

MEDICIS PHARMACEUTICAL CORP

Form 424B2

May 11, 2012

Table of ContentsAs filed pursuant to Rule 424(b)(2)
Registration No. 333-181292

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum	Proposed Maximum	Amount of Registration Fee(1)
		Offering Price per Security	Aggregate Offering Price	
1.375% Convertible Senior Notes due 2017 Class A common stock, \$0.014 par value per share(3)	\$500,000,000(2) (4)	100%	\$500,000,000(2)	\$57,300.00(2) (5)

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

(2) Includes 1.375% Convertible Senior Notes due 2017 (Notes) that may be purchased by the underwriters pursuant to their option to purchase additional Notes solely to cover over-allotments.

(3) Includes associated rights to purchase shares of the Registrant's Series A Junior Participating Preference Stock, par value \$0.01 per share (Preference Share Purchase Rights). Preference Share Purchase Rights are attached to shares of the Registrant's common stock in accordance with the Amended and Restated Rights Agreement, dated as of August 17, 2005, between the Company and Wells Fargo Bank, N.A., as Rights Agent (the Rights Agreement). The Preference Share Purchase Rights are not exercisable until the occurrence of certain events specified in the Rights Agreement, are evidenced by the stock certificates representing the common stock and are transferable solely with the common stock. The value attributable to the Preference Share Purchase Rights, if any, is reflected in the value of the common stock.

(4) An indeterminate number of shares of Class A common stock are being registered as may be issued from time to time upon conversion of the Notes. Pursuant to Rule 416 under the Securities Act, the Registrant is also registering an indeterminate number of shares of Class A common stock as may become issuable upon conversion by reason of adjustments in the conversion price.

(5) Pursuant to Rule 457(i) under the Securities Act of 1933, as amended, there is no additional filing fee with respect to the shares of Class A common stock issuable upon conversion of the Notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

Table of Contents

PROSPECTUS SUPPLEMENT (to PROSPECTUS DATED MAY 10, 2012)

Medicis Pharmaceutical Corporation

\$450,000,000

1.375% Convertible Senior Notes due 2017

We are offering \$450,000,000 aggregate principal amount of our 1.375% convertible senior notes due June 1, 2017 (the "notes"). The notes will bear interest at a rate of 1.375% per annum beginning on May 16, 2012, payable semiannually in arrears on June 1 and December 1 of each year.

Holders may surrender their notes for conversion at any time prior to the close of business on the business day immediately preceding March 1, 2017 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2012, if the closing sale price of our Class A common stock, for at least 20 trading days (whether or not consecutive) in the period of 30 consecutive trading days ending on the last trading day of the calendar quarter immediately preceding the calendar quarter in which the conversion occurs, is more than 130% of the conversion price of the notes in effect on each applicable trading day; (2) during the five consecutive trading-day period following any ten consecutive trading-day period in which the trading price for the notes for each such trading day was less than 98% of the closing sale price of our Class A common stock on such date *multiplied* by the then-current conversion rate; or (3) upon the occurrence of specified corporate events. On or after March 1, 2017 until the close of business on the second scheduled trading day immediately preceding the stated maturity date, holders may surrender their notes for conversion at any time, regardless of the foregoing circumstances.

Upon conversion, we will pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes to be converted, as described in this prospectus supplement.

The initial conversion rate will be 21.2427 shares of our Class A common stock for each \$1,000 principal amount of notes, which represents an initial conversion price of approximately \$47.07 per share of our Class A common stock. The conversion rate will be subject to adjustment for certain events described herein but will not be adjusted for accrued interest. In addition, following certain corporate transactions that occur on or prior to the stated maturity date, we will increase the conversion rate for a holder that elects to convert its notes in connection with such a corporate transaction.

We may not redeem the notes prior to the stated maturity date. No sinking fund is provided for the notes.

If a fundamental change, as defined herein, occurs prior to the stated maturity date, holders may require us to purchase for cash all or any portion of their notes at a fundamental change purchase price equal to 100% of the principal amount of the notes to be purchased, *plus* accrued and unpaid interest to, but excluding, the fundamental change purchase date.

The notes will be our senior unsecured obligations and will rank: (i) senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes; (ii) equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; (iii) effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries.

