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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)      MAY 18, 2005

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HAIGHTS CROSS COMMUNICATIONS, INC.  
(Exact Name of Registrant as Specified in Its Charter)

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DELAWARE  
(State or Other Jurisdiction of Incorporation)

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333-109381  
(Commission File Number)

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13-4087398  
(IRS Employer Identification No.)

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10 NEW KING STREET, SUITE 102  
WHITE PLAINS, NEW YORK  
(Address of Principal Executive Offices)

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10604  
(Zip Code)

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(914) 289-9400  
(Registrant's Telephone Number, Including Area Code)

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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 8.01 OTHER EVENTS

For informational purposes, Hights Cross Communications, Inc. (the "Company") has prepared unaudited pro forma consolidated statements of operations and pro forma segment financial information for the quarters ended March 31, 2004, June 30, 2004, September 30, 2004, December 31, 2004 and for the year ended December 31, 2004. The Company has also prepared unaudited consolidated statement of operations and segment financial information for the quarter ended March 31, 2005. Statements mentioned above are attached to this Current Report on Form 8-K as exhibit 99.1. The pro forma information is presented as if the Company's acquisitions of Buckle Down Publishing Company (which the Company acquired on April 15, 2004 as previously disclosed by the Company) and Options Publishing, Inc. (which the Company acquired on December 3, 2004 as previously disclosed by the Company) had occurred on January 1, 2004. The Company has restated the prior period segment information to conform to the Company's reorganized segment presentation, which was described in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

### (c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited pro forma consolidated statements of operations and pro forma segment financial information for the quarters ended March 31, 2004, June 30, 2004, September 30, 2004, December 31, 2004 and for the year ended December 31, 2004. Unaudited consolidated statement of operations and segment financial information for the quarter ended March 31, 2005.

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: May 18, 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>
99.1	Unaudited pro forma consolidated statements of operations and pro forma segment financial information for the quarters ended March 31, 2004, June 30, 2004, September 30, 2004, December 31, 2004 and for the year ended December 31, 2004. Unaudited consolidated statement of operations and segment financial information for the quarter ended March 31, 2005.

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA STATEMENTS OF OPERATIONS AND SEGMENT FINANCIAL INFORMATION

For informational purposes, Hights Cross Communications, Inc. (the "Company") has prepared unaudited pro forma consolidated statements of operations and pro forma segment financial information for the quarters ended March 31, 2004, June 30, 2004, September 30, 2004, December 31, 2004 and for the year ended December 31, 2004. The Company has also prepared unaudited consolidated statement of operations and segment financial information for the quarter ended March 31, 2005. The pro forma information is presented as if the Company's acquisitions of Buckle Down Publishing Company (which the Company acquired on April 15, 2004 as previously disclosed by the Company) and Options Publishing, Inc. (which the Company acquired on December 3, 2004 as previously disclosed by the Company) had occurred on January 1, 2004. The Company has restated the prior period segment information to conform to the Company's reorganized segment presentation, which was described in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

In April 2004, the Company acquired certain assets and assumed certain liabilities of Buckle Down Publishing which has been reported using the purchase method of accounting in the Test-prep and Intervention segment since acquisition. Buckle Down is a state test preparation publisher. It's primary product line is Buckle Down, a series of books written to and reviewing the state educational standards assessed on high-stakes state tests. Buckle Down products are developed to specific state standards. The Company acquired Buckle Down to compliment and expand its growing Test-prep and Intervention segment which provides test-preparation materials to the supplemental education market. The net cost was \$26.3 million, consisting of consideration paid to the seller in the form of \$24.1 million cash and 3,500 shares of newly authorized Series C preferred stock with a face amount of \$1,000 per share and a cumulative 5% per year dividend compounded quarterly with a discounted value of \$1.1 million and transaction costs of \$1.1 million. This consideration exceeded the fair value of net assets acquired, resulted in goodwill of approximately \$11.7 million. The acquisition price was subject to a working capital adjustment which was settled for \$0.1 million during the fiscal year 2004 which is included in the net cost of \$26.3 million.

