AMERICAN GREETINGS CORP
Form 424B5
November 15, 2011
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-177986

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated November 15, 2011

PROSPECTUS SUPPLEMENT

To prospectus dated November 15, 2011

American Greetings Corporation

$225,000,000

% Senior Notes due 2021

Interest payable on May and November .

We are offering $225,000,000 aggregate principal amount of % notes due 2021, which we refer to in this prospectus supplement as the notes.

We will pay interest on the notes on May and November of each year, commencing on May , 2012. The notes will mature on November , 2021.

We may redeem the notes, in whole or in part, at our option at any time on or after November , 2016, at the redemption prices listed under Description of the notes Optional redemption in this prospectus supplement, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. We may also redeem the notes, in whole or in part, at our option at any time prior to November , 2016, at a price equal to 100% of their principal amount plus a make-whole premium, together with accrued but unpaid interest, if any, to, but excluding, the date of redemption. At any time on or before November , 2014, we may, at our option, redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of one or more qualified equity offerings at a redemption price equal to % of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. In addition, at any time or from time to time prior to November , 2014, we may, at our option, redeem up to 10% of the aggregate principal amount of the notes in any twelve-month period at a redemption price equal to 103% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

If we experience a change of control, we may be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest.

The notes will be unsecured obligations of American Greetings Corporation and will rank equally with our other senior unsecured indebtedness outstanding from time to time.

Before buying any notes, you should read the discussion of the risks of investing in the notes beginning on page S-12 of this prospectus supplement, as well as the section entitled Risk factors on page 4 of the accompanying prospectus.

Neither the Securities and Exchange Commission 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.

	Public Offering Price(1)	Underwriting Discount	Proceeds to American Greetings (before expenses)(1)
Per note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from November , 2011.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company on or about , 2011.

Joint book-running managers

J.P. Morgan **BofA Merrill Lynch**

Joint lead manager

KeyBanc Capital Markets

Co-managers

PNC Capital Markets LLC **Scotia Capital**

Mitsubishi UFJ Securities **RBS**

The date of this prospectus supplement is , 2011.

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You should rely only on the information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus authorized by us. Neither American Greetings nor the underwriters have authorized anyone to provide you with any information or represent anything about American Greetings, its financial results or this offering that is not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or any free writing prospectus authorized by us. If given or made, any such other information or representation should not be relied upon as having been authorized by American Greetings or the underwriters. Neither American Greetings nor the underwriters are making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. The information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus may only be accurate on the date of this document.

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About this prospectus supplement

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the debt securities we may offer from time to time. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. You should read this prospectus supplement together with the additional information described below under the headings Where you can find more information and Information incorporated by reference.

We have not authorized any dealer, salesman or other person, and the underwriters have not authorized anyone, to give any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus authorized by us. We do not, and the underwriters and their affiliates do not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others may provide you. We are not, and the underwriters are not, making an offer to sell or a solicitation of an offer to buy the notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus is only correct as of their respective dates or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in the notes, you should read the registration statement of which the accompanying prospectus forms a part, including the documents incorporated by reference herein.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to the terms we, us, our, the Company or American Greetings refer to American Greetings Corporation and its consolidated subsidiaries.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC, pursuant to the Securities Exchange Act of 1934, or the Exchange Act. Such filings are available to the public from the SEC s website at http://www.sec.gov. You may also read and copy any document we file at the SEC s public reference room in Washington D.C. located at 100 F Street, N.E., Washington D.C. 20549. You may also obtain copies of any document filed by us at prescribed rates by writing to the Public Reference Section of the SEC at that address. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also inspect the information that we file at the offices of the New York Stock Exchange Inc., 20 Broad Street, New York, New York 10005. Information about us, including our filings, is also available on our website at http://www.corporate.americangreetings.com. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus.

