	**Total Consideration**	**Acceptance Cap**
2014 Note Tender Offer							

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