

CDW Corp  
Form 424B3  
November 14, 2011  
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Registration No. 333-175597

PROSPECTUS

# CDW LLC

## CDW Finance Corporation

Exchange Offers for

8.0% Senior Secured Notes due 2018 and

8.5% Senior Notes due 2019

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, up to \$500,000,000 in aggregate principal amount of our new 8.0% Senior Secured Notes due 2018, Series B and up to \$1,175,000,000 in aggregate principal amount of our new 8.5% Senior Notes due 2019, Series B (collectively, the exchange notes), each of which has been registered under the Securities Act of 1933, as amended (the Securities Act), for any and all of our outstanding 8.0% Senior Secured Notes due 2018 and 8.5% Senior Notes due 2019 (collectively, the outstanding notes, and such transactions, collectively, the exchange offers).

We are conducting the exchange offers in order to provide you with an opportunity to exchange the unregistered notes you hold for freely tradable notes that have been registered under the Securities Act.

The principal features of the exchange offers are as follows:

The terms of the exchange notes to be issued in the exchange offers are substantially identical to the outstanding notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the outstanding notes will not apply to the exchange notes.

You may withdraw your tender of outstanding notes at any time before the expiration of the exchange offers. We will exchange all of the outstanding notes that are validly tendered and not withdrawn.

Based upon interpretations by the staff of the Securities and Exchange Commission (the SEC), we believe that subject to some exceptions, the exchange notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided you are not an affiliate of ours.

The exchange offers expire at 12:00 a.m., midnight, New York City time, on December 12, 2011, unless extended.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offers.

There is no existing public market for the outstanding notes or the exchange notes. We do not intend to list the exchange notes on any securities exchange.

Except in very limited circumstances, current and future holders of outstanding notes who do not participate in the exchange offers will not be entitled to any future registration rights, and will not be permitted to transfer their outstanding notes absent an available exemption from registration.

**For a discussion of certain factors that you should consider before participating in the exchange offers, see Risk Factors beginning on page 19 of this prospectus.**

**Neither the SEC nor any state securities commission has approved the exchange notes to be distributed in the exchange offers, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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You should rely only on the information contained in this prospectus. The prospectus may be used only for the purposes for which it has been published. We have not authorized anyone to provide any information not contained herein. If you receive any other information, you should not rely on it. We are not making an offer of these securities in any state where the offer is not permitted.

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This prospectus contains summaries of the terms of several material documents. These summaries include the terms we believe to be material, but we urge you to review these documents in their entirety. We will provide without charge to each person to whom a copy of this prospectus is delivered, upon written or oral request of that person, a copy of any and all of these documents. Requests for copies should be directed to: CDW Corporation, 200 N. Milwaukee Avenue, Vernon Hills, Illinois 60061; Attention: Investor Relations (telephone (847) 465-6000).

**MARKET, RANKING AND OTHER INDUSTRY DATA**

This prospectus includes industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other information available to us. Some data is also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on market data currently available to us. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the

heading "Risk Factors" in this prospectus. Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources.

**TRADEMARKS AND SERVICE MARKS**

This prospectus includes our trademarks such as "CDW", which are protected under applicable intellectual property laws and are the property of CDW Corporation or its subsidiaries. This prospectus also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

**Table of Contents****SUMMARY**

*This summary highlights selected information contained in greater detail elsewhere in this prospectus. You should carefully read the entire prospectus, including the section entitled Risk Factors and the consolidated financial statements and notes related to those statements included elsewhere in this prospectus, before deciding whether to participate in the exchange offers. On October 12, 2007, CDW Corporation, an Illinois corporation ( Target ), was acquired by CDW Corporation, a Delaware corporation formerly known as VH Holdings, Inc. ( Parent ), a then-newly formed entity indirectly controlled by investment funds affiliated with Madison Dearborn Partners, LLC ( Madison Dearborn ) and Providence Equity Partners L.L.C. ( Providence Equity ), in a transaction valued at approximately \$7.4 billion, including fees and expenses (the Acquisition ). For financial reporting purposes, we refer to Target and its subsidiaries prior to the Acquisition as the Predecessor and we refer to Parent and its subsidiaries (including Target) following the Acquisition as the Successor. On December 31, 2009, Target merged into CDWC LLC, a limited liability company wholly owned by Parent, with CDWC LLC as the surviving company in the merger (the CDW LLC Merger ). On December 31, 2009, CDWC LLC was renamed CDW LLC and on August 17, 2010, VH Holdings, Inc. was renamed CDW Corporation. Unless otherwise indicated or the context otherwise requires, the terms we, us, the Company, our, CDW and other similar terms refer to the business of Parent and its consolidated subsidiaries.*

**Our Business****Overview**

CDW is a leading multi-brand technology solutions provider to business, government, education and healthcare customers in the U.S. and Canada. We provide comprehensive and integrated solutions for our customers technology needs through our extensive hardware, software and value-added service offerings. We serve over 250,000 customers through our experienced and dedicated sales force of more than 3,400 coworkers. We offer over 100,000 products from over 1,000 brands and a multitude of advanced technology solutions. Our broad range of technology products includes leading brands such as Hewlett-Packard, Microsoft, Cisco, Lenovo, EMC, IBM, Apple and VMware. Our offerings range from discrete hardware and software products to complex technology solutions such as virtualization, collaboration, security, mobility, data center optimization and cloud computing. Our sales and operating results have been driven by the combination of our large and knowledgeable selling organization, highly skilled technology specialists and engineers, extensive range of product offerings, strong vendor partner relationships, and fulfillment and logistics capabilities. For the year ended December 31, 2010, our net sales, net loss and Adjusted EBITDA were \$8,801.2 million, \$29.2 million and \$601.8 million, respectively. For the six months ended June 30, 2011, our net sales, net loss and Adjusted EBITDA were \$4,541.7 million, \$39.0 million and \$343.0 million, respectively. Adjusted EBITDA is a non-GAAP financial measure. See Summary Historical Financial Data for the definition of Adjusted EBITDA, the reasons for its inclusion and a reconciliation to net income (loss).

We have two reportable segments:

**Corporate.** Our Corporate segment customers are primarily in the small and medium business category, which we define as customers with up to 1,000 employees at a single location. We also serve larger customers, including FORTUNE 1000 companies, that value our broad offerings, brand selection and flexible delivery model. We have over 200,000 active accounts, well diversified across numerous industries. Our Corporate segment is divided into a small business customer channel, primarily serving customers with up to 100 employees, and a medium-large business customer channel, primarily serving customers with more than 100 employees. Our Corporate segment sales team is primarily organized by geography and customer size. We believe this enables us to better understand and serve customer needs, optimize sales resource coverage, and strengthen relationships with vendor partners to create more sales opportunities. Our Corporate segment generated net sales of \$4,833.6 million and \$2,617.7 million for the year ended December 31, 2010 and for the six months ended June 30, 2011, respectively.

**Public.** Our Public segment is divided into government, education and healthcare customer channels. The government channel serves federal as well as state and local governments. Our education channel serves higher education and K-12 customers. The healthcare channel serves customers across the healthcare provider industry. We have built sizable businesses in each of our three Public customer channels as annual net sales are equal to or exceed \$1 billion for each customer channel. Our Public segment sales teams are organized by customer channel, and within each customer channel, they are generally organized by geography, except our federal government sales teams, which are organized by agency. We believe this enables our sales teams to address the specific needs of their customer channel while promoting strong customer relationships. Our Public segment generated net sales of \$3,560.6 million and \$1,675.1 million for the year ended December 31, 2010 and for the six months ended June 30, 2011, respectively.

**Other.** We also have two other operating segments, CDW Advanced Services and Canada, which do not meet the reportable segment quantitative thresholds and, accordingly, are combined together as Other. The CDW Advanced Services



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business is comprised of customized engineering services, delivered by CDW professional engineers, as well as managed services, including hosting and data center services. The other services components of solutions sales, including custom configuration and other third party services, are not recorded in Other, but are recorded in our Corporate and Public segment net sales. Advanced services provided by CDW professional engineers are recorded in CDW Advanced Services. Our CDW Advanced Services and Canada business segments generated net sales of \$407.0 million and \$248.9 million for the year ended December 31, 2010 and for the six months ended June 30, 2011, respectively.

### **History**

CDW was founded in 1984. In 2003, we purchased selected U.S. assets and the Canadian operations of Micro Warehouse, which extended our growth platform into Canada. In 2006, we acquired Berbee Information Networks Corporation, a provider of technology products, solutions and customized engineering services in advanced technologies primarily across Cisco, IBM and Microsoft portfolios. This acquisition increased our capabilities in customized engineering services and managed services. In 2007, we were acquired by Parent. For a description of the acquisition, see The Acquisition Transactions and Related Financing Events.

### **Industry Overview**

According to International Data Corporation ( IDC ), the overall U.S. technology market generated approximately \$536 billion in sales in 2010, including \$176 billion in hardware sales, \$144 billion in software sales and \$216 billion in services sales. The channels through which these products and services are delivered are highly fragmented and served by a multitude of participants. These participants include original equipment manufacturers ( OEMs ), software publishers, wholesale distributors and resellers. Wholesale distributors, such as Ingram Micro Inc., Tech Data Corporation and SYNEX Corporation, act as intermediaries between OEMs and software publishers, on the one hand, and resellers, on the other hand, providing logistics management and supply-chain services. Resellers, which include direct marketers, value-added resellers, e-tailers and retailers, sell products and/or services directly to the end-user customer, sourcing products sold to their customers directly from OEMs and software publishers or from wholesale distributors. CDW is a technology solutions provider with both direct marketer and value-added reseller capabilities.

Two key customer groups within our addressable market are the small and medium business market and the public sector market. The small and medium business market is highly fragmented and is generally characterized by companies that employ fewer than 1,000 employees. The public sector market is also fragmented and is generally divided into market verticals, each with specialized needs that require an adaptive and flexible sales, services and logistics model to meet customer needs. We believe that many vendors rely heavily on channel partners like CDW to efficiently serve small and medium business and public sector customers.

