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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**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): May 16, 2006**

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**HAIGHTS CROSS COMMUNICATIONS, INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware

333-109381

13-4087398

(State or Other Jurisdiction  
of Incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

10 New King Street  
White Plains, New York

10604

(Address of Principal Executive Offices)

(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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## **TABLE OF CONTENTS**

[Item 7.01. Regulation FD Disclosure](#)  
[Item 9.01. Financial Statements and Exhibits](#)  
[SIGNATURES](#)  
[Exhibit Index](#)  
[EX-99.1: INVESTOR PRESENTATION](#)

**Item 7.01. Regulation FD Disclosure**

Peter J. Quandt, the Chairman, President and Chief Executive Officer of Hights Cross Communications, Inc., and Paul J. Crecca, the Executive Vice President and Chief Financial Officer of Hights Cross Communications, Inc., will participate in the Bear Stearns High Yield Conference on May 16, 2006 in New York, New York.

Attached hereto as Exhibit 99.1 is a copy of the Investor Presentation to be given by Hights Cross Communications, Inc. at such conference.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation of Hights Cross Communications, Inc., dated May 16, 2006

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.

Dated: May 16, 2006

HAIGHTS CROSS COMMUNICATIONS, INC.

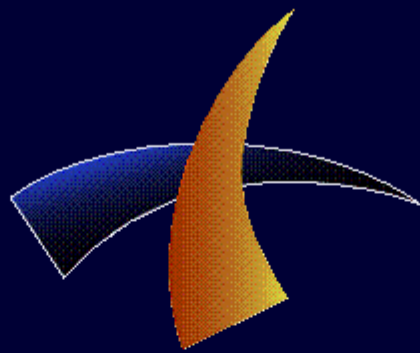
/s/ Paul J. Crecca

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

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation of Haight Cross Communications, Inc., dated May 16, 2006



Hights Cross Communications

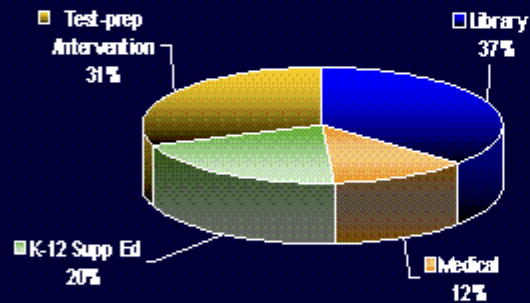
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## Investor Presentation

Bear Stearns  
High Yield Conference  
New York, NY  
May 16, 2006

# Company Overview

FY Dec 2005 Revenue—\$210.5m <sup>(1)</sup>



- Leading publisher of products for the Education and Library markets
  - Focus on fastest growing niches: supplemental education and testing
- Formed in 1997; acquired businesses between 1997–2005
  - ▶ All businesses have operating histories in excess of 13 years
- Offers more than 16,600 proprietary titles (90% of 2005 revenue)
  - ▶ Approximately 13,000 backlist titles
- 152,000 customers

*FY Dec 2005 EBITDA of \$55.1m <sup>(1)</sup> representing margin of 26.2%*

1. Reflects divestiture of Chelsea House.

# Business Strategy

- **Acquire businesses at reasonable multiples with a #1 or leading position in growing niches of education and library publishing market**
- **Extend market leadership position by leveraging propriety content and product development capability**
  - Develop product extensions
  - Introduce completely new product lines
- **Build highly effective multi-tiered sales and marketing functions**
  - Extensive market research/customer intelligence
  - Professionally managed direct sales forces
  - In-house telesales efforts
  - Highly targeted direct marketing/catalogs
- **Maximize operating efficiencies**

# Business Segment Overview

Description



**RecordedBooks**

- Unabridged audio books

*Options Publishing*

Triumph Learning

**BUCKLE DOWN**

- State specific test preparation materials for grades K-12; reading and math intervention



sundance publishing



Newbridge

- Supplemental reading materials for grades K-8



Oakstone

- Audio reviews of medical literature for physicians

# Investment Highlights

- **Leading Positions in High Growth Publishing Markets**
  - Number 1 in three of our markets and top 3 in remaining two
- **Diversified Business and Customer Mix**
  - Over 30,000 products and 152,000 customers
- **Extensive Proprietary Content - 90% of 2005 revenue**
- **Superior Product Development Capabilities**
  - Investing in excess of 10% of sales on product development and rarely need to write off unsuccessful product development efforts
- **Strong Recurring Revenue Streams**
  - Over 76% of 2005 proprietary revenue from subscription products or backlist books
- Successful at completing and implementing strategic business acquisitions