In December 2004, the Company acquired certain assets and assumed certain liabilities of Options Publishing, Inc. which has been reported using the purchase method of accounting in the Test-prep and Intervention segment since acquisition. Options Publishing, Inc. develops and creates proprietary supplemental, instructional materials with the focus on students in kindergarten through grade eight, who need more help after using textbooks. The curriculum areas of reading, writing, math, science, parent involvement intervention and assessment are covered in depth. Options Publishing, Inc. products complement the Company's growing Test-prep and Intervention product lines. The net cost was \$52.8 million, consisting of consideration paid to the seller of \$51.8 million less cash received of \$0.4 million and transaction costs of \$1.4 million which exceeded the fair value of net assets acquired, resulting in goodwill of approximately \$28.7 million.

Buckle Down Publishing Company and Options Publishing, Inc. are both included within our Test-prep and Intervention segment in the pro forma segment financial information.

The pro forma consolidated statements of operations and segment financial information do not represent what our results of operations would have been assuming the acquisitions had been completed on January 1, 2004, nor do they project our results of operations at any future date or for any future period. These pro forma consolidated statements of operations and segment financial information should be read in conjunction with our audited and unaudited consolidated financial statements, the notes to these audited and unaudited consolidated financial statements and "Management's Discussion of Financial Condition and Results of Operations" appearing in our quarterly and annual filings with the Securities and Exchange Commission.

In the accompanied financial statements, "EBITDA" is defined as income before interest, taxes, depreciation, amortization, discontinued operations and cumulative effect of a change in accounting for goodwill. EBITDA is not a measurement of operating performance calculated in accordance with generally accepted accounting principles and should not be considered a substitute for operating income, net income (loss), cash flows, consolidated statements of operations or consolidated balance sheets prepared in accordance with GAAP. In addition, because EBITDA is not defined consistently by all companies, this presentation of EBITDA may not be comparable to similarly titled measures of other companies. However, we believe EBITDA is relevant and useful to investors because (a) it provides an alternative measurement to operating income that takes into account certain relevant adjustments that are specific to publishing companies and (b) it is used by our management to evaluate our ability to service our debt and along with other data, as an internal measure for setting budgets and awarding incentive compensation. "Adjusted EBITDA" is defined as EBITDA, adjusted to remove certain non-recurring charges. The accompanying financial information includes schedules that reconcile net loss or operating income/(loss) to EBITDA and Adjusted EBITDA.

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2004  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC. (a)	BUCKLE DOWN PUBLISHING COMPANY PRO FORMA (b)	OPTIONS PUBLISHING, INC. PRO FORMA (c)	CONSOLIDATED PRO FORMA HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	\$ 39,563	\$ 2,418	\$ 4,479	\$ 46,460
Costs and expenses:				
Cost of goods sold	11,972	561	834	13,367
Marketing and sales	9,084	584	1,448	11,116
Fulfillment and distribution	3,061	257	218	3,536
General and administrative	5,501	273	255	6,029
Amortization of pre-publication costs	2,594	464	363	3,421
Depreciation and amortization of property and equipment	581	258	26	865
Amortization of intangibles	—	171	366	537
Total costs and expenses	<u>32,793</u>	<u>2,568</u>	<u>3,510</u>	<u>38,871</u>
Income(loss) from operations	6,770	(150)	969	7,589
Other (income)/expense:				
Interest expense	11,417	39	1,632	13,088
Interest income	(134)	49	85	—
Amortization of deferred financing costs	798	—	—	798
Other	<u>3</u>	<u>(4)</u>	<u>(16)</u>	<u>(17)</u>
Total other expense	<u>12,084</u>	<u>84</u>	<u>1,701</u>	<u>13,869</u>
Loss before taxes	(5,314)	(234)	(732)	(6,280)
Net loss	<u>\$ (5,314)</u>	<u>\$ (234)</u>	<u>\$ (732)</u>	<u>\$ (6,280)</u>
RECONCILIATION OF NET LOSS TO EBITDA				
Net loss	\$ (5,314)	\$ (234)	\$ (732)	\$ (6,280)
Interest expense and other	<u>12,084</u>	<u>84</u>	<u>1,701</u>	<u>13,869</u>
Income (loss) from operations	6,770	(150)	969	7,589
Amortization of pre-publication costs	2,594	464	363	3,421
Depreciation and amortization of property and equipment	581	258	26	865
Amortization of intangibles	—	171	366	537
EBITDA	9,945	743	1,724	12,412
Restructuring and related costs	<u>517</u>	<u>—</u>	<u>—</u>	<u>517</u>
Adjusted EBITDA	<u>\$ 10,462</u>	<u>\$ 743</u>	<u>\$ 1,724</u>	<u>\$ 12,929</u>

