CAMBIUM LEARNING GROUP, INC.
Form 424B3
August 10, 2011

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-174004

PROSPECTUS

Offer to Exchange
$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017
For
$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017
registered under the Securities Act of 1933, as amended

This exchange offer will expire at 5:00 p.m., New York City time
on September 12, 2011, unless we extend it.

We are offering to exchange all of our outstanding 9.75% Senior Secured Notes due 2017 that were issued in a private placement on February 17, 2011, and which we refer to as the old notes, for an equal aggregate amount of our 9.75% Senior Secured Notes due 2017, which have been registered with the Securities and Exchange Commission (the SEC) and which we refer to as the exchange notes. We refer to the old notes and the exchange notes collectively as the notes. If you participate in the exchange offer, you will receive registered 9.75% Senior Secured Notes due 2017 for your old 9.75% Senior Secured Notes due 2017 that are properly tendered. The terms of the exchange notes are substantially identical to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes will not apply to the exchange notes, and the exchange notes will not provide for the payment of additional interest in the event of a registration default. In addition, the exchange notes bear a different CUSIP number than the old notes.

MATERIAL TERMS OF THE EXCHANGE OFFER

The exchange offer expires at 5:00 p.m., New York City time, on September 12, 2011, unless extended.

We will exchange all old notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.

You may withdraw tendered old notes at any time prior to the expiration of the exchange offer.

The only conditions to completing the exchange offer are that the exchange offer not violate any applicable law or applicable interpretation of the staff of the SEC and no injunction, order or decree has been or is issued that would prohibit, prevent or materially impair our ability to proceed with the exchange offer.

We will not receive any cash proceeds from the exchange offer.

There is no active trading market for the notes and we do not intend to list the exchange notes on any securities exchange or to seek approval for quotations through any automated quotation system.

Investing in the exchange notes involves risks. See Risk Factors beginning on page 20 of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of the exchange notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 10, 2011

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You should rely only upon the information in this prospectus. We have not authorized anyone to give any information or make any representation about us that is different from or in addition to that contained in this prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it as authorized by us. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. Neither the delivery of this prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date on the front cover of this prospectus. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the exchange notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the exchange notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and we shall not have any responsibility therefor.

MARKET, RANKING AND OTHER DATA

The data included in this prospectus regarding markets and ranking are estimates based on our management s knowledge and experience in the markets in which we operate. We believe these estimates to be accurate as of their respective dates. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market, ranking and other similar data included in this prospectus, and estimates and beliefs based on that data, may not be reliable. Neither we nor the initial purchasers can guarantee the accuracy or completeness of any such information contained in this prospectus.

TRADEMARKS, TRADE NAMES AND COPYRIGHTS

We own or have rights to trademarks, trade names and copyrights that we use in conjunction with the operation of our business. In addition, our name, logo and website name and address are our service marks or trademarks. Each trademark, trade name, service mark or copyright by any other company appearing in this prospectus belongs to its holder. Some of the more important trade names, trademarks and copyrights that we use include: Voyager Passport(R); LANGUAGE!; Passport Reading Journeys(R); Read Well; Voyager Universal Literacy System(R); Ticket to Read(R); TimeWarp(R) Plus; Voyager Pasaporte(R); ExploreLearning(TM); We Can!; Vmath(R); Vmath Summer Adventure; TransMath; Algebra Rescue; Voyages; Step Up to Writing; Rewards; Dynamic; Language Essentials for Teachers of Reading and Spelling (LETRS); The Six Minute Solution; Algebra Ready; Reading A-Z(TM); Raz-Kids(TM); Reading-Tutors(TM); Vocabulary A-Z(TM); Writing A-Z(TM); Science A-Z(TM) and GIZMOS.

FORWARD-LOOKING STATEMENTS

We have made statements under the captions Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Our Company and in other sections of this prospectus that constitute forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties and which are based on beliefs, expectations, estimates, projections, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers and intents of our management. Such statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, economic performance and results of operations, as well as our business strategy, objectives of management for future operations and the information set forth in the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements.

Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as believes, expects, estimates, projects, forecasts, plans, anticipates, tar outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, intends, scheduled to, se should or the negative of those terms, or other variations of those terms or comparable language, or by discussions of strategy, plans, targets, models or intentions. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. These risks, uncertainties and assumptions include, among others, the following:

- weak general economic conditions and high unemployment;
- competition in the educational products industry;
- failure to maintain or improve our operating efficiencies;
- our inability to attract and retain qualified employees, including key management;
- loss of government funding for child education assistance programs;
- our failure to comply with current or future governmental regulation and licensing requirements;

rapid technological developments and changes and our ability to introduce competitive new products and services on a timely, cost-effective basis;

our mix of products and services;

customer demand for our products and services;

our ability to market our products and services effectively;

our ability to protect our intellectual property rights;

our ability to protect against data security breaches and to protect our data centers from damage;

the continued availability of financing in the amounts, at the times and on the terms required to support our future operations and our levels of indebtedness;

our ability to comply with existing and future loan agreements and indentures, including provisions of the new credit facility that our indirect subsidiary, Cambium Learning, Inc. (CLI), and its subsidiaries (collectively, with CLI, the ABL Credit Parties) entered into concurrently with the closing of our initial offering (the Offering) of the outstanding notes (ABL Facility), which restricts certain aspects of the operation of our business;

our ability to implement effectively our growth strategy;

future investments;

our inability to identify or retain real property on acceptable terms;

our inability to maintain adequate internal controls over financial reporting;

potential conflicts with the interests of our controlling stockholder and its affiliates, as such controlling stockholder may have the power to control our affairs and policies without in certain instances, the approval of the majority of our independent directors;

the outcome of existing or future litigation; and

our inability to obtain capital necessary to grow our business or capitalize on selected acquisition opportunities.

Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements, as it is impossible for us to anticipate all factors that could affect our actual results. We discuss certain of these risks in greater detail under the heading Risk Factors in this prospectus. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the results of any revisions to the forward-looking statements made in this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and financial statements, including the notes to those financial statements, appearing elsewhere in this prospectus. Before making an investment decision, we encourage you to consider the information contained in this entire prospectus, including the risks discussed under the heading Risk Factors beginning on page 20 of this prospectus and the section entitled Forward-Looking Statements beginning on page ii.

Unless the context otherwise requires or as otherwise indicated, Cambium, Cambium Learning, our company, we, us and our refer to Cambium Learning Group, Inc. and its consolidated subsidiaries, CLI refers solely to our operating subsidiary, Cambium Learning, Inc. and VLCY refers solely to our non-operating subsidiary, Voyager Learning Company. As used in this prospectus, the terms Cambium Business and VLCY Business refer to the businesses of VSS-Cambium Holdings II Corp. (Cambium Holdings) and its operating subsidiaries and VLCY and its operating subsidiaries, respectively, as each such business existed prior to the Mergers (as defined below under Organizational Structure).

Our Company

We believe we are one of the largest providers of proprietary intervention curricula, educational technologies and other research-based education solutions for students in the Pre-K through 12th grade education market in the United States. The intervention market, where we focus, provides supplemental education solutions to at-risk and special education students. We offer a distinctive blended intervention solution that combines different forms of current instruction techniques, including text books, education games, data management and e-learning. We believe that our approach builds a more effective learning environment that combines teacher-led instruction and technology and that this approach sets us apart from our competitors, as we believe it better engages at-risk students, leading to more favorable student results. Our solutions are designed to enable the most challenged learners to achieve their potential by utilizing a range of content that primarily focuses on reading and math.

We take a holistic approach to learning and our intervention solutions address both the behavioral and cognitive needs of the students we serve. We believe our focus on the Pre-K through 12th grade intervention market and our significantly greater scale and scope of operations compared to those other companies primarily focused on the intervention market gives us a competitive edge relative to our peers. Further, our products and services are highly results-oriented and enable school districts and parents across the country to improve student performance and better satisfy rigorous accountability standards.

We believe that school districts have become increasingly accountable for student performance. As a result, they have increased both focus and funding to address underperformance. To this end, our research-based intervention programs have demonstrated consistent success with at-risk and special education student populations and have established us as one of the most readily recognized companies exclusively serving this market.

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Strategy for Growth and Development

Our strategy for growth and development is based upon the following:

Continued Focus on the Pre-K Through 12th Grade Intervention Market: The intervention market is highly attractive and is characterized by favorable long-term growth trends and historically strong government support. We devote most of our resources to better serve this market and we believe that our concentrated focus positions us to capture a greater market share over time. We are a leading provider that offers comprehensive instructional material, professional development and learning technology solutions specifically designed for the intervention market. We also believe that this focus allows us to deliver better designed products to our customers, ultimately resulting in more favorable student outcomes. We plan to continue to employ a broad-based approach to compete across segments and build scale and market share.

Increased Offering of Technology-Based Learning Solutions: We have a wide range of technology-based learning solutions offered as either standalone tools or as part of our blended model (which integrates these technology-based learning solutions with our print-based products). Our standalone technology-based solutions include online supplemental reading, writing and vocabulary lessons and books as well as interactive simulations in math and science. Such solutions are employed by our customers for at-risk students and are more commonly used by, and are equally as effective for, on-track students to enhance their proficiency levels. Across much of our product offering, we utilize a comprehensive student data reporting system with multiple years of results. We believe this ability to assess, track and report results is crucial to providing educators with the tools required to achieve and provide accountability for student outcomes.

Leverage Nationally Recognized Brands, Sales Force and Scalable Platform: We believe our portfolio of premier brands and research-based products and services has consistently delivered superior learning outcomes for school districts. We plan to leverage our reputation for quality and our experienced sales force to generate new business and capture a greater share of business from existing customers across our national footprint. Further, we plan to utilize our portfolio of technology-driven products and services and an easily replicable implementation model to rapidly meet customer needs.

Invest in Key Growth Initiatives: In 2010, we made specific investments in certain key areas intended to facilitate growth in 2011 and beyond. In the Voyager business unit, we integrated two large sales forces (pre-combination Cambium and VLCY) into one national model and we consolidated the student reporting systems of the two previously separate companies. In the Sopris business unit, we built a nationwide field sales force, made significant investments in marketing and introduced two substantial new products. In the CLT unit, we have increased our investment in sales, marketing and product development to enhance continued growth products. Across all business units, we have substantially upgraded our e-commerce and e-marketing capabilities in order to facilitate greater demand pull for our products. We intend to increase market penetration and market share through these investments, enabling us to recognize greater revenues per student.

Funding Sources and Industry Information

The intervention market is focused on administering supplemental education solutions to at-risk and special education students within the Pre-K through 12th grade student segment. At-risk and special education students are those students that are underperforming when evaluated against their peers and current academic standing, which is defined as the bottom 40% of learners. Students in need of intervention are often found in three distinct groups: English language learners (ELL), Special Education (SPED) and impoverished students. The ELL group is made up of those students whose first language is not English. SPED students are individuals with special needs, including learning and communication challenges, emotional and behavioral disorders, physical disabilities and developmental disorders. Impoverished students are from families with low socioeconomic status and are at an academic disadvantage due to their families financial hardships.

We believe that educating at-risk and special education students requires a different approach than relying on traditional instructional materials since these intervention programs often require detailed implementation and training. Key federal and state programs, such as the Title I portion (Title I) of the reauthorized Elementary Secondary Education Act (ESEA), School Improvement Grants program (SIG), Individuals with Disabilities Education Act (IDEA) and the Race to the Top Program enacted under the American Recovery and Reinvestment Act of 2009

(ARRA) have been key drivers in pushing school districts to address the needs of this student population.

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While school districts use a variety of government funding sources in order to procure our products and services, our industry receives proportionally more federally provided funds than education services and products as a whole, which tend to rely more heavily on state and local funding. Title 1 (and the Title 111 portion of the ESEA) and IDEA have existed for decades and have experienced steady increases since their inception. Further augmenting these traditional funding sources in 2009 and 2010 was the ARRA, which allocated an additional $10 billion for Title I and an additional $11.3 billion for IDEA over the fiscal years ending September 2010 and September 2011. Additional federal funds are also being made available through the ARRA s Race to the Top program, which is expected to provide over $4 billion in additional education funding.