# Leading Positions in High Growth Markets

Business Segment	Market Position	Year Founded
Recorded Books	#1	1979
Triumph Learning/Buckle Down	#1	1963
Options Publishing	Leading	1992
Sundance/Newbridge	Leading	1970
Oakstone Publishing	#1	1975

*The Company's leading market positions, coupled with its strong brand recognition and reputation for quality, creates significant barriers to entry*

# Diversification on Many Levels

## Markets Served

- Four distinct business segments
- Focus on fastest growing niches: supplemental education and testing

## Products Offered

- Reading books, workbooks, study guides, audiobooks and newsletters
- Over 30,000 proprietary and non-proprietary titles

## Customers Reached

- Approximately 152,000 customers: teachers, public and school libraries, school systems and state municipalities
- Largest customer less than 2% of revenue

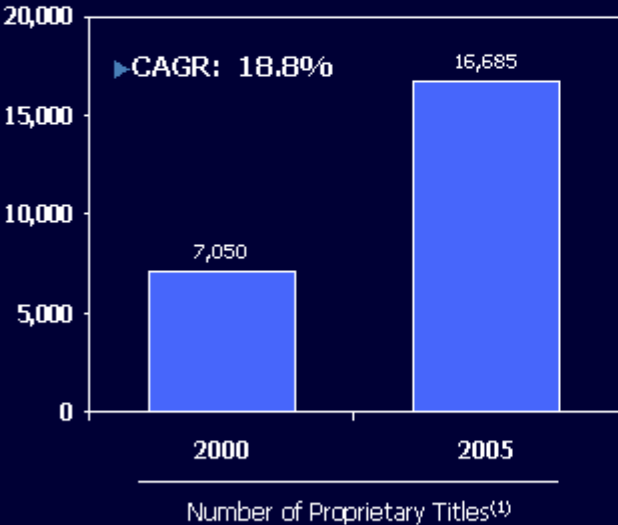
## Extensive Proprietary Content

*Proprietary content establishes recognized brands, facilitates introduction of new products and creates barriers to entry*

	2005 Revenue Contribution from Proprietary Titles
Recorded Books	94
Triumph/Buckle Down/Options	100
Sundance/Newbridge	78%
Oakstone	100
<b>Total</b>	<b>90%</b>

# Superior Product Development Capabilities

*Strong track record of profitable organic growth*



- Invest more than 10% of revenue annually
- Successful track record of converting new titles to backlist
- High return on investment with minimal write-offs of capitalized amounts

(1) Excludes Oakstone

## Strong Recurring Revenue Streams

*Strong backlist and high subscription renewal rates generate substantial recurring revenue*

Business Segment	# of Backlist Titles	% of 2005 Revenue	
		Backlist <sup>(1)</sup>	Subscription
Recorded Books	6,240	90.8	30.3
Triumph Learning/Buckle Down	3,645	72.9	–
Options Publishing	607	86.1	–
Sundance/Newbridge	2,463	97.7%	–
Oakstone Publishing	NA	–	100.0%
<b>Total</b>	<b>12,955</b>	<b>86.3%</b>	

(1) Proprietary title, non-subscription revenue only

# Favorable Long-Term Industry Fundamentals

*Despite current softness, long-term industry fundamentals remain positive for the supplemental education market*

## ■ No Child Left Behind Act

- ▶ Focuses on state-level accountability testing
- ▶ Authorizes \$24 billion for educational funding
- ▶ Mandatory testing in reading and math every year for grades 3–8 and once in high school beginning in fall 2005
- ▶ Mandatory testing in science once in grade school, middle school, and high school beginning in fall 2007

## ■ Supplemental education materials have favorable characteristics

- ▶ Lower investments and higher margins than basals
- ▶ Shorter development cycles enables quick response to market needs
- ▶ Steadier funding, more local funding and more affordable
- ▶ Often longer product cycles