We do not intend to apply to list the notes on any securities exchange or for inclusion of the notes on any automated dealer quotation system. Our Class A common stock is listed on The New York Stock Exchange under the symbol MRX. On May 10, 2012, the closing sale price of our Class A common stock was \$37.66 per share.

We have granted the underwriters named below the right to purchase, exercisable during the 30-day period beginning on the date of this prospectus supplement, up to an additional \$50,000,000 aggregate principal amount of notes, solely to cover over-allotments.

Investing in the notes involves certain risks. See Risk Factors beginning on page S-11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	100%	\$ 450,000,000
Underwriting discounts and commissions	2.625%	\$ 11,812,500
Proceeds, before expenses, to us	97.375%	\$ 438,187,500

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from May 16, 2012.

The underwriters will purchase the notes from us and offer them to you, subject to certain conditions. We expect that the notes will be delivered in global form through the book-entry delivery system of The Depository Trust Company on or about May 16, 2012.

Deutsche Bank Securities

The date of this prospectus supplement is May 10, 2012.

J.P. Morgan

Table of Contents**TABLE OF CONTENTS****Prospectus Supplement**

	Page
<u>About this Prospectus Supplement</u>	S-1
<u>Forward-Looking Statements</u>	S-2
<u>Prospectus Supplement Summary</u>	S-4
<u>Risk Factors</u>	S-11
<u>Use of Proceeds</u>	S-22
<u>Price Range of Class A Common Stock</u>	S-23
<u>Dividend Policy</u>	S-23
<u>Ratio of Earnings to Combined Fixed Charges</u>	S-24
<u>Capitalization</u>	S-25
<u>Description of the Notes</u>	S-26
<u>Description of Convertible Note Hedge and Warrant Transactions</u>	S-56
<u>Material U.S. Federal Income Tax Considerations</u>	S-58
<u>Underwriting</u>	S-67
<u>Legal Matters</u>	S-74
<u>Experts</u>	S-74
<u>Where You Can Find More Information: Incorporation by Reference</u>	S-75

Prospectus

<u>About this Prospectus</u>	1
<u>Where You Can Find More Information: Incorporation by Reference</u>	2
<u>Medicis Pharmaceutical Corporation</u>	4
<u>Risk Factors</u>	5
<u>Use of Proceeds</u>	6
<u>Ratio of Earnings to Combined Fixed Charges</u>	7
<u>Description of Capital Stock</u>	8
<u>Description of Debt Securities</u>	13
<u>Description of Other Securities</u>	20
<u>Global Securities</u>	21
<u>Plan of Distribution</u>	24
<u>Legal Matters</u>	25
<u>Experts</u>	25

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of these debt securities in any jurisdiction where the offer is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information in documents incorporated by reference, is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and prospects may have changed after that date.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the accompanying prospectus dated May 10, 2012, which is part of our Registration Statement on Form S-3, which describes more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts assembled.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, the information in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we authorize to be delivered to you, as well as the additional information contained in the documents to which we have referred you in [Where You Can Find More Information; Incorporation by Reference](#) below, in making your investment decision.

When we refer to [Medicis](#), [we](#), [our](#) and [us](#) in this prospectus supplement, we mean Medicis Pharmaceutical Corporation and its consolidated subsidiaries, unless otherwise specified. When we refer to [you](#), we mean the holders of the notes. With respect to the discussion of the terms of the notes on the cover page, in the section entitled [Prospectus Supplement Summary The Offering](#) and in the section entitled [Description of the Notes](#), the words [Medicis](#), [we](#), [our](#) and [us](#) refer only to Medicis Pharmaceutical Corporation and not to any of its subsidiaries.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the information they incorporate by reference may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When we use words such as believe, expect, anticipate, intend, depend, should, plan, estimate, could, may, will, would, project, target, goals, or similar expressions, or when we discuss our strategy, plans or intentions, we are making forward-looking statements. Forward-looking statements are necessarily based upon assumptions with respect to the future, involve risks and uncertainties and are not guarantees of performance. Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include:

the anticipated size of the markets and demand for our products;

the availability of product supply or changes in the costs of raw materials;

the receipt of required regulatory approvals;

competitive developments affecting our products, including the potential entry of generic competitors;

product liability claims;

