KBSA INC
Form 424B2
October 16, 2013
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**As filed pursuant to rule 424(b)(2)**
**Under the Securities Act of 1933**
**Registration No. 333-176930**

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price per Security | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| 7.000% Senior Notes due 2021 | $450,000,000 | 100% | $450,000,000 | $57,960.00(1) |
| Guarantees of 7.000% Senior Notes due 2021 | (2) | (2) | (2) | (2) |

(1) Calculated in accordance with Rule 457(o) and Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act ).
(2) Pursuant to Rule 457(n) under the Securities Act, no separate registration fee is payable with respect to these guarantees.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 20, 2011

# $450,000,000

# 7.000% Senior Notes due 2021

The notes offered hereby will bear interest at the rate of 7.000% per year. Interest on the notes is payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2014. The notes will mature on December 15, 2021. 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 | 100.000% | $450,000,000 |
| Underwriting Discount | 1.250% | $5,625,000 |
| Proceeds to KB Home (before estimated expenses) | 98.750% | $444,375,000 |

Interest on the notes will accrue from October 29, 2013 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 October 29, 2013, which is the tenth business day following the date of this prospectus supplement (such settlement cycle is referred to as T+10). You should be advised that trading of the notes may be affected by the T+10 settlement.

Joint Book-Running Managers

**Credit Suisse** **BofA Merrill Lynch** **Citigroup** **Deutsche Bank Securities**

The date of this prospectus supplement is October 15, 2013.

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### Prospectus Supplement



### Prospectus



We are responsible for the information contained and incorporated or deemed incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus with respect to this offering filed by us with the SEC. Neither we nor any of the underwriters have authorized anyone to provide you with any other information, and we take no responsibility for any other information that others may give you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been prepared, in each case as set forth herein or therein. 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, the accompanying prospectus, any free writing prospectus and the documents incorporated or deemed incorporated by reference herein and therein is accurate only as of its respective date or the date that is specified in those documents. 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 2013, our first fiscal quarter ended on February 28, our second fiscal quarter ended on May 31 and our third fiscal quarter ended on August 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.

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.

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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, Nevada and New Mexico; 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 and Redemptions

On October 15, 2013, we commenced tender offers to purchase for cash (i) any and all of our outstanding 5 $^{3}/_{4}$% Senior Notes due 2014 (the 2014 Notes ), (ii) any and all of our outstanding 5 $^{7}/_{8}$% Senior Notes due 2015 (the 5 $^{7}/_{8}$% Notes, and together with the 2014 Notes, the Redeemable Notes ) and (iii) up to $37.0 million (the Maximum 6 $^{1}/_{4}$% Notes Amount ) in aggregate principal amount of our outstanding 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 October 15, 2013, and the related letter of transmittal concerning the tender offers, in each case, as amended or supplemented (together, the Offer to Purchase ).

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 Tender Offer Notes validly tendered and not validly withdrawn 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** | **Tender Offer Consideration** | **Early Tender Premium** | **Total Consideration** | **Acceptance Cap** |
| **2014 Note Tender Offer** | | | | | | |
| 5 $^{3}/_{4}$% Senior Notes due 2014 | 48666KAH2 | $ 75,970,000 | $ 983.85 | $ 30.00 | $ 1,013.85 | Not Applicable |
| **2015 Note Tender Offers** | | | | | | |
| 5 $^{7}/_{8}$% Senior Notes due 2015 | 48666KAL3 | $ 102,172,000 | $ 1,035.95 | $ 30.00 | $ 1,065.95 | Not Applicable |
| 6 $^{1}/_{4}$% Senior Notes due 2015 | 48666KAM1 | $ 236,906,000 | $ 1,045.00 | $ 30.00 | $ 1,075.00 | $ 37,000,000 |