(a) Reflects our consolidated statements of operations

(b) Reflects the statement of operations of Buckle Down Publishing Company prior to its acquisition on April 15, 2004. Certain balances have been reclassified to conform to our presentation.

(c) Reflects the statement of operations of Options Publishing, Inc. prior to its acquisition on December 3, 2004. Certain balances have been reclassified to conform to our presentation.

HAIGHTS CROSS COMMUNICATIONS, INC.  
 QUARTERLY PRO FORMA SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
 FOR THE QUARTER ENDED MARCH 31, 2005  
 (IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 11,153	\$ 14,814	\$ 16,606	\$ 3,887	\$ —	\$ 46,460
Cost of goods sold	2,836	2,988	6,441	1,102	—	13,367
Marketing and sales	3,206	3,739	2,887	1,284	—	11,116
Fulfillment and distribution	1,139	941	1,046	410	—	3,536
General and administrative	1,516	1,650	1,343	550	970	6,029
Amortization of pre-publication costs	1,247	1,268	811	95	—	3,421
Depreciation expense	206	306	172	124	57	865
Amortization of intangibles	—	537	—	—	—	537
Income (loss) from operations	<u>\$ 1,003</u>	<u>\$ 3,385</u>	<u>\$ 3,906</u>	<u>\$ 322</u>	<u>\$ (1,027)</u>	<u>\$ 7,589</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ 1,003	\$ 3,385	\$ 3,906	\$ 322	\$ (1,027)	\$ 7,589
Amortization of pre-publication costs	1,247	1,268	811	95	—	3,421
Depreciation expense	206	306	172	124	57	865
Amortization of intangibles	—	537	—	—	—	537
EBITDA	2,456	5,496	4,889	541	(970)	12,412
Chelsea House inventory impairment	—	—	—	—	—	—
Restructuring & related costs	369	—	148	—	—	517
Adjusted EBITDA	<u>\$ 2,825</u>	<u>\$ 5,496</u>	<u>\$ 5,037</u>	<u>\$ 541</u>	<u>\$ (970)</u>	<u>\$ 12,929</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE QUARTER ENDED JUNE 30, 2004  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC. (a)	BUCKLE DOWN PUBLISHING COMPANY PRO FORMA (b)	OPTIONS PUBLISHING, INC. PRO FORMA (c)	CONSOLIDATED PRO FORMA HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	\$ 50,892	\$ 303	\$ 7,621	\$ 58,816
Costs and expenses:				
Cost of goods sold	17,762	73	1,412	19,247
Marketing and sales	10,216	50	1,757	12,023
Fulfillment and distribution	3,810	38	319	4,167
General and administrative	5,999	108	303	6,410
Amortization of pre-publication costs	3,266	76	363	3,705
Depreciation and amortization of property and equipment	616	(229)	26	413
Amortization of intangibles	148	320	366	834
Total costs and expenses	<u>41,817</u>	<u>436</u>	<u>4,546</u>	<u>46,799</u>
Income(loss) from operations	9,075	(133)	3,075	12,017
Other (income)/expense:				
Interest expense	11,883	(39)	1,639	13,483
Interest income	(182)	54	128	—
Amortization of deferred financing costs	647	—	—	647
Net (income)/loss from discontinued operations	3	—	—	3
Other	(66)	4	—	(62)
Total other (income)/expense	<u>12,285</u>	<u>19</u>	<u>1,767</u>	<u>14,071</u>
Income(loss) before taxes	(3,210)	(152)	1,308	(2,054)
Net Income(loss)	<u>\$ (3,210)</u>	<u>\$ (152)</u>	<u>\$ 1,308</u>	<u>\$ (2,054)</u>
RECONCILIATION OF NET (LOSS) INCOME TO EBITDA				
Net income(loss)	\$ (3,210)	\$ (152)	\$ 1,308	\$ (2,054)
Interest expense and other	<u>12,285</u>	<u>19</u>	<u>1,767</u>	<u>14,071</u>
Income from operations	9,075	(133)	3,075	12,017
Amortization of pre-publication costs	3,266	76	363	3,705
Depreciation and amortization of property and equipment	616	(229)	26	413
Amortization of intangibles	148	320	366	834
EBITDA	<u>13,105</u>	<u>34</u>	<u>3,830</u>	<u>16,969</u>
Chelsea House inventory impairment	2,095	—	—	2,095
Restructuring and related costs	<u>645</u>	<u>—</u>	<u>—</u>	<u>645</u>
Adjusted EBITDA	<u>\$ 15,845</u>	<u>\$ 34</u>	<u>\$ 3,830</u>	<u>\$ 19,709</u>