### **Our Competitive Strengths**

We believe the following strengths have contributed to our success and enabled us to become an important strategic partner for both our customers and our vendor partners:

#### *Significant Scale and Scope*

We are a leading multi-brand technology solutions provider in the U.S. and Canada. Based upon publicly available information, we believe that our net sales are significantly larger than any other multi-brand direct marketer or value-added reseller in the U.S. Our significant scale and scope create competitive advantages through:

Breadth of solutions for our customers. The breadth and depth of knowledge that our direct selling organization, specialists and engineers have across multiple industries and technologies position us well to anticipate and meet our customers needs. Our size allows us to provide our customers with a broad selection of over 100,000 technology products from over 1,000 brands and a multitude of advanced technology solutions at competitive prices. We have leveraged our scale to provide a high level of customer service and a breadth of technology options, making it easy for customers to do business with us.

Broad market access for our vendor partners. We believe we are an attractive route to market for our vendor partners in part because we provide them with access to a cost-effective and highly knowledgeable sales and marketing organization that reaches over

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250,000 customers. Our vendor partners recognize that, in addition to providing broad customer reach, our scale and scope enables us to sell, deliver and implement their products and services to customers with a high level of knowledge and consistency.



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Operational cost efficiencies and productivity. Our large scale provides us with operational cost efficiencies across our organization, including purchasing, operations, IT, sales, marketing and other support functions. We leverage these advantages through our two modern distribution centers, our efficient business processes and constant focus on productivity improvements, and our proprietary information systems, which has enabled us to provide cost-efficient service to our customers.

### *Coworker Culture*

Our steadfast focus on serving customers and investing in coworkers has fostered a strong, *get it done* culture at CDW. Since our founding, we have adhered to a core philosophy known as the Circle of Service, which places the customer at the center of all of our actions. We have consistently and cost effectively invested in our coworkers by providing broad and deep coworker training, supplying resources that contribute to their success, and offering them broad career development opportunities. This constant focus on customers and coworkers has created a customer-centric, highly engaged coworker base, which ultimately benefits our customers and fosters customer loyalty.

### *Large and Knowledgeable Direct Selling Organization*

We have a large and experienced sales force, consisting of more than 3,400 coworkers, including more than 2,700 account managers and field account executives. We believe our success is due, in part, to the strength of our account managers' dedicated relationships with customers that are developed by calling on existing and new customers, providing advice on products, responding to customer inquiries and developing solutions to our customers' complex technology needs. The deep industry knowledge of our dedicated sales, marketing and support resources within each of our customer channels allows us to understand and solve the unique challenges and evolving technology needs of our customers. Multiple customer surveys administered by independent parties consistently show that customers view CDW as a leader in customer service compared to other multi-brand resellers and solution providers.

### *Highly Skilled Technology Specialists and Engineers*

Our direct selling organization is supported by a team of more than 700 technology specialists and approximately 500 service delivery engineers with more than 3,000 industry-recognized certifications who bring deep product and solution knowledge and experience to the technology challenges of our customers. We believe our technology specialists, who work with customers and our direct selling organization to design solutions and provide recommendations in the selection and procurement process, are an important resource and differentiator for us as we seek to expand our offerings of value-added services and solutions.

### *Large and Established Customer Channels*

We have grown our customer channels within the Corporate and Public segments to sizeable businesses. Our government, education, healthcare and small business channels each has net sales that equal or exceed \$1 billion. Our scale allows us to create specialized sales resources across multiple customer markets, which enables us to better understand and meet our customers' evolving IT requirements. Our scale also provides us diversification benefits. For instance, our Public segment, which is comprised of our government, education and healthcare channels, has historically been less correlated to economic cycles, as evidenced by its 5% net sales growth in 2009 while overall technology spending declined in the U.S. market, according to IDC.

### *Strong, Established Vendor Partner Relationships*

We believe that our strong vendor partner relationships differentiate us from other multi-brand technology solutions providers. In addition to providing a cost-effective route to market for vendor partners, we believe that many of our competitive strengths enhance our value proposition to our vendor partners. We believe we are an important extension of our vendor partners' sales and marketing capabilities as we are the largest U.S. reseller for many of our vendor partners, including Hewlett-Packard. We have three vendor partners with whom we have annual \$1 billion-plus relationships, and we have 14 vendor partners with whom we have relationships exceeding \$100 million a year. As such, we are able to provide technology resources and insights to our customers that might otherwise be difficult for them to access independently or through other technology providers. Our direct selling organization, technology specialists and large customer channels allow us to develop intimate knowledge of our customers' environments and their specific needs. Frequently, vendor partners will select CDW as a partner to develop and grow new customer solutions. We are regularly recognized with top awards from our vendor partners. We were recently named Microsoft's Volume Licensing Partner of the Year for the second straight year and received Cisco's Partner Summit global awards for U.S. and Canada Partner of the Year.



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### **Our Business Strategies**

Our goal is to continue to strengthen our position as a leading multi-brand national provider of technology products and solutions by growing our revenues and driving profitability. We plan to achieve this objective by capitalizing on our competitive strengths and pursuing the following strategies:

#### *Focus on Customer Requirements and Market Segmentation*

We have grown our revenues faster than the market, which we attribute in large part to our focus on customer requirements and market segmentation. We believe our customer intimacy enables us to better understand our customers' needs and to better identify profitable growth opportunities. We intend to maintain this focus with a goal of continuing to outpace our competitors in revenue growth in the markets we serve through increased share of wallet from existing customers, sales to new customers and expanded IT services offerings to both new and existing customers. We believe our efforts in these areas will be augmented as we improve our sales coverage and further segment our customer base, further leverage our knowledge of our customers' environments and continue to help our customers adopt proven technologies that meet their needs and make the most of their IT investments.

#### *Leverage our Superior Sales and Marketing Model*

We intend to continue to leverage our large, highly productive sales and marketing organization to serve existing customer requirements, effectively target new customer prospects, improve our product and solutions offerings, maximize sales resource coverage, strategically deploy internal sales teams, technology specialists and field sales account executives, and strengthen vendor partner relationships, all with the end goal of creating profitable sales opportunities. Some of the initiatives we have implemented within the last few years, including our realignment of our medium and large corporate account managers into geographic regions, our addition of selling resources to our federal and healthcare customer channels and our addition of more technology specialists to facilitate sales of newer and more profitable technology solutions, have contributed to an increase in our annualized net sales per coworker from \$1.338 million for the quarter ended March 31, 2007 to \$1.507 million for the quarter ended June 30, 2011. We plan to continue to identify and pursue opportunities that further enhance productivity. Recently, we have added sales operations supervisors to handle administrative tasks for our direct sales force coworkers, which we believe will further enhance their productivity, and we have continued to align our compensation programs to drive profitable revenue growth.

#### *Meet our Customers' Changing Needs through Expanded Service Offerings and Solutions*

We intend to expand the range of technology solutions we offer to continue to keep pace with the technology marketplace. As customers increasingly demand more elaborate services and solutions in addition to traditional hardware and software products, we believe that expanding the range of technology solutions that we offer will enhance our value proposition to our customers and help us to maximize our revenue and profit growth potential. We have quadrupled our number of technology specialists since mid-2004 and added over 400 services delivery engineers since mid-2006. CDW currently has more than 700 technology specialists, organized around core solutions and aligned with our selling organization, and more than 1,000 coworkers in 19 geographic markets across the U.S. focused on delivering customized engineering solutions. We plan to continue to invest resources and training in our technology specialists and services delivery coworkers to provide our customers with the expert advice and experience they need to make the most of their technology expenditures.

#### *Leverage Relationships with Leading Vendor Partners*

We intend to continue to leverage our long-standing relationships with major vendor partners to support the growth and profitability of our business. We plan to use our vendor partner relationships to ensure that our sales organization remains well-positioned and well-trained to market new and emerging technologies to end users. As one example, we are currently working with several large vendor partners to assist them in the development and sales of cloud solutions to the small and medium business marketplace. We believe our strong vendor partner relationships will also provide collaborative opportunities for our sales organization and vendor field sales representatives to identify and fulfill additional customer requirements, creating increased sales to both new and existing customers. In addition, we plan to leverage our significant scale to maximize the benefits from volume discounts, purchase or sales rebates, vendor incentive programs and marketing development funds.

### **Risk Factors**

Our business is subject to a number of risks. These risks include, but are not limited to, the following:

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General economic conditions could negatively affect technology spending by our customers and put downward pressure on prices, which may have an adverse impact on our business, results of operations or cash flows.

Our financial performance could be adversely affected by decreases in spending on technology products and services by our Public segment customers.

Our business depends on our vendor partner relationships and the availability of their products.

Our sales are dependent on continued innovations in hardware, software and services offerings by our vendor partners and the competitiveness of their offerings.

Substantial competition could reduce our market share and significantly harm our financial performance.

Our substantial indebtedness could limit our operating flexibility, place us at a competitive disadvantage compared to our less leveraged competitors and increase our vulnerability to both general and industry-specific adverse economic conditions.

If these or any of the other risks described in the section entitled **Risk Factors** were to occur, the trading price of the exchange notes would likely decline and we may become unable to make payments of interest and principal on the exchange notes, as a result of which you may lose all or part of your original investment.

### **The Acquisition Transactions and Related Financing Events**

On October 12, 2007, Parent acquired Target in the Acquisition, a transaction having an aggregate value of approximately \$7.4 billion, including fees and expenses. Parent is owned directly by CDW Holdings LLC ( **CDW Holdings** ), a company controlled by investment funds affiliated with Madison Dearborn and Providence Equity (collectively, the **Equity**

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Sponsors ). The Acquisition was effected through the merger of VH MergerSub, Inc. ( MergerSub ), a newly formed, wholly owned subsidiary of Parent, with and into Target, which was the surviving corporation. Immediately following the merger, Target became a wholly owned direct subsidiary of Parent.

Substantially all of the equity interests of CDW Holdings are owned by investment funds affiliated with the Equity Sponsors, certain other co-investors and certain members of our management (the Management Investors, and together with the Equity Sponsors and certain other co-investors, the Equity Investors ).