In addition, the table above sets forth the early tender premium (the Early Tender Premium ) offered for each series of Tender Offer Notes validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on October 28, 2013 (the Early Tender Date ) and accepted for purchase by us. Holders who tender at or prior to the Early Tender Date will receive the total consideration (the Total Consideration ) consisting of the applicable tender offer consideration set forth in the above table under Tender Offer Consideration (the Tender Offer Consideration ), plus the applicable Early Tender Premium for each Tender Offer Note that is validly tendered and not validly withdrawn and accepted by us for purchase. Holders who tender their Tender Offer Notes after the Early Tender Date will receive the applicable Tender Offer Consideration for each Tender Offer Note that is validly tendered and not validly withdrawn and accepted by us for purchase. Accrued and unpaid interest will be paid on any Tender Offer Notes of each series accepted by us for purchase up to, but not including, the early or the final settlement date, as applicable. The tender offers are scheduled to expire at 11:59 p.m., New York City time, on November 12, 2013.

The amount of 6 $^{1}/_{4}$% Notes purchased in the applicable tender offer will be subject to the Maximum 6 $^{1}/_{4}$% Notes Amount. This means that if more than $37.0 million in aggregate principal amount of the 6 $^{1}/_{4}$% Notes is validly tendered and not validly withdrawn, we will accept for purchase only an amount of such 6 $^{1}/_{4}$% Notes equal to the Maximum 6 $^{1}/_{4}$% Notes Amount, subject to the proration terms and procedures described in the Offer to Purchase. We may waive or increase the Maximum 6 $^{1}/_{4}$% Notes Amount in our sole discretion, subject to compliance with applicable law.

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. If any of the Redeemable Notes are not validly tendered and accepted by us for purchase by the early settlement date for the tender offers, we may elect at our option to redeem at any time after such date any such notes in accordance with the make-whole redemption provisions of the applicable notes (any such redemption, a redemption ). This prospectus supplement is neither a solicitation for the tender offers nor is it a notice of redemption for the Redeemable Notes. Completion of the tender offers will be subject to the closing of this offering and customary tender offer conditions as set forth in the Offer to Purchase. However, this offering is not conditioned upon the successful consummation of the tender offers or the redemptions.

We intend to use a portion of the net proceeds from this offering to fund the purchase of the Tender Offer Notes in the tender offers and, if we so elect at our option, the redemptions of any Redeemable Notes not purchased in the tender offers, including the payment of all accrued and unpaid interest payable and any applicable early tender premium with respect to the tender offers. We intend to use the 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, 2012 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** | \$450.0 million aggregate principal amount of 7.000% Senior Notes due 2021. |
| **Maturity** | December 15, 2021. |
| **Interest** | Annual rate: 7.000%, accruing from October 29, 2013. |
| | Every six months on June 15 and December 15. |
| | First payment: June 15, 2014. |
| **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 5 $^{3}/_{4}$% Senior Notes due 2014, 5 $^{7}/_{8}$% Senior Notes due 2015, 6 $^{1}/_{4}$% Senior Notes due 2015, 9.100% Senior Notes due 2017, 7 $^{1}/_{4}$% Senior Notes due 2018, 8.00% Senior Notes due 2020, 7.5% Senior Notes due 2022 and 1.375% Convertible Senior Notes due 2019 (collectively, our existing senior notes ), and our obligations under our \$200.0 million unsecured revolving credit facility (our revolving credit facility ). Under certain circumstances, any or all of the guarantors may be released from their guarantees of the notes offered hereby, 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 existing senior notes and our revolving credit facility. 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 |

existing senior notes and our revolving credit facility. 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 KB Home that are not guarantors of the notes, which we refer to herein as non-guarantor subsidiaries. Non-guarantor subsidiaries had approximately $135.1 million of liabilities outstanding, excluding intercompany liabilities, as of August 31, 2013; 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 $35.5 million at August 31, 2013.