the introduction of federal and/or state regulations relating to our business;

dependence on sales of key products;

changes in the treatment practices of physicians that currently prescribe our products, including prescription levels;

the uncertainty of future financial results and fluctuations in operating results, and the factors that may attribute to such fluctuations as set forth in our SEC filings;

dependence on our strategy (including the uncertainty of license payments and/or other payments due from third parties);

changes in reimbursement policies of health plans and other health insurers;

changes in anticipated levels of total coverage and access, managed care rebates, and the associated impact on sales, reserves, profitability and the average selling price, or ASP, for SOLODYN and our other therapeutic brands (we engage in negotiations from time to time, as management believes necessary, to enhance the longer-term sustainability of these brands; such negotiations may result in increased managed care rebates, which may have a negative impact on sales, reserves, profitability and the ASP for affected products);

Edgar Filing: MEDICIS PHARMACEUTICAL CORP - Form 424B2

the timing and success of new product development by us or third parties;

our inability to fully realize the anticipated benefits of our transactions, including certain acquisitions;

our inability to secure patent protection from filed patent applications, inadequate protection of our intellectual property or challenges to the validity or enforceability of the Medicis proprietary rights;

the risks of pending and future litigation or government investigations and enforcement actions;

other risks described from time to time in our filings with the SEC; and

other uncertainties, all of which are difficult to predict and many of which are beyond our control.

S-2

Table of Contents

We caution you not to rely unduly on any forward-looking statements. These risks and uncertainties are discussed in more detail under Risk Factors, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our reports and other documents we file with the SEC. You may obtain copies of these documents as described under Where You Can Find More Information; Incorporation by Reference below. We disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the foregoing, other than as required by law.

S-3

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the notes offered hereby. You should read this entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and any related free writing prospectus carefully, including the Risk Factors section of this prospectus supplement beginning on page S-11 and the risk factors contained in our Form 10-Q for the period ended March 31, 2012 and Form 10-K for the year ended December 31, 2011, as well as our financial statements and the notes thereto, which are incorporated by reference herein, before making an investment decision. References in this prospectus to Medicis, we, our and us refer to Medicis Pharmaceutical Corporation together with its wholly owned subsidiaries, unless the context otherwise requires.

Overview

We are a leading independent specialty pharmaceutical company focusing primarily on helping patients attain a healthy and youthful appearance and self-image through the development and marketing in the U.S. and Canada of products for the treatment of dermatological and aesthetic conditions.

We have built our business by executing a four-part growth strategy: promoting existing brands, developing new products and important product line extensions, entering into strategic collaborations and acquiring complementary products, technologies and businesses. Our core philosophy is to cultivate high integrity relationships of trust and confidence with the foremost dermatologists and the leading plastic surgeons in the U.S. and Canada.

We offer a broad range of products addressing various conditions or aesthetic improvements, including facial wrinkles, glabellar lines, acne, fungal infections, hyperpigmentation, photoaging, psoriasis, actinic keratosis, bronchospasms, external genital and perianal warts/condyloma acuminata, seborrheic dermatitis and cosmesis (improvement in the texture and appearance of skin). We currently offer 27 branded products. Our primary brands are DYSPORT® (abobotulinumtoxinA) 300 Units for Injection, PERLANE® Injectable Gel, RESTYLANE® Injectable Gel, SOLODYN® (minocycline HCl, USP) Extended Release Tablets, VANOS® (fluocinonide) Cream 0.1%, ZIANA® (clindamycin phosphate 1.2% and tretinoin 0.025%) Gel and ZYCLARA® (imiquimod) Cream 3.75% and 2.5%. Many of our primary brands currently enjoy branded market leadership in the segments in which they compete. We concentrate our sales and marketing efforts in promoting them to physicians in our target markets because of the significance of these brands to our business. We also sell a number of other products that we consider less critical to our business.

Corporate Information

We filed our certificate of incorporation with the Secretary of State of Delaware on July 28, 1988. We completed our initial public offering during our fiscal year ended June 30, 1990, and launched our initial pharmaceutical products during our fiscal year ended June 30, 1991. Our principal executive offices are located at 7720 North Dobson Road, Scottsdale, Arizona 85256, and our telephone number is (602) 808-8800.