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Information incorporated by reference

The SEC allows us to incorporate by reference the information contained in documents we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement. Any statement contained in a document which is incorporated by reference in this prospectus supplement is automatically updated and superseded if information contained in this prospectus supplement, or information that we later file with the SEC, modifies or replaces that information. Any statement made in this prospectus supplement or the accompanying prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed or incorporated by reference any contract, agreement or other document as an exhibit to the registration statement of which the accompanying prospectus forms a part, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We incorporate by reference the following documents we filed with the SEC, excluding any information contained therein or attached as exhibits thereto that has been furnished to but not filed with the SEC (including any information furnished pursuant to Item 2.02 or Item 7.01 of our Current Reports on Form 8-K):

- our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, as amended by our Annual Report on Form 10-K/A for the fiscal year ended February 28, 2011 filed on November 14, 2011;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011, as amended by our Quarterly Reports on Form 10-Q/A for the fiscal quarters ended May 27, 2011 and August 26, 2011 filed on November 14, 2011; and

- our Current Reports on Form 8-K filed on March 4, 2011, June 29, 2011, September 27, 2011 and November 9, 2011.

Any documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering of the notes will automatically be deemed to be incorporated by reference in this prospectus supplement and a part of this prospectus supplement from the date of filing such documents; provided however, that we are not incorporating in each case, any documents or information contained therein that has been furnished but not filed with the SEC.

To receive a free copy of any of the documents incorporated by reference in this prospectus supplement (other than exhibits, unless they are specifically incorporated by reference in any such documents), call or write American Greetings Corporation, One American Road, Cleveland, Ohio 44144, Attention: Secretary (telephone (216) 252-7300).

Disclosure regarding forward-looking statements

This prospectus supplement, including the documents incorporated herein by reference, contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Exchange Act. These statements can be identified by the fact that they do not relate strictly to historic or current facts.

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They use such words as anticipate, estimate, expect, project, intend, plan, believe, and other words and terms of similar meaning in co with any discussion of future operating or financial performance. These forward-looking statements are based on currently available information, but are subject to a variety of uncertainties, unknown risks and other factors concerning our operations and business environment, which are difficult to predict and may be beyond our control. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements, and that could adversely affect our future financial performance, include, but are not limited to, the following:

- a weak retail environment and general economic conditions;
- competitive terms of sale offered to customers;
- the loss of one or more retail customers and/or retail consolidations, acquisitions and bankruptcies, including the possibility of resulting adverse changes to retail contract terms;
- the timing and impact of investments in new retail or product strategies as well as new product introductions and achieving the desired benefits from those investments;
- the timing and impact of converting customers to a scan-based trading model;
- the ability to achieve the desired benefits associated with our cost reduction efforts;
- the timing of investments in, together with the ability to successfully implement or achieve the desired benefits associated with, any information systems refresh we may implement;
- Schurman Fine Paper s ability to successfully operate its retail operations and satisfy its obligations to us;
- consumer acceptance of products as priced and marketed;
- the impact of technology, including social media, on core product sales;
- escalation in the cost of providing employee healthcare;
- the ability to comply with our debt covenants;
- fluctuations in the value of currencies in major areas where we operate, including the U.S. Dollar, Euro, U.K. Pound Sterling and Canadian Dollar;

- the outcome of any legal claims known or unknown; and

- the risk factors referred to or described in the "Risk factors" section of this prospectus supplement.

Risks pertaining specifically to AG Interactive include the viability of online advertising, subscriptions as revenue generators, and the ability to adapt to rapidly changing social media and the digital photo sharing space.

The risks and uncertainties identified above are not the only risks we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial also may adversely affect us. Should any known or unknown risks or uncertainties develop into actual events, or underlying assumptions prove inaccurate, these developments could have a material adverse effect on our business, financial condition and results of operations. We assume no obligation or duty to update any of the forward-looking statements included in this prospectus supplement or the accompanying prospectus (including the information incorporated by reference), except to the extent required by applicable law.