Over the long-term, we expect growth in the overall intervention market will be driven by the following key factors:

Large and Growing Addressable Market: Total Pre-K through 12th grade enrollment was 56 million in 2008, with enrollments rising. It is estimated that at least 40% of these students require intervention and represent a large addressable market for us. Demand for intervention is expected to continue to increase since intervention is typically more cost effective than special education programs. We believe that, with more attention in general, increased analysis of U.S. student outcomes versus other countries, focus and likely inclusion of the graduation rate in the ESEA, and movement to national standards, the number of children deemed to need intervention is likely to increase from 40% to over 50%, as indicated by proficiency rates of the National Assessment of Educational Progress.

Historically Stable Federal Funding Landscape: The funding environment for Pre-K through 12th grade education has historically been stable across economic cycles. While the recent downturn has pressured state and local budgets, the primary sources of federal funding for education (Title I and IDEA) have been maintained at historically high levels. Traditional federal funding sources for education have been temporarily augmented by ARRA funding from 2009 to 2011, including the Race to the Top program.

Increasing Emphasis on Accountability and Measurement: The No Child Left Behind Act (NCLB) has been a key driver for increased accountability and a measurement of student performance. School districts are required to demonstrate adequate yearly progress (AYP) or risk a cut in funding. Intervention products help schools improve performance of the most challenged learners and meet stringent AYP criteria. Furthermore, there is greater emphasis on evaluating educators based on the performance of their students. The combination of these factors will continue to drive the demand for intervention and professional development products.

Proven Return on Investment of Intervention Products: Numerous studies have demonstrated and quantified the benefits of intervention products for at-risk and special education students. We believe traditional educational materials are inadequate and not designed to meet their learning needs. Also, teachers are becoming better trained at utilizing intervention materials, which we expect will contribute to greater demand for such products.

Product Overview

We operate as three reportable segments, with separate management teams and infrastructures that offer various products and services, as follows:

Voyager, our comprehensive intervention solutions;

Sopris, our supplemental solutions; and

CLT, our technology-based solutions.

Unallocated shared services such as accounting, legal, human resources and corporate-related items are recorded in a Shared Services category. Depreciation and amortization expense, goodwill impairment, interest income and expense, other income and expense, and taxes are also included in this category.

Voyager

Our Voyager unit offers reading, math and professional development programs targeted towards the at-risk and special education student populations. Voyager materials, offered in print form and increasingly in online format, are tailored to meet the needs of these students and differ considerably from traditional instructional materials in design, approach and intensity. Lessons are

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based on scientific research and are carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the abilities of struggling students.

Voyager Reading Programs. The reading programs in the Voyager business unit consist of: Voyager Passport®; LANGUAGE!; Passport Reading Journeys®; Read Well; Voyager Universal Literacy System®; Ticket to Read®; TimeWarp® Plus; Voyager Pasaporte®; and We Can!.

Voyager Passport is a comprehensive reading intervention system for grades K-5. Voyager Passport provides direct, systematic instruction in each of the five essential reading components (phonemic awareness, phonics, fluency, vocabulary, and comprehension) and is designed as an intervention program for grade K-5 students for whom a core reading program is not sufficient. The lessons are typically daily and run 30 to 40 minutes in duration. They are based on the latest scientific research regarding effective reading instruction and are carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the reading ability of struggling readers.

LANGUAGE!, our principal adolescent literacy offering, is a comprehensive literacy program that targets students in grades 3-12 achieving at or below the 20th percentile. The program consists of a 36-unit curriculum organized into six levels that cover phonemic awareness and phonics, word recognition and spelling, vocabulary and morphology, grammar and usage, listening and reading comprehension, and speaking and writing. LANGUAGE! is designed for special education students, as well as students learning to speak English. The curriculum is a mastery-based curriculum. Students exit as soon as they achieve grade-level proficiency, which will vary depending on the specific needs of the student and where the student enters the program.

Passport Reading Journeys is a targeted intervention program designed to accelerate reading for struggling readers in middle school and high school, grades 6-9. The lesson format integrates reading, comprehension, vocabulary, fluency and writing. Age-appropriate content, real-life journeys on DVDs, online interactive lessons, and captivating text are designed to hold student interest and motivate students to read for both information and enjoyment. The program targets the affective domain as much as the cognitive domain, as many struggling readers have lost confidence, are not engaged, and are close to dropping out. The program meets all of the instructional recommendations of the Reading Next Report, which is an industry research report outlining the key elements of effective literacy intervention for middle and high school students, and provides teachers with the tools necessary to help students become successful readers.

ReadWell is an alternative comprehensive core reading program that targets at-risk students in grades K-2. The program is a research-based and data-driven reading curriculum that addresses all five components of effective reading instruction phonemic awareness, phonics, vocabulary, comprehension and fluency as outlined by the National Reading Panel in 2000.

The Voyager Universal Literacy System is an alternative comprehensive core reading curriculum for grades K-3 that explicitly and systematically teaches the five essential components of reading instruction listed above.

Ticket to Read (www.tickettoread.com) is an interactive web-based program offered with Voyager s Passport, ReadWell and Universal Literacy System programs. Ticket to Read is designed to improve reading by allowing students to practice various aspects of reading skills. Instruction is leveled, self-paced and teacher-monitored. Students are motivated by a leader-board, a virtual clubhouse that includes earning online tickets and other rewards, games, and engaging self-selected passages on a variety of topics as they build vocabulary, fluency, phonics and reading comprehension skills. Approximately one-quarter of the use takes place after school hours, including weekends, further enabling students to reinforce what they have learned in the classroom and enabling parents and/or guardians to become more involved in their children s education.

TimeWarp Plus is a four-to-six week summer reading intervention program which immerses grade K-9 students in reading adventures to build essential reading skills that can prevent summer learning loss and prepare students for the coming year. TimeWarp Plus is a balanced, research-based reading program offered as a two-to-four hour daily reading instruction focused around exciting, adventure-based themes and hands-on learning experiences. Student engagement and maximizing teacher time are key components of the program.

Voyager Pasaporte provides students in grades K-3 with targeted reading intervention in Spanish, using a similar scientifically-based reading research and framework as Voyager Passport. The lessons typically run daily for 30 to 40 minutes in duration. They are based on scientific research regarding effective reading instruction and are carefully designed to effectively and efficiently address each of the strategies and skills necessary to improve the reading ability of struggling Spanish-speaking children who cannot read effectively in any language. Built-in assessment and progress monitoring tools provide teachers with vital information about student learning so they can adjust instruction as needed.

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We Can! is a multilingual early childhood program which is designed to develop both social and academic skills. The program offers flexible lesson plans for customized instruction, a classroom management system and learning center choices. We Can! also fits within a variety of Pre-K settings.

Voyager Math Programs. The math programs in the Voyager business unit consist of: Vmath®, Vmath Summer Adventure, TransMath, Inside Algebra and Voyages.

Vmath is a targeted, systematic intervention system that is aligned with the tenets of the National Council of Teachers of Mathematics and is designed to complement and enhance all major math programs by building upon and reinforcing the concepts, skills, and strategies of a core math program. Through 30 to 40 minutes of daily instruction, Vmath helps struggling students build a foundation in math and learn the skills and concepts crucial to achieving grade-level success. VmathLive is a standalone or complementary online math capability, targeting additional student practice for grades 2-8.

Vmath Summer Adventure targets math students who may need summer intervention to prevent summer learning loss in math as well as in reading. Vmath Summer Adventure combines explicit instruction in essential math concepts and skills and real-life adventures to stimulate student interest and understanding over a shortened summer school program for grades K-8.

TransMath targets students in the 25th percentile and below in grades 5-9. TransMath provides students with in-depth, sequential skill building of foundational math concepts through reform-based and procedural instruction. Multisensory strategies are designed to promote problem-solving proficiency, vocabulary development and mathematical discourse. VmathLive is offered with TransMath.

Inside Algebra targets students at risk of failure in algebra and teaches them a variety of core objectives through activities intended to make learning fun. Students may participate in Inside Algebra in small groups, as a supplement to basal curricula, or as a standalone algebra intervention program.

Voyages targets grades K-5 and is a core mathematics program designed by teachers, for teachers. Educators may utilize Voyages as a core program, as an intervention program or as part of a gifted and talented program.

Voyager Professional Development Programs. Professional development services provide customized, sustainable, product independent solutions for teachers and leadership to help our customers enhance their existing investments in curricula, textbooks, and learning resources. Specific topics include Reading, Math, Behavior, Response to Intervention, Instructional Audits, Coaching and Leadership, and support all tiers of student instruction. These services are provided via three delivery systems: consulting services and custom professional development, custom conferences and institutes, and distance learning.

Sopris

Our Sopris unit focuses on providing a diverse, yet comprehensive collection of printed and electronic supplemental education materials to complement core programs and to provide intense remediation aimed at specific skill deficits. When compared to products offered by our other business units, Sopris products tend to be more narrowly-tailored and target a smaller, more specific audience. Sopris primary products are Step Up to Writing; REWARDS; Dynamic Indicators of Basic Early Literacy Skills (DIBELS/IDEL); Language Essentials for Teachers of Reading and Spelling (LETRS); The Six Minute Solution; Algebra Ready; and RAVE-O. Through these offerings, we commercialize research of some of the most highly regarded authors in the field, including Drs. Louisa Moats, Anita Archer and Roland Good.

Step Up to Writing is a strategies-based program that spans grades K-12 and addresses students who score at or below the basic skill level in writing. Authored by Dr. Maureen Aumon, the program teaches students to write both narrative and expository pieces, actively engage with reading materials and develop study skills. Step Up to Writing is designed to fit alongside a school district s existing reading program and to be integrated into any standard curriculum or instructional system.

REWARDS is a research-based, reading intervention program designed for general and special education, remedial reading, summer school and after-school programs. Authored by Dr. Anita Archer, the program focuses on de-coding, fluency, vocabulary, comprehension, test-taking abilities and content-area reading and writing.

DIBELS/IDEL is a literary screening and progress monitoring tool. Authored by Drs. Roland Good and Ruth Kaminski, students from grades K-3 take benchmark assessments three times a year in order to measure the critical areas of early reading: awareness, phonics, fluency, comprehension and vocabulary. Students in grades 4-6 are assessed in the areas of fluency and comprehension. For those with reading difficulties, progress monitoring assessments are given to determine the effectiveness of the interventions being used. IDEL offers DIBELS materials for Spanish-speaking students.

LETRS is a stand-alone professional development program for educators. Authored by Dr. Louisa Moats, the training program is delivered through a combination of print materials, online courses, software and face-to-face training. LETRS Institutes are grouped into a series of three-day sessions presented by certified national LETRS trainers and engage educators through group activities and hands-on practice.

The Six Minute Solution targets grades K-12 and helps students improve reading fluency. This peer-mentoring and feedback system is designed to complement a reading curriculum.

Algebra Ready teaches students fundamental mathematics and is designed to prepare them for algebra and geometry. Students can utilize Algebra Ready during summer school, extended days, or as a supplement to a core math curriculum.

RAVE-O (Reading through Automaticity, Vocabulary, Engagement, and Orthography) is an intensive, multisensory, small group reading intervention for primary through intermediate grades. Authored by neuroscientist Dr. Maryanne Wolf, the program applies brain research to reading intervention.

Cambium Learning Technologies

Our CLT unit utilizes technology to deliver subscription-based websites, online libraries, software and equipment designed to help students reach their potential in grades K through 12 and beyond. CLT products are offered under four different industry leading brands: Learning A-Z, ExploreLearning, Kurzweil Educational Systems and IntelliTools.

Learning A-Z. Learning A-Z is a group of related websites known as Reading A-ZTM, Raz-KidsTM, Reading-TutorsTM, Vocabulary A-ZTM and Writing A-ZTM, which provide online supplemental reading, writing and vocabulary lessons, books, and other resources for students and teachers. Science A-ZTM, a Learning A-Z website, is aimed at the supplemental science market.

We sell online supplemental reading, math and science products under the Learning A-Z brand. There are three free websites (LearningPageTM, Sites for Teachers and Sites for Parents), which aid in directing interested parents, teachers, schools and districts to six subscription-based sites: Reading A-Z, Raz-Kids, Reading-Tutors, Vocabulary A-Z, Writing A-Z, and Science A-Z. Each of these websites offers products available for purchase through online subscriptions.

Reading A-Z offers thousands of research-based, printable teacher materials to teach guided reading, phonological awareness, phonics, comprehension, fluency, letter recognition and formation, high-frequency words, poetry and vocabulary. The teaching resources include professionally developed downloadable leveled books (27 levels), a systematic phonics program that includes decodable books, high-frequency word books, poetry books, nursery rhymes, vocabulary books, read-aloud books, lesson plans, worksheets, graphic organizers and reading assessments. All leveled books, worksheets, graphic organizers and quizzes are available as printable PDF files and as projectables for use on interactive and non-interactive whiteboards. The leveled books and a variety of other books are available in Spanish and French, as well as a version with UK spellings.