(a) Reflects our consolidated statements of operations

(b) Reflects the statement of operations of Buckle Down Publishing Company prior to its acquisition on April 15, 2004. Certain balances have been reclassified to conform to our presentation.

(c) Reflects the statement of operations of Options Publishing, Inc. prior to its acquisition on December 3, 2004. Certain balances have been reclassified to conform to our presentation.

HAIGHTS CROSS COMMUNICATIONS, INC.  
 QUARTERLY PRO FORMA SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
 FOR THE QUARTER ENDED JUNE 30, 2004  
 (IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 22,066	\$ 15,378	\$ 16,952	\$ 4,420	\$ —	\$ 58,816
Cost of goods sold	7,721	3,171	7,131	1,224	—	19,247
Marketing and sales	4,316	3,357	2,941	1,409	—	12,023
Fulfillment and distribution	1,668	963	1,080	456	—	4,167
General and administrative	1,767	1,456	1,314	543	1,330	6,410
Amortization of pre-publication costs	1,664	1,017	927	97	—	3,705
Depreciation expense	203	(136)	169	125	52	413
Amortization of intangibles	<u>3</u>	<u>822</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>834</u>
Income (loss) from operations	<u>4,724</u>	<u>4,728</u>	<u>3,381</u>	<u>566</u>	<u>(1,382)</u>	<u>12,017</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ 4,724	\$ 4,728	\$ 3,381	\$ 566	\$ (1,382)	\$ 12,017
Amortization of pre-publication costs	1,664	1,017	927	97	—	3,705
Depreciation expense	203	(136)	169	125	52	413
Amortization of intangibles	<u>3</u>	<u>822</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>834</u>
EBITDA	6,594	6,431	4,486	788	(1,330)	16,969
Chelsea House inventory impairment	2,095	—	—	—	—	2,095
Restructuring & related costs	<u>598</u>	<u>25</u>	<u>22</u>	<u>—</u>	<u>—</u>	<u>645</u>
Adjusted EBITDA	<u>9,287</u>	<u>6,456</u>	<u>4,508</u>	<u>788</u>	<u>(1,330)</u>	<u>19,709</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2004  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC. (a)	BUCKLE DOWN PUBLISHING COMPANY PRO FORMA (b)	OPTIONS PUBLISHING, INC. PRO FORMA (c)	CONSOLIDATED PRO FORMA HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	\$ 48,713	\$ —	\$ 3,540	\$ 52,253
Costs and expenses:				
Cost of goods sold	14,438	—	584	15,022
Marketing and sales	10,549	—	1,673	12,222
Fulfillment and distribution	3,698	—	213	3,911
General and administrative	5,703	—	297	6,000
Amortization of pre-publication costs	2,774	—	363	3,137
Depreciation and amortization of property and equipment	615	—	31	646
Amortization of intangibles	170	—	366	536
Total costs and expenses	<u>37,947</u>	<u>—</u>	<u>3,527</u>	<u>41,474</u>
Income from operations	10,766	—	13	10,779
Other (income)/expense:				
Interest expense	12,207	—	1,608	13,815
Interest income	(225)	—	225	—
Amortization of deferred financing costs	732	—	—	732
Net loss from discontinued operations	(2)	—	—	(2)
Other	8	—	(5)	3
Total other (income)/expense	<u>12,720</u>	<u>—</u>	<u>1,828</u>	<u>14,548</u>
Loss before taxes	<u>(1,954)</u>	<u>—</u>	<u>(1,815)</u>	<u>(3,769)</u>
Net loss	<u>\$ (1,954)</u>	<u>\$ —</u>	<u>\$ (1,815)</u>	<u>\$ (3,769)</u>
RECONCILIATION OF NET LOSS TO EBITDA				
Net loss	\$ (1,954)	\$ —	\$ (1,815)	\$ (3,769)
Interest expense and other	<u>12,720</u>	<u>—</u>	<u>1,828</u>	<u>14,548</u>
Income from operations	10,766	—	13	10,779
Amortization of pre-publication costs	2,774	—	363	3,137
Depreciation and amortization of property and equipment	615	—	31	646
Amortization of intangibles	170	—	366	536
EBITDA	14,325	—	773	15,098
Restructuring and related costs	173	—	—	173
Adjusted EBITDA	<u>\$ 14,498</u>	<u>\$ —</u>	<u>\$ 773</u>	<u>\$ 15,271</u>

