

HAIGHTS CROSS COMMUNICATIONS INC

FORM 8-K (Unscheduled Material Events)

Filed 1/26/2004 For Period Ending 1/26/2004

Address	10 NEW KING STREET SUITE 110 WHITE PLAINS, New York 10604
Telephone	914-289-9400
CIK	0001124289
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): January 26, 2004

HAIGHTS CROSS COMMUNICATIONS, INC.

(Exact name of registrant as specified in charter)

Delaware	333-109381	13-4087398
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification no.)

10 New King Street, Suite 102
White Plains, New York 10604
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code:
(914) 289-9400

ITEM 5. OTHER EVENTS.

On January 26, 2004, Haight Cross Communications, Inc. (the "Company") announced in a press release that it had commenced an offering of senior discount notes, which is expected to yield gross proceeds of approximately \$50 million. The Company is attaching the press release as Exhibit 99.1 to this Current Report on Form 8-K.

The preliminary offering memorandum dated January 26, 2004, pursuant to which the notes will be offered, includes disclosure regarding the following recent developments.

Recent Developments

While the preparation of financial statements for the fourth quarter ended December 31, 2003 are not yet complete, management anticipates that revenue and Adjusted EBITDA will be slightly below the results of the comparable prior year period, and net income before non-recurring items will be substantially below the comparable prior year period. Management believes that the fourth quarter decline in revenue and Adjusted EBITDA was primarily due to continued weak sales of audiobooks through retail channels at Recorded Books and continued softness in spending for traditional library materials at Chelsea House. Management cannot predict whether these trends will continue to negatively impact our future financial performance. Management believes that the fourth quarter decline in net income before non-recurring items was due in part to these trends, but largely caused by increased amounts of interest expense from our August 2003 financings and increased product development amortization, which we expect to continue to rise as we increase product development spending to grow our businesses.

We have entered into a letter of intent with respect to a potential acquisition of a print-based curriculum supplemental publishing company (the "Target") for a total purchase price of approximately \$25-30 million. If the acquisition were to be consummated, the Target would become a division of one of our operating units, and we believe that we would benefit from cost savings and enhanced revenue opportunities from this acquisition. The letter of intent is not binding on either party. The execution of definitive documents and the closing of the proposed acquisition are subject to various terms and conditions, including, without limitation, the consent of the lenders under our senior secured revolving credit facility. There can be no assurance that we will be able to agree upon satisfactory terms with the Target, negotiate a definitive purchase agreement or close the proposed transaction.

Since December 10, 1999, DLJ Merchant Banking Partners II, L.P. and its affiliates (the "DLJ Parties") have held shares of our Series B senior preferred stock and warrants to purchase shares of our Series A preferred stock and common stock. In addition, the DLJ Parties have been parties to an investors agreement with us pursuant to which DLJ Merchant Banking Partners II, L.P. had the right to designate one member of our board of directors and such director had the right to approve various transactions, including the incurrence, assumption or guarantee by us of any indebtedness for borrowed money. On January 22, 2004, the DLJ Parties sold substantially all of their shares and warrants to third parties. In connection with such sale, the investors agreement was amended to eliminate the DLJ Parties' board designation right and the related director approval rights, and the DLJ Parties' board designee resigned from our board of directors. In addition, the DLJ Parties returned to us for cancellation 104,770 shares of Series B

senior preferred stock having a liquidation value of \$5,000,000, warrants to purchase 778 shares of Series A preferred stock and warrants to purchase 743,148 shares of common stock.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits

99.1 Press Release of Hights Cross Communications, Inc. issued on January 26, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HAIGHTS CROSS COMMUNICATIONS, INC.

Date: January 26, 2004

By: /s/ Paul J. Crecca

Paul J. Crecca
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of Hights Cross Communications, Inc. issued on January 26, 2004

**HAIGHTS CROSS COMMUNICATIONS
PRESS RELEASE**

Investor Contact:

Paul J. Crecca
(914) 289-9420
pjcrecca@haightscross.com

Editorial Contact:

Michael Stugrin
(562) 498-6353 FOR IMMEDIATE RELEASE mstugrin@earthlink.net

**HAIGHTS CROSS COMMUNICATIONS LAUNCHES SENIOR
DISCOUNT NOTES OFFERING**

White Plains, NY, January 26, 2004 - Hights Cross Communications, Inc. ("HCC") announced today the commencement of an offering of senior discount notes (the Discount Notes). The offering, which is expected to yield gross proceeds of approximately \$50 million, will provide HCC with capital to fund future acquisitions. The Discount Notes will be offered at a discount to their principal amount at maturity and will accrete in value for the first five years, after which interest will be paid in cash until maturity in August 2011.

The Discount Notes will be offered only to qualified institutional buyers, as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and certain investors outside of the United States under Regulation S under the Securities Act. The Discount Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

This press release does not and will not constitute an offer to sell or the solicitation of an offer to buy the Discount Notes. This press release is being issued pursuant to and in accordance with Rule 135c under the Securities Act.

About Hights Cross Communications:

Founded in 1997 and based in White Plains, NY, Hights Cross Communications is a premier educational and library publisher dedicated to creating the finest books, audio products, periodicals, software and online services, serving the following markets: K-12 supplemental education, public and school library publishing, audiobooks, and medical continuing education publishing. Hights Cross companies include: Sundance/Newbridge Educational Publishing (Northborough, MA), Triumph Learning (New York, NY), Recorded Books (Prince Frederick,

MD), Chelsea House Publishers (Broomall, PA), and Oakstone Publishing (Birmingham, AL). Hights Cross investors include Great Hill Partners. For more information, visit www.hightscross.com.

Safe Harbor Statement: This press release contains forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "potential" and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. These risks, uncertainties and other factors may cause our actual results, performances or achievements to be materially different from those expressed or implied by our forward-looking statements. Factors that may cause our actual results to differ materially from our forward-looking statements include, among others, changes in external market factors, changes in our business or growth strategy, or an inability to execute our strategy due to changes in our industry or the economy generally, the emergence of new or growing competitors and various other competitive factors. In light of these risks and uncertainties, there can be no assurance that the events and circumstances described in forward-looking statements contained in this press release will in fact occur. You should read this press release completely and with the understanding that our actual results may be materially different from what we expect. We will not update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

End of Filing

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