In order to fund the Acquisition, on October 12, 2007, MergerSub entered into an \$800.0 million senior secured revolving credit facility (as in effect at the time of the Acquisition and as subsequently refinanced, the ABL Facility ), a \$2,200.0 million senior secured term loan facility (as in effect at the time of the Acquisition and as subsequently amended, the Term Loan Facility, and together with the ABL Facility, the Senior Credit Facilities ), a \$1,040.0 million senior bridge loan agreement (the Senior Bridge Loans ) and a \$940.0 million senior subordinated bridge loan agreement (the Senior Subordinated Bridge Loans, and together with the Senior Bridge Loans, the Bridge Loans ). CDW has subsequently assumed this indebtedness as successor in interest to MergerSub. We were required to pay cash interest on \$520.0 million of the outstanding principal of the Senior Bridge Loans (the Senior Cash Pay Loans ) and could elect to pay cash or PIK interest on the remaining \$520.0 million of the outstanding principal amount (the Senior PIK Election Loans ). On June 24, 2011, we refinanced the ABL Facility, which, among other things, extended the final maturity of the ABL Facility from 2012 to 2016 and increased the size of the facility from \$800.0 million to \$900.0 million (the ABL Facility Refinancing ). For a summary of the material terms of the ABL Facility, see Description of Certain Indebtedness. In 2008, we amended and restated the Term Loan Facility and in 2009, we entered into an additional amendment. In 2010, we entered into a further amendment of the Term Loan Facility to, among other things, extend the final maturity of a portion of the Term Loan Facility (the Extended Loans ) and reduce the principal amounts outstanding thereunder, and in connection with this amendment, we issued \$500.0 million of 8.0% senior secured notes due 2018 (the Senior Secured Notes ) and used the proceeds to prepay a portion of indebtedness under the Term Loan Facility. For a summary of the material terms of the Term Loan Facility, see Description of Certain Indebtedness. In 2008, we amended and restated the Bridge Loans to, among other things, change the principal amounts outstanding thereunder, and in connection with these amendments, we prepaid a portion of our Senior Subordinated Bridge Loans. Under the terms of the Bridge Loans, holders were entitled to request the conversion of their Bridge Loans into notes. At the request of these holders, we issued \$890.0 million of 11.00% senior cash pay exchange notes due 2015 (the Existing Senior Cash Pay Notes ), \$317.0 million of 11.50%/12.25% senior PIK election exchange notes due 2015 (the Existing Senior PIK Election Notes, and together with the Existing Senior Cash Pay Notes, the Existing Senior Notes ) and \$721.5 million of 12.535% senior subordinated exchange notes due 2017 (the Existing Senior Subordinated Notes, and together with the Existing Senior Notes, the Existing Notes ) in exchange for all of our outstanding Bridge Loans, a process we completed on October 14, 2010. For a summary of the material terms of our Existing Notes, see Description of Certain Indebtedness.

On April 13, 2011, we completed a tender offer to purchase a total of \$665.1 million in aggregate principal amount of the Existing Senior Notes. In connection with the tender offer, CDW Escrow Corporation, a wholly owned subsidiary of Parent (the Original Escrow Issuer ), issued \$725.0 million in aggregate principal amount of 8.5% senior notes due 2019 (the Senior Notes ) in order to pay the consideration in the tender offer. On May 20, 2011, we completed a tender offer to purchase a total of \$412.8 million in aggregate principal amount of the Existing Senior Notes. In connection with this tender offer, CDW Escrow Corporation, a newly formed, wholly owned subsidiary of Parent (the New Escrow Issuer, and together with the Original Escrow Issuer, the Escrow Issuers ), issued an additional \$450.0 million in aggregate principal amount of Senior Notes in order to pay the consideration in the tender offer. Following each issuance of Senior Notes, CDW LLC and CDW Finance Corporation ( CDW Finance ) assumed the Escrow Issuers' respective obligations under the Senior Notes. The ABL Facility Refinancing, the tender offers, the purchase of Existing Senior Notes pursuant thereto and the issuances of the Senior Notes are collectively referred to herein as the 2011 Refinancing Transactions. The indentures governing the Existing Notes, the Senior Secured Notes and the Senior Notes are collectively referred to herein as the Indentures.

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**Corporate Structure**

The following chart summarizes our current corporate structure and our indebtedness as of June 30, 2011.

- (1) Investment funds affiliated with Madison Dearborn and Providence Equity, along with two limited partnerships created by the Equity Sponsors to facilitate an investment in CDW Holdings, own approximately 94.8% of the outstanding voting interests of CDW Holdings as of July 31, 2011.
  
- (2) As of June 30, 2011, we had approximately \$160.0 million of outstanding indebtedness under our \$900.0 million ABL Facility, could have borrowed an additional \$705.9 million under this facility and had \$21.8 million of issued and undrawn letters of credit and \$12.3 million of reserves related to our floorplan sub-facility.
  
- (3) Formed in 2010 for the sole purpose of serving as a corporate co-issuer, CDW Finance is a co-issuer of the Existing Notes and the outstanding notes and will be a co-issuer of the exchange notes offered hereby. CDW Finance does not hold any material assets or engage in any business activities or operations.
  
- (4) Our non-guarantor subsidiary, CDW Canada, Inc., held approximately 1.8% of our total assets as of June 30, 2011 and generated approximately 4.2% of our net sales, approximately 6.9% of our net loss and approximately 2.7% of our Adjusted EBITDA (a non-GAAP financial measure defined below in Summary Historical Financial Data ) for the six months ended June 30, 2011.

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**Corporate Information**

CDW LLC is an Illinois limited liability company and a subsidiary of CDW Corporation, a Delaware corporation. CDW Finance is a Delaware corporation and a subsidiary of CDW Corporation.

Our principal executive offices are located at 200 N. Milwaukee Avenue, Vernon Hills, Illinois 60061, and our telephone number at that address is (847) 465-6000. Our website is located at <http://www.cdw.com>. The information on our website is not part of this prospectus.

**Equity Sponsors**

Madison Dearborn, based in Chicago, is one of the most experienced and successful private equity investment firms in the United States. Madison Dearborn has raised over \$18 billion of capital since its formation in 1992 and has invested in more than 100 companies. Madison Dearborn-affiliated investment funds invest in businesses across a broad spectrum of industries, including basic industries, communications, consumer, energy and power, financial services and health care.

Providence Equity is a leading global private equity firm focused on media, entertainment, communications and information investments. Providence Equity has over \$22 billion of equity under management and has invested in more than 100 companies over its 20-year history. Providence Equity is headquartered in Providence, Rhode Island and has offices in New York, Los Angeles, London, Hong Kong and New Delhi.

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**Summary of the Exchange Offers**

The Initial Offerings of Outstanding Notes

We sold the Senior Secured Notes on December 17, 2010 to J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., Barclays Capital Inc. and Morgan Stanley & Co. Incorporated. We sold \$725,000,000 in aggregate principal amount of Senior Notes on April 13, 2011 to J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Deutsche Bank Securities Inc. and Morgan Stanley & Co. Incorporated. We sold an additional \$450,000,000 in aggregate principal amount of Senior Notes on May 20, 2011 to J.P. Morgan Securities LLC. Both issuances of Senior Notes have identical terms and are treated as a single class of notes. We refer to the initial purchasers of the outstanding notes in this prospectus collectively as the initial purchasers. The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers pursuant to Rule 144A and Regulation S under the Securities Act.

Registration Rights Agreements

Simultaneously with the initial sales of the outstanding notes, we entered into three registration rights agreements (together, the Registration Rights Agreements), one with respect to each issuance of outstanding notes, pursuant to which we have agreed, among other things, to use commercially reasonable efforts to file with the SEC and cause to become effective a registration statement relating to offers to exchange the outstanding notes for SEC-registered notes with terms identical to the outstanding notes. The exchange offers are intended to satisfy your rights under the applicable Registration Rights Agreement. After the exchange offers are complete, you will, subject to only limited exceptions in limited circumstances, no longer be entitled to any exchange or registration rights with respect to your outstanding notes.

The Exchange Offers

We are offering to exchange:

up to \$500,000,000 aggregate principal amount of our new 8.0% Senior Secured Notes due 2018, Series B, which have been registered under the Securities Act (Senior Secured Exchange Notes), for any and all of our outstanding Senior Secured Notes; and

up to \$1,175,000,000 aggregate principal amount of our new 8.5% Senior Notes due 2019, Series B, which have been registered under the Securities Act (Senior Exchange Notes), for any and all of our outstanding Senior Notes.

In order to be exchanged, an outstanding note must be properly tendered and accepted. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. We will issue exchange notes promptly after the expiration of the exchange offers.

Interest on the outstanding notes accepted for exchange in the exchange offers will cease to accrue upon the issuance of the exchange notes. The exchange notes will bear interest from the date of issuance, and such interest will be payable,





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together with accrued and unpaid interest on the outstanding notes accepted for exchange, on the first interest payment date following the closing of the exchange offers. Interest will continue to accrue on any outstanding notes that are not exchanged for exchange notes in the exchange offers.

Resales

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued to you in the exchange offers may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that:

the exchange notes are being acquired by you in the ordinary course of your business;

you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offers; and

you are not an affiliate of ours.

If any of these conditions are not satisfied and you transfer any exchange notes issued to you in the exchange offers without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from these requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that is issued exchange notes in the exchange offers for its own account in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the exchange notes issued to it in the exchange offers.

Expiration Date

The exchange offers will expire at 12:00 a.m., midnight, New York City time, on December 12, 2011, unless we decide to extend the expiration date.

Conditions to the Exchange Offers

Each exchange offer is subject to customary conditions, which we may waive. See Exchange Offers Conditions.

Procedures for Tendering Outstanding Notes

If you wish to tender your outstanding notes for exchange in the exchange offers, you must transmit to the exchange agent on or before the expiration date either:

an original or a facsimile of a properly completed and duly executed copy of the letter of transmittal, which accompanies this prospectus, together with your outstanding notes and any other documentation required by the letter of transmittal, at the address provided on the cover page of the letter of transmittal; or

if the outstanding notes you own are held of record by

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The Depository Trust Company ( DTC ) in book-entry form and you are making delivery by book-entry transfer, a computer-generated message transmitted by means of the Automated Tender Offer Program System of DTC ( ATOP ), in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the exchange agent, forms a part of a confirmation of book-entry transfer. As part of the book-entry transfer, DTC will facilitate the exchange of your outstanding notes and update your account to reflect the issuance of the exchange notes to you. ATOP allows you to electronically transmit your acceptance of the exchange offers to DTC instead of physically completing and delivering a letter of transmittal to the exchange agent.

In addition, you must deliver to the exchange agent on or before the expiration date:

a timely confirmation of book-entry transfer of your outstanding notes into the account of the exchange agent at DTC if you are effecting delivery of book-entry transfer, or

if necessary, the documents required for compliance with the guaranteed delivery procedures.