(a) Reflects our consolidated statements of operations

(b) Reflects the statement of operations of Buckle Down Publishing Company prior to its acquisition on April 15, 2004. Certain balances have been reclassified to conform to our presentation.

(c) Reflects the statement of operations of Options Publishing, Inc. prior to its acquisition on December 3, 2004. Certain balances have been reclassified to conform to our presentation.

HAIGHTS CROSS COMMUNICATIONS, INC.  
 QUARTERLY PRO FORMA SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2004  
 (IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 16,036	\$ 13,618	\$ 16,955	\$ 5,644	\$ —	\$ 52,253
Cost of goods sold	4,038	2,905	6,739	1,340	—	15,022
Marketing and sales	4,231	3,586	2,991	1,414	—	12,222
Fulfillment and distribution	1,453	866	1,106	486	—	3,911
General and administrative	1,084	1,514	1,101	541	1,760	6,000
Amortization of pre-publication costs	1,394	869	869	5	—	3,137
Depreciation expense	191	105	173	127	50	646
Amortization of intangibles	<u>2</u>	<u>529</u>	<u>5</u>	<u>—</u>	<u>—</u>	<u>536</u>
Income (loss) from operations	<u>\$ 3,643</u>	<u>\$ 3,244</u>	<u>\$ 3,971</u>	<u>\$ 1,731</u>	<u>\$ (1,810)</u>	<u>\$ 10,779</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ 3,643	\$ 3,244	\$ 3,971	\$ 1,731	\$ (1,810)	\$ 10,779
Amortization of pre-publication costs	1,394	869	869	5	—	3,137
Depreciation expense	191	105	173	127	50	646
Amortization of intangibles	<u>2</u>	<u>529</u>	<u>5</u>	<u>—</u>	<u>—</u>	<u>536</u>
EBITDA	5,230	4,747	5,018	1,863	(1,760)	15,098
Restructuring & related costs	<u>6</u>	<u>73</u>	<u>94</u>	<u>—</u>	<u>—</u>	<u>173</u>
Adjusted EBITDA	<u>\$ 5,236</u>	<u>\$ 4,820</u>	<u>\$ 5,112</u>	<u>\$ 1,863</u>	<u>\$ (1,760)</u>	<u>\$ 15,271</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2004  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC. (a)	BUCKLE DOWN PUBLISHING COMPANY PRO FORMA (b)	OPTIONS PUBLISHING, INC. PRO FORMA (c)	CONSOLIDATED PRO FORMA HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	\$ 43,070	\$ —	\$ 2,619	\$ 45,689
Costs and expenses:				
Cost of goods sold	13,848	—	357	14,205
Marketing and sales	11,186	—	1,281	12,467
Fulfillment and distribution	3,701	—	186	3,887
General and administrative	7,365	—	396	7,761
Amortization of pre-publication costs	3,170	—	243	3,413
Depreciation and amortization of property and equipment	673	—	18	691
Amortization of intangibles	280	—	242	522
Total costs and expenses	<u>40,223</u>	<u>—</u>	<u>2,723</u>	<u>42,946</u>
Income (loss) from operations	2,847	—	(104)	2,743
Other (income)/expense:				
Interest expense	12,687	—	1,101	13,788
Interest income	(236)	—	236	—
Amortization of deferred financing costs	760	—	—	760
Net loss from discontinued operations	1,711	—	—	1,711
Other	(19)	—	—	(19)
Total other expense	<u>14,903</u>	<u>—</u>	<u>1,337</u>	<u>16,240</u>
Loss before taxes	(12,056)	—	(1,441)	(13,497)
Tax provision	47	—	—	47
Net loss	<u>\$ (12,103)</u>	<u>\$ —</u>	<u>\$ (1,441)</u>	<u>\$ (13,544)</u>
RECONCILIATION OF NET LOSS TO EBITDA				
Net loss	\$ (12,103)	\$ —	\$ (1,441)	\$ (13,544)
Interest expense and other	<u>14,950</u>	<u>—</u>	<u>1,337</u>	<u>16,287</u>
Income from operations	2,847	—	(104)	2,743
Amortization of pre-publication costs	3,170	—	243	3,413
Depreciation and amortization of property and equipment	673	—	18	691
Amortization of intangibles	280	—	242	522
EBITDA	6,970	—	399	7,369
Restructuring and related costs	(91)	—	—	(91)
Adjusted EBITDA	<u>\$ 6,879</u>	<u>\$ —</u>	<u>\$ 399</u>	<u>\$ 7,278</u>