Raz-Kids is a student-centered online collection of interactive leveled books and quizzes designed to guide and motivate emergent and reluctant readers, as well as improve the skills of fluent readers. Students can listen to and read books as well as record their reading and then take an online quiz while receiving immediate feedback. Students earn stars for their reading activity. The stars can then be spent in each student s personal clubhouse-like environment for purchasing a catalog full of items that include aliens and other fun characters. The program currently consists of over 300 online books along with companion quizzes and worksheets spread over 27 levels of difficulty. A new feature is an online tool that allows teachers to place students at the appropriate reading level while capturing reading rate and fluency. The website also features a classroom management system for teachers to build rosters, assign books and review student reading activity.

Reading-Tutors is a low-cost, easy-to-use collection of research-based resource packets for tutors. Each of the 400 packets contains items tutors need to help emerging readers gain key literacy skills in the alphabet, phonological awareness, phonics, high-frequency words, fluency and comprehension. It also has all the resources needed to train tutors as well as set up and administer a successful tutoring program.

Vocabulary A-Z provides customized and pre-made vocabulary lessons for use by teachers to improve student vocabularies. Vocabulary A-Z has thousands of vocabulary words that can be used to generate custom vocabulary lessons and assessments. Word activities and worksheets are available based on the word lists the user generates. The Vocabulary A-Z lesson generator incorporates best practices from current educational research.

Writing A-Z provides teachers with a comprehensive collection of resources to enhance the writing proficiency of students in grades K-6. The site provides core writing lessons grouped by genre, including student packets with leveled materials, mini-lessons that target key writing processes and skills, and writing tools for organizing and improving writing.

Science A-Z provides teachers with an online collection of resources to improve student skills in both science and reading. The website offers a collection of downloadable resources organized into thematic units aligned with state standards. The materials are categorized into four scientific domains: life, earth, physical and process science. The thematic units are organized into three grade-level groupings: K-2, 3-4, and 5-6. The themed packs include lessons, books, high-interest information sheets, career sheets, and process activities. Within each grade span, all books and information sheets are written to a high, medium and low level of difficulty. The website includes many other science resources, including science fair resources and a monthly Science In the News feature.

ExploreLearning. ExploreLearningTM is a subscription-based online library of interactive simulations in math and science for grades 3-12. ExploreLearning has won National Science Foundation funding, supports the tenets of the National Council of Teachers of Mathematics and has received positive mention in books published by the Association of Supervision and Curriculum Development and the National Science Teachers Association. ExploreLearning is also a perennial award winner recognized by industry peer groups, including the Association of Educational Publishers, Software Industry and Information Association, as well as publications such as District Administration Magazine and Tech and Learning Magazine. ExploreLearning materials are correlated to state standards and over 120 math and science textbooks. Like Learning A-Z, ExploreLearning is an online subscription-based business. REFLEX, ExploreLearning s newest adaptive software, is a game-based solution for grades 2-6 that teaches math fluency in the four operations. The program launched in March 2011.

Kurzweil Educational Systems. Kurzweil Educational Systems is a program that primarily targets students in middle school through higher education struggling with reading and writing, specifically those students with ADHD, dyslexia and visual impairments. Kurzweil Educational Systems produces the following two software products for individuals with learning difficulties and for those who are visually impaired:

Kurzweil 3000. Kurzweil 3000 is a reading, writing and learning software package for students with dyslexia, attention deficit disorder or other learning difficulties, including physical impairments or language learning needs.

Kurzweil 1000. Kurzweil 1000 provides visually impaired users access to printed and electronic materials. Documents and digital files are converted from text to speech and read aloud in a variety of voices that can be modified to suit individual preferences. In addition, this software provides users with document creation and editing, studying and study skills for note-taking, summarizing and outlining text.

IntelliTools. IntelliTools offers hardware products that target students with physical, visual and cognitive disabilities that make using a standard keyboard and mouse difficult. IntelliTools also offers software products that target elementary and middle school special education students struggling with reading and math. IntelliTools products include:

IntelliKeys® USB, which is a programmable alternative keyboard with supporting software for students or adults who have difficulty using a standard keyboard.

IntelliTools Classroom Suite, which is an authoring and application tool intended to boost achievement on standards-based tests and help meet adequate yearly progress goals under the No Child Left Behind Act.

IntelliTools, which offers software products with a simple interface for students to use. The software includes lessons, activities and assessments that reinforce reading, writing and math skills with the capability to generate reports and provide detailed data tracking.

Marketing and Distribution

Curriculum Development

We continually seek to take advantage of new product and technology opportunities and view product development to be essential to maintaining and growing our market position. We have developed relationships with many industry-leading authors who are known for their expertise in improving the cognitive and behavioral performance of at-risk and special education students. Many

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authors are leaders in their respective fields, such as literacy, mathematics, cognitive reasoning, and behavioral sciences. These authors are engaged by us to develop content and then to refine that content once feedback is obtained from our customers. We also employ both in-house and contracted developers of curriculum and on-line content. We generally conduct an extensive refresh of our products every three to five years to incorporate the latest research, bring images current, and update factual content. The web-based products are enhanced continuously. Between the product refreshes, we often develop variations, expansions (i.e., more grade levels) and other basic enhancements of our products. As of March 31, 2011, we had 142 employees in curriculum development. Research and development expense, net of capitalization, was $2.4 million for the three months ended March 31, 2011, $3.0 million for the three months ended March 31, 2010, $10.6 million for the year ended December 31, 2010 and $5.6 million for the year ended December 31, 2009. In addition, we capitalize certain expenditures related to product development.

Sales and Marketing

Sales Force Organization

We generally organize our marketing and sales force around our Voyager, Sopris and CLT business units. Within CLT, the sales forces are further divided to focus on reading, math/science, or special education areas. We have separate sales forces by unit and sales producers sell all available products in the unit and are general relationship managers. They are supported by product or subject matter experts as well as a corporate marketing team. As of March 31, 2011, our sales force consisted of 107 field and 30 inside sales producers for a total of 137 direct sales producers, excluding sales management and marketing. Where we elect to use both field and inside sales producers in a business unit, we tend to segment the customers primarily based on size of a territory, whereby larger territories are covered by field representatives and smaller territories are covered more effectively by inside sales employees. We also use direct marketing through catalogs and are increasingly making use of e-commerce and the Internet to sell our products. Sales and marketing expense was $10.9 million for the three months ended March 31, 2011, $11.1 million for the three months ended March 31, 2010, $46.0 million for the year ended December 31, 2010 and $23.4 million for the year ended December 31, 2009.

Competition

The market for our products is highly competitive. We compete with a wide range of companies from large publishers covering a broad array of products to small providers who specialize in very limited areas. We compete with:

Traditional text book suppliers, which often offer intervention products as part of their core reading and math programs, including Houghton Mifflin/Harcourt, Pearson, The McGraw-Hill Companies, and Scholastic;

Supplemental suppliers, a market segment that is quite fragmented, including the supplementary products divisions of the international textbook publishers named above, and others including Curriculum Associates, Teacher Created Materials, School Specialty, Haights Cross Communications and The Hampton-Brown Company;

Technology suppliers, including Scholastic (Read 180, MiniBooks), Adaptive Curriculum, Carnegie Learning, Renaissance Learning, Don Johnston and TextHelp; and

Service providers, including Americas Choice (recently purchased by Pearson), and research laboratories such as WestEd.

In addition, with greater use of virtual tools, we compete with a number of entities like K12 and Florida Virtual School.

Concentration Risk

We are not overly dependent upon any one customer or a few customers, the loss of which would have a material adverse effect on our business. We have a broad customer base; in the three years ended December 31, 2010, no single customer accounted for more than 10% of our total net revenues in any one year. Additionally, our top ten customers accounted for approximately 20% of our net revenues in 2010.

Seasonality

Our quarterly operating results fluctuate due to a number of factors, including the academic school year, school procurement policies, funding cycles, the amount and timing of new products and spending patterns. In addition, customers experience cyclical funding issues that can impact revenue patterns. We generally expect our lowest revenues and earnings to be in the first and fourth fiscal quarters and our highest revenues and earnings to be in the second and third fiscal quarters.

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Governmental Regulations

Our operations are governed by laws and regulations relating to equal employment opportunity, workplace safety, information privacy, and worker health, including the Occupational Safety and Health Act and regulations under that Act. Additionally, as a company that often bids on various state, local and federally funded programs, we are subject to various governmental procurement policies and regulations. We believe that we are in compliance in all material respects with applicable laws and regulations and that future compliance will not have a material adverse effect upon our consolidated operations or financial condition.

Organizational Structure

Cambium Learning Group, Inc. (NASDAQ: ABCD) was incorporated under the laws of Delaware in June 2009. On December 8, 2009, we completed the mergers of VLCY and VSS-Cambium Holdings II Corp. (Cambium Holdings) into two of our wholly owned subsidiaries, as contemplated by the Agreement and Plan of Mergers, dated as of June 20, 2009, as amended, among us, VLCY, Vowel Acquisition Corp., our wholly-owned subsidiary, Cambium Holdings, a wholly-owned subsidiary of VSS-Cambium Holdings III, LLC, Consonant Acquisition Corp., our wholly owned subsidiary, and Vowel Representative, LLC, solely in its capacity as stockholders representative. In this prospectus we refer to this Agreement and Plan of Mergers, as amended, as the Merger Agreement. Pursuant to the Merger Agreement, we acquired all of the common stock of each of Cambium Holdings and VLCY through the merger of Consonant Acquisition Corp. with and into Cambium Holdings, with Cambium Holdings continuing as the surviving corporation (the Cambium Merger), and the concurrent merger of Vowel Acquisition Corp. with and into VLCY, with VLCY continuing as the surviving corporation (the Voyager Merger and together with the Cambium Merger, the Mergers). As a result of the effectiveness of the Mergers, Cambium Holdings and VLCY became our wholly owned subsidiaries. Following the completion of the Mergers, all of the outstanding capital stock of VLCY s operating subsidiaries, Voyager Expanded Learning, Inc. (VEL) and LAZEL, Inc., were transferred to CLI. Effective December 31, 2010, we completed an internal reorganization pursuant to which we consolidated certain of our operating subsidiaries. Specifically, we merged VEL and Cambium Learning (New York), Inc. into Sopris West Educational Services, Inc. and renamed this entity Cambium Education, Inc. We also merged Intellitools, Inc. into Kurzweil Educational Systems, Inc. and renamed this entity Kurzweil/Intellitools, Inc. The following chart sets forth our corporate organization and identifies the issuer and the subsidiary guarantors of the notes and the borrowers under the ABL Facility.

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(1) As of March 31, 2011, this entity, controlled by VSS (as defined below), remained our majority stockholder with approximately 62.4% beneficial ownership.
(2) Such entity will be a subsidiary guarantor of the exchange notes.
(3) VLCY is not a guarantor under the old notes, will not be a guarantor of the exchange notes and will be an unrestricted subsidiary under the terms of the exchange notes. VLCY is not a borrower under, or otherwise party to, the ABL Facility.
(4) Such entity is a co-borrower under the ABL Facility.

Veronis Suhler Stevenson

In 2007, Cambium Learning was acquired by a consortium of private equity sponsors led by Veronis Suhler Stevenson (VSS). Founded in 1987, VSS is a private equity and structured capital fund management company dedicated to investing in the information, education, media and marketing services industries in North America and Europe. VSS provides both equity and debt capital for buyouts, recapitalizations, growth financings and strategic acquisitions to middle market companies and management teams with a goal to build companies both organically and through a focused add-on acquisition program. Over the past 20 years, VSS has managed funds with capital committed exceeding $2.8 billion.

VSS seeks to leverage its specialized operational, financial and transaction experience to work as an added-value partner with company owners and management teams. VSS professionals assist VSS portfolio companies with setting strategic direction, board level involvement, acquisition strategies, proactively and directly searching for acquisition opportunities and assisting with the negotiation and execution of acquisitions. In addition, VSS assists its portfolio companies with raising senior debt and any additional third party financing. As of March 31, 2011, VSS controlled entities remained our majority stockholder with approximately 62.4% beneficial ownership.