Special Procedures for Beneficial Owners

If you are the beneficial owner of book-entry interests and your name does not appear on a security position listing of DTC as the holder of the book-entry interests or if you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the book-entry interest or outstanding notes in the exchange offers, you should contact the person in whose name your book-entry interests or outstanding notes are registered promptly and instruct that person to tender on your behalf.

Withdrawal Rights

You may withdraw the tender of your outstanding notes at any time prior to 12:00 a.m., midnight, New York City time, on December 12, 2011.

Effect of Not Tendering in the Exchange Offers

Any notes now outstanding that are not tendered or that are tendered but not accepted will remain subject to the restrictions on transfer set forth in the outstanding notes and the Indenture under which they were issued. Since the outstanding notes have not been registered under the federal securities laws, they may bear a legend restricting their transfer absent registration or the availability of a specific exemption from registration. Upon completion of the exchange offers, we will have no further obligation to register, and currently we do not anticipate that we will register, the outstanding notes under the Securities Act except in limited circumstances with respect to specific types of holders of outstanding notes.

Federal Income Tax Considerations

The exchange of outstanding notes will not be a taxable event for United States federal income tax purposes.

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Use of Proceeds

We will not receive any proceeds from the issuance of exchange notes pursuant to the exchange offers. We will pay all of our expenses incident to the exchange offers.

Exchange Agent

U.S. Bank National Association is serving as the exchange agent in connection with the exchange offers.

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**Summary of Terms of the Exchange Notes**

The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except that the exchange notes will be registered under the Securities Act. As a result, the exchange notes will not bear legends restricting their transfer and will not contain the registration rights and liquidated damage provisions contained in the outstanding notes. The exchange notes represent the same debt as the outstanding notes. Both the outstanding notes and the exchange notes are governed by the same indentures. Unless the context otherwise requires, we use the term "notes" in this prospectus to collectively refer to the outstanding notes and the exchange notes.

Issuers	CDW LLC, an Illinois limited liability company, and CDW Finance Corporation, a Delaware corporation, as co-issuers.
Securities	Up to \$500,000,000 in aggregate principal amount of Senior Secured Exchange Notes and up to \$1,175,000,000 in aggregate principal amount of Senior Exchange Notes.
Maturity	The Senior Secured Exchange Notes will mature on December 15, 2018 and the Senior Exchange Notes will mature on April 1, 2019.
Interest	<p>The Senior Secured Exchange Notes will bear interest at 8.0% per annum, payable semi-annually in arrears on June 15 and December 15 of each year until maturity, beginning on December 15, 2011.</p> <p>The Senior Exchange Notes will bear interest at 8.5% per annum, payable semi-annually in arrears on April 1 and October 1 of each year until maturity, beginning on April 1, 2012.</p>
Security	The Senior Secured Exchange Notes and the guarantees will initially be secured equally and ratably with the Term Loan Facility by a first priority security interest in substantially all of our and the Guarantors' assets, other than (i) cash, accounts receivable, deposit accounts, inventory and proceeds thereof (the "ABL Priority Collateral"), as to which the notes will be secured by a second priority security interest, (ii) certain accounts receivable and inventory securing certain trade financing agreements, as to which the notes will be secured by a third priority security interest, and (iii) certain excluded assets. We refer to the collateral securing the notes offered hereby as the "Non-ABL Priority Collateral." See "Description of Senior Secured Exchange Notes" Security.
Optional Redemption	<p>In the case of Senior Secured Exchange Notes:</p> <p>We may redeem all or part of the Senior Secured Exchange Notes at any time prior to December 15, 2014 at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole" premium, as described under "Description of Senior Secured Exchange Notes" Optional Redemption.</p>

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We may redeem all or part of the Senior Secured Exchange Notes at any time on or after December 15, 2014 at the redemption prices specified in Description of Senior Secured Exchange Notes Optional Redemption.

In addition at any time prior to December 15, 2013, we may redeem up to 35% of the aggregate principal amount of the Senior Secured Exchange Notes at a redemption price equal to 108.0% of the face amount thereof plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds that we raise in one or more equity offerings.

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In the case of Senior Exchange Notes:

We may redeem all or part of the Senior Exchange Notes at any time prior to April 1, 2015 at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described under Description of Senior Exchange Notes Optional Redemption.

We may redeem all or part of the Senior Exchange Notes at any time on or after April 1, 2015 at the redemption prices specified in Description of Senior Exchange Notes Optional Redemption.

In addition at any time prior to April 1, 2014, we may redeem up to 40% of the aggregate principal amount of the Senior Exchange Notes at a redemption price equal to 108.5% of the face amount thereof plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds that we raise in one or more equity offerings.

**Mandatory Offers to Purchase**

Upon the occurrence of specific kinds of changes of control, you will have the right, as holders of the notes, to cause us to repurchase some or all of your notes at 101% of their face amount, plus accrued and unpaid interest, if any, to the repurchase date.

If we sell assets following the issue date, under certain circumstances, we will be required to use the net proceeds to make an offer to purchase the notes at an offer price in cash in an amount equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the repurchase date.

**Guarantees**

On the issue date, our obligations under the Senior Secured Exchange Notes will be fully and unconditionally guaranteed on a joint and several and senior secured basis, and our obligations under the Senior Exchange Notes will be fully and unconditionally guaranteed on a joint and several and senior unsecured basis, in each case, by Parent and each of our direct and indirect wholly owned domestic subsidiaries that guarantees our existing indebtedness or the existing indebtedness of the guarantors. If we fail to make payments on any series of the notes, our guarantors must make the payments instead. Each person that guarantees our obligations under the notes and the indentures is referred to as a Guarantor.

As of and for the six months ended June 30, 2011, our non-guarantor subsidiary represented 1.8% of our total assets, 0.4% of our total liabilities, including trade payables, 4.2% of our net sales, 6.9% of our net loss and 2.7% of our Adjusted EBITDA, a non-GAAP financial measure, in each case after intercompany eliminations.

**Ranking**

The Senior Secured Exchange Notes and the guarantees thereof will be our and the Guarantors' senior secured obligations and will:





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rank senior in right of payment to any of our and the Guarantors' existing and future subordinated indebtedness, including our Existing Senior Subordinated Notes and the associated guarantees;

rank equal in right of payment with all of our and the Guarantors' existing and future senior indebtedness, including our Term Loan Facility, ABL Facility, Existing Senior Notes and Senior Notes and the associated guarantees;

be secured equally and ratably with indebtedness under our Term Loan Facility and effectively senior to all other indebtedness to the extent of the value of the Non-ABL Priority Collateral;

be effectively subordinated to indebtedness under our ABL Facility to the extent of the value of the ABL Priority Collateral securing such indebtedness on a first-priority basis and to obligations under our trade financing agreements to the extent of the value of the inventory securing such arrangements on a first-priority basis and the value of the accounts receivable securing such arrangements on a second-priority basis; and

be structurally subordinated to all existing and future indebtedness and other liabilities of the issuers' non-guarantor subsidiaries.

The Senior Exchange Notes and the guarantees thereof will be our and the Guarantors' unsecured senior obligations and will:

be effectively subordinated to all of our and the Guarantors' existing and future secured debt, including our Senior Secured Notes, our ABL Facility and our Term Loan Facility, and to our trade financing agreements we have entered into with certain financial intermediaries in order to facilitate the purchase of certain inventory, in each case to the extent of the value of the assets securing such debt or other obligations;

be structurally subordinated to all existing and future indebtedness and other liabilities of the issuers' non-guarantor subsidiaries;

rank equal in right of payment with all of our and the Guarantors' existing and future unsecured senior debt, including our Existing Senior Notes and the related guarantees; and

rank senior in right of payment to all of our and the Guarantors' existing and future subordinated debt, including our Existing Senior Subordinated Notes and the related guarantees.

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In addition, the exchange notes and the guarantees of our obligations under the exchange notes will be effectively subordinated to all of the existing and future liabilities and obligations (including trade payables, but excluding intercompany liabilities) of each of our non-guarantor subsidiaries.

As of June 30, 2011, we had \$721.5 million in aggregate principal amount of outstanding Existing Senior Subordinated Notes, \$1,540.5 million outstanding under our Term Loan Facility, \$160.0 million outstanding under our ABL Facility, \$129.0 million in aggregate principal amount of outstanding Existing Senior Notes, \$1,175.0 million in aggregate principal amount of outstanding Senior Notes, \$500.0 million in aggregate principal amount outstanding of Senior Secured Notes and \$118.0 million of obligations outstanding under our trade financing agreements.

Covenants

The indentures under which the outstanding notes were issued will govern the exchange notes. These indentures contain certain covenants that, among other things, limit our ability to:

incur or guarantee additional indebtedness, or issue disqualified stock or preferred stock;

pay dividends on or make other distributions in respect of our membership interests or capital stock or make other restricted payments;

create liens on certain assets to secure debt;

make certain investments;

sell certain assets;

place restrictions on the ability of restricted subsidiaries to make payments to us;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to a number of important exceptions and qualifications. For more details, see [Description of Senior Secured Exchange Notes](#) and [Description of Senior Exchange Notes](#).

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If the exchange notes are assigned an investment grade rating by Standard & Poor's Rating Services (Standard & Poor's) and Moody's Investors Service, Inc. (Moody's) and no default has occurred or is continuing, certain covenants will be suspended. If either rating on the exchange notes should subsequently decline to below investment grade, the suspended covenants will be reinstated.

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The following table sets forth our summary historical financial data for the periods ended and as of dates indicated below. We have derived the summary historical financial data presented below as of December 31, 2009 and December 31, 2010 and for the years ended December 31, 2008, December 31, 2009 and December 31, 2010 from our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. The summary historical financial data as of June 30, 2011 and for the six months ended June 30, 2011 and 2010 have been derived from the unaudited consolidated financial statements included elsewhere in this prospectus. Our summary historical financial data may not be a reliable indicator of future results of operations.

The summary historical financial data set forth below is only a summary and should be read in conjunction with Selected Historical Consolidated Financial and Operating Data, Risk Factors, Use of Proceeds, Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and related notes appearing elsewhere in this prospectus.