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Summary

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in these documents. See Where you can find more information and Information incorporated by reference. Unless otherwise indicated or the context otherwise requires, all references in this prospectus supplement to we, us, our or American Greetings refer to American Greetings Corporation and its consolidated subsidiaries.

Our fiscal year ends on February 28 or 29. References to a particular year refer to the fiscal year ending in February of that year. For example, 2011 refers to the year ended February 28, 2011.

Our company

Founded in 1906, American Greetings operates predominantly in a single industry: the design, manufacture and sale of everyday and seasonal greeting cards and other social expression products. We manufacture or sell greeting cards, gift packaging, party goods, stationery and giftware in North America, primarily the United States and Canada, and throughout the world, primarily in the United Kingdom, Australia and New Zealand. In addition, our subsidiary AG Interactive, Inc. distributes social expression products, including electronic greetings and a broad range of graphics and digital services and products, through a variety of electronic channels, including web sites, internet portals, instant messaging services and electronic mobile devices. We also engage in design and character licensing, and manufacture custom display fixtures for our products and products of others.

Our principal executive office is located at One American Road, Cleveland, Ohio 44144. Our telephone number is (216) 252-7300. Our web site address is www.corporate.americangreetings.com. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus.

Our competitive strengths

We believe that the following factors contribute significantly to our ability to compete effectively in the social expressions industry.

Leading Market Share. We have established a leading market position in many of our major businesses. We believe we have a leading portfolio of products with an approximate 40% market share in the North American greeting cards market. Our leading market position in the greeting cards market has been strengthened by both our broad product offering as well as by the size and scope of our distribution network. We also believe we are the number one supplier of online greeting cards with greater than 60% market share and approximately 3.7 million subscribers to our various electronic greeting card websites. In addition, we believe we are a leading domestic supplier of gift packaging.

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Creative Culture with Broad Product Offering. We have one of the world s largest creative studios with an extensive library of award-winning expressive content. With more than 400 artists, we create over 10,000 new greeting card designs each year and have successfully leveraged our core competencies in the greeting card business to diversify into other social expression and related product categories, including gift packaging, party goods and stationery. Our ability to provide a full range of greeting cards and other social expression products reinforces our relationships with major retailers by helping them effectively meet their merchandising goals.

Strong Retail Partnerships. We have long-standing relationships with major retailers in the mass retail channels, having supplied our top two retail customers for over 40 years. We believe we are one of only two companies out of the many greeting card suppliers in North America that can meet the combination of merchandising, quality, selection, inventory and distribution criteria required by today s largest and best retailers. In addition, as of February 28, 2011, three of our five largest customers were on a scan-based trading model, a business model that is based on providing product to our customers on a consignment basis where we record sales at the time a product is electronically scanned through the retailer s cash register. Scan-based trading solidifies our retailer relationships and provides benefits such as improved information sharing with our retail customers, contract enhancements and cash management efficiencies. Our strong retail relationships allow us to engage in longer-term contracts that strengthen our ability to compete in the greeting card business.

Extensive Distribution Capabilities. Through our multiple manufacturing and distribution facilities, we deliver thousands of products to tens of thousands of stores on a weekly basis across North America. Our distribution network is supported by our automated distribution system, which allows us to replenish retailers shelves promptly following the initiation of a re-order, and by over 17,000 merchandisers, who are responsible for stocking of pockets in displays and overall display appearance and management within the retail locations. These capabilities allow us to service our customers in an effective and efficient manner, thereby positioning us as a leading supplier to our retail customers.

Diversified Channel Exposure. Our distribution continues to be primarily through mass retail, which is comprised of three distinct channels: mass merchandisers; chain drug stores; and supermarkets. In addition, we sell our products through a variety of other distribution channels, including card and gift shops, department stores, military post exchanges, variety stores, combo stores (stores combining food, general merchandise and drug items) and online.