# Market Outlook

- For 2005, the Association of American Publishers (AAP) reported strong K-12 educational growth.
  - ▶ Overall, K-12 educational publishing sales growth of 10.5%
  - ▶ Big adoption sales drove basal (textbooks) growth of 12.6%%
  - ▶ Supplemental growth of 1.2%
- For March 2006, total K-12 sales are weak:
  - ▶ Overall, K-12 down 4.7%
  - ▶ Basals are down 8.7% because of weak adoption year
  - ▶ Supplemental growth of 3.6%
- For 2006 and out years:
  - ▶ Basals will be flat in 2006 because of small adoption year and then rebound in 2007-2008
  - ▶ Supplemental sales should be in 7-8% range

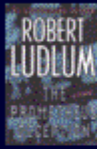
## Outlook for Audiobooks

- For 2002-2005, the Association of American Publishers (AAP), reported that sales of Audiobooks grew at a compound rate of 12.9% annually.
- For 2005, the AAP reported audiobook sales grew 29.0%.
- For March 2006 YTD, the AAP reported audiobook sales grew 3.5%.

# Business Unit Review

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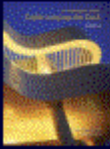
# Recorded Books



- Largest publisher of unabridged audiobooks in the world
  - ▶ Outsells closest competitor in library market by 4:1
- In 2005 produced over 2,200 new titles and offered more than 12,200 audiobooks
- Over 80% of titles published since 1979 still generate revenue
- Audiobooks are narrated by professional voiceover artists and produced and edited in a state-of-the-art studio in NYC
- 30% of revenue generated from Continuous Order Plans
  - ▶ 3,000 libraries automatically purchase 6 to 300 titles per quarter
  - ▶ Competitive advantage in rights acquisitions

*FY 12/31/05 Revenue of \$76.6m; 36.4% of Total Revenue*

# Triumph Learning/Buckle Down



- #1 publisher of supplemental state-specific test prep materials for grades K-12
- Offers a comprehensive line of products with over 4,100 titles
  - ▶ 100% proprietary content
  - ▶ Over 90% are one-per-student materials
- Market directly to educators, schools and school systems
- Customized product lines covering most or all of the tests in 25 states

*FY 12/31/05 Revenue of \$43.2m; 20.5% of Total Revenue*

# Options Publishing



- Leading publisher of reading, math and literature education materials – with a focus on intervention and remediation programs



- Approximately 700 proprietary titles accounting for 100% of sales



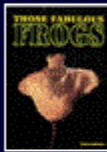
- Well positioned to benefit from NCLB and Reading First Federal Funding – excellent complement to Triumph Learning/Buckle Down



- Customers generally include under performing schools and school districts

*FY 12/31/05 Revenue of \$21.3m; 10.1% of Total Revenue*

# Sundance/Newbridge



- Leading publisher of supplemental reading and literature materials for grades K–8
- Offers over 2,700 proprietary titles
- Distributes approximately 5,000 non-proprietary titles for grades K-12
- Products are primarily published in series, encouraging repeat purchases and improving longevity of backlist
- Customers include more than 26,500 teachers, individual schools and school districts

*FY 12/31/05 Revenue of \$43.1m; 20.5% of Total Revenue*

## Sundance/Newbridge – Current Issues

- May 2005 YTD Sales up 4.4%. Jun – Dec 2005 Sales down 21%. Full Year 2005 Sales down 11%, EBITDA down \$3.1mm
- Distributed product down 21% in 2005. Proprietary products down 8% for 2005
- 2005 was very large Basal adoption year – thus reducing funds available for supplemental products
- Basal publishers also introduced and aggressively marketed products competing directly with Sundance/Newbridge proprietary products – namely guided readers
- 2006 starting off poorly
  - ▶ March 2006 sales declined 14%
  - ▶ Second quarter sales is predicted to be off 20-25%

## Sundance/Newbridge – Current Issues

- 2004 was a huge year in Tennessee with over \$4.3M in sales related to some one-time large district orders. 2005 came in at \$1M, substantially below goal of \$2.7M. Veteran sales person left in April
- Reading First funds in 2004 funded over \$7M in purchases. It is estimated that in 2005 sales from Reading First funds declined to about \$2-3M. More dollars were being directed towards professional development rather than supplemental materials

## Sundance/Newbridge – Actions Steps

- Appointed new CEO – strong, proactive manager with financial background
- Conducted extensive market/customer research determining current perceptions of Sundance/Newbridge and market needs. Determined that market remains very interested in leveled readers and supplemental literacy products
  - ▶ However, early research and anecdotal information shows much higher level of competition
- Drive the effectiveness of the sales force – and expand the number of field sales reps. Upgrading quality of sales force by hiring more experienced reps. Add per diem sales people to supplement top reps. Add to telesales force. Added two strong regional sales managers