Table of Contents

The Offering

The following is a summary of the terms of the notes. For a more complete description, you should read the Description of the Notes of this prospectus supplement and the accompanying prospectus. In this section, references to Medicis, we, our or us refer to Medicis Pharmaceutical Corporation and not to any of its subsidiaries.

Issuer	Medicis Pharmaceutical Corporation, a Delaware corporation.
Notes Offered	\$450,000,000 aggregate principal amount of 1.375% Convertible Senior Notes due 2017 (plus up to an additional \$50,000,000 principal amount solely to cover over-allotments).
Maturity	June 1, 2017, unless earlier purchased or converted.
Interest Rate and Payment Dates	1.375% per year. Interest will accrue from May 16, 2012 and will be payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2012. We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Description of the Notes Events of Default.
Ranking	<p>The notes will be our senior unsecured obligations and will rank:</p> <p style="padding-left: 40px;">senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes;</p> <p style="padding-left: 40px;">equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated;</p> <p style="padding-left: 40px;">effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and</p> <p style="padding-left: 40px;">structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries.</p> <p>As of March 31, 2012, our total consolidated indebtedness was \$169.3 million, none of which was secured indebtedness or indebtedness of our subsidiaries. After giving effect to the issuance of the notes (assuming no exercise of the underwriters' over-allotment option) and the use of proceeds therefrom, our total consolidated indebtedness as of March 31, 2012 would have been \$619.3 million.</p>
No Redemption	We may not redeem the notes prior to the stated maturity date. No sinking fund is provided for the notes.

S-5

Table of Contents

Conversion of Notes

Holders may surrender their notes for conversion at any time prior to the close of business on the business day immediately preceding March 1, 2017 only under the following circumstances:

during any calendar quarter commencing after the calendar quarter ending on September 30, 2012, if the closing sale price of our Class A common stock, for at least 20 trading days (whether or not consecutive) in the period of 30 consecutive trading days ending on the last trading day of the calendar quarter immediately preceding the calendar quarter in which the conversion occurs, is more than 130% of the conversion price of the notes in effect on each applicable trading day;

during the five consecutive trading-day period following any ten consecutive trading-day period in which the trading price for the notes for each such trading day was less than 98% of the closing sale price of our Class A common stock on such date *multiplied* by the then-current conversion rate; or

upon the occurrence of specified corporate events described under Description of the Notes Conversion of Notes Conversion upon Specified Corporate Transactions.

On or after March 1, 2017 until the close of business on the second scheduled trading day immediately preceding the stated maturity date, holders may surrender their notes for conversion regardless of the foregoing circumstances.

The initial conversion rate for the notes will be 21.2427 shares of our Class A common stock for each \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$47.07 per share of our Class A common stock). Upon conversion, we will pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes to be converted. The amount of cash and shares of Class A common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) for each trading day in a 30 trading-day conversion period (as described herein). See Description of the Notes Conversion of Notes Settlement upon Conversion.

Table of Contents

Holders will not receive any additional cash payment or additional shares of our Class A common stock representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the consideration delivered to you upon conversion of a note.

The conversion rate for the notes is subject to adjustment as described under Description of the Notes Conversion of Notes Conversion Rate Adjustments and Adjustment to Conversion Rate upon Conversion upon a Make-Whole Adjustment Event. An adjustment to the conversion rate will result in a corresponding (but inverse) adjustment to the conversion price.

Adjustment to Conversion Rate upon Conversion upon a Make-Whole Adjustment Event If certain corporate events as described under Description of the Notes Adjustment to Conversion Rate upon Conversion upon a Make-Whole Adjustment Event occur at any time prior to the stated maturity date, each of which we refer to as a make-whole adjustment event, the conversion rate for any notes converted in connection with such make-whole adjustment event will, in certain circumstances, be increased by a number of additional shares of our Class A common stock. A description of how the number of additional shares will be determined and a table showing the number of additional shares of our Class A common stock, if any, by which the conversion rate will be increased in connection with a make-whole adjustment event is set forth under Description of the Notes Adjustment to Conversion Rate upon Conversion upon a Make-Whole Adjustment Event.