(a) Reflects our consolidated statements of operations

(b) Reflects the statement of operations of Buckle Down Publishing Company prior to its acquisition on April 15, 2004. Certain balances have been reclassified to conform to our presentation.

(c) Reflects the statement of operations of Options Publishing, Inc. prior to its acquisition on December 3, 2004. Certain balances have been reclassified to conform to our presentation.

HAIGHTS CROSS COMMUNICATIONS, INC.  
 QUARTERLY PRO FORMA SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
 FOR THE QUARTER ENDED DECEMBER 31, 2004  
 (IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 10,540	\$ 11,591	\$ 18,365	\$ 5,193	\$ —	\$ 45,689
Cost of goods sold	2,957	2,603	7,169	1,476	—	14,205
Marketing and sales	3,606	3,767	3,678	1,416	—	12,467
Fulfillment and distribution	1,271	904	1,227	485	—	3,887
General and administrative	1,357	2,347	1,278	567	2,212	7,761
Amortization of pre-publication costs	1,469	936	957	51	—	3,413
Depreciation expense	197	115	201	128	50	691
Amortization of intangibles	<u>1</u>	<u>517</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>522</u>
Income (loss) from operations	<u>\$ (318)</u>	<u>\$ 402</u>	<u>\$ 3,851</u>	<u>\$ 1,070</u>	<u>\$ (2,262)</u>	<u>\$ 2,743</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ (318)	\$ 402	\$ 3,851	\$ 1,070	\$ (2,262)	\$ 2,743
Amortization of pre-publication costs	1,469	936	957	51	—	3,413
Depreciation expense	197	115	201	128	50	691
Amortization of intangibles	<u>1</u>	<u>517</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>522</u>
EBITDA	1,349	1,970	5,013	1,249	(2,212)	7,369
Restructuring & related costs	<u>(74)</u>	<u>59</u>	<u>(76)</u>	<u>—</u>	<u>—</u>	<u>(91)</u>
Adjusted EBITDA	<u>\$ 1,275</u>	<u>\$ 2,029</u>	<u>\$ 4,937</u>	<u>\$ 1,249</u>	<u>\$ (2,212)</u>	<u>\$ 7,278</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC. (a)	BUCKLE DOWN PUBLISHING COMPANY PRO FORMA (b)	OPTIONS PUBLISHING, INC. PRO FORMA (c)	CONSOLIDATED PRO FORMA HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	\$ 182,238	\$ 2,721	\$ 18,259	\$ 203,218
Costs and expenses:				
Cost of goods sold	58,020	634	3,187	61,841
Marketing and sales	41,035	634	6,159	47,828
Fulfillment and distribution	14,270	295	936	15,501
General and administrative	24,568	381	1,251	26,200
Amortization of pre-publication costs	11,804	540	1,332	13,676
Depreciation and amortization of property and equipment	2,485	29	101	2,615
Amortization of intangibles	598	491	1,340	2,429
Total costs and expenses	<u>152,780</u>	<u>3,004</u>	<u>14,306</u>	<u>170,090</u>
Income(loss) from operations	29,458	(283)	3,953	33,128
Other (income)/expense:				
Interest expense	48,194	—	5,980	54,174
Interest income	(777)	103	674	—
Amortization of deferred financing costs	2,937	—	—	2,937