(in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
<b>Statement of Operations Data:</b>					
Net sales	\$ 8,071.2	\$ 7,162.6	\$ 8,801.2	\$ 4,157.4	\$ 4,541.7
Cost of sales	6,710.2	6,029.7	7,410.4	3,491.7	3,788.4
Gross profit	1,361.0	1,132.9	1,390.8	665.7	753.3
Selling and administrative expenses	894.8	821.1	932.1	454.0	474.8
Advertising expense	141.3	101.9	106.0	44.8	58.6
Goodwill impairment	1,712.0	241.8			
(Loss) income from operations	(1,387.1)	(31.9)	352.7	166.9	219.9
Interest expense, net	(390.3)	(431.7)	(391.9)	(183.5)	(157.8)
Net gain (loss) on extinguishments of long-term debt			2.0	9.2	(118.9)
Other income, net	0.2	2.4	0.2	0.1	0.5
Loss before income taxes	(1,777.2)	(461.2)	(37.0)	(7.3)	(56.3)
Income tax benefit	12.1	87.8	7.8	2.5	17.3
Net loss	\$ (1,765.1)	\$ (373.4)	\$ (29.2)	\$ (4.8)	\$ (39.0)
<b>Balance Sheet Data (at period end):</b>					
Cash, cash equivalents and marketable securities	\$ 94.4	\$ 88.0	\$ 36.6	\$ 26.1	\$ 44.6
Working capital	877.6	923.2	675.4	725.4	775.7
Total assets	6,276.3	5,976.0	5,943.8	6,005.8	6,021.9
Total secured debt (1)	2,693.5	2,681.9	2,361.5	2,434.3	2,200.5
Total debt and capitalized lease obligations (2)	4,633.5	4,621.9	4,290.0	4,362.8	4,226.0
Total shareholders' equity (deficit)	262.2	(44.7)	(43.5)	(49.4)	(69.3)
<b>Other Financial Data:</b>					
Capital expenditures	\$ 41.1	\$ 15.6	\$ 41.5	\$ 10.5	\$ 16.7
Depreciation and amortization	218.4	218.2	209.4	105.1	102.4
Gross profit as a percentage of net sales	16.9%	15.8%	15.8%	16.0%	16.6%
Ratio of earnings to fixed charges (3)	(a)	(a)	(a)	(a)	(a)
EBITDA (4)	(1,168.5)	188.7	564.3	281.3	203.9
Adjusted EBITDA (4)	570.6	465.4	601.8	292.3	343.0
<b>Statement of Cash Flows Data:</b>					
Net cash provided by (used in):					
Operating activities (5)	\$ 215.4	\$ 107.6	\$ 423.7	\$ 161.8	\$ 129.8

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Investing activities	(60.3)	(82.6)	(125.4)	(55.8)	(26.5)
Financing activities (5)	(75.8)	(31.9)	(350.1)	(167.7)	(95.7)

- (1) Excludes secured borrowings of \$34.1 million, \$25.0 million, \$9.6 million, \$123.5 million and \$57.7 million, as of December 31, 2008, December 31, 2009, December 31, 2010, June 30, 2010 and June 30, 2011, respectively, under our inventory floorplan arrangements. We do not include these borrowings in total secured debt because we have not in the past incurred, and in the future do not expect to incur, any interest expense or late fees under these agreements. For more information, see Description of Certain Indebtedness.
- (2) Excludes items in footnote (1) and unsecured borrowings of \$18.6 million and \$60.3 million as of December 31, 2010 and June 30, 2011, respectively, under our inventory financing agreements. We do not include these borrowings in total debt because we have not in the past incurred, and in the future do not expect to incur, any interest expense or late fees under these agreements. For more information, see Description of Certain Indebtedness.

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- (3) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of earnings before income taxes minus income from equity investees plus fixed charges. Fixed charges consist of interest expensed and the portion of rental expense we believe is representative of the interest component of rental expense.
- (a) For the years ended December 31, 2008, 2009 and 2010, and the six months ended June 30, 2010 and 2011, earnings available for fixed charges were inadequate to cover fixed charges by \$1,777.2 million, \$461.2 million, \$37.0 million, \$7.2 million and \$56.2 million, respectively.
- (4) EBITDA is defined as consolidated net income (loss) before interest income (expense), income tax benefit (expense), depreciation, and amortization. Adjusted EBITDA, which is a measure defined in our Senior Credit Facilities, is calculated by adjusting EBITDA for certain items of income and expense including (but not limited to) the following: (a) non-cash equity-based compensation; (b) goodwill impairment charges; (c) sponsor fees; (d) certain consulting fees; (e) debt-related legal and accounting costs; (f) equity investment gains and losses; (g) certain severance and retention costs; (h) gains and losses from the early extinguishment of debt; (i) gains and losses from asset dispositions outside the ordinary course of business; (j) Acquisition-related costs; (k) equity compensation payroll taxes; and (l) non-recurring, extraordinary or unusual gains or losses or expenses.

We have included a reconciliation of EBITDA and Adjusted EBITDA in the table below. Both EBITDA and Adjusted EBITDA are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA provide helpful information with respect to our operating performance and cash flows including our ability to meet our future debt service, capital expenditures and working capital requirements. Adjusted EBITDA also provides helpful information as it is the primary measure used in certain financial covenants contained in our Senior Credit Facilities.

The following unaudited table sets forth reconciliations of net loss to EBITDA and EBITDA to Adjusted EBITDA for the periods presented:

(in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
Net loss	\$ (1,765.1)	\$ (373.4)	\$ (29.2)	\$ (4.8)	\$ (39.0)
Depreciation and amortization	218.4	218.2	209.4	105.1	102.4
Income tax benefit	(12.1)	(87.8)	(7.8)	(2.5)	(17.3)
Interest expense, net	390.3	431.7	391.9	183.5	157.8
<b>EBITDA</b>	<b>(1,168.5)</b>	<b>188.7</b>	<b>564.3</b>	<b>281.3</b>	<b>203.9</b>
Non-cash equity-based compensation	17.8	15.9	11.5	8.4	8.1
Sponsor fees	5.0	5.0	5.0	2.5	2.5
Consulting and debt-related professional fees	4.3	14.1	15.1	5.6	4.1
Goodwill impairment	1,712.0	241.8			
Net (gain) loss on extinguishments of long-term debt			(2.0)	(9.2)	118.9
Other adjustments (a)		(0.1)	7.9	3.7	5.5
<b>Adjusted EBITDA</b>	<b>\$ 570.6</b>	<b>\$ 465.4</b>	<b>\$ 601.8</b>	<b>\$ 292.3</b>	<b>\$ 343.0</b>

- (a) Other adjustments include certain severance and retention costs, equity investment gains and losses and the gain related to the sale of Informacast software and equipment in 2009.

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The following unaudited table sets forth a reconciliation of EBITDA to net cash provided by operating activities for the periods presented:

(in millions)	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
EBITDA	\$ (1,168.5)	\$ 188.7	\$ 564.3	\$ 281.3	\$ 203.9
Depreciation and amortization	(218.4)	(218.2)	(209.4)	(105.1)	(102.4)
Income tax benefit	12.1	87.8	7.8	2.5	17.3
Interest expense, net	(390.3)	(431.7)	(391.9)	(183.5)	(157.8)
Net loss	(1,765.1)	(373.4)	(29.2)	(4.8)	(39.0)
Depreciation and amortization	218.4	218.2	209.4	105.1	102.4
Goodwill impairment	1,712.0	241.8			
Equity-based compensation expense	17.8	15.9	11.5	8.4	8.1
Amortization of deferred financing costs	38.6	16.2	18.0	9.0	7.7
Allowance for doubtful accounts	0.4	(0.2)	(1.3)	(1.3)	0.9
Deferred income taxes	(39.9)	(94.4)	(4.3)	(29.3)	(17.5)
Realized loss on interest rate swap agreements	18.6	103.2	51.5	12.8	2.8
Mark to market loss on interest rate derivatives			4.7	3.5	2.0
Net (gain) loss on extinguishment of long-term debt			(2.0)	(9.2)	118.9
Net loss (gain) on sale and disposals of assets	0.5	(1.7)	0.7		
Changes in assets and liabilities	14.1	(18.0)	165.3	67.6	(55.9)
Other			(0.6)		(0.6)
Net cash provided by operating activities (5)	\$ 215.4	\$ 107.6	\$ 423.7	\$ 161.8	\$ 129.8

(5) Amounts have been revised. See Notes 1 and 20 to the Audited Financial Statements and Note 1 to the Unaudited Interim Financial Statements included in this prospectus for further information.



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**RISK FACTORS**

*You should carefully consider each of the following risk factors and all of the other information set forth in this prospectus prior to participating in the applicable exchange offer. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. They are not, however, the only risks we face. Additional risks and uncertainties not presently known to us or that we currently believe not to be material may also adversely affect our business, financial condition or results of operations. If that were to occur, the trading price of the notes would likely decline and we may not be able to make payments of interest and principal on the notes, and you may lose all or part of your original investment.*

**Risks Relating to the Exchange Offers**

***Because there is no public market for the exchange notes, you may not be able to resell your exchange notes.***

The offering of the exchange notes has been registered under the Securities Act, but the exchange notes will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

the liquidity of any trading market that may develop;

the ability of holders to sell their exchange notes; or

the price at which the holders would be able to sell their exchange notes.

If a trading market were to develop, the exchange notes might trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar securities and our financial performance.

Any holder of outstanding notes who tenders in the exchange offers for the purpose of participating in a distribution of the exchange notes may be deemed to have received restricted securities, and if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

***Your outstanding notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your outstanding notes will continue to be subject to existing transfer restrictions and you may not be able to sell your outstanding notes.***

We will not accept your outstanding notes for exchange if you do not follow the proper exchange offer procedures. We will issue exchange notes as part of the exchange offers only after a timely receipt of your outstanding notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your outstanding notes, please allow sufficient time to ensure timely delivery. If we do not receive your outstanding notes, letter of transmittal and other required documents by the expiration date of the exchange offers, we will not accept your outstanding notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange. If there are defects or irregularities with respect to your tender of outstanding notes, we may not accept your outstanding notes for exchange. For more information, see Exchange Offers Procedures for Tendering.

***If you do not exchange your outstanding notes, your outstanding notes will continue to be subject to the existing transfer restrictions and you may not be able to sell your outstanding notes.***

We did not register the outstanding notes, nor do we intend to do so following the exchange offers, except in the case of outstanding notes held by any of our affiliates. Outstanding notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. If you do not exchange your outstanding notes, you will lose your right to have your outstanding notes exchanged for exchange notes registered under the federal securities laws. As a result, if you hold outstanding notes after the exchange offers, you may not be able to sell your outstanding notes.