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; the notes are structurally subordinated to the liabilities of our subsidiaries that are not guarantors of the notes, and the notes and guarantees are effectively subordinated 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 $443.4 million in net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from this offering to fund the purchase of the Tender Offer Notes in the tender offers and, if we so elect at our option, the redemptions of any Redeemable Notes not purchased in the applicable tender offer, including the payment of all accrued and unpaid interest payable and any applicable early tender premium with respect to the tender offers, as described in this prospectus supplement under Prospectus Supplement Summary Recent Developments Tender Offers and Redemptions. We intend to use the 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. Prior to September 15, 2021 (three months prior to the maturity of the notes), the redemption price will be 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, but excluding, the applicable redemption date. On or after September 15, 2021 and until their maturity, the redemption price will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest on the notes being redeemed to, but excluding, the applicable redemption date. See Description of the Notes Optional Redemption in this prospectus supplement. |
| **Certain Covenants** | Under the indenture that will govern the notes offered hereby, 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. |
| **Certain U.S. Federal Income Tax Considerations** | For a summary of certain U.S. federal income tax considerations relevant to the holding and disposing of the notes, see Certain U.S. 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 within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature or refer to future events and conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates, hopes, and similar expressions constitute forward-looking statements. In addition, any statements concerning future financial or operating performance (including, without limitation, future revenues, homes delivered, net orders, selling prices, expenses, expense ratios, housing 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 our backlog (including amounts that we expect to realize upon delivery of homes included in our backlog and the timing of those deliveries), the value of our net orders, potential future asset acquisitions and the impact of completed acquisitions, future share issuances or repurchases and possible future actions, which may be provided by us, are also forward-looking statements. Forward-looking statements are based on our current expectations 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 the following: general economic, employment and business conditions; population growth, household formations and demographic trends; adverse market conditions, including an increased supply of unsold homes, declining home prices and greater foreclosure and short sale activity, among other things, that could negatively affect our consolidated financial statements, including due to additional impairment or land option contract abandonment charges, lower revenues and operating and other losses; conditions in the capital, credit and financial markets (including mortgage lending standards, the availability of 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, maturity schedule and structure and to access the equity, credit, capital or other financial markets or other external financing sources, including raising capital through the public or private issuance of common stock, debt or other securities, and/or project financing, on favorable terms; our compliance with the terms and covenants of our revolving credit facility; weak or declining consumer confidence, either generally or specifically with respect to purchasing homes; competition for home sales from other sellers of new and resale 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 the Dodd-Frank Act, tax credits, tax incentives and/or subsidies for home purchases, tax deductions for 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; decisions by lawmakers on federal fiscal policies, including those relating to taxation and government spending; a failure or prolonged delay by Congress and the President to approve a budget or continuing appropriation legislation to fund the operations of the federal government and/or to approve an increase in the aggregate amount of debt the federal government can borrow; the availability and cost of land in desirable areas; our warranty claims experience with respect to homes previously delivered and actual warranty costs incurred, including our warranty claims and costs experience at certain of our communities in Florida; 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 strategies and initiatives with respect to product, geographic and market positioning (including our efforts to expand our inventory base/pipeline with desirable land positions or interests at reasonable cost and to expand our community count, open additional new home communities for sales and sell higher-priced homes and more design options, and our operational and investment concentration in markets in California), revenue growth, asset optimization, asset activation, local field management and talent investment, and overhead reduction and cost management; consumer traffic to our new home communities and consumer interest in our product designs and offerings, particularly from higher-income consumers; cancellations and our ability to realize our backlog by converting net orders to home deliveries; our home sales and delivery performance, particularly in key markets in California; the manner in which our homebuyers are offered and whether they are able to obtain mortgage loans and mortgage banking services, including from our preferred mortgage lender, Nationstar Mortgage; the performance of Nationstar Mortgage as our preferred mortgage lender; the ability of Home Community Mortgage to become operational in all of our served markets as and by the time currently anticipated; information technology failures and data security breaches; the possibility that the proposed offer and sale of the notes to fund the purchase of the Tender Offer Notes in the applicable tender offer and, if we so elect at our option, the redemption of any Redeemable Notes not purchased in the applicable tender offer 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, 2012, our Quarterly Reports on Form 10-Q for the fiscal quarters ended February 28, 2013, May 31, 2013 and August 31, 2013, 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