Net loss from discontinued operations	1,712	—	—	1,712
Other	(74)	—	(21)	(95)
Total other expense	<u>51,992</u>	<u>103</u>	<u>6,633</u>	<u>58,728</u>
Loss before taxes	(22,534)	(386)	(2,680)	(25,600)
Tax provision	47	—	—	47
Net Income	<u>\$ (22,581)</u>	<u>\$ (386)</u>	<u>\$ (2,680)</u>	<u>\$ (25,647)</u>
RECONCILIATION OF NET LOSS TO EBITDA				
Net loss	\$ (22,581)	\$ (386)	\$ (2,680)	\$ (25,647)
Interest expense and other	<u>52,039</u>	<u>103</u>	<u>6,633</u>	<u>58,775</u>
Income from operations	29,458	(283)	3,953	33,128
Amortization of pre-publication costs	11,804	540	1,332	13,676
Depreciation and amortization of property and equipment	2,485	29	101	2,615
Amortization of intangibles	598	491	1,340	2,429
EBITDA	44,345	777	6,726	51,848
Chelsea House inventory impairment	2,095	—	—	2,095
Restructuring and related costs	1,244	—	—	1,244
Adjusted EBITDA	<u>\$ 47,684</u>	<u>\$ 777</u>	<u>\$ 6,726</u>	<u>\$ 55,187</u>

(a) Reflects our consolidated statements of operations

(b) Reflects the statement of operations of Buckle Down Publishing Company prior to its acquisition on April 15, 2004. Certain balances have been reclassified to conform to our presentation.

(c) Reflects the statement of operations of Options Publishing, Inc. prior to its acquisition on December 3, 2004. Certain balances have been reclassified to conform to our presentation.

HAIGHTS CROSS COMMUNICATIONS, INC.  
PRO FORMA SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 59,795	\$ 55,401	\$ 68,878	\$ 19,144	\$ —	\$ 203,218
Cost of goods sold	17,552	11,667	27,480	5,142	—	61,841
Marketing and sales	15,359	14,449	12,497	5,523	—	47,828
Fulfillment and distribution	5,531	3,674	4,459	1,837	—	15,501
General and administrative	5,724	6,967	5,036	2,201	6,272	26,200
Amortization of pre-publication costs	5,774	4,090	3,564	248	—	13,676
Depreciation expense	797	390	715	504	209	2,615
Amortization of intangibles	<u>6</u>	<u>2,405</u>	<u>18</u>	<u>—</u>	<u>—</u>	<u>2,429</u>
Income (loss) from operations	<u>\$ 9,052</u>	<u>\$ 11,759</u>	<u>\$ 15,109</u>	<u>\$ 3,689</u>	<u>\$ (6,481)</u>	<u>\$ 33,128</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ 9,052	\$ 11,759	\$ 15,109	\$ 3,689	\$ (6,481)	\$ 33,128
Amortization of pre-publication costs	5,774	4,090	3,564	248	—	13,676
Depreciation expense	797	390	715	504	209	2,615
Amortization of intangibles	<u>6</u>	<u>2,405</u>	<u>18</u>	<u>—</u>	<u>—</u>	<u>2,429</u>
EBITDA	15,629	18,644	19,406	4,441	(6,272)	51,848
Chelsea House inventory impairment	2,095	—	—	—	—	2,095
Restructuring & related costs	<u>899</u>	<u>157</u>	<u>188</u>	<u>—</u>	<u>—</u>	<u>1,244</u>
Adjusted EBITDA	<u>\$ 18,623</u>	<u>\$ 18,801</u>	<u>\$ 19,594</u>	<u>\$ 4,441</u>	<u>\$ (6,272)</u>	<u>\$ 55,187</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2005  
(IN THOUSANDS)