Purchase of Notes at Your Option upon a Fundamental Change Holders may require us to purchase for cash all or any portion of their notes upon the occurrence of a fundamental change at the fundamental change purchase price equal to 100% of the principal amount of the notes being purchased, plus accrued and unpaid interest to, but excluding, the fundamental change purchase date. For the definition of fundamental change and related information, see Description of the Notes Purchase of Notes at Your Option upon a Fundamental Change.

Use of Proceeds We estimate that the net proceeds from this offering, after deducting estimated expenses payable by us and the underwriters discount, will be approximately \$436.2 million (or \$484.9 million if the underwriters exercise their over-allotment option in full).

Table of Contents

We intend to use approximately \$40.4 million of the net proceeds from this offering to pay the cost of the convertible note hedge transactions described below (after such cost is partially offset by the proceeds to us from the sale of the warrant transactions described below). We intend to use the remainder of the net proceeds from this offering for general corporate purposes, which may include working capital, capital expenditures, repurchasing shares of our Class A common stock from time to time, repaying our outstanding debt and corporate acquisitions.

If the underwriters exercise their over-allotment option to purchase additional notes, we may sell additional warrants and use a portion of the proceeds from the sale of the additional notes, together with the proceeds from the sale of the additional warrants, to enter into additional convertible note hedge transactions.

Trading

We do not intend to apply to list the notes on any securities exchange or for inclusion of the notes on any automated dealer quotation system. Our Class A common stock is listed on The New York Stock Exchange under the symbol MRX.

Risk Factors

See the information under the caption Risk Factors in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in the notes.

Material U.S. Federal Income Tax Consequences

You should consult your tax advisor with respect to the application of U.S. federal income tax laws to your particular situation as well as any tax consequences of the ownership and disposition of the notes and our Class A common stock arising under the U.S. federal estate or gift tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty. See Material U.S. Federal Income Tax Considerations.

Convertible Note Hedge and Warrant Transactions

In connection with the pricing of the notes, we expect to enter into convertible note hedge transactions with affiliates of Deutsche Bank Securities Inc. and/or J.P. Morgan Securities LLC (each of which we refer to as an option counterparty). We also expect to enter into warrant transactions with the option counterparties. The convertible note hedge transactions are expected to reduce

Table of Contents

potential dilution to our Class A common stock and/or offset any cash payments we are required to make in excess of the principal amount upon any conversion of notes. However, the warrant transactions would separately have a dilutive effect to the extent that the market value per share of our Class A common stock exceeds the applicable strike price of the warrants. If the underwriters exercise their over-allotment option to purchase additional notes, we may enter into additional convertible note hedge and warrant transactions.

In connection with establishing their initial hedge of the convertible note hedge and warrant transactions, the option counterparties or affiliates thereof expect to enter into various derivative transactions with respect to our Class A common stock concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of our Class A common stock or the notes at that time.

In addition, the option counterparties or affiliates thereof may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any conversion period related to a conversion of notes). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the notes, which could affect your ability to convert the notes and, to the extent the activity occurs during any conversion period related to a conversion of notes, it could affect the amount and value of the consideration that you will receive upon conversion of the notes.

For a discussion of the potential impact of any market or other activity by the option counterparties or affiliates thereof in connection with these convertible note hedge and warrant transactions, see Risk Factors Risks Related to the Notes The convertible note hedge and warrant transactions may affect the value of the notes and our Class A common stock and Underwriting Convertible Note Hedge and Warrant Transactions.

Trustee, Paying Agent and Conversion Agent

Deutsche Bank Trust Company Americas

Table of Contents

Book-Entry Form

The notes will be issued in book-entry form and will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

S-10

Table of Contents

RISK FACTORS

Investing in the notes involves a high degree of risk. You should carefully consider the risks described below and all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to purchase the notes. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our Quarterly Report on Form 10-Q for the period ended March 31, 2012, our Annual Report on Form 10-K for the year ended December 31, 2011 and in other documents that we subsequently file with the SEC, all of which are incorporated by reference into this prospectus supplement. The risks and uncertainties described below or in the documents incorporated by reference herein are not the only risks and uncertainties we face. Additional risks and uncertainties of which we are unaware, or that we currently deem immaterial, also may become material factors that affect us. If any of the following risks or those incorporated by reference herein occurs or intensifies, our business, financial condition or results of operations could be materially and adversely affected. If this were to happen, the value of the notes could decline significantly, and you may lose some or all of your investment. In connection with the forward-looking statements in this prospectus supplement, you should also carefully review the cautionary statements under Forward-Looking Statements.