*An investment in the notes offered hereby involves certain risks. You should carefully consider the risks and uncertainties described below before investing in the notes, 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. The market or trading price of the notes could decline due to any of these risks or uncertainties, and you may lose all or part of your investment. 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, 2012 and our Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2013, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

### Risk Factors Relating to the Notes

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

Your right to receive payments on the notes offered hereby will be effectively subordinated to the rights of any current or future secured creditors of ours, and the guarantees of the notes will be effectively subordinated to all of our guarantors current or 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 priority 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 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 for purchase and, if we so elect at our option, to redeem any Redeemable Notes not purchased in the applicable tender offer. If we do not use all of the net proceeds from this offering to pay for the purchase of Tender Offer Notes or the redemption of any Redeemable 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 or the redemption of any Redeemable Notes, the notes offered hereby will bear a higher rate of interest than the Tender Offer Notes.**

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We intend to use a portion of the net proceeds from this offering to pay for the cost of purchasing the Tender Offer Notes validly tendered in the applicable tender offer and not validly withdrawn and accepted by us for purchase, and, if we so elect at our option, of redeeming any Redeemable Notes not purchased 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 Redeemable Notes and up to the Maximum 6 $^{1}/_{4}$% Notes Amount in aggregate principal amount of validly tendered 6 $^{1}/_{4}$% Notes. We may increase or waive the Maximum 6 $^{1}/_{4}$% Notes Amount in our sole discretion, subject to compliance with applicable law. If the aggregate principal amount of this offering exceeds the amount of Tender Offer Notes to be accepted by us for purchase in the applicable tender offers and the amount of any Redeemable Notes elected at our option to be redeemed by us, the aggregate amount of principal we owe for borrowed money will increase and we may use such excess amount for general corporate purposes. See Use of Proceeds in this prospectus supplement. Whether we use all or only a portion of the net proceeds from this offering to pay for the purchase of Tender Offer Notes or the redemption of any Redeemable 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; the notes are structurally subordinated to the liabilities of our subsidiaries that are not guarantors of the notes, and the notes and guarantees are effectively subordinated to secured indebtedness of us and the guarantors.**

The notes will initially be guaranteed by certain of our subsidiaries. A portion of our revenue and income is generated by, and a portion of our assets is held by, the non-guarantor subsidiaries. The non-guarantor subsidiaries generated approximately 11% and 12% of our consolidated revenues during the fiscal year ended November 30, 2012 and the nine months ended August 31, 2013, respectively, and the non-guarantor subsidiaries held approximately 6% and 7% of our consolidated assets at November 30, 2012 and August 31, 2013, 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 quarterly period ended August 31, 2013 and note 21 to our consolidated financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended November 30, 2012, both of which are incorporated by reference in this prospectus supplement and the accompanying prospectus and include condensed consolidating financial statements that separately present information regarding 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 our existing 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 structurally 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 allowed claims as 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 August 31, 2013, the non-guarantor subsidiaries had approximately $135.1 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 guarantees will be effectively subordinated to the existing and future secured indebtedness of the guarantors of the notes. The aggregate principal amount of such existing indebtedness, currently comprised principally of indebtedness secured by purchase money mortgages on real property, was approximately $35.5 million at August 31, 2013.

Each guarantor of the notes offered hereby also guarantees, on a senior unsecured basis, our existing senior notes and our obligations under our revolving credit facility. 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 existing senior notes and our revolving credit facility. At August 31, 2013, we had $1.90 billion outstanding of existing senior notes and no outstanding borrowings under our revolving credit facility. 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.

Although our revolving credit facility imposes certain limitations on our ability to incur indebtedness which may affect our liquidity, 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. See Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks described above and Failure to comply with the restrictions and covenants imposed by our revolving credit facility could restrict future borrowing or cause any outstanding indebtedness to become immediately due and payable.

**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

(i) was insolvent or rendered insolvent by reason of issuing the guarantee; or

(ii) 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

(iii) 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 guarantor.

