

HAIGHTS CROSS COMMUNICATIONS INC

FORM 8-K (Unscheduled Material Events)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) March 10, 2005

HAIGHTS CROSS COMMUNICATIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

333-109381

(Commission File Number)

13-4087398

(IRS Employer Identification No.)

**10 New King Street, Suite 102
White Plains, New York**

(Address of Principal Executive Offices)

10604

(Zip Code)

(914) 289-9400

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 Entry into a Material Definitive Agreement.

On March 10, 2005, the board of directors of Hights Cross Communications, Inc. (the "Company") approved the Company's incentive bonus plan for managers and employees of the Company and its direct and indirect subsidiaries known as the "Annual Management/Employee Bonus Plan" (the "Bonus Plan"). A description of the Bonus Plan is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

On March 10, 2005, the board of directors of the Company approved a special incentive plan for fiscal year ending December 31, 2005 entitled the "2005 Cost Savings Incentive Plan" (the "Savings Plan") to promote the identification of business improvements that translate into cost savings across the Company's businesses. A description of the Savings Plan is attached to this Current Report on Form 8-K as Exhibit 10.2 and is incorporated herein by reference.

ITEM 7.01 Regulation FD Disclosure.

On March 10, 2005, the board of directors of the Company determined at this time not to declare the quarterly cash dividend due to be paid on March 31, 2005 to holders of its Series B Senior Preferred Stock and at this time does not anticipate paying such quarterly cash dividends in the foreseeable future. Accordingly, dividends on the Series B Senior Preferred Stock will continue to accrue in accordance with its terms. If the Company fails to pay four consecutive, or six total, quarterly cash dividends on the Series B Senior Preferred Stock (including, in each case, the March 31, 2005 dividend), the holders of a majority of the outstanding shares of Series B Senior Preferred Stock will have the right to elect one director to serve on the board of directors of the Company.

The information in this Item 7.01 of this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Description of the Hights Cross Communications, Inc. Annual Management/Employee Bonus Plan.
10.2	Description of the Hights Cross Communications, Inc. 2005 Cost Savings Incentive Plan.

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: March 16, 2005

By: /s/ Paul J. Crecca

Name: Paul J. Crecca
Title: Executive Vice President and Chief Financial
Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Description of the Hights Cross Communications, Inc. Annual Management/Employee Bonus Plan.
10.2	Description of the Hights Cross Communications, Inc. 2005 Cost Savings Incentive Plan.

Hights Cross Communications, Inc.**Annual Management/Employee Bonus Plan**

Hights Cross Communications, Inc. (together with its direct and indirect subsidiaries, “Hights Cross”) provides its managers and employees with an opportunity to earn cash bonuses pursuant to an incentive bonus plan in effect for each fiscal year known as the “Annual Management/Employee Bonus Plan” (the “Bonus Plan”). Compensation payouts to participants under the Bonus Plan are based on a participant’s achievement of defined objectives and such participant’s applicable Bonus Percentage (as defined below). Qualification to receive a payout under the Bonus Plan for (i) each employee considered an executive or manager, will be based 60% on the achievement of certain pre-defined business profit and cash flow goals, and 40% on the completion of pre-defined, non-quantitative business improvement projects and initiatives, and (ii) for each employee not considered an executive or manager, will be based 100% on the achievement of certain pre-defined business profit and cash flow goals. The pre-defined business profit and cash flow goals, and the pre-defined projects and initiatives, are recommended by Hights Cross senior management and approved by the board of directors.

The amount of a participant’s payout under the Bonus Plan is determined as a percentage of the participant’s annual base compensation (“Bonus Percentage”), with the Bonus Percentage being different depending upon the participant’s level within the organization. The more senior the executive or manager, the greater the Bonus Percentage opportunity under the Bonus Plan. Bonus Percentages for executives and managers range from approximately 15% to approximately 55%, based on achieving the stated objectives of the Bonus Plan, and Bonus Percentages for employees not considered executives or managers range from approximately 5% to approximately 10%, based on achieving the stated objectives of the Bonus Plan. The amount of a participant’s payout under the Bonus Plan is subject to proportional adjustment in the event actual results are at least 80% of the stated objectives, and in the event actual results exceed the stated objectives (with a maximum payout of 1.5 times an employee’s Bonus Percentage). A participant will not receive a payout if such participant does not achieve at least 80% of the stated objectives.

Determination of goal achievement and payouts under the Bonus Plan are made upon completion of the fiscal year audit, generally March following the end of the applicable fiscal year. In certain cases, new employees hired during a fiscal year must wait until the following fiscal year before participating in the Bonus Plan.

Haight Cross Communications, Inc.**2005 Cost Savings Incentive Plan**

For the fiscal year ending December 31, 2005, Haight Cross Communications, Inc. (together with its direct and indirect subsidiaries, "Haight Cross") has implemented a special incentive plan to promote the identification of business improvements that translate into cost savings across its businesses. Entitled the 2005 Cost Savings Incentive Plan ("Savings Plan"), management and employees credited with identifying and implementing business improvements leading to future cost savings will be awarded a cash bonus equal to 20% of the annualized cost savings resulting from the implemented improvements. The Chief Financial Officer of Haight Cross has full authority over all determinations of bonuses to be paid under the Savings Plan, including, without limitation, the authority to (i) determine whether a particular business improvement will have continuing cost savings in future periods, and (ii) make all calculations of the annualized cost savings upon which awards under the Savings Plan will be based. With respect to any particular business improvement for which a bonus is payable under the Savings Plan, approximately 38% of the calculated payout under the Savings Plan will be made upon the implementation of the business improvement, with the balance to be paid in March 2006.

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