Risks Related to the Notes

The notes are effectively subordinated to our secured debt and any liabilities of our subsidiaries.

The notes will rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt ranking senior or equal in right of payment to the notes will be available to pay obligations on the notes only after the secured debt has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. The indenture governing the notes will not prohibit us from incurring additional senior debt or secured debt, nor will it prohibit any of our subsidiaries from incurring additional liabilities.

As of March 31, 2012, our total consolidated indebtedness was \$169.3 million, none of which was secured indebtedness or indebtedness of our subsidiaries. After giving effect to the issuance of the notes (assuming no exercise of the underwriters' over-allotment option) and the use of proceeds therefrom, our total consolidated indebtedness would have been \$619.3 million.

The notes are our obligations only, and a significant portion of our operations are conducted through, and a significant portion of our consolidated assets are held by, our subsidiaries.

The notes are our obligations exclusively and are not guaranteed by any of our operating subsidiaries. A substantial portion of our consolidated assets are held by our subsidiaries. Accordingly, our ability to service our debt, including the notes, depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds

Table of Contents

available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our ability to make scheduled payments of the principal of, to pay interest on, to pay any cash due upon conversion of or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Recent regulatory actions may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the convertible debt and dynamically adjusting their short position while they hold the notes. Investors may also implement this strategy by entering into swaps on our Class A common stock in lieu of or in addition to short selling the Class A common stock. As a result, any specific rules regulating equity swaps or short selling of securities or other governmental action that interferes with the ability of market participants to effect short sales or equity swaps with respect to our Class A common stock could adversely affect the ability of investors in, or potential purchasers of, the notes to conduct the convertible arbitrage strategy that we believe they will employ, or seek to employ, with respect to the notes. This could, in turn, adversely affect the trading price and liquidity of the notes.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and may adopt additional rules in the future that may impact those engaging in short selling activity involving equity securities (including our Class A common stock). In particular, Rule 201 of SEC Regulation SHO generally restricts short selling when the price of a covered security triggers a circuit breaker by falling 10% or more from the security's closing price as of the end of regular trading hours on the prior day. If this circuit breaker is triggered, short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. Because our Class A common stock is a covered security, these Rule 201 restrictions, if triggered, may interfere with the ability of investors in, and potential purchasers of, the notes, to effect short sales in our Class A common stock and conduct the convertible arbitrage strategy that we believe they will employ, or seek to employ, with respect to the notes.

The SEC also approved a pilot program allowing securities exchanges and the Financial Industry Regulatory Authority, Inc. (FINRA) to halt trading in securities included in the S&P 500 Index, Russell 1000 Index and over 300 exchange traded funds if the price of any such security moves 10% or more from a sale price in a five-minute period (the SRO pilot program). Beginning on August 8, 2011, the SRO pilot program was expanded to include all

Table of Contents

other NMS stocks, and imposes a trading halt in these additional stocks in the event of any price movement of 30% or 50% (or more), depending upon the trading price of the stock. Beginning on November 23, 2011, the SRO pilot program was amended to exclude all rights and warrants from the trading halt. The SRO pilot program is effective until July 31, 2012.

In addition, FINRA and exchanges have proposed a Limit Up-Limit Down mechanism. If approved by the SEC, FINRA and exchanges would establish procedures to prevent trading in stock covered by the mechanism outside of specific price bands during regular trading hours. If trading is unable to occur within those price bands for more than 15 seconds, there would be a five-minute trading pause. The SEC has not yet determined whether to approve the Limit Up-Limit Down proposal.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) on July 21, 2010 also introduced regulatory uncertainty that may impact trading activities relevant to the convertible notes. This new legislation, when fully implemented through regulatory rulemaking, will require many over-the-counter swaps and security-based swaps to be centrally cleared through regulated clearinghouses and traded on exchanges or comparable trading facilities. In addition, swap dealers, security-based swap dealers, major swap participants and major security-based swap participants will be required to register with the SEC or the Commodity Futures Trading Commission (the CFTC) and comply with margin and capital requirements as well as public reporting requirements to provide transaction and pricing data on both cleared and uncleared swaps and security-based swaps. The SEC, the CFTC and other relevant regulators are in the process of developing these requirements through regulatory rulemaking, including timeframes for industry compliance that are yet unknown. When implemented, the Dodd-Frank Act and the rulemaking thereunder could adversely affect the ability of investors in, or potential purchasers of, the notes to maintain a convertible arbitrage strategy with respect to the notes (including increasing the costs incurred by such investors in implementing such strategy). This could, in turn, adversely affect the trading price and liquidity of the notes. We cannot predict how this legislation will ultimately be implemented by the SEC, the CFTC and other regulators or the magnitude of the effect that this legislation and regulation will have on the trading price or liquidity of the notes.