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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; 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. 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.

**Corporate benefit laws and other limitations on guarantees may adversely affect the validity and enforceability of the guarantees of the notes.**

The guarantees by the guarantors provide the holders of the notes offered hereby with a direct claim against the assets of the guarantors. The guarantees, however, will be limited to the maximum amount that can be guaranteed by a particular guarantor without rendering the guarantee, as it relates to that guarantor, voidable or otherwise ineffective under applicable law. This limit may not be effective to protect such guarantees from being voided under fraudulent transfer laws. This limit may also eliminate any guarantor s obligations or reduce such guarantor s obligations to an amount that effectively makes the guarantee worthless. In a recent Florida bankruptcy case, a similar limit was found to be ineffective to prevent the guarantees from being avoided as fraudulent transfers in their entirety.

In addition, enforcement of any of these guarantees against any guarantor will be subject to certain defenses available to guarantors generally. These laws and defenses include those that relate to fraudulent conveyance or transfer (as described in the preceding risk factor), voidable preference, corporate purpose or benefit, preservation of share capital, thin capitalization and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a guarantor may have no liability or reduced liability under its guarantee.

**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, which 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 August 31, 2013, we had $1.90 billion of existing senior notes outstanding that will rank equally with the notes offered hereby, without giving effect to the tender offers for our Tender Offer Notes or the redemption of any Redeemable Notes. Other than $350.0 million in aggregate principal amount of our 7.5% Senior Notes due 2022 outstanding, all of these existing 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, 8.00% Senior Notes due 2020 and 7.5% Senior Notes due 2022 provide for a similar offer to repurchase requirement with respect to the applicable series of securities. In addition, if a fundamental change under the terms of our 1.375% Convertible Senior Notes due 2019 occurs prior to their stated maturity date, which may occur due to a transaction or other event that also constitutes a change of control triggering event, we may be required by the holders of such notes to purchase all or any part of such holder s notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to but not including, the date of purchase. As of the date of this prospectus supplement, the aggregate principal balance of our 9.100% Senior Notes due 2017, 8.00% Senior Notes due 2020, 7.5% Senior Notes due 2022 and 1.375% Convertible Senior Notes due 2019 is $265,000,000, $350,000,000, $350,000,000 and $230,000,000, respectively. Our failure to repurchase these securities would result in a default under the applicable securities, which could, in turn, result in defaults under our revolving credit facility and 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, Delaware courts have held 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, and that incumbent directors would be breaching their fiduciary duties if such approval was withheld without a reasonable basis. 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. Moreover, 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. See Description of the Notes Change of Control Offer in this prospectus supplement.

**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, subject to certain limitations as described in the risk factor below. 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 substantial additional indebtedness in the future, these higher levels of indebtedness may affect our ability to pay the principal of and interest on the notes, or to repurchase the notes upon a change of control triggering event, and our creditworthiness generally. In addition, 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.

**Failure to comply with the restrictions and covenants imposed by our revolving credit facility could restrict future borrowing or cause any outstanding indebtedness to become immediately due and payable.**

Under the terms of our revolving credit facility, we are required, among other things, to maintain compliance with various covenants, including financial covenants relating to tangible net worth, leverage, and liquidity or interest coverage. The revolving credit facility is also governed by a borrowing base test and includes a limitation on investments in joint ventures and non-guarantor subsidiaries. If we fail to comply with these restrictions or covenants, the participating financial institutions could terminate the revolving credit facility, cause borrowings under the revolving credit facility, if any, to become immediately due and payable and/or could demand that we compensate them for waiving instances of noncompliance. In addition, under certain circumstances, a default under the revolving credit facility could cause a default with respect to our existing senior notes and the notes offered hereby and result in the acceleration of the maturity of our existing senior notes and the notes, and our inability to borrow under the revolving credit facility, which would have a material adverse impact on our liquidity and on our consolidated financial statements. Moreover, we may need to curtail our investment acti