Strong Cash Flows. During the fiscal year ended February 28, 2011, more than half of our net sales were derived from long-term contractual relationships with our retail partners, providing us with stability in our net sales and therefore a more predictable cash flow. We believe our relatively stable revenue in conjunction with our modest working capital needs and low maintenance capital expenditures (typically less than 4% of annual revenue) have resulted in significant free cash flow generation. Over the last three years, we have reduced our net debt by over $300 million.

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Our business strategy

Our objective is to continue to expand our position as a leading creator, manufacturer and distributor of social expression products by generating innovative products and services to meet the consumers needs to connect, express and celebrate life s special moments. Our key strategic initiatives are to:

Grow our Greeting Cards Business. We will focus our resources primarily on our core greeting card business. We seek to lead the category through differentiation and thereby gain profitable market share, primarily by concentrating our efforts to:

- *Enhance our product portfolio.* We will continue to leverage one of the world s largest creative studios and digital libraries of award-winning expressive content to create a full range of fresh and new greeting card designs each year.

- *Expanding channels of distribution.* We will seek to develop new, and grow existing, business, including by expanding Internet and other channels of electronic distribution to make American Greetings the natural and preferred greetings solution, as well as capture any shifts in consumer demand.

Focus on Supply Chain Management and Back Office Efficiencies. We will seek to improve our business by continuing our focus on supply chain efficiencies to improve the way we develop, manufacture, distribute and service our products. In addition, we will continue to concentrate on ways to create sustainable cost savings by, among other things, continuously balancing the mix of our own manufacturing and outsourcing production and reducing overhead and fixed costs. We intend to maximize the profitability of our greeting card sales by reducing cost of goods sold and improving the efficiency of shipments to reduce scrap, order filling, freight, and merchandiser costs while maintaining sell-through productivity. We also intend to focus additional resources on streamlining our back office processes in order to reduce our general and administrative expenses.

Tender offers and consent solicitations

On November 15, 2011, we commenced tender offers to purchase any and all of our outstanding 7.375% senior notes due June 1, 2016, which we refer to as our 2016 senior notes, and our 7.375% notes due June 1, 2016, which we refer to as our 2016 notes, and, together with the 2016 senior notes, our existing notes. As of November 14, 2011, approximately $222.0 million in aggregate principal amount of our 2016 senior notes were outstanding and $32.7 million in aggregate principal amount of our 2016 notes were outstanding. In connection with the tender offers, we are also soliciting the consent of holders of the outstanding existing notes to amend the indentures governing the existing notes to, among other things, eliminate substantially all of the restrictive covenants therein and reduce the redemption notice period from 30 days to three business days.

The consummation of each of the tender offers is conditioned upon, among other things, the satisfaction, or waiver by us, of certain conditions, including the completion of this offering.

The tender offers and consent solicitations are scheduled to expire at midnight, New York City time, on December 13, 2011, unless extended or earlier terminated. Holders of the existing notes that validly tender and do not withdraw their notes and validly deliver and do not revoke their consents prior to 5:00 p.m., New York City time, on November 29, 2011, are entitled to receive a consent payment.

We will use the net proceeds of this offering, together with cash on hand, to fund the tender offers and consent solicitations as set forth under Use of proceeds.

If all of our outstanding existing notes are repurchased pursuant to the tender offers, the total tender offer consideration payable by us, including the consent payment, is expected to be approximately $263.5 million, excluding accrued and unpaid interest. This offering is not conditioned on any minimum amount of existing notes being repurchased pursuant to the tender offers. Following the expiration of the tender offers, we intend to redeem any of our existing notes that remain outstanding through the exercise of the optional redemption provisions in the indentures.

Unless otherwise indicated, all information in this prospectus supplement reflects or assumes that all of our outstanding existing notes will be repurchased pursuant to the tender offers and the holders tendering such notes receive the total tender offer consideration, including the consent payment.