Employees

Our future success is substantially dependent on the performance of our management team and our ability to attract and retain qualified technical and managerial personnel. As of March 31, 2011, we had a total of 584 employees. None of our employees are represented by collective bargaining agreements. We regard our relationship with our employees to be good.

Executive Officers

Ronald Klausner. Ronald Klausner, age 57, currently serves as a Class III director and our Chief Executive Officer. Mr. Klausner has served as one of our directors since December 8, 2009. Mr. Klausner served as President of Voyager Expanded Learning from October 2005 until December 8, 2009, when he became our Chief Executive Officer. Prior to that, Mr. Klausner served as President of ProQuest Information and Learning Company (a subsidiary of VLCY until it was sold in 2007) from April 2003 to October 2005. Mr. Klausner came to VLCY from D&B (formerly known as Dun & Bradstreet), a global business information and technology solutions provider, where he worked for 27 years. He most recently served as D&B s Senior Vice President, U.S. Sales, leading a segment with more than $900 million in revenue. Previously, Mr. Klausner led global data and operations, and customer service, providing business-to-business, credit, marketing and purchasing information in over 200 countries.

David F. Cappellucci. David F. Cappellucci, age 54, currently serves as a Class I director and our President. Mr. Cappellucci has served as one of our directors since December 8, 2009. Mr. Cappellucci served as the Chief Executive Officer of Cambium from April 2007 until December 8, 2009 and has 24 years of experience in the education industry. Before co-founding Cambium in December of 2002, Mr. Cappellucci spent 13 years with Houghton Mifflin Company, where he served in a variety of senior management positions, overseeing strategy, mergers and acquisitions, planning and operations at both the corporate level and within a number of business units, including the K-12 School Publishing Group and the Educational and Business Software Divisions. In 2000, Mr. Cappellucci co-founded Classwell Learning Group, an education company formed within the Houghton Mifflin organization. Through 2002, Mr. Cappellucci served as President and Chief Executive Officer of Classwell Learning Group, which was described as the best new brand in the education market by a major industry magazine in 2002. From 1992 to 1997, Mr. Cappellucci served as Senior Vice President of Elementary Education for Simon & Schuster. Prior to that, Mr. Cappellucci was Vice President of Finance, Planning and Operations for Houghton Mifflin s K-12 school and assessment businesses.

Bradley C. Almond. Bradley C. Almond, age 44, currently serves as our Senior Vice President and Chief Financial Officer. Mr. Almond served as Chief Financial Officer of VLCY since January 2009 and continues to serve as our subsidiary s Chief Financial Officer. Mr. Almond joined VLCY in November 2006 as Chief Financial Officer of the Voyager Expanded Learning operating unit. Before joining VLCY, Mr. Almond was Chief Financial Officer, Treasurer and Vice President of Administration at Zix Corporation, a publicly traded email encryption and e-prescribing service provider located in Dallas, Texas, since 2003. From 1998 to 2003, Mr. Almond worked at Entrust Inc., where he held a variety of management positions, including president of Entrust Japan, general manager of Entrust Asia and Latin America, vice president of finance and vice president of sales and customer operations. Mr. Almond is a licensed Certified Public Accountant.

John Campbell. John Campbell, age 50, currently serves as Senior Vice President and the President of the CLT business unit. Mr. Campbell served in the positions of Senior Vice President of Strategy & Business Development, Senior Vice President of K-12 and Chief Operating Officer of Voyager Expanded Learning since joining VLCY in January 2004 until December 8, 2009. Before joining VLCY, Mr. Campbell served as Chief Operating Officer and business unit head of a research based reading company (Breakthrough to Literacy) within McGraw-Hill. Prior to joining Breakthrough/McGraw-Hill, he served as Director of Technology for Tribune Education. Additionally, Mr. Campbell has experience as General Manager of a software start-up (Insight) and as Director of Applications and Technical Support for a hardware manufacturer (Commodore International).

George A. Logue. George A. Logue, age 60, currently serves as Executive Vice President and the President of the Supplemental Solutions business unit. Mr. Logue served as the Executive Vice President of Cambium from June 2003 until December

8, 2009 and has 35 years of education industry experience. Before joining Cambium, Mr. Logue spent 18 years in various leadership roles with Houghton Mifflin Company. At Houghton Mifflin, Mr. Logue served as Executive Vice President of the School Division from 1996 to 2003. Prior to serving as Executive Vice President of Houghton Mifflin, Mr. Logue was Vice President for Sales and Marketing from 1994 to 1996.

Carolyn M. Getridge. Carolyn M. Getridge, age 66, currently serves as our Senior Vice President of Human Resources and Urban Development. She joined VLCY in 1997 as a member of the team that launched the company after a distinguished 30-year career in public education. Immediately prior to joining Voyager, Ms. Getridge was Superintendent of the Oakland Unified School District. Ms. Getridge also served as Associate Superintendent of Curriculum and Instruction in Oakland and as Director of Education Programs for the Alameda (CA) County Office of Education.

Todd W. Buchardt. Todd W. Buchardt, age 51, currently serves as our Senior Vice President, General Counsel and Secretary. Mr. Buchardt served VLCY as Senior Vice President since November 2002, Vice President since March 2000, and General Counsel and Secretary since 1998. Before joining VLCY, Mr. Buchardt held various legal positions with First Data Corporation from 1986 to 1998.

Robert H. Pasternack, Ph.D. The Honorable Robert H. Pasternack, Ph.D., age 61, currently serves as our Senior Vice President of Special Education. Dr. Pasternack served VLCY in the same capacity from August 2006. Dr. Pasternack has over 40 years experience in public education. Before joining VLCY, Dr. Pasternack served as Assistant Secretary for the Office of Special Education and Rehabilitative Services (OSERS) at the U.S. Department of Education from 2001 to 2004. In addition, Dr. Pasternack served on the President s Commission on Excellence in Special Education and the President s Mental Health Commission and as the Chair of the Federal Interagency Coordinating Committee during his appointment as the Assistant Secretary. Prior to being appointed to this position, Dr. Pasternack was the State Director of Special Education for the State of New Mexico and also served as a Superintendent and first grade teacher. Dr. Pasternack is a nationally certified school psychologist, a certified educational diagnostician, a certified school administrator, and a certified teacher (K-12).

Proprietary Rights

We regard a substantial portion of our technologies and content as proprietary and rely primarily on a combination of patent, copyright, trademark and trade secret laws, and employee or vendor non-disclosure agreements, to protect our rights.

We have developed relationships with authors who are known for their expertise in improving the cognitive and behavioral performance of at-risk and special education students. Many authors are leaders in their respective fields, such as literacy, mathematics, and positive school climate. These authors are engaged by us to develop content and then to refine that content once feedback is obtained from our customers. We act as exclusive agents for and, in most instances, own the intellectual property from these well-known authors, whereby we publish their works under a royalty arrangement. We also derive a substantial amount of our curriculum content through in-house development efforts. To a much lesser degree, we also license from third parties published works, certain technology content or services upon which we rely to deliver certain products and services. Curriculum developed in-house or developed through the use of independent contractors is our proprietary property. Certain curriculum might be augmented or complemented with third party products, which may include printed materials, videos or photographs. This additional third party content may be sourced from various providers who retain the appropriate trademarks and copyrights to the material and agree to our use under a nonexclusive, fee-based arrangement.

We use U.S.-registered trademarks to identify various products which we develop. The trademarks survive as long as they are in use and the registration of these trademarks is renewed.

Website Access to Company Reports

We make available free of charge through our website, www.cambiumlearning.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Forms 3, 4 and 5 filed on behalf of our directors, officers and other affiliated persons, and all amendments to those reports as soon as reasonably practical after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). We also will provide any of the foregoing information without charge upon written request to Cambium Learning Group, Inc., 17855 North Dallas Parkway, Suite 400, Dallas, Texas 75287, Attention: Investor Relations.

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Additional Information

We are a Delaware corporation. Our principal executive offices are located at 17855 North Dallas Parkway, Suite 400, Dallas, Texas 75287 and our telephone number at that address is (214) 932-9500. Our corporate website address is www.cambiumlearning.com. We are providing the address to our website solely for the information of our investors. Information contained on our website or that can be accessed through our website is not incorporated by reference in prospectus and does not constitute a part of this prospectus and you should not rely on that information.

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Summary of the Terms of the Exchange Offer

The following summary contains basic information about the exchange offer. It does not contain all the information that may be important to you. For a more complete description of the exchange offer, you should read the discussions under the heading The Exchange Offer.

Exchange Notes	$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017. The terms of the exchange notes are substantially identical to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes will not apply to the exchange notes, and the exchange notes will not provide for the payment of additional interest in the event of a registration default. In addition, the exchange notes bear a different CUSIP number than the old notes.
Old Notes	$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017, which were issued in a private placement on February 17, 2011.
The Exchange Offer	We are offering to exchange the exchange notes for a like principal amount of the old notes. In the exchange offer, we will exchange registered 9.75% Senior Secured Notes due 2017 for old 9.75% Senior Secured Notes due 2017. We will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on September 12, 2011. Holders may tender some or all of their old notes pursuant to the exchange offer. However, old notes may be tendered only in denominations of $2,000 and integral multiples of $1,000. In order to be exchanged, an outstanding old note must be properly tendered and accepted. All old notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there are $175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017 outstanding. We will issue exchange notes promptly after the expiration of the exchange offer. See The Exchange Offer Terms of the Exchange Offer.
Registration Rights Agreement	In connection with the private placement of the old notes, we entered into a registration rights agreement with Barclays Capital Inc. and BMO Capital Markets Corp., representatives of the initial purchasers. Under the registration rights agreement, you are entitled to exchange your old notes for exchange notes with substantially identical terms. This exchange offer is intended to satisfy these rights. After the exchange offer is complete, except as set forth in the next paragraph, you will no longer be entitled to any exchange or registration rights with respect to your old notes. The registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for your benefit if you would not receive freely tradable exchange notes in the exchange offer or you are ineligible to participate in the exchange offer, provided that you indicate that you wish to have your old notes registered under the Securities Act.
Resales of the Exchange Notes	We believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

(1) you are acquiring the exchange notes in the ordinary course of your business;

(2) you are not engaging in and do not intend to engage in a distribution of the exchange notes;

(3) you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; and

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	(4) you are not our affiliate as that term is defined in Rule 405 under the Securities Act.
	Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. We have not asked the staff for a no-action letter in connection with this exchange offer, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offer.
	If you are an affiliate of ours, or are engaging in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the exchange notes: you cannot rely on the applicable interpretations of the staff of the SEC; you will not be entitled to participate in the exchange offer; and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.
	Each broker-dealer that receives exchange notes for its own account in the exchange offer for old notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the prospectus delivery requirements of the Securities Act in connection with any offer to resell or other transfer of the exchange notes issued in the exchange offer.
	Furthermore, any broker-dealer that acquired any of its old notes directly from us, in the absence of an exemption therefrom, may not rely on the applicable interpretation of the staff of the SEC s position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. See Plan of Distribution.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on September 12, 2011, unless we decide to extend the exchange offer. We do not intend to extend the exchange offer, although we reserve the right to do so.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, including that it not violate any applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange. See The Exchange Offer Conditions.
Procedures for Tendering Old Notes	The old notes were issued as global securities in fully registered form without coupons. Beneficial interests in the old notes that are held by direct or indirect participants in The Depository Trust Company (DTC) through certificateless depositary interests are shown on, and transfers of the old notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.

If you wish to exchange your old notes for exchange notes pursuant to the exchange offer, you must transmit to Wells Fargo Bank, National Association, as exchange agent, on or prior to the expiration of the exchange offer, either:

a computer-generated message transmitted through DTC s Automated Tender Offer Program system (ATOP) and received by the exchange agent and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; or

a properly completed and duly executed letter of transmittal, which accompanies this prospectus, or a facsimile of the letter of transmittal, together with your old notes and any other required documentation, to the exchange agent at its address listed in this prospectus and on the front cover of the letter of transmittal.

If you cannot satisfy either of these procedures on a timely basis, then you should comply with the guaranteed delivery procedures described below.

By delivering a computer-generated message through DTC s ATOP system, you will represent to us, as set forth in the letter of transmittal, among other things, that:

you are acquiring the exchange notes in the exchange offer in the ordinary course of your business;

you are not engaging in and do not intend to engage in a distribution of the exchange notes;

you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes; and

you are not our affiliate.