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### Risks Relating to the Exchange Notes

*Our substantial indebtedness could have a material adverse effect on our financial condition and prevent us from fulfilling our obligations under the notes.*

We are a highly leveraged company, and our substantial level of indebtedness increases the risk that we may be unable to generate sufficient cash to pay amounts due in respect to our indebtedness. As of June 30, 2011, we had \$4.2 billion of total debt and capitalized lease obligations outstanding and \$118.0 million of obligations outstanding under our trade financing agreements and the ability to borrow an additional \$705.9 million under our ABL Facility. Subject to the limits contained in our Senior Credit Facilities and the Indentures, we may be able to incur additional debt from time to time, including drawing on our ABL Facility, to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our business associated with our high level of debt could intensify. Specifically, our high level of debt could have important consequences to the holders of the notes, including the following:

making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;

requiring us to dedicate a substantial portion of our cash flow from operations to debt service payments on our and our subsidiaries debt, which reduces the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;

requiring us to comply with restrictive covenants in our Senior Credit Facilities and Indentures, which limit the manner in which we conduct our business;

making it more difficult for us to obtain vendor financing from our vendor partners;

limiting our flexibility in planning for, or reacting to, changes in the industry in which we operate;

placing us at a competitive disadvantage compared to any of our less leveraged competitors;

increasing our vulnerability to both general and industry-specific adverse economic conditions; and

limiting our ability to obtain additional debt or equity financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing.

*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 net interest expense for the year ended December 31, 2010 was \$391.9 million. Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will 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. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including the Senior Credit Facilities or the Indentures. In the absence of such operating results and resources, we could face substantial liquidity problems and might be

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required to dispose of material assets or operations to meet our debt service and other obligations. The Senior Credit Facilities and the Indentures restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. See Description of Certain Indebtedness, Description of Senior Secured Exchange Notes and Description of Senior Exchange Notes.

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If we cannot make scheduled payments on our debt, we will be in default and, as a result:

our debt holders could declare all outstanding principal and interest to be due and payable;

the lenders under our Senior Credit Facilities could terminate their commitments to lend us money and foreclose against the assets securing our borrowings from them; and

we could be forced into bankruptcy or liquidation, which could result in holders of notes losing their investment in the notes.

***Despite our indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt, including secured debt. This could further increase the risks associated with our leverage.***

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our Senior Credit Facilities and the Indentures do not fully prohibit us or our subsidiaries from doing so. To the extent that we incur additional indebtedness or such other obligations, the risks associated with our substantial indebtedness described above, including our possible inability to service our debt, will increase. As of June 30, 2011, we had approximately \$705.9 million available for additional borrowing under our ABL Facility after taking into account borrowing base limitations (net of \$21.8 million of issued and undrawn letters of credit and \$12.3 million of reserves related to our floorplan sub-facility). See Description of Certain Indebtedness.

***Restrictive covenants under our Senior Credit Facilities and the Indentures may adversely affect our operations and liquidity.***

Our Senior Credit Facilities and the Indentures contain, and any future indebtedness we incur may contain, various covenants that limit our ability to, among other things:

incur or guarantee additional debt;

incur debt that is junior to senior indebtedness and senior to our Existing Senior Subordinated Notes;

pay dividends or make distributions to holders of our capital stock or to make certain other restricted payments or investments;

repurchase or redeem capital stock;

make loans, capital expenditures or investments or acquisitions;

incur restrictions on the ability of certain of our subsidiaries to pay dividends or to make other payments to us;

enter into transactions with affiliates;

create liens;

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merge or consolidate with other companies or transfer all or substantially all of our assets;

transfer or sell assets, including capital stock of subsidiaries; and

prepay, redeem or repurchase debt that is junior in right of payment to the notes.

As a result of these covenants, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, the restrictive covenants in our Term Loan Facility require us to maintain a specified senior secured leverage ratio. A breach of any of these covenants or any of the other restrictive covenants would result in a default under our Senior Credit Facilities. Upon the occurrence of an event of default under our Senior Credit Facilities, the lenders:

will not be required to lend any additional amounts to us;

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could elect to declare all borrowings outstanding thereunder, together with accrued and unpaid interest and fees, to be due and payable;

could require us to apply all of our available cash to repay these borrowings; or

could prevent us from making payments on our Existing Senior Subordinated Notes;

any of which could result in an event of default under the notes.

If we were unable to repay those amounts, the lenders under our Senior Credit Facilities could proceed against the collateral granted to them to secure our borrowings thereunder. We have pledged a significant portion of our assets as collateral under our Senior Credit Facilities and our Senior Secured Notes. If the lenders under our Senior Credit Facilities or our Senior Secured Notes accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our Senior Credit Facilities and our other indebtedness, including the notes, or borrow sufficient funds to refinance such indebtedness. Even if we were able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. See Description of Certain Indebtedness.

In addition, under our ABL Facility we are permitted to borrow an aggregate amount of up to \$900 million; however, our ability to borrow thereunder is limited by a borrowing base, which at any time will equal the sum of up to 85% of our and our subsidiary guarantors' eligible accounts receivable (net of accounts reserves) (up to 30% of such eligible accounts receivable which can consist of federal government accounts receivable) plus the lesser of (i) 70% of our and our subsidiary guarantors' eligible inventory (valued at cost and net of inventory reserves) and (ii) the product of 85% multiplied by the net orderly liquidation value percentage multiplied by eligible inventory (valued at cost and net of inventory reserves), less reserves (other than accounts reserves and inventory reserves).

Our borrowing base in effect as of June 30, 2011 was \$970.2 million. Our ability to borrow under this facility is limited by a minimum liquidity condition, which provides that, if excess availability is less than the lesser of (i) \$90 million or (ii) the greater of (A) ten percent (10%) of the borrowing base or (B) \$60 million for more than five business days, the lenders are not required to lend any additional amounts under the ABL Facility (i) unless our pro forma consolidated fixed charge coverage ratio (as defined in the credit agreement for our ABL Facility) is at least 1.0 to 1.0 or (ii) until the availability exceeds the lesser of (i) \$90 million or (ii) the greater of (A) ten percent (10%) of the borrowing base or (B) \$60 million for 30 consecutive business days. Moreover, our ABL Facility provides discretion to the agent bank acting on behalf of the lenders to impose additional availability reserves, which could materially impair the amount of borrowings that would otherwise be available to us. We cannot assure you that the agent bank will not impose such reserves or, were it to do so, that the resulting impact of this action would not materially and adversely impair our liquidity.

***The Senior Exchange Notes will be unsecured and will be effectively subordinated to our and the Guarantors' secured debt and indebtedness of non-guarantor subsidiaries.***

Our obligations under the Senior Exchange Notes and the Guarantors' obligations under the guarantees of the Senior Exchange Notes will not be secured by any of our or our subsidiaries' assets. Borrowings under our ABL Facility, our Term Loan Facility and our Senior Secured Notes are secured by a security interest in substantially all of our assets and the assets of the Guarantors. In addition, the Indentures permit us and our subsidiaries to incur additional secured debt. As a result, the Senior Exchange Notes and the guarantees will be effectively subordinated to all of our and the Guarantors' secured debt and other obligations to the extent of the value of the assets securing such obligations. As of June 30, 2011, we had \$2,200.5 million of secured debt outstanding under our ABL Facility, our Term Loan Facility and our Senior Secured Notes, and an additional \$705.9 million of availability under our ABL Facility after taking into account borrowing base limitations (net of \$21.8 million of issued and undrawn letters of credit and \$12.3 million of reserves related to our floorplan sub-facility). If we and the Guarantors were to become insolvent or otherwise fail to make payments on the notes, holders of our and the Guarantors' secured obligations would be paid first and would receive payments from the assets securing such obligations before the holders of the Senior Exchange Notes would receive any payments. You may therefore not be fully repaid in the event we become insolvent or otherwise fail to make payments on the notes.

The Senior Exchange Notes may not be guaranteed by all of our subsidiaries. For example, our immaterial subsidiaries are not required to guarantee the Senior Exchange Notes. Accordingly, claims of holders of the Senior Exchange Notes will be structurally subordinate to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor 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 a Guarantor of the Senior Exchange Notes.



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***Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Certain of our borrowings, primarily borrowings under our Senior Credit Facilities, are at variable rates of interest and expose us to interest rate risk. As of June 30, 2011, we had \$1,700.5 million of variable rate debt outstanding. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Although we have entered into interest rate cap agreements on our Term Loan Facility to reduce interest rate volatility, we cannot assure you we will be able to do so in the future on acceptable terms or that such caps or the caps we have in place now will be effective.

***The notes are structurally subordinated to all indebtedness of our existing or future subsidiaries that are not or do not become Guarantors of the notes.***

Holders of the notes do not have any claim as a creditor against any of our existing subsidiaries that are not Guarantors of the notes or against any of our future subsidiaries that do not become Guarantors of the notes. Indebtedness and other liabilities, including trade payables of those subsidiaries, are structurally senior to claims of holders of the notes against those subsidiaries. As of June 30, 2011, our non-guarantor subsidiary had approximately \$26.6 million of total liabilities, all of which were effectively senior to the notes.

The notes are not guaranteed by our foreign subsidiary and will not be guaranteed by any future foreign subsidiaries. Our non-guarantor subsidiary is a separate and distinct legal entity and has no obligation, contingent or otherwise, to pay any amounts due under the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments.

In the event of a bankruptcy, liquidation, reorganization or other winding up of this non-guarantor subsidiary or any future subsidiary that is not a Guarantor of the notes, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us (except to the extent we have a claim as a creditor of such non-guarantor subsidiary). Any right that we or the subsidiary Guarantors have to receive any assets of any non-guarantor subsidiaries upon the bankruptcy, liquidation, reorganization or other winding up of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

As of and for the six months ended June 30, 2011, our non-guarantor subsidiary represented 1.8% of our total assets, less than 1% of our total liabilities, including trade payables, 4.2% of our net sales, 6.9% of our net loss and 2.7% of our Adjusted EBITDA, respectively, in each case after intercompany eliminations. Adjusted EBITDA is a non-GAAP financial measure.

In addition, the Indentures, subject to some limitations, permit these subsidiaries to incur additional indebtedness and do not contain any limitation on the amount of certain other liabilities, such as trade payables, that may be incurred by these subsidiaries.