Restatements

On November 7, 2011, management and the Audit Committee of our Board of Directors concluded that our financial statements must be restated as described below to reflect the impact of an understatement of a deferred tax asset that occurred in the fiscal year ended February 29, 2004. In addition, management concluded that this error arose from a material weakness related to the internal control over the accounting for income taxes that was not identified in the Report of Management on Internal Control over Financial Reporting as of February 28, 2011 included in Item 9A of our Annual Report on Form 10-K for the fiscal year ended February 28, 2011. As a result, our financial statements for the three years ended February 28, 2011, and the Report of Management on Internal Control Over Financial Reporting as of February 28, 2011, and the related auditor s reports thereon, previously filed in our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, should no longer be relied upon. On November 14, 2011, we restated the financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2011 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011.

We record a deferred tax asset or liability when the treatment of an item on the tax return differs from the treatment of that item for financial reporting purposes, thus creating a temporary timing difference in the amount of tax expense reported on our tax return compared to the amount of tax expense reported for financial reporting purposes. We identified the deferred tax asset understatement in connection with a review of calculations used in determining the tax basis of our inventory. During this review, it was discovered that the deferred tax asset related to this matter as reflected on our consolidated statement of financial position did not appropriately reflect the difference between the basis of our inventory used for financial reporting purposes and the basis of our inventory used for tax purposes. The amount of the understatement of the deferred tax asset was $14.8 million. We determined that the difference occurred as a result of an adjustment to the deferred tax asset in the fourth quarter of

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the fiscal year ended February 29, 2004, which resulted in the understatement of net income, deferred and refundable income taxes, current assets and total shareholders equity by $14.8 million for the year ended February 29, 2004.

For additional information regarding the restatements, please refer to the following documents we filed with the SEC that are incorporated by reference into this prospectus supplement:

- our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, as amended by our Annual Report on Form 10-K/A for the fiscal year ended February 28, 2011 filed on November 14, 2011;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011, as amended by our Quarterly Reports on Form 10-Q/A for the fiscal quarters ended May 27, 2011 and August 26, 2011 filed on November 14, 2011; and

- our Current Report on Form 8-K filed on November 9, 2011.

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The offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section entitled Description of the notes in this prospectus supplement.

Issuer	American Greetings Corporation
The Notes	$225.0 million aggregate principal amount of % senior notes due 2021.
Maturity	Unless redeemed prior to maturity as described below, the notes will mature on November , 2021.
Payment of Interest	Interest on the notes will be payable semi-annually in arrears on May and November of each year, commencing May , 2012. Interest will accrue from November , 2011.
Ranking	The notes will be our general unsecured obligations. The notes will rank equally with our other senior unsecured indebtedness and senior in right of payment to all of our obligations that are, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness, including borrowings under our senior secured credit facility, to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all existing and future obligations of our subsidiaries. On the issue date, none of our subsidiaries will be obligated to guarantee the notes.
	As of August 26, 2011, assuming this offering and the tender offers for our existing notes had occurred on such date (assuming 100% of the holders had tendered their notes in the tender offers), and the application of the net proceeds from this offering as set forth under Use of proceeds, we would have had total indebtedness of approximately $225.2 million (excluding outstanding letters of credit), none of which would have been secured indebtedness. In addition, as of such date and after giving effect to such transactions, we would have had approximately $19.2 million of outstanding letters of credit and $330.8 million of additional secured borrowing availability under our senior secured credit facility, and our subsidiaries would have had approximately $175.8 million of indebtedness and other liabilities, including trade payables. In addition, as of such date, AGC Funding Corporation, one of our subsidiaries, had an $80.0 million receivables securitization facility (subsequently reduced to $70.0 million), and had no borrowings and $12.6 million of letters of credit outstanding under such facility.
Optional Redemption	We may redeem the notes, in whole or in part, at our option at any time on or after November , 2016, at the redemption prices

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listed under Description of the notes Optional redemption, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

In addition, on or before November , 2014, we may, at our option, redeem up to 35% of the aggregate principal amount of notes issued under the indenture with the net cash proceeds of one or more qualified equity offerings at a redemption price equal to % of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption; *provided* that (1) at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding immediately after the occurrence of such redemption and (2) the redemption occurs within 90 days of the date of the closing of any such qualified equity offering.