Special Procedures for Beneficial Owners

If you are the beneficial owner of old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name your old notes are registered and instruct that person to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name your old notes are registered. The transfer of registered ownership may take considerable time. See The Exchange Offer Procedures for Tendering.

Guaranteed Delivery Procedures

If you wish to tender your old notes and time will not permit the documents required by the letter of transmittal to reach the exchange agent before the expiration date for the exchange offer, or the procedure for book-entry transfer cannot be completed on a timely basis, you must tender your old notes according to the guaranteed delivery procedures described in this prospectus under the heading The Exchange Offer Guaranteed Delivery Procedures.

Acceptance of Old Notes and Delivery of Exchange Notes

Except under the circumstances summarized above under Conditions to the Exchange Offer, we will accept for exchange any and all old notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date for the exchange offer. The exchange notes to be issued to you in an exchange offer will be delivered promptly following the expiration of the exchange offer. See The Exchange Offer Terms of the Exchange Offer.

Withdrawal Rights

You may withdraw any tender of your old notes at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will return to you any old notes

	not accepted for exchange for any reason without expense to you as promptly as we can after the expiration or termination of the exchange offer. See The Exchange Offer Withdrawal Rights.
Exchange Agent	Wells Fargo Bank, National Association, the trustee under the indenture governing the notes, is serving as the exchange agent in connection with the exchange offer.

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Consequences of Failure to Exchange	If you do not participate or properly tender your old notes in the exchange offer: you will retain old notes that are not registered under the Securities Act and that will continue to be subject to restrictions on transfer that are described in the legend on the old notes; you will not be able, except in very limited instances, to require us to register your old notes under the Securities Act; you will not be able to offer to resell or transfer your old notes unless they are registered under the Securities Act or unless you offer to resell or transfer them pursuant to an exemption under the Securities Act; and the trading market for your old notes will become more limited to the extent that other holders of old notes participate in the exchange offer.
Federal Income Tax Consequences	Your exchange of old notes for exchange notes in the exchange offer will not result in any gain or loss to you for U.S. federal income tax purposes. See Certain United States Federal Income Tax Considerations.

Summary of the Terms of the Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Exchange Notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

Issuer	Cambium Learning Group, Inc.
Notes Offered	$175,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2017.
Maturity Date	The exchange notes will mature on February 15, 2017.
Interest Rate	The exchange notes bear interest at a rate of 9.75% per annum, accruing from the issue date of the notes.
Interest Payment Dates	Interest on the exchange notes is payable on February 15 and August 15 of each year, beginning on August 15, 2011.
Guarantees	The payment of the exchange notes will be jointly and severally and fully and unconditionally guaranteed on a senior secured basis by the subsidiary guarantors. See Description of the Exchange Notes Note Guarantees for more details.
Security; Collateral	The exchange notes will be secured by (i) a first-priority lien on substantially all of our and the subsidiary guarantors assets (other than inventory and accounts receivable and related assets of the ABL Credit Parties and subject to certain exceptions), including capital stock of the subsidiary guarantors and (ii) a second-priority lien on substantially all of the inventory and accounts receivable and related assets of the ABL Credit Parties, in each case subject to permitted liens and as described in this prospectus.

The value of collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. The liens on the collateral may

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	be released without the consent of the holders of the notes if collateral is disposed of in a transaction that complies with the indenture and the related security documents or in accordance with the provisions of an intercreditor agreement to be entered into relating to the collateral securing the notes and the ABL Facility. See Risk Factors Risks Related to the Notes The value of the collateral securing the notes may not be sufficient to satisfy our obligations under the notes, Risk Factors Risks Related to the Notes There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and guarantees will be released automatically, without your consent or the consent of the trustee, Description of Notes Security for the Notes.
Ranking	The exchange notes and the guarantees will be our and the subsidiary guarantors general senior secured obligations. They will rank: equally in right of payment with all of our and the subsidiary guarantors existing and future senior debt; senior in right of payment to all of our and the subsidiary guarantors existing and future subordinated debt; effectively subordinate to all liabilities (including trade payables) of our subsidiaries that do not guarantee the exchange notes; effectively subordinated in right of payment to the indebtedness and obligations of the ABL Credit Parties that are secured by first-priority liens under the ABL Facility to the extent of the value of the assets subject to such first-priority liens; and effectively senior in right of payment to the indebtedness and obligations of the ABL Credit Parties that are secured by second-priority liens under the ABL Facility to the extent of the value of the assets subject to such second-priority liens. As of March 31, 2011, we and the subsidiary guarantors had approximately $187 million of indebtedness outstanding.
Optional Redemption	We may at our option redeem: at any time prior to February 15, 2014, up to 35% of the aggregate principal amount of the exchange notes with the proceeds of certain equity offerings at the redemption price equal to 109.75% of the principal amount thereof; at any time prior to February 15, 2014, some or all of the exchange notes at a price equal to 100% of their principal amount plus a make-whole premium as described under Description of Exchange Notes Optional Redemption ; up to 10% of the original aggregate principal amount of the exchange notes during any 12-month period at a redemption price of 103% at any time, prior to February 15, 2014; and some or all of the exchange notes at the redemption prices set forth at the redemption prices described under Description of the Exchange Notes Optional

	Redemption, at any time on or after February 15, 2014.
	In each case, we must also pay accrued and unpaid interest, if any, to the redemption date. See Description of Exchange Notes Optional Redemption for more details.
Change of Control Offer	If we experience specific kinds of changes of control, we will make an offer to purchase all of the exchange notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of Exchange Notes Repurchase of Notes Upon a Change of Control.

Asset Sale Offer	If we sell assets under certain circumstances and do not use the proceeds for specified purposes, we must offer to repurchase the exchange notes at 100% of the principal amount of the exchange notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date with such proceeds. See Description of Exchange Notes Repurchase at the Option of Holders Asset Sales.
Certain Covenants	The indenture governing the exchange notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: pay dividends, redeem stock or make other distributions or restricted payments; make certain investments; incur indebtedness and issue preferred stock; create liens; agree to dividend and payment restrictions affecting restricted subsidiaries; merge, consolidate or sell assets; designate subsidiaries as unrestricted; change our or our subsidiaries lines of business; and enter into transactions with our affiliates. The covenants above are also subject to a number of other important limitations and exceptions. See Description of Exchange Notes Certain Covenants.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes pursuant to the exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding old notes, the terms of which are identical in all material respects to the exchange notes. The outstanding old notes surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer. See Use of Proceeds.
No Public Market; No Listing	The exchange notes are new securities for which there is no active trading market and we do not intend to list the exchange notes on any securities exchange or to seek approval for quotations through any automated quotation system. Although the initial purchasers have informed us that it intends to make a market in the notes, they are not obligated to do so and may discontinue market-making at anytime without notice. Accordingly, we cannot assure you that a liquid market for the exchange notes will develop or be maintained.
Risk Factors	Investing in the exchange notes involves substantial risks. See Risk Factors beginning on page 20 for a discussion of certain factors you should consider in evaluating an investment in the exchange notes.

For additional information regarding the exchange notes, see the Description of Exchange Notes section of this prospectus.

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RISK FACTORS

Your decision whether to participate in the exchange offer will involve risk. Our businesses face many risks and uncertainties, any of which could result in a material adverse effect on our results of operations or financial condition. We believe that the most significant of the risks and uncertainties that we face are described below. In addition, certain risk are specific to the exchange offer, the notes and the related guarantees and these risks are described below. You should be aware of, and carefully consider, the following risk factors, along with all of the risks and other information provided in this prospectus, before deciding whether to participate in the exchange offer. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements in this prospectus.

Risks Related to our Business

Changes in funding for public schools could cause the demand for our products to decrease.

We derive a significant portion of our revenues from public schools, which are heavily dependent on federal, state and local government funding. Budget cuts, curtailments, delays, changes in leadership, shifts in priorities or general reductions in funding could reduce or delay our revenues. Funding difficulties experienced by schools, which have been exacerbated by the current economic downturn and state budget deficits (most state budget fiscal years end on June 30), could also cause those institutions to demand price reductions and could slow or reduce purchases of intervention products, which in turn could materially harm our business. Our business may be adversely affected by changes in educational funding at the federal, state or local level, resulting from changes in legislation, changes in state procurement processes, changes in government leadership, emergence of other funding or legislative priorities and changes in the condition of the local, state or U.S. economy. Some of our transaction opportunities have been related to ARRA stimulus funds available to our customers. Funds allocated by the ARRA will be spent by September 2011, this may hinder our ability to consummate certain transactions.

We receive significant revenues from certain states and reductions in public school education spending in those states could cause the demand for our products to decrease.

In 2010, we derived significant revenues from the following three states in the following approximate percentages: California 14%; Florida 8%; and Texas 8%. To some extent, we expect the economic situation faced by these states to continue to have a depressive effect on public school spending. If that is the case, our sales to these states could be materially reduced which could harm our business and financial condition.

Changes in school procurement policies may adversely affect our business.

The school appropriations process is often slow, unpredictable and subject to many factors outside of our control. School districts choose to procure educational materials in various ways which can change quickly necessitating a change in our sales strategy or sales investments. Districts and states may switch procurement decisions from a centralized (district-wide) to a decentralized (school by school) decision, states may switch from state-wide standard adoptions to flexible district level procurement, and customers could increasingly utilize competitive requests for proposals (RFP) or procurement via the Internet. Any of these changes could cause us to modify our sales strategy or cause us to expend greater sales effort to win business and if we are slow to respond the result could be a material loss of market share.

Our failure to maintain or expand our customer base could diminish incremental revenues from certain products.

We sell products that require customers to purchase certain replenishment materials year after year. Sales of these consumable items and replacement materials typically involve considerably less revenue than the initial sale. Furthermore, we provide products and services under arrangements that are terminable at will. Our ability to maintain and grow revenues and profitability will depend significantly upon the ability to maintain and grow our existing customer base and to acquire new customers. If we are not successful in continuing to acquire additional customers or maintaining our existing customers, our earnings may be adversely affected.

Our revenue growth and profitability will depend, in part, on our ability to attract and retain productive resellers.

Historically, we have used resellers as a sales channel for certain products, primarily Kurzweil Educational Systems and Intellitools. Entities that resell our products may discontinue selling the products or choose to substitute a competing product, or they may not dedicate sufficient attention and resources to our products that they are selling. Should any of our current or future resellers perform below our expectations, or should we lose one or more relationships with one of our current resellers, or fail to establish relationships with additional or replacement resellers, our revenues and profitability could be adversely affected.

Our revenues and profitability will depend on our ability to continue to develop new products and services that appeal to customers and end users and respond to changing customer preferences.

We operate in markets that are characterized by continuous and rapid change, including product introductions and enhancements, changes in customer demands and evolving industry standards. In a period of rapid change, the technological and curriculum life cycles of our products are difficult to estimate. The demand for some of our more mature products and services has begun to migrate to other, newer products and services. As a result, we will need to continuously reassess our product and service offerings. We could make investments in new products and services that may not be profitable, or whose profitability may be significantly lower than what we have experienced historically. If we are unable to anticipate trends and develop new products or services responding to changing customer preferences, our revenues and profitability could be adversely affected. Our business could be harmed if we are unable to develop new products and invest in existing products in an appropriate balance to keep our company competitive in the marketplace.

Our business is anticipated to be seasonal and our operating results are anticipated to fluctuate seasonally.

Our business is likely to be subject to seasonal fluctuations. We generally expect revenue and income from operations to be higher during the second and third calendar quarters. In addition, the quarterly results of operations have fluctuated in the past, and our quarterly results of operations can be expected to continue to fluctuate in the future.

If we are unable to compete effectively, we may be unable to successfully attract and retain customers and our profitability could be materially harmed.

The market for our products and services is highly competitive and is characterized by frequent product developments and enhancements of existing products. Several of our competitors have substantially greater financial, research and development, manufacturing and marketing resources than us as well as greater name recognition and larger customer bases. Accordingly, our competitors may be able to respond more quickly to new technologies and changes in customer requirements, have more favorable access to suppliers and devote greater resources to the development and sale of their products and services. These competitors may be successful in developing products and services that are more effective or less costly than any products or services that we may provide currently or may develop in the future.

Our intellectual property protection may be inadequate, which may allow others to use our technologies and thereby reduce our ability to compete.

The technology underlying our services and products may be vulnerable to attack by our competitors. We rely on a combination of trademark, copyright and trade secret laws, employee and third party nondisclosure agreements and other contracts to establish and protect our technology and other intellectual property rights. The steps that we have taken in order to protect our proprietary technology may not be adequate to prevent misappropriation of our technology or to prevent third parties from developing similar technology independently.