Although the direction and magnitude of the effect that the amendments to Regulation SHO, FINRA and exchange rule changes and/or implementation of the Dodd-Frank Act may have on the trading price and the liquidity of the notes will depend on a variety of factors, many of which cannot be determined at this time, past regulatory actions have had a significant impact on the trading prices and liquidity of convertible debt instruments. For example, in September 2008, the SEC issued emergency orders generally prohibiting short sales of the common stock of certain financial services companies while Congress worked to provide a comprehensive legislative plan to stabilize the credit and capital markets. The orders made the convertible arbitrage strategy that many convertible debt investors employ difficult to execute and adversely affected both the liquidity and trading price of convertible debt instruments issued by many of the financial services companies subject to the prohibition. Any governmental action that similarly restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our Class A common stock, including the amendments to Regulation SHO, FINRA and exchange rule changes and the implementation of the Dodd-Frank Act, could similarly adversely affect the trading price and the liquidity of the notes.

Volatility in the market price and trading volume of our Class A common stock could adversely impact the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of

Table of Contents

our Class A common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in this prospectus supplement or the documents we have incorporated by reference in this prospectus supplement or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our Class A common stock would likely adversely impact the trading price of the notes. The market price of our Class A common stock could also be affected by possible sales of our Class A common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our Class A common stock. This trading activity could, in turn, affect the trading prices of the notes. This may result in greater volatility in the trading price of the notes than would be expected for non-convertible debt securities.

We will continue to have the ability to incur debt after this offering; if we incur substantial additional debt, these higher levels of debt may affect our ability to pay the principal of and interest on the notes.

We and our subsidiaries may be able to incur substantial debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. The indenture governing the notes does not restrict our ability to incur additional indebtedness or require us to maintain financial ratios or specified levels of net worth or liquidity. 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 and our creditworthiness generally.

The adjustment to the conversion rate for notes converted in connection with a make-whole adjustment event may not adequately compensate you for any lost value of your notes as a result of such transaction.

Following a make-whole adjustment event, if a holder elects to convert its notes in connection with such corporate transaction, we will increase the conversion rate by an additional number of shares of our Class A common stock upon conversion in certain circumstances. The increase in the conversion rate will be determined based on the date on which the make-whole adjustment event occurs or becomes effective and the price paid (or deemed to be paid) per share of our Class A common stock in the make-whole adjustment event, as described below under Description of the Notes Adjustment to Conversion Rate upon Conversion upon a Make-Whole Adjustment Event. The adjustment to the conversion rate for notes converted in connection with a make-whole adjustment event may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price paid (or deemed to be paid) per share of our Class A common stock in the make-whole adjustment event is greater than \$100.00 per share or less than \$37.66 per share (in each case, subject to adjustment), no increase in the conversion rate will be made.

Our obligation to increase the conversion rate upon the occurrence of a make-whole adjustment event could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

We may not have the ability to raise the funds necessary to settle conversions of the notes or purchase the notes as required upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or purchase of the notes.