## Sundance/Newbridge – Actions Steps

- Evaluate and improve every aspect of the business – especially sales & marketing
- Implement a revised strategy to turn-around the trend of the distributed products business. Product positioning and marketing to be revamped
- Improve catalog performance by continuing to optimize mail list selection and quantities mailed. Create more targeted direct mail campaigns. Improve indexing of catalogs
- Improve website to drive more customer usage to generate sales on both published and distributed product and to take advantage of special offers

## Sundance/Newbridge – Actions Steps

- Expand our dealer business by pushing more products on a selective basis into that channel
- Execute a more focused and targeted strategy for winning big district sales
- Specific state initiatives in Florida, Oklahoma, and WV to piggyback on adoptions for science and language arts in North Carolina

# Oakstone Publishing



- #1 audio publisher of continuing medical education materials for physicians
- Annual subscription-based programs comprised of summaries and reviews of medical journal articles
  - ▶ 39 titles in 32 specialties
  - ▶ Available in multiple formats
  - ▶ Approximately 37,000 subscribers
  - ▶ Renewal rates of approximately 73%
- Users earn CME credits on own time
- Recently awarded accreditation by the Accreditation Council for Continuing Medical Education (ACCME)
- Affiliations with 65 of the most prestigious medical organizations, including Johns Hopkins and the American College of Physicians (ACP)
- Acquisitions of Scott Pub (Apr 2005) and CMEInfo (Jun 2005)

*FY 12/31/05 Revenue of \$26.3m; 12.5% of Total Revenue*

# Financial Review

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# Proforma Full Year, 2005/2004 (1)

(\$ in millions)

	REVENUE				EBITDA			
	Year		Fav / (Unfav)		Year		Fav / (Unfav)	
	2005	2004	Amt	%	2005	2004	Amt	%
<b>Library</b>	\$ 76.6	\$ 68.9	\$ 7.7	11%	\$ 23.4	\$ 19.4	\$ 4.0	21%
<b>Test-prep and Intervention</b>	64.5	55.4	9.1	16%	22.3	18.7	3.6	19%
<b>K-12 Supplemental Ed</b>	43.1	48.5	(5.4)	(11%)	11.6	14.9	(3.3)	(22%)
<b>Medical Education</b>	26.3	19.1	7.2	38%	4.6	4.4	0.2	5%
<b>Corporate</b>					(6.8)	(6.3)	(0.5)	(8%)
<b>Total</b>	\$ 210.5	\$ 191.9	\$ 18.6	10%	\$ 55.1	\$ 51.1	\$ 4.0	8%

(1) Reflects acquisitions of Buckle Down and Options from Jan 1, 2004, Scott Publishing from April 14, 2005 and CME Info from June 17, 2005.

# First Quarter, 2006/2005 (1)

(\$ in millions)

	REVENUE				EBITDA			
	Quarter		Fav / (Unfav)		Quarter		Fav / (Unfav)	
	2006	2005	Am't	%	2006	2005	Am't	%
<b>Library</b>	\$ 18.8	\$ 19.5	\$ (0.7)	(4%)	\$ 5.2	\$ 5.8	\$ (0.6)	(10%)
<b>Test-prep and Intervention</b>	17.8	13.6	4.2	31%	5.7	3.6	2.1	58%
<b>K-12 Supplemental Ed</b>	7.9	9.2	(1.3)	(14%)	0.4	2.0	(1.6)	(80%)
<b>Medical Education</b>	7.0	4.1	2.9	71%	0.9	0.4	0.5	125%
<b>Corporate</b>					(1.4)	(1.2)	(0.2)	(17%)
<b>Total</b>	\$ 51.5	\$ 46.4	\$ 5.1	11%	\$ 10.8	\$ 10.6	\$ 0.2	2%

(1) Reflects acquisitions of Scott Publishing from April 14, 2005 and CME Info from June 17, 2005.