Technology content licensed from third parties may not continue to be available.

We license from third parties technology content upon which we rely to deliver products and services to customers. This technology may not continue to be available to us on commercially reasonable terms or at all. Moreover, we may face claims from persons who claim that our licensed technologies infringe upon or violate those persons proprietary rights. These types of claims, regardless of the outcome, may be costly to defend and may divert management s efforts and resources.

Our products could infringe on the intellectual property of others, which may cause us to engage in costly litigation and to pay substantial damages or restrict or prohibit us from selling our products.

Third parties may assert infringement or other intellectual property claims against us based on their intellectual property rights. If any of these claims are successful, we may be required to pay substantial damages, possibly including treble damages, for past infringement. We also may be prohibited from selling our products or providing certain content without first obtaining a license from the third party, which, if available at all, may require us to pay additional fees or royalties to the third party. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, is often expensive and may divert management attention away from other business concerns.

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Our success will depend in part on our ability to attract and retain key personnel.

Our success depends in part on our ability to attract and retain highly qualified executives and management, as well as creative and technical personnel. Members of our senior management team have substantial industry experience that is critical to the execution of our business plan. If they or other key employees were to leave our company, and we were unable to find qualified and affordable replacements for these individuals, our business could be harmed materially.

Increases in operating costs and expenses, many of which are beyond our control, could materially and adversely affect our operating performance.

We must control our costs and expenses to be profitable and to generate enough cash flow to service our indebtedness. Some of our costs are variable and subject to factors beyond our control; in particular, increases in paper, fuel, and employee compensation expenses could have a significant impact on our business.

Merger and acquisition activity could adversely affect our operations.

We may seek potential acquisitions of products, technologies and businesses in the education industry that could complement or expand our current product and service offerings and businesses. In the event that we identify appropriate acquisition candidates, we may not be able to successfully negotiate, finance or integrate the acquired products, technologies or businesses. Furthermore, such an acquisition could cause a diversion of management s time and resources. Any particular acquisition, if completed, may materially and adversely affect our business, results of operations, financial condition or liquidity.

We could experience system failures, software errors or capacity constraints, any of which would cause interruptions in the delivery of electronic content to customers and ultimately may cause us to lose customers.

Any significant delays, disruptions or failures in the systems, or errors in the software, that we use for the technology-based component of our products, as well as for internal operations, could harm our business materially. We have occasionally suffered computer and telecommunication outages or related problems in the past. The growth of our customer base, as well as the number of websites we provide, could strain our systems in the future and will likely magnify the consequences of any computer and telecommunications problems that we may experience.

However, destruction or disruption of data center sites could cause a system-wide failure. Although we maintain property insurance on these premises, claims for any system failure could exceed our coverage. In addition, our products could be affected by failures associated with third party hosting providers or by failures of third party technology used in our products, and we may have no control over remedying these failures.

Our systems face security risks and we need to ensure the privacy of our customers.

Our systems and websites may be vulnerable to unauthorized access by hackers, computer viruses and other disruptive problems. Any security breaches or problems could lead to misappropriation of our customers information, our websites, our intellectual property and other rights, as well as disruption in the use of our systems and websites. Any security breach related to our websites could tarnish our reputation and expose us to damages and litigation. We also may incur significant costs to maintain our security precautions or to correct problems caused by security breaches. Furthermore, to maintain these security measures, we may be required to monitor our customers access to our websites, which may cause disruption to customers use of our systems and websites. These disruptions and interruptions could harm our business materially.

We have a single distribution center and could experience significant disruption of business and ultimately lose customers in the event it was damaged, destroyed or experienced technological failure.

We store and distribute the majority of our printed materials through a single warehouse in Frederick, Colorado. In the event that this distribution facility was damaged, destroyed or experienced technological failure, we would be delayed in responding to customer requests. Customers often purchase materials very close to the school year and such delivery delays could cause our customers to turn to competitors for products they need immediately. While we maintain adequate property insurance, the loss of customers could have a long-term, detrimental impact on our reputation and business.

Failure to efficiently and effectively manage our direct marketing initiatives could negatively affect our business.

The growth of several of our products depends on our ability to efficiently and effectively manage our direct marketing initiatives. We use various direct marketing strategies to market our products, including direct mailings, catalogs, online marketing, search engine optimization and telemarketing. In each case, we rely on a database containing information about our current and prospective customers to develop and implement direct marketing campaigns. We face the risk of unauthorized access to our customer database or the corruption of our database as a result of technology failure or otherwise. Failure to maintain, protect and properly utilize the available information in the database could lead to decreased revenues and could materially and adversely affect our results of operations, financial condition and liquidity.

Both Cambium and VLCY have been subjected to material accounting irregularities in recent years, which could result in enhanced regulatory scrutiny in the future and could undermine the confidence that some investors may have in the integrity of our financial statements.

During 2008, Cambium discovered certain irregularities relating to the control and use of cash and certain other general ledger items which revealed a substantial misappropriation of assets spanning fiscal 2004 through fiscal 2008. These irregularities were perpetrated by a former employee, resulting in embezzlement losses, before the effect of income taxes, amounting to $14.0 million. See Note 3 to the consolidated financial statements for the year ended December 31, 2010. In early 2006, VLCY (then known as ProQuest Company) announced that it had identified potential material irregularities in its accounting that were to be investigated by VLCY s audit committee, with the assistance of outside experts. In July 2006, VLCY announced that its audit committee had completed its investigation and issued a statement that detailed the key findings, including that the evidence indicated that a single individual was responsible for the misstatements. After completion of that investigation, VLCY restated certain of its previously filed financial statements. The fact that both Cambium and VLCY have experienced material accounting irregularities within the past seven years could result in enhanced regulatory scrutiny and could impair the confidence of investors, financing sources, research analysts and potential acquirers in the integrity of our financial statements.

Risks Related to Debt and Ownership of our Common Stock

The existence of a majority stockholder may adversely affect the market price of our common stock and could delay, hinder or prevent a change in corporate control or result in the entrenchment of management and the board of directors, and our majority stockholder has a contractual right to maintain its percentage ownership in our company.

VSS-Cambium Holdings III, LLC, owns a majority of our outstanding common stock. Accordingly, VSS-Cambium Holdings III, LLC will likely have the ability to determine the outcome of matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all our assets. In addition, VSS-Cambium Holdings III, LLC will likely have the ability to control our management, affairs and operations. Accordingly, this concentration of ownership may harm the market price of our common stock by delaying, deferring or preventing a change in control or impeding a merger, consolidation, takeover or other business combination.

The ownership of a large block of stock by a single stockholder may reduce our market liquidity. Should VSS-Cambium Holdings III, LLC determine to sell any of its position in the future, sales of substantial amounts of our common stock on the market, or even the possibility of these sales, may adversely affect the market price of our common stock. These sales, or even the possibility of these sales, also may make it more difficult for us to raise capital through the issuance of equity securities at a time and at a price we deem appropriate.

Moreover, VSS-Cambium Holdings III, LLC has a contractual right to maintain its percentage ownership in our company. Specifically, under the terms of a stockholders agreement entered into in connection with the mergers, if we were to engage in a new issuance of our securities, VSS-Cambium Holdings III, LLC and funds managed or controlled by VSS would have preemptive rights to purchase an amount of our securities that would enable them to maintain their same collective percentage of ownership in our company following the new issuance. VSS-Cambium Holdings III, LLC and funds managed or controlled by VSS would have these preemptive rights for so long as those entities collectively beneficially own, in the aggregate, at least 25% of the outstanding shares of our common stock. Thus, while other holders of our securities would risk suffering a reduction in percentage ownership in connection with a new issuance of securities by us, VSS-Cambium Holdings III, LLC and funds managed or controlled by VSS would, through this preemptive right, have the opportunity to avoid a reduction in percentage ownership.

We are a controlled company within the meaning of the NASDAQ rules and, as a result, qualify for, and rely on, exemptions from various corporate governance standards, which limits the presence of independent directors on our board of directors and board committees.

Due to the fact that VSS-Cambium Holdings III, LLC owns a majority of our outstanding common stock, we are deemed a controlled company for purposes of NASDAQ Rule 5615(c)(2). Under this rule, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a controlled company and is exempt from certain NASDAQ corporate governance requirements, including requirements that a majority of the board of directors consist of independent directors, that compensation of officers be determined or recommended to the board of directors by a majority of independent directors or by a compensation committee that is composed entirely of independent directors and that director nominees be selected or recommended for selection by a majority of the independent directors or by a nominating committee composed solely of independent directors. We intend to rely upon these exemptions. Accordingly, our stockholders may not have the same protections afforded to stockholders of other companies that are required to comply fully with the NASDAQ rules.

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Since the controlled company exemption does not extend to the composition of audit committees, we are required to have an audit committee that consists of at least three directors, each of whom must be independent based on independence criteria set forth in Rule 10A-3 of the Securities Exchange Act of 1934 (the Exchange Act). Our board of directors has adopted an audit committee charter which will govern our audit committee. These three directors must also satisfy the requirements set forth in NASDAQ Rule 5605(a) and (c). The audit committee is currently composed entirely of independent directors.

Provisions of our organizational documents and Delaware law may delay or deter a change of control.

Our organizational documents contain provisions that may have the effect of discouraging, delaying or preventing a change of control of, or unsolicited acquisition proposals for, our company. These include provisions that:

- vest our board of directors with the sole power to set the number of directors of our company;
- provide that our board of directors will be elected on a staggered term basis, so that generally only one-third of the board will be elected at each annual meeting of stockholders;
- limit the persons that may call special meetings of stockholders;
- establish advance notice requirements for stockholder proposals and director nominations; and
- limit stockholder action by written consent.

Also, our board of directors has the authority to issue shares of preferred stock in one or more series and to fix the rights and preferences of these shares, all without stockholder approval. Any series of preferred stock is likely to be senior to our common stock with respect to dividends, liquidation rights and, possibly, voting rights. The ability of our board of directors to issue preferred stock also could have the effect of discouraging unsolicited acquisition proposals, thus adversely affecting the market price of our common stock.

In addition, Delaware corporate law makes it difficult for stockholders that recently have acquired a large interest in a corporation to cause the merger or acquisition of the corporation against the directors wishes. Under Section 203 of the Delaware General Corporate Law (the DGCL), a Delaware corporation such as our company may not engage in any merger or other business combination with an interested stockholder or such stockholder s affiliates or associates for a period of three years following the date that such stockholder became an interested stockholder, except in limited circumstances, including by approval of the corporation s board of directors.

We have a significant amount of senior secured debt and will have the obligation to make interest payments and comply with restrictions contained in the credit agreements with our senior secured lenders.

In February 2011, we closed the offering, as well as the ABL Facility. We are subject to risks associated with substantial indebtedness, including the risk that we will not be able to refinance existing indebtedness when it becomes due, the risk that we would not be able to secure alternative financing if we are unable to comply with the debt covenants or if we were to experience an event of default, and the risk that our cash flows from operations are insufficient to make scheduled interest payments. We are required to make interest payments semi-annually in arrears on each February 15 and August 15, commencing on August 15, 2011. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to refinance all or a portion of our debt. However, we may not be able to obtain any such new or additional financing on favorable terms or at all.

The indenture governing the notes and the credit agreement governing the ABL Facility contain various covenants that limit our ability to, among other things, incur or guarantee additional indebtedness; pay dividends and make other restricted payments; incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries; create or incur certain liens; make certain investments; transfer or sell assets; enter into operating leases; engage in transactions with affiliates; and merge or consolidate with other companies or transfer all or substantially all of our or their assets.

Further, upon the occurrence of specific types of change of control events, we will be required to offer to repurchase outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of the notes will be our available cash or cash generated from our and our subsidiaries operations or other sources, including borrowings, sales of assets or sales or equity. Our failure to repurchase the notes upon a change of control would cause a default under the indenture governing the notes and a cross default under our new revolving credit facility.

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Borrowing capacity under the ABL Facility may affect our ability to finance our operations.