In addition, at any time or from time to time prior to November , 2014, we may, at our option, redeem up to 10% of the aggregate principal amount of the notes in any twelve-month period at a redemption price equal to 103% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

We may also redeem the notes, in whole or in part, at our option at any time prior to November , 2016, at a price equal to 100% of their principal amount plus a make-whole premium, together with accrued but unpaid interest, if any, to, but excluding, the date of redemption.

Change of Control

Upon the occurrence of any change of control (as defined in the indenture), each holder of notes will have the right to require us to purchase all of that holder s notes for a cash price equal to 101% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any, to the date of purchase.

Certain Covenants

The indenture governing the notes will contain certain covenants that, among other things, will limit our ability and the ability of certain of our restricted subsidiaries to:

- incur additional debt;
- declare or pay dividends, make distributions on or repurchase or redeem our capital stock;
- make certain investments;
- enter in agreements affecting the ability of our restricted subsidiaries to pay dividends;
- enter into transactions with affiliates;
- grant or permit liens;

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- sell assets;
- enter in sale and leaseback transactions; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants are subject to a number of important detailed exceptions and qualifications, which are described under Description of the notes, including but not limited to exceptions whereby some of these covenants will cease to apply before the notes mature if the notes achieve investment grade ratings from either or both of Standard & Poor s Ratings Services and Moody s Investors Service Inc.

Use of Proceeds	The net proceeds from the offering of notes are expected to be approximately $220.4 million after deducting the underwriting discount and estimated offering expenses. We will use the net proceeds of this offering, together with cash on hand, to repurchase our existing notes. See Use of proceeds.
Risk Factors	See Risk factors beginning on page S-12 for discussion of factors you should carefully consider before deciding to invest in the notes.

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Summary consolidated financial data

The table below sets forth a summary of our consolidated financial data for the periods presented. We derived the financial data as of and for the fiscal years ended February 28, 2009, 2010 and 2011 from our audited financial statements. The consolidated financial data as of and for the six months ended August 27, 2010 and August 26, 2011 are derived from our unaudited financial statements. The interim unaudited consolidated financial data have been prepared on the same basis as the annual consolidated financial data and include, in the opinion of management, all adjustments, consisting of normal and recurring adjustments, necessary to present fairly the data for such periods and may not necessarily be indicative of full-year results. Prospective investors should read the summary of consolidated financial data in conjunction with our consolidated financial statements, the related notes and other financial information incorporated by reference into this prospectus supplement.

			Year ended February 28		**Six months ended August 26 or 27**
	2009	**2010**	**2011**	**2010**	**2011**
					(in thousands)
Statement of Operations:					
Net sales	$ 1,646,399	$ 1,598,292	$ 1,560,213	$ 725,444	$ 756,517
Other revenue	44,339	37,566	32,355	13,683	14,625
Total revenue	1,690,738	1,635,858	1,592,568	739,127	771,142
Material, labor and other production costs	809,956	713,075	682,368	303,726	316,127
Selling, distribution and marketing	618,899	507,960	478,227	229,869	248,381
Administrative and general	226,317	276,031	260,476	128,225	126,224
Goodwill and other intangible asset impairments	290,166				
Other operating income net	(1,396)	(310)	(3,205)	(1,530)	(6,045)
Operating (loss) income	(253,204)	139,102	174,702	78,837	86,455
Interest expense	22,854	26,311	25,389	12,920	11,887
Interest income	(3,282)	(1,676)	(853)	(410)	(631)
Other non-operating expense (income) net	2,157	(6,487)	(5,841)	(1,703)	(544)
(Loss) income before income tax (benefit) expense	(274,933)	120,954	156,007	68,030	75,743
Income tax (benefit) expense	(47,174)	39,380	68,989	28,659	28,674
Net (loss) income	$ (227,759)	$ 81,574	$ 87,018	$ 39,371	$ 47,