	CONSOLIDATED HAIGHTS CROSS COMMUNICATIONS, INC.
Revenue	<u>\$ 48,568</u>
Costs and expenses:	
Cost of goods sold	14,740
Marketing and sales	13,212
Fulfillment and distribution	3,824
General and administrative	6,536
Amortization of pre-publication costs	3,704
Depreciation and amortization of property and equipment	440
Amortization of intangibles	799
Total costs and expenses	<u>43,255</u>
Income from operations	5,313
Other (income)/expense:	
Interest expense	13,736
Interest income	(270)
Amortization of deferred financing costs	883
Other	4
Total other expense	<u>14,353</u>
Loss before taxes	(9,040)
Tax provision	129
Net loss	<u>\$ (9,169)</u>
RECONCILIATION OF NET LOSS TO EBITDA	
Net loss	\$ (9,169)
Interest expense and other	<u>14,482</u>
Income from operations	5,313
Amortization of pre-publication costs	3,704
Depreciation and amortization of property and equipment	440
Amortization of intangibles	799
EBITDA	10,256
Restructuring and related costs	188
Adjusted EBITDA	<u>\$ 10,444</u>

HAIGHTS CROSS COMMUNICATIONS, INC.  
 QUARTERLY SEGMENT FINANCIAL INFORMATION (UNAUDITED)  
 FOR THE QUARTER ENDED MARCH 31, 2005  
 (IN THOUSANDS)

	K-12 SUPPLEMENTAL EDUCATION	TEST-PREP AND INTERVENTION	LIBRARY	MEDICAL EDUCATION	CORPORATE	CONSOLIDATED
Revenue	\$ 11,403	\$ 13,622	\$ 19,459	\$ 4,084	\$ —	\$ 48,568
Cost of goods sold	3,223	2,951	7,434	1,132	—	14,740
Marketing and sales	3,666	4,503	3,620	1,423	—	13,212
Fulfillment and distribution	1,225	887	1,245	467	—	3,824
General and administrative	1,269	1,781	1,377	695	1,414	6,536
Amortization of pre-publication costs	1,711	917	978	98	—	3,704
Depreciation expense	208	112	5	72	43	440
Amortization of intangibles	<u>2</u>	<u>618</u>	<u>179</u>	<u>—</u>	<u>—</u>	<u>799</u>
Income (loss) from operations	<u>\$ 99</u>	<u>\$ 1,853</u>	<u>\$ 4,621</u>	<u>\$ 197</u>	<u>\$ (1,457)</u>	<u>\$ 5,313</u>
RECONCILIATION OF OPERATING INCOME TO EBITDA						
Income (loss) from operations	\$ 99	\$ 1,853	\$ 4,621	\$ 197	\$ (1,457)	\$ 5,313
Amortization of pre-publication costs	1,711	917	978	98	—	3,704
Depreciation expense	208	112	5	72	43	440
Amortization of intangibles	<u>2</u>	<u>618</u>	<u>179</u>	<u>—</u>	<u>—</u>	<u>799</u>
EBITDA	2,020	3,500	5,783	367	(1,414)	10,256
Restructuring & related costs	<u>—</u>	<u>124</u>	<u>64</u>	<u>—</u>	<u>—</u>	<u>188</u>
Adjusted EBITDA	<u>\$ 2,020</u>	<u>\$ 3,624</u>	<u>\$ 5,847</u>	<u>\$ 367</u>	<u>\$ (1,414)</u>	<u>\$ 10,444</u>