In February 2011, we entered into the ABL Facility, consisting of a four-year $40.0 million revolving credit facility, which includes a $5.0 million subfacility for swing line loans and a $5.0 million subfacility for letters of credit. Our ability to borrow funds under this facility is limited by a borrowing base determined relative to the value, calculated periodically, of eligible accounts receivable and eligible inventory. Our ability to borrow funds under this facility is also conditioned upon our compliance with a financial covenant that generally requires us to maintain, on a consolidated basis, either (i) excess availability of at least the greater of $8 million and 15% of the revolver commitment or (ii) a fixed charge coverage ratio of 1.1 to 1.0. Our business is seasonal and any inability to borrow funds under the revolving credit facility could affect our ability to finance our operations.

Risks Related to Our Indebtedness

Our substantial levels of outstanding indebtedness could adversely affect our financial condition, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under the notes.

As of March 31, 2011, we had outstanding an aggregate principal amount of approximately $187 million of secured indebtedness, $174 million of which was debt in respect of the old notes, net of the discount, and $13 million of which was debt in respect to capital lease obligations. Our substantial indebtedness could have important consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes, including to repurchase the notes from the holders upon a change of control; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who have less debt and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from pursuing.

In addition, our substantial level of indebtedness could limit our ability to obtain additional financing on acceptable terms or at all for working capital, capital expenditures and general corporate purposes. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to refinance all or a portion of our existing debt. However, we may not be able to obtain any such new or additional debt on favorable terms or at all.

We and our subsidiaries may incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness (including additional first lien obligations) in the future. Although the indenture governing the exchange notes will, and the credit agreement governing the ABL Facility does, contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Substantially concurrent with the closing of the offering, the ABL Credit Parties entered into the $40 million ABL Facility for purposes of future borrowing. In addition, the indenture governing the notes does not prevent us from incurring obligations from other sources. If new debt, including future additional first lien obligations, is added to our and our subsidiaries existing debt levels, the related risks that we now face would increase.

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Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The indenture governing the exchange notes will, and the credit agreement governing the ABL Facility does, contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries ability to, among other things:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- create or incur certain liens;
- make certain investments;
- transfer or sell assets;
- enter into operating leases;
- engage in transactions with affiliates; and
- merge or consolidate with other companies or transfer all or substantially all of our or their assets.

The ABL Facility has a financial covenant that, under certain circumstances, requires the ABL Credit Parties to maintain, on a consolidated basis, a certain financial ratio pertaining to fixed charges coverage. The ABL Credit Parties ability to comply with this covenant may be subject to events outside of its control. A breach of this covenant could result in a default under the ABL facility, and a default under the indenture as a result of cross acceleration provisions. In addition, any debt agreements we enter into in the future may further limit our ability to enter into certain types of transactions. See Description of Certain Indebtedness and Description of Notes Certain Covenants Events of Default and Remedies.

Risks Related to the Exchange Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the exchange notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the exchange notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the exchange notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Indebtedness under the ABL facility will be effectively senior to the exchange notes to the extent of the value of the collateral securing the ABL facility on a first-priority lien basis.

The ABL Facility will be collateralized by a first-priority lien on the inventory and accounts receivable and related assets of the ABL Credit Parties (the ABL Collateral). The first-priority liens on the ABL Collateral will be higher in priority as to the ABL Collateral than the security interests in such collateral securing the guarantees of the exchange notes by the ABL Credit Parties. We are able to borrow up to $40 million under the ABL Facility, subject to borrowing base restrictions thereunder. The guarantees of the exchange notes by the ABL Credit Parties will be secured, subject to permitted liens, by a second-priority lien on the ABL Collateral. Holders of the indebtedness under the ABL Facility will be entitled to receive proceeds from the realization of value of the ABL

Collateral to repay such indebtedness in full before the holders of the exchange notes and the related guarantees will be entitled to any recovery from the ABL Collateral.

Accordingly, holders of the exchange notes and the related guarantees will only be entitled to receive proceeds from the realization of value of the ABL Collateral after all indebtedness and other obligations under the ABL Facility are repaid in full. As a result, the guarantees of the exchange notes by the ABL Credit Parties will be effectively junior in right of payment to indebtedness under the ABL Facility to the extent of the realizable value of the ABL Collateral.

Claims of noteholders will be structurally subordinated to claims of creditors of our subsidiaries that do not guarantee the exchange notes.

As of the issue date, the exchange notes will be guaranteed by all of our subsidiaries except for VLCY, but the indenture governing the exchange notes will permit us, subject to certain conditions, to redesignate subsidiaries as unrestricted subsidiaries. Unrestricted subsidiaries will not guarantee the exchange notes. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries all obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution to us or our creditors, including holders of the exchange notes. As a result, claims of holders of the exchange notes will be structurally subordinated to the claims of creditors of our subsidiaries that do not guarantee the exchange notes, including trade creditors, except to the extent we have a claim as a creditor of such subsidiaries. All obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or our creditors, including the holders of the exchange notes.

There are certain categories of property that are excluded from the collateral securing the exchange notes.

Certain categories of assets are excluded from the collateral securing the exchange notes and the subsidiary guarantees. See Description of Exchange Notes Security for the Exchange Notes Excluded Assets.

The assets securing the exchange notes and the related subsidiary guarantees are limited to certain of our assets and the assets of the subsidiary guarantors and do not include any assets of any subsidiaries designated as unrestricted subsidiaries pursuant to the indenture governing the exchange notes or subsidiaries that do not guarantee the notes, if any. Excluded assets include, but are not limited to, (a) any of our and the subsidiary guarantors rights under any agreement, license or other document, to the extent that any document, governmental authority or requirement of law prohibits, requires any consent for, or provides for a default upon, an assignment thereof or a grant of a security interest therein, (b) any property subject to a lien securing a capital lease obligation or purchase-money security interest permitted to be incurred pursuant to the indenture governing the exchange notes, (c) motor vehicles and other assets subject to certificates of title, and (d) any intellectual property, including intent-to-use trademark applications, in relation to which any applicable law or regulation, or any agreement entered into in the ordinary course of business and existing on the date hereof, prohibits the creation of a security interest therein or would invalidate our or any subsidiary guarantors right, title or interest therein.

Repayment of our debt, including the notes, is dependent on cash flow generated by our subsidiaries.

Repayment of our indebtedness, including the exchange notes, is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the exchange notes, our subsidiaries do not have any obligation to pay amounts due on the exchange notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the exchange notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the exchange notes will limit the ability of our restricted subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the exchange notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the exchange notes.

Any default under the agreements governing our other indebtedness, including a default under the ABL Facility, that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness, could prevent us from having sufficient funds in order to pay principal, premium, if any, and interest on the exchange notes and consequently substantially decrease the market value of the exchange notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our other indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our other indebtedness, we could be in default under the terms of the agreements governing such indebtedness (including under the ABL Facility). In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;

the lenders under the ABL Facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against the assets of the ABL Credit Parties; and

we could be forced into bankruptcy or liquidation.

The lien ranking provisions of the indenture and other agreements relating to the collateral securing the notes will limit the rights of holders of the exchange notes with respect to certain collateral, even during an event of default.

The rights of the holders of the exchange notes and the related guarantees with respect to the ABL Collateral will be substantially limited by the terms of the lien ranking agreements set forth in the indenture and the intercreditor agreement, even during an event of default. Under the indenture and the intercreditor agreement, at any time that obligations that have the benefit of the higher priority liens are outstanding, any actions that may be taken with respect to (or in respect of) the ABL Collateral, including the ability to cause the commencement of enforcement proceedings against the ABL Collateral and to control the conduct of such proceedings, and the approval of amendments to, releases of the ABL Collateral from the lien of, and waivers of past defaults under, such documents relating to the ABL Collateral, will be at the direction of the holders of the obligations secured by the first-priority liens, and the holders of the exchange notes secured by lower priority liens may be adversely affected. See Description of Exchange Notes Security for the Exchange Notes.

Under the terms of the intercreditor agreement, at any time that obligations that have the benefit of the first-priority liens on the ABL Collateral are outstanding, if the holders of such indebtedness release their lien on the ABL Collateral for any reason whatsoever (other than any such release granted following the discharge of all such obligations with respect to the ABL Facility), including, without limitation, in connection with any sale of assets permitted under the ABL Facility, the second-priority security interest in such ABL Collateral securing the exchange notes will be automatically and simultaneously released without any consent or action by the holders of the exchange notes, subject to certain exceptions. The ABL Collateral so released will no longer secure our and the subsidiary guarantors obligations under the exchange notes and the guarantees. In addition, because the holders of the indebtedness secured by first-priority liens in the ABL Collateral would control the disposition of the ABL Collateral, such holders could decide not to proceed against the ABL Collateral, regardless of whether there is a default under the documents governing such indebtedness or under the indenture governing the notes. In such event, the only remedy available to the holders of the exchange notes as it relates to the ABL Collateral would be to sue for payment on the exchange notes and the related guarantees. The indenture and the intercreditor agreement will contain certain provisions benefiting holders of indebtedness under the ABL Facility, including provisions prohibiting the trustee and the exchange notes collateral agent from objecting following the filing of a bankruptcy petition to a number of important matters regarding the ABL Collateral and any financing to be provided to us. After such filing, the value of the ABL Collateral could materially deteriorate and holders of the exchange notes would be unable to raise an objection or otherwise take action to preserve the value of the ABL Collateral. In addition, the right of holders of obligations secured by liens to foreclose upon and sell the ABL Collateral upon the occurrence of an event of default also would be subject to limitations under applicable bankruptcy laws if we or any of our subsidiaries become subject to a bankruptcy proceeding. The intercreditor agreement will give the holders of first priority liens on the ABL Collateral the right to access and use the ABL Collateral (which also secures the exchange notes on a second lien basis) to allow those holders to protect the ABL Collateral and to process, store and dispose of the ABL Collateral.

The ABL Collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the lenders under the ABL Facility from time to time, whether on or after the date the exchange notes and guarantees are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the ABL Collateral securing the exchange notes as well as the ability of the notes collateral agent to realize or foreclose on the ABL Collateral. See Description of Exchange Notes Security for the Exchange Notes.

The value of the collateral securing the exchange notes may not be sufficient to satisfy our obligations under the exchange notes.

No appraisal of the value of the collateral has been made in connection with the Offering or the Exchange Offer, and the fair market value of the collateral will be subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors including, but not limited to, the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner and the proceeds from any sale or liquidation of this collateral may not be sufficient to pay our obligations under the exchange notes.

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To the extent that pre-existing liens, liens permitted under the indenture (including the first priority lien granted by the ABL Credit Parties to secure their obligations under the ABL Facility) and other rights, including liens on excluded assets, such as those securing purchase money obligations and capital lease obligations granted to other parties (in addition to the holders of obligations secured by first-priority liens), encumber any of the collateral securing the exchange notes and the guarantees, those parties have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the exchange notes collateral agent, the trustee under the indenture or the holders of the exchange notes to realize or foreclose on the collateral.

In addition, the indenture governing the exchange notes will permit us to issue additional secured debt, including debt secured equally and ratably by the same assets pledged for the benefit of the holders of the exchange notes. This would reduce amounts payable to holders of the exchange notes from the proceeds of any sale of the collateral. There may not be sufficient collateral to pay off any additional amounts borrowed under the ABL Facility or any additional indebtedness we may issue that will be secured equally and ratably together with the exchange notes. Consequently, liquidating the collateral securing the exchange notes and the guarantees may not result in proceeds in an amount sufficient to pay any amounts due under the exchange notes after also satisfying the obligations to pay any creditors with prior liens. If the proceeds of any sale of collateral were not sufficient to repay all amounts due on the exchange notes, the holders of the exchange notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured, unsubordinated claim against our and the subsidiary guarantors remaining assets.

The collateral securing the exchange notes may be diluted under certain circumstances.

The indenture governing the exchange notes and the credit agreement governing the ABL Facility will permit us to incur, and our subsidiaries to incur or guarantee, additional indebtedness subject to our compliance with the restrictive covenants in such documents. Any issuance of such additional indebtedness that is secured by the same security interests, and with the same priority, would dilute the value of the collateral to the extent of the aggregate principal of amount of such additional debt issued.

We will in most cases have control over the collateral and the sale of particular assets by us could reduce the pool of assets securing the exchange notes and the guarantees.

The collateral documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the exchange notes and the guarantees. In addition, we will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act of 1939 if we determine, in good faith based on advice of counsel, that, under the terms of that Section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including no action letters or exemptive orders, all or such portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released collateral.

There are circumstances other than repayment or discharge of the exchange notes under which the collateral securing the exchange notes and guarantees will be released automatically, without your consent or the consent of the trustee.