# First Quarter 2006 EBITDA Margin Bridge

<i>Impact of (Higher) / Lower costs as a % of Revenue</i>	Sundance/ Newbridge	HCC excl SD/NB		Total HCC	
	Margin Impact	Margin Impact	Margin Pt to Pt	Margin Impact	Margin Pt to Pt
2006 Revenue	7,940	43,551		51,491	
2005 EBITDA Margin %	21.7%	25.6%		25.0%	
2006 Rev @'05 GE Margin %	1,723	11,137	25.6%	12,860	25.0%
COGS	(147)	345	0.8%	198	0.4%
Marketing/Sales	(772)	144	0.3%	(627)	(1.2%)
Fulfillment/Distribution	(61)	(232)	(0.5%)	(293)	(0.6%)
G&A	(337)	367	0.8%	30	0.1%
EBITDA Impact	(1,317)	625	1.4%	(692)	(1.3%)
2006 EBITDA	408	11,762	27.0%	12,168	23.6%
2006 EBITDA %	5.1%	27.0%		23.6%	
			HCC Corp	(1,406)	
			Total Gr EBITDA	10,762	

# Capital Expenditures

	<u>2006</u>	<u>2005</u>
Recorded Books	6.0	5.4
Triumph/Buckle Down	10.0	8.0
Options	3.0	2.1
Sundance/Newbridge	6.3	5.2
Oakstone	1.4	1.2
Total Product Dev	<u>26.7</u>	<u>21.9</u>
Furn & Equip	<u>4.3</u>	<u>3.8</u>
Total Cap Exp	<u><u>31.0</u></u>	<u><u>25.7</u></u>

# 2006 Guidance (1)

(\$ in millions)

	REVENUE				EBITDA			
	Year		Fav / (Unfav)		Year		Fav / (Unfav)	
	2006	2005	Amt	%	2006	2005	Amt	%
<b>K-12 Supplemental Ed</b>	\$ 36.2	\$ 43.1	\$ (6.9)	(16.0%)	\$ 5.5	\$ 11.6	\$ (6.1)	(52.6%)
<b>All Other</b>	189.8	167.4	22.4	13.4%	53.6	43.5	10.1	23.2%
<b>Total</b>	\$ 226.0	\$ 210.5	\$ 15.5	7.4%	\$ 59.1	\$ 55.1	\$ 4.0	7.3%

(1) Reflects acquisitions of Scott Publishing from April 14, 2005 and CME Info from June 17, 2005.

# Capital Structure

(\$ in millions)

CAPITALIZATION (2)	31-Mar-06	% of Total	Leverage of Proforma EBITDA		Leverage Net of Cash
			Indiv	Cumul	Cumul
<b>Mar 2006 LTMEBITDA</b>			<b>\$ 56.1</b>		
Cash	\$ 53.6				
Revolver (\$30mm)	0.0				
Secured Term Loan	127.1	22%	2.27	2.27	1.31
Senior Notes	170.0	30%	3.03	5.30	4.34
Senior Discount Notes	95.7	17%	1.71	7.00	6.05
<b>Total Debt</b>	<b>392.8</b>	<b>69%</b>			
Series B Preferred	134.6	24%	2.40	9.40	8.45
Series A Preferred <sup>(1)</sup>	39.3	7%			
Series C Preferred	3.9	1%			
<b>Total Preferred Equity</b>	<b>177.8</b>	<b>31%</b>			
<b>Total Capitalization</b>	<b>\$ 570.6</b>	<b>100%</b>			

(1) Includes value of unexercised warrants

(2) Reflects Liquidation Value of Debt & Preferred Securities - not GAAP balance sheet carrying values

# The Strategic Question

- Sundance/Newbridge – Many have Asked
  - ▶ We have NO intension to divest of Sundance/Newbridge
  - ▶ SD/NB is Core to Hights Cross long term strategy – to be a market leading supplemental educational publisher
  - ▶ We believe more long-term value will be achieved by a turn around vs. short-term sale
- Shareholder Values
  - ▶ Interests of HCC's shareholders are best served by long-term growth of existing businesses + SD/NB turn around
  - ▶ Have plenty of cash to promote growth
  - ▶ Very selective on Acquisitions – likely just small fold-ins

# Conclusion

- Leading Positions in High Growth Publishing Markets
- Diversified Business and Customer Mix
- Extensive Proprietary Content
- Superior Product Development Capabilities
- Strong Recurring Revenue Streams
- Favorable Long-Term Industry Fundamentals
- Strong Financial Performance
- Experienced Management Team

## Safe Harbor Statement

*Today's presentation and discussion may have contained forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "anticipates," "intends," "estimates," or similar expressions are intended to identify these forward-looking statements. These statements are based on Hights Cross' current plans and expectations and involve risks and uncertainties that could cause future activities and results of operations to be materially different from those set forth in the forward-looking statements.*