Following a fundamental change as described under Description of the Notes Purchase of Notes at Your Option upon a Fundamental Change, holders of notes will have the right to

Table of Contents

require us to purchase their notes for cash. A fundamental change may also constitute an event of default or prepayment under, and result in the acceleration of the maturity of, our then-existing indebtedness. In addition, upon conversion of the notes, we will be required to make cash payments in respect of the notes being surrendered for conversion as described under Description of the Notes Conversion of Notes Settlement upon Conversion. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the fundamental change purchase price in cash with respect to any notes surrendered by holders for purchase upon a fundamental change or make cash payments upon conversions. In addition, restrictions in our then existing credit facilities or other indebtedness, if any, may not allow us to purchase the notes upon a fundamental change or make cash payments upon conversions of the notes. Our failure to purchase the notes upon a fundamental change or make cash payments upon conversions thereof when required would result in an event of default with respect to the notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the notes or make cash payments upon conversions thereof.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to purchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to purchase your notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us would not constitute a fundamental change requiring us to repurchase the notes. In addition, holders will not be entitled to require us to purchase their notes upon a fundamental change in certain circumstances involving solely a significant change in the composition of our board of directors. In the event of any such transaction, holders of the notes would not have the right to require us to purchase their notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting holders of the notes.

Upon conversion of the notes, we will pay cash up to the aggregate principal amount of the notes being converted or (if lower) the conversion value thereof, and we will settle any amounts in excess thereof in cash, shares of our Class A common stock or a combination thereof, at our election.

We will satisfy our conversion obligation to holders by paying cash up to the lesser of the aggregate principal amount of the notes being converted and the conversion value of such notes and by paying or delivering, as the case may be, cash, shares of our Class A common stock or a combination thereof in settlement of the portion of the conversion obligation (if any) in excess of the principal amount of the notes being converted. Accordingly, upon conversion of a note, holders might not receive any shares of our Class A common stock.

The conditional conversion feature of the notes could result in your receiving less than the consideration into which the notes would otherwise be convertible.

Prior to the close of business on the business day immediately preceding March 1, 2017, you may convert your notes only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the consideration into which the notes would otherwise be convertible.

Table of Contents

The conditional conversion feature of the notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the notes is triggered, holders of notes will be entitled to convert their notes at any time during specified periods at their option. See Description of the Notes Conversion of Notes. If one or more holders elect to convert their notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the notes, is the subject of recent changes that could have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board, which we refer to as FASB, issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the notes to their face amount over the term of the notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our Class A common stock and the trading price of the notes.

In addition, under certain circumstances, convertible debt instruments (such as the notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of Class A common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the notes, then our diluted earnings per share would be adversely affected.

Future sales of our Class A common stock in the public market could lower the market price for our Class A common stock and adversely impact the trading price of the notes.

In the future, we may sell additional shares of our Class A common stock to raise capital. In addition, a substantial number of shares of our Class A common stock is reserved for issuance upon the exercise of stock options and upon conversion of the notes and our existing

Table of Contents

convertible notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our Class A common stock. The issuance and sale of substantial amounts of Class A common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our Class A common stock and impair our ability to raise capital through the sale of additional equity securities.

The notes may not have an active market, and the price may be volatile, so you may be unable to sell your notes at the price you desire or at all.

The notes are a new issue of securities for which there is currently no active trading market. We cannot assure you that a liquid market will develop for the notes, that you will be able to sell any of the notes at a particular time (if at all) or that the prices you receive if or when you sell the notes will be above their initial offering price. In addition, we do not intend to apply to list the notes on any securities exchange or for inclusion of the notes on any automated dealer quotation system. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so and may discontinue any market-making in the notes at any time in their sole discretion and without notice. Future trading prices of the notes on any market that may develop will depend on many factors, including our operating performance and financial condition, prevailing interest rates, the market for similar securities and general economic conditions.

Moreover, even if you are able to sell your notes, you may not receive a favorable price for your notes. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our Class A common stock and the market for similar securities. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions that may have a negative effect on the holders of the notes, regardless of our prospects or financial performance.

Any adverse rating of the notes may negatively affect the trading price and liquidity of the notes and the price of our Class A common stock.

We do not intend to seek a rating on the notes. However, if a rating service were to rate the notes and if such rating service were to assign the notes a rating lower than the rating expected by investors or were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announce its intention to put the notes on credit watch, the trading price or liquidity of the notes and the price of our Class A common stock could decline.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance to all or substantially all holders of our Class A common stock of stock dividends, certain rights, options or warrants, capital stock, indebtedness, assets or cash, and subdivisions and combinations of our Class A common stock, and certain issuer tender or exchange offers as described under Description of the Notes Conversion Rate Adjustments. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of Class A common stock for cash, that may adversely affect the tradi