Under various circumstances, collateral may be released, including:

- to enable the sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture or the ABL Facility, including the sale of any entity in its entirety that owns or holds such collateral;

- with respect to collateral held by a subsidiary guarantor, upon the release of such subsidiary guarantor from its guarantee as permitted by the indenture; and

- with respect to any ABL Collateral, upon any release by the lenders under the ABL Facility of their first-priority security interest in such ABL Collateral (other than any such release granted following the discharge of the obligations with respect to the ABL Collateral).

In addition, the guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture.

The indenture also permits us, under certain circumstances, to designate one or more of our restricted subsidiaries that is a subsidiary guarantor of the exchange notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary as permitted by the indenture, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the exchange notes by such subsidiary or any of its subsidiaries will be released under the indenture but not under the ABL Facility (if such subsidiary is a guarantor thereunder). Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the exchange notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See Description of Exchange Notes Security for the Exchange Notes Release of Liens on Collateral.

The waiver in the intercreditor agreement of rights of marshaling may adversely affect the recovery rate of holders of the exchange notes in a bankruptcy or foreclosure scenario.

The exchange notes and the guarantees are secured on a second-priority lien basis by the ABL Collateral. The intercreditor agreement provides that, at any time obligations having the benefit of the first-priority liens on the ABL Collateral are outstanding, the holders of the exchange notes, the trustee under the indenture governing the exchange notes and the notes collateral agent may not assert or enforce any right of marshaling accorded to a junior lienholder, as against the holders of such indebtedness secured by first-priority liens in the ABL Collateral. Without this wavier of the right of marshaling, holders of such indebtedness secured by first-priority liens in the ABL Collateral would likely be required to make repayment from the liquidation of collateral on which the exchange notes did not have a lien, if any, prior to liquidating the ABL Collateral, thereby maximizing the proceeds of the ABL Collateral that would be available to repay our obligation under the exchange notes. As a result of this waiver, the proceeds of sales of the ABL Collateral could be applied to repay any indebtedness secured by first-priority liens in the ABL Collateral before applying proceeds of other collateral securing indebtedness, and the holders of exchange notes may recover less than they would have if such proceeds were applied in the order most favorable to the holders of the exchange notes.

The collateral securing the exchange notes is subject to casualty risks, which may limit your ability to recover as a secured creditor for losses of the collateral and which may have an adverse impact on our operations and results.

We maintain insurance or otherwise insure against hazards in a manner that we believe is appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the exchange notes and the exchange note guarantees.

To the extent that security interests in certain collateral are not perfected at the time of the issuance of the exchange notes, the aggregate value of the collateral securing the exchange notes may be reduced. Perfection of security interests in such collateral after the issue date of the notes increases the risk that the security interests granted in such collateral could be avoided. In addition, to the extent that assignments of certain intellectual property collateral are not filed at the time of the issuance of the exchange notes, purchasers of that intellectual property for value may acquire such collateral free and clear of the claims securing the exchange notes.

Security interests in certain collateral may not be perfected at the time of the issuance of the exchange notes. We will use our commercially reasonable efforts to promptly complete all filings and other similar actions required in connection with the perfection of security interests in the intended collateral. If we are unable to provide a perfected security interest in one or more items intended to be collateral, the overall value of the collateral securing the exchange notes will be reduced. If we were to become subject to a bankruptcy proceeding after the issue date of the exchange notes, any security interests perfected after the issue date of the exchange notes would face a greater risk of being invalidated than if we had delivered it at the issue date. If a security interest in an item of collateral is delivered after the issue date, that security interest may be treated under bankruptcy law as if it were created to secure previously existing debt, which may make it more likely to be avoided as a preference by the bankruptcy court than if the security interest in that item of collateral were delivered and promptly recorded on the issue date of the exchange notes. To the extent that the grant of a security interest in such collateral is avoided as a preference, holders of the exchange notes would lose the benefit of the property encumbered by that item of collateral that was intended to constitute security for the exchange notes. Further, in order to protect certain items of intellectual property collateral against claims by subsequent purchasers of that collateral for value, certain filings are required to be made in addition to the filing of UCC-1 financing statements. To the extent these additional filings are not made, a subsequent purchaser from us of that collateral for value could assert that such purchaser is not bound by the security interest created in that collateral. See Description of Exchange Notes Collateral Documents and Certain Related Intercreditor Provisions.

Your security interests in certain items of present and future collateral may not be perfected.

The security interests will not be perfected with respect to certain items of collateral that cannot be perfected by the filing of financing statements in each debtor s jurisdiction of organization, the delivery of possession of certificated securities or the filing of a notice of security interest with the U.S. Patent and Trademark Office or the U.S. Copyright Office or certain other conventional methods to perfect security interests in the United States or are otherwise determined to be immaterial by us in certain circumstances or where intellectual property is unregistered and registration is necessary for the perfection of a security interest. Security interests in collateral such as deposit accounts and securities accounts, which require additional actions to perfect liens on such accounts, may not be perfected or may not have priority with respect to the security interests of other creditors. To the extent that the security interests in any items of collateral are unperfected, the rights of the holders of the exchange notes with respect to such collateral will be equal to the rights of our general unsecured creditors in the event of any bankruptcy filed by or against us under applicable U.S. federal bankruptcy laws.

Rights of holders of exchange notes in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

The security interest in the collateral securing the exchange notes includes assets, both tangible and intangible, whether now owned or acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or the collateral trustee will monitor, or that we will inform the trustee or the collateral trustee of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired property. The trustee and the collateral trustee have no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest therein. Such failure to perfect may result in the loss of the security interest in such after-acquired property or the priority of the security interest securing the notes against third parties.

Our failure to meet our obligations to inform the trustee and the collateral trustee of the future acquisition of property or rights that constitute collateral will constitute a breach under the indenture, which will result in the acceleration of our obligations under the exchange notes. However, acceleration of such obligations in such situation may not provide an adequate remedy to you if the value of the collateral is impaired by the failure to perfect the security interest in, or create a valid lien with respect to, such after-acquired collateral.

Rights of holders of exchange notes in the collateral may be adversely affected by bankruptcy proceedings.

The right and ability of the collateral trustee to repossess and dispose of the collateral securing the notes upon an event of default is likely to be significantly impaired (or at a minimum delayed) by federal bankruptcy law if bankruptcy proceedings are commenced by or against us or a subsidiary guarantor. This could be true even if bankruptcy proceedings are commenced after the collateral trustee has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as the collateral trustee, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without prior bankruptcy court approval which may not be given. Moreover, bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor s interest in the collateral and may include cash payments or the granting of additional or replacement security or claims, if, and at such time as, the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the collateral trustee would repossess or dispose of the collateral, or whether or to what extent holders of the exchange notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of adequate protection, or what the holders of the exchange notes would ultimately receive in the bankruptcy case on account of their claims. Furthermore, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the shared collateral with respect to the obligations secured thereby on the date of the bankruptcy filing was less than the then-current principal amount of such obligations. Upon a finding by a bankruptcy court that the exchange notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the exchange notes and the other shared collateral indebtedness would be bifurcated between secured claims and unsecured claims, and the unsecured claims would not be entitled to the benefits of security in the collateral, such as the right to receive adequate protection, and the holders of the exchange notes would also not be entitled to receive any post-petition interest or applicable fees, costs, or charges under federal bankruptcy laws.

The value of the collateral securing the exchange notes may not be sufficient to entitle the holders to receive post-petition interest or applicable fees, costs, or charges.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us or a subsidiary guarantor, holders of the exchange notes will be entitled to post-petition interest under the U.S. Bankruptcy Code only if and to the extent that the value of the collateral securing the exchange notes and the obligations under the ABL Facility is greater than the aggregate pre-bankruptcy claims of the secured parties under such shared collateral indebtedness plus the claims of the revolving lenders for post-petition interest pursuant to their right to be paid first from the collateral. Holders of the exchange notes may be deemed to have an unsecured claim if our obligations in respect of the exchange notes exceed the fair market value of the collateral securing the shared collateral indebtedness. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, such payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to exchange notes. No appraisal of the fair market value of the collateral securing the exchange notes has been prepared and, therefore, the value of the collateral trustee s interest in the collateral may not equal or exceed the principal amount of the notes and the other shared collateral indebtedness. We cannot assure you that there will be sufficient collateral to satisfy our and the subsidiary guarantors obligations under the exchange notes.

Delivery of any future pledge of collateral increases the risk that pledges of collateral could be avoidable in bankruptcy.

As described above, the exchange notes may be secured by certain other collateral after the date of the indenture governing the exchange notes. If the grantor of such security interest were to become subject to a bankruptcy proceeding after the date of the issuance of the exchange notes, any mortgage or other security interest in other collateral delivered after such issuance date would face a greater risk than security interests in place on the date of the issuance of the exchange notes of being avoided by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy as (a) a preference under Title 11 of the U.S. Bankruptcy Code if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the exchange notes to receive a greater recovery than the holders would have received in a Chapter 7 case of the pledgors if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period, or (b) a fraudulent transfer (as discussed further herein). To the extent that the grant of any such mortgage or other security interest is avoided as a preference or a fraudulent transfer, you would lose the benefit of the mortgage or security interest.

We may not be able to repurchase the exchange notes upon a change of control.

Upon the occurrence of specific types of change of control events, we will be required to offer to repurchase all outstanding exchange notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of the exchange notes will be our available cash or cash generated from our and our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the exchange notes upon a change of control because we may not have sufficient financial resources to purchase all of the exchange notes that are tendered upon a change of control. Our failure to repurchase the exchange notes upon a change of control would cause a default under the indenture governing the exchange notes and a cross default under the ABL Facility. The ABL Facility also provides that specified change of control events will constitute a default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions.

Holders of exchange notes may not be able to determine when a change of control giving rise to their right to have the exchange notes repurchased has occurred following a sale of substantially all of our assets.

The definition of change of control in the indenture governing the exchange notes includes a phrase relating to the sale of all or substantially all of our assets. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of exchange notes to require us to repurchase its exchange notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all our assets to another person may be uncertain.

Federal and state fraudulent transfer laws may permit a court to void the exchange notes and the exchange note guarantees or the security interest granted with respect thereto, subordinate claims in respect of the notes, security interests and the exchange note guarantees and require noteholders to return payments received, and if that occurs, you may not receive any payments on the exchange notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the exchange notes and the security interest and the incurrence of any guarantees of the exchange notes, including the exchange note guarantees by the subsidiary guarantors entered into upon issuance of the exchange notes and exchange note guarantees (if any) that may be entered into thereafter under the terms of the indenture governing the exchange notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, delivery of the exchange notes or the security interests, or the exchange note guarantees could be voided as a fraudulent transfer or conveyance if (a) we or any of the subsidiary guarantors, as applicable, issued the exchange notes or the security interests, or incurred the exchange note guarantees with the intent of hindering, delaying or defrauding creditors or (b) we or any of the subsidiary guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the exchange notes or the security interests, or incurring the exchange note guarantees and, in the case of (b) only, one of the following is also true at the time thereof:

- we or any of the subsidiary guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the exchange notes or the security interests, or the incurrence of the exchange note guarantees;

- the issuance of the exchange notes or the security interests, or the incurrence of the exchange note guarantees left us or any of the subsidiary guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;

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- we or any of the subsidiary guarantors intended to, or believed that we or such subsidiary guarantor would, incur debts beyond our or such subsidiary guarantor s ability to pay such debts as they mature; or

- we or any of the subsidiary guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such subsidiary guarantor if, in either case, after final judgment, the judgment is unsatisfied.

A court would likely find that we or a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for the exchange notes or the security interests, or such exchange note guarantee if we or such subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the exchange notes or the applicable exchange note guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the subsidiary guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the exchange note guarantees would not be further subordinated to our or any of our subsidiary guarantors other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

If a court were to find that the issuance of the exchange notes or the security interests, or the incurrence of the exchange note guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or the security interests, or such exchange note guarantee or further subordinate the exchange notes or the security interests, or such exchange note guarantee to presently existing and future indebtedness of ours or of the related subsidiary guarantor, or require the holders of the exchange notes to repay any amounts received with respect to such exchange note guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the exchange notes or such guarantee, as applicable. Sufficient funds to repay the exchange notes may not be available from other sources, including any remaining subsidiary guarantor, if any. In addition, the court might direct you to repay any amounts that you already received from us or the subsidiary guarantor. Further, the voidance of the exchange notes could result in an event of d