***Our ability to service our debt and meet our cash requirements depends on many factors, some of which are beyond our control.***

Our ability to satisfy our obligations and meet our cash requirements for the foreseeable future will depend on our future operating performance and financial results, which will be subject, in part, to factors beyond our control, including interest rates and general economic, financial and business conditions. See Risk Factors Risks Relating to our Business. If we are unable to generate sufficient cash flow to service our debt, we may be required to:

refinance all or a portion of our debt, including the notes;

obtain additional financing;



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sell some of our assets or operations;

reduce or delay capital expenditures and/or acquisitions; or

revise or delay our strategic plan.

If we are required to take any of these actions, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt instruments, including our Senior Credit Facilities and the Indentures. In addition, our Senior Credit Facilities and the Indentures restrict our ability to sell assets and to use the proceeds from the sales. We may not be able to sell assets quickly enough or for sufficient amounts to enable us to meet our obligations, including our obligations on the notes. Furthermore, the Equity Sponsors have no obligation to provide us with debt or equity financing. Therefore, it may be difficult for us to make required payments on the notes in the event of an acceleration of the maturity of the notes.

***Our ability to make payments on the notes depends on our ability to receive dividends and other distributions from our subsidiaries.***

Our principal assets are the equity interests that we hold in our operating subsidiaries. As a result, we are dependent on dividends and other distributions from our subsidiaries to generate the funds necessary to meet our financial obligations, including the payment of principal and interest on our outstanding debt. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the notes. In addition, any payment of dividends, distributions, loans or advances to us by our subsidiaries could be subject to restrictions on dividends or, in the case of foreign subsidiaries, restrictions on repatriation of earnings under applicable local law and monetary transfer restrictions in the jurisdictions in which our subsidiaries operate. In addition, payments to us by our subsidiaries will be contingent upon our subsidiaries' earnings. Our subsidiaries are permitted under the terms of our indebtedness, including the Indentures, to incur additional indebtedness that may restrict payments from those subsidiaries to us. We cannot assure you that agreements governing current and future indebtedness of our subsidiaries will permit those subsidiaries to provide us with sufficient cash to fund payments on the notes when due.

Our subsidiaries are legally distinct from us and, except for our existing and future subsidiaries that will be Guarantors of the notes, have no obligation, contingent or otherwise, to pay amounts due on our debt or to make funds available to us for such payment.

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

Any default under the agreements governing our indebtedness, including a default under our Senior Credit Facilities that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the notes and substantially decrease the value of the 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 indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in the Indentures and our Senior Credit Facilities), we could be in default under the terms of the agreements governing such indebtedness, including our Senior Credit Facilities and the Indentures. 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 our Senior Credit Facilities could elect to terminate their commitments thereunder and cease making further loans and lenders under our Senior Credit Facilities and holders of our Senior Secured Exchange Notes could institute foreclosure proceedings against our assets and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our Senior Credit Facilities to avoid being in default. If we breach our covenants under our Senior Credit Facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our Senior Credit Facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. See Description of Certain Indebtedness, Description of Senior Secured Exchange Notes and Description of Senior Exchange Notes.

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***We may be unable to purchase the notes upon a change of control which would result in a default in the Indentures and would adversely affect our business.***

Upon a change of control, as defined in the Indentures, we are required to offer to purchase all of the notes then outstanding for cash at 101% of the principal amount thereof, together with accrued and unpaid interest. If a change of control occurs under the Indentures, we may not have sufficient funds to pay the change of control purchase price, and we may be required to secure third party financing to do so. We may not be able to obtain this financing on commercially reasonable terms, or on terms acceptable to us, or at all. Further, we may be contractually restricted under the terms of our Senior Credit Facilities from repurchasing all of the notes tendered by holders of the notes upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase the notes unless we are able to refinance or obtain waivers under our Senior Credit Facilities. Our failure to repurchase the notes upon a change of control would cause a default under the Indentures and a cross-default under the Senior Credit Facilities and the Indentures. Our Senior Credit Facilities and the Indentures also provide that a change of control, as defined in such agreements, will be a default that permits lenders to accelerate the maturity of borrowings thereunder and, in the case of our Senior Credit Facilities and our Senior Secured Exchange Notes, if such debt is not paid, to enforce security interests in the collateral securing such debt, thereby limiting our ability to raise cash to purchase the notes.

The change of control provisions in the Indentures may not protect holders of the notes in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the Indentures. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change in the magnitude required under the definition of change of control in the Indentures to trigger our obligation to repurchase the notes. Except as otherwise described above, the Indentures do not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction. If an event occurs that does not constitute a Change of Control as defined in the Indentures, we will not be required to make an offer to repurchase the notes and holders may be required to continue to hold notes despite the event. See Description of Certain Indebtedness, Description of Senior Secured Exchange Notes Repurchase at the Option of Holders and Description of Senior Exchange Notes Repurchase at the Option of Holders.

***Federal and state statutes allow courts, under specific circumstances, to void notes and adversely affect the validity and enforceability of the guarantees and require noteholders to return payments received.***

The issuance of, and payments made under, the notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes. While the relevant laws may vary from state to state, generally under such laws the incurrence of an obligation (such as under the notes or guarantees) or the making of a payment or other transfer will be a fraudulent conveyance if (1) we or any of our Guarantors, as applicable, incurred such obligation or made such payment with the intent of hindering, delaying or defrauding creditors or (2) we or any of our Guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for incurring such obligation or making such payment and, in the case of (2) only, one of the following is also true:

we or the applicable Guarantor were insolvent at the time of or rendered insolvent by reason of the incurrence of the obligation or the making of such payment; or

the incurrence of the obligation or the making of such payment of the consideration left us or the applicable Guarantor with an unreasonably small amount of capital to carry on our or its business; or

we or the applicable Guarantor intended to, or believed that we or it would, incur debts beyond our or its ability to pay them as they mature.

If a court were to find that the issuance of the notes or guarantees, or a payment made under the notes or guarantees, was a fraudulent conveyance, the court could void the payment obligations under the notes or such guarantees or subordinate the notes or such guarantees to presently existing and future indebtedness of ours or any such Guarantor, and require the holders of the notes to repay particular amounts or any amounts received with respect to the notes or such guarantees. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the voiding of the notes or the guarantees could result in an event of default with respect to our other debt and that of our Guarantors that could result in acceleration of such debt.



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The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. In general, however, a court would consider an issuer or a Guarantor insolvent if:

the sum of its debts, including contingent and unliquidated liabilities, was greater than all of its property, at a fair valuation;

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 unliquidated liabilities, as they become absolute and matured; or

it could not pay its debts as they became due.

We cannot be certain as to the standards a court would use to determine whether or not we or the Guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the notes and the guarantees would not be subordinated to our or any Guarantor's other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the Guarantor, the obligations of the applicable Guarantor were incurred for less than reasonably equivalent value or fair consideration. A court could thus void the obligations under the guarantees, subordinate them to the applicable Guarantor's other debt or take other action detrimental to the holders of the notes.

Each guarantee contains a provision intended to limit the Guarantor's liability to the maximum amount that it could incur without causing the inurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law, or may reduce or eliminate the Guarantor's obligation to an amount that effectively makes the guarantee worthless. A recent Florida bankruptcy court decision found that this kind of provision was ineffective to protect the guarantees.

***We are controlled by the Equity Sponsors who will be able to make important decisions about our business and capital structure; their interests may differ from the interests of noteholders.***

Substantially all of the common stock of Parent is held indirectly by investment funds affiliated with, or co-investment vehicles controlled by, the Equity Sponsors. As a result, the Equity Sponsors control us and have the power to elect all of the members of Parent's board of directors and approve any action requiring the approval of the holders of Parent's stock, including approving acquisitions or sales of all or substantially all of our assets. The directors appointed by the Equity Sponsors have the ability to control decisions affecting our capital structure, including the issuance of additional debt and capital stock, the declaration of dividends, and to appoint new management. The interests of the Equity Sponsors and our other equity holders may not be aligned with those of the holders of the notes. If we encounter financial difficulties, or we are unable to pay our debts as they mature, the interests of the Equity Sponsors and our other equity holders might conflict with those of the holders of the notes. In that situation, for example, the holders of the notes might want us to raise additional equity from the Equity Sponsors or other investors to reduce our leverage and pay our debts, while the Equity Sponsors might not want to increase their investment in us or have their ownership diluted and instead choose to take other actions, such as selling our assets. The Equity Sponsors may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a holder of the notes. Additionally, the Equity Sponsors are in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. The Equity Sponsors may also separately pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Since our equity securities, which are not registered under the Securities Exchange Act of 1934, as amended (the Exchange Act), are not listed on any U.S. securities exchange, we are not subject to any of the corporate governance requirements of any U.S. securities exchange.

***The trading prices for the notes will be directly affected by many factors, including our credit rating.***

Credit rating agencies continually revise their ratings for companies they follow or discontinue rating companies, including us. Any ratings downgrade or decisions by a credit rating agency to discontinue rating us could

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adversely affect the trading price of the notes, or the trading market for the notes, to the extent a trading market for the notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future and any fluctuation may impact the trading price of the notes.

### **Risks Relating to our Business**

***General economic conditions could negatively affect technology spending by our customers and put downward pressure on prices, which may have an adverse impact on our business, results of operations or cash flows.***

Weak economic conditions generally, sustained uncertainty about global economic conditions or a prolonged or further tightening of credit markets could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. For example, during the economic downturn at the end of 2008 and in 2009, due to a number of factors, including declines in the availability of credit, weakening consumer and business confidence and increased unemployment, we experienced significantly reduced revenue and gross margins when our customers and potential customers reduced their spending on technology and put downward pressure on prices.

***Our financial performance could be adversely affected by decreases in spending on technology products and services by our Public segment customers.***

Our sales to our Public segment customers are impacted by government spending policies, budget priorities and revenue levels. Although our sales to the federal government are diversified across multiple agencies and departments, they collectively accounted for 11.0% of 2010 net sales. An adverse change in government spending policies, budget priorities or revenue levels could cause our Public segment customers to reduce their purchases or to terminate or not renew their contracts with us, which could adversely affect our business, results of operations or cash flows.

***Our business depends on our vendor partner relationships and the availability of their products.***

We purchase products for resale from vendor partners, which include OEMs and software publishers, and wholesale distributors. For the year ended December 31, 2010, we purchased approximately 47% of the products we sold directly from vendor partners and the remaining amount from wholesale distributors. We are authorized by vendor partners to sell all or some of their products via direct marketing activities. Our authorization with each vendor partner is subject to specific terms and conditions regarding such things as sales channel restrictions, product return privileges, price protection policies, purchase discounts and vendor incentive programs, including purchase rebates, sales volume rebates and cooperative advertising reimbursements. However, we do not have any long-term contracts with our vendor partners and many of these arrangements are terminable upon notice by either party. In addition, a reduction in the amount of credit granted to us by our vendor partners could increase our need for, and the cost of, working capital and could have an adverse effect on our business, results of operations or cash flows.

From time to time, vendor partners may terminate or limit our right to sell some or all of their products or change the terms and conditions or reduce or discontinue the incentives that they offer us. For example, there is no assurance that, as our vendor partners continue to sell directly to end users and through resellers, they will not limit or curtail the availability of their products to resellers like us. Any such termination or limitation or the implementation of such changes could have a negative impact on our business, results of operations or cash flows.

Although we purchase from a diverse vendor base, in 2010, products we purchased from distributors Ingram Micro, Tech Data and SYNEX represented approximately 13%, 12% and 11%, respectively, of our total purchases. In addition, sales of Apple, Cisco, Hewlett-Packard, Lenovo and Microsoft products comprise a substantial portion of our sales, representing approximately 50% of net sales in 2010. Sales of products manufactured by Hewlett-Packard represented approximately 24% of our 2010 net sales. The loss of, or change in business relationship with, any of these or any other key vendor partners, the diminished availability of their products, or backlogs for their products leading to manufacturer allocation, could reduce the supply and increase the cost of products we sell and negatively impact our competitive position.

Additionally, the relocation of key distributors utilized in our purchasing model could increase our need for, and the cost of, working capital and have an adverse effect on our business, results of operations or cash flows. Further, the sale, spin-off or combination of any of our vendor partners and/or certain of their business units, including any such sale to or combination with a vendor with whom we do not currently have a commercial relationship or whose products we do not sell, could have an adverse impact on our business, results of operations or cash flow.



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*Our sales are dependent on continued innovations in hardware, software and services offerings by our vendor partners and the competitiveness of their offerings.*

The technology industry is characterized by rapid innovation and the frequent introduction of new and enhanced hardware, software and services offerings. We have been and will continue to be dependent on innovations in hardware, software and services offerings, as well as the acceptance of those innovations by customers. A decrease in the rate of innovation, or the lack of acceptance of innovations by customers, could have an adverse effect on our business, results of operations or cash flows.

In addition, if we are unable to keep up with changes in technology and new hardware, software and services offerings, for example by providing the appropriate training to our account managers, sales technology specialists and engineers to enable them to effectively sell such new offerings to customers, our business, results of operations or cash flows could be adversely affected.

We also are dependent upon our vendor partners for the development and marketing of hardware, software and services to compete effectively with hardware, software and services of vendors whose products and services we do not currently offer or that we are not authorized to offer in one or more customer channels. To the extent that a vendor's offering that is highly in demand is not available to us for resale in one or more customer channels, and there is not a competitive offering from another vendor that we are authorized to sell in such customer channels, our business, results of operations or cash flows could be adversely impacted.

*Substantial competition could reduce our market share and significantly harm our financial performance.*

Our current competition includes:

direct marketers, such as Insight Enterprises, PC Connection, PC Mall, Softchoice and GTSI;

value-added resellers, including larger ones such as Logicalis, Agilysis, Sirius and many regional and local value-added resellers;

manufacturers, such as Dell, Hewlett-Packard and Apple, who sell directly to customers;

e-tailers, such as Tiger Direct, Buy.com, Amazon and Newegg;

large service providers and system integrators, such as IBM, Accenture, HP/EDS and Dell/Perot; and

retailers, such as Best Buy, Office Depot, Office Max, Staples, Wal-Mart, Sam's Club and Costco.

We expect the competitive landscape in which we compete to continue to change as new technologies are developed. While innovation can help our business as it creates new offerings for us to sell, it can also disrupt our business model and create new and stronger competitors.

Some of our hardware and software vendor partners sell, and could intensify their efforts to sell, their products directly to customers. In addition, traditional OEMs are increasing their services capabilities through mergers and acquisitions with service providers, which could potentially increase competition in the market to provide comprehensive technology solutions to customers. Moreover, newer, potentially disruptive technologies exist and are being developed that deliver technology solutions as a service, for example, software as a service ( SaaS ) and hardware as a service ( HaaS ). These technologies could increase the amount of sales directly to customers rather than through resellers like us, or could lead to a reduction in our profitability. If any of these trends becomes more prevalent, it could adversely affect our business, results of operations or cash flows.

We focus on offering a high level of service to gain new customers and retain existing customers. To the extent we face increased competition to gain and retain customers, we may be required to reduce prices, increase advertising expenditures or take other actions which could adversely affect our business, results of operations or cash





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flows. Additionally, some of our competitors may reduce their prices in an attempt to stimulate sales, which may require us to reduce prices. This would require us to sell a greater number of products to achieve the same level of net sales and gross profit. If such a reduction in prices occurs and we are unable to attract new customers and sell increased quantities of products, our sales growth and profitability could be adversely affected.

### ***The success of our business depends on the continuing development, maintenance and operation of our information technology systems.***

Our success is dependent on the accuracy, proper utilization and continuing development of our information technology systems, including our business systems, Web servers and voice and data networks. The quality and our utilization of the information generated by our information technology systems, and our success in implementing new systems and upgrades, affects, among other things, our ability to:

conduct business with our customers;

manage our inventory and accounts receivable;

purchase, sell, ship and invoice our hardware and software products and provide and invoice our services efficiently and on a timely basis; and

maintain our cost-efficient operating model.

The integrity of our information technology systems is vulnerable to disruption due to forces beyond our control. While we have taken steps to protect our information technology systems from a variety of threats, including computer viruses and malicious hackers, there can be no guarantee that those steps will be effective. Furthermore, although we have redundant systems at a separate location to back up our primary systems, there can be no assurance that these redundant systems will operate properly if and when required. Any disruption to or infiltration of our information technology systems could significantly harm our business and results of operations.

### ***Breaches of data security could impact our business.***

Our business involves the storage and transmission of proprietary information and sensitive or confidential data, including personal information of coworkers, customers and others. In addition, we operate three customer data centers which may contain both business-critical data and confidential information of our customers. In connection with our services business, our coworkers also have access to our customers confidential data and other information. We have privacy and data security policies in place that are designed to prevent security breaches; however, breaches in security could expose us, our customers or other individuals to a risk of loss or misuse of this information, resulting in litigation and potential liability for us, as well as the loss of existing or potential customers and damage to our brand and reputation. In addition, the cost and operational consequences of implementing further data protection measures could be significant. Such breaches, costs and consequences could adversely affect our business, results of operations or cash flows.

### ***The failure to comply with our Public segment contracts or applicable laws and regulations could result in, among other things, fines or other liabilities, and changes in procurement regulations could adversely impact our business, results of operations or cash flows.***

Revenues from our Public segment customers are derived from sales to governmental departments and agencies, educational institutions and healthcare customers, through various contracts and open market sales. Sales to Public segment customers are highly regulated. Noncompliance with contract provisions, government procurement regulations or other applicable laws or regulations (including but not limited to the False Claims Act and the Medicare and Medicaid Anti-Kickback Statute) could result in civil, criminal and administrative liability, including substantial monetary fines or damages, termination of government contracts or other Public segment customer contracts, and suspension, debarment or ineligibility from doing business with the government and other customers in the Public segment. In addition, generally contracts in the Public segment are terminable at any time for convenience of the contracting agency or upon default. The effect of any of these possible actions by any governmental department or agency could adversely affect our business, results of operations or cash flows. In addition, the adoption of new or modified procurement regulations and other requirements may increase our compliance costs and reduce our gross margins, which could have a negative effect on our business, results of operations or cash flows.



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*If we fail to provide high-quality services to our customers, or if our third-party service providers fail to provide high-quality services to our customers, our reputation, business, results of operations or cash flows could be adversely affected.*

Our service offerings include field services, managed services, warranties, configuration services and partner services. Additionally, we deliver and manage mission critical software, systems and network solutions for our customers. Finally, we also offer certain services, such as implementation and installation services and repair services, to our customers through various third-party service providers engaged to perform these services on our behalf. If we or our third-party service providers fail to provide high quality services to our customers or such services result in a disruption of our customers' businesses, our reputation with our customers and our business, results of operations or cash flows could be adversely affected.

*If we lose any of our key personnel, or are unable to attract and retain the talent required for our business, our business could be disrupted and our financial performance could suffer.*

Our success is heavily dependent upon our ability to attract, develop and retain key personnel to manage and grow our business, including our key executive, management, sales, services and technical coworkers.

Our future success will depend to a significant extent on the efforts of Thomas E. Richards, our newly appointed Chief Executive Officer effective October 1, 2011, as well as the continued service and support of John A. Edwardson, our outgoing Chief Executive Officer who is expected to remain as Chairman of our Board through 2012, and our other named executive officers. Our future success also will depend on our ability to retain our customer-facing coworkers, who have been given critical CDW knowledge regarding, and the opportunity to develop strong relationships with, many of our customers. In addition, as we seek to expand our offerings of value-added services and solutions, our success will even more heavily depend on attracting and retaining highly skilled technology specialists and engineers, for which the market is extremely competitive.

Our inability to attract, develop and retain key personnel could have an adverse effect on our relationships with our vendor partners and customers and adversely affect our ability to expand our offerings of value-added services and solutions. Moreover, our inability to train our sales, services and technical personnel effectively to meet the rapidly changing technology needs of our customers could cause a decrease in the overall quality and efficiency of such personnel. Such consequences could adversely affect our business, results of operations or cash flows.

*The interruption of the flow of products from international suppliers could disrupt our supply chain.*

A significant portion of the products we sell are manufactured or purchased by our vendor partners outside of the U.S., primarily in Asia. Political, social or economic instability in Asia, or in other regions in which our vendor partners purchase or manufacture the products we sell, could cause disruptions in trade, including exports to the U.S. Other events that could also cause disruptions to exports to the U.S. include:

the imposition of additional trade law provisions or regulations;

the imposition of additional duties, tariffs and other charges on imports and exports;

foreign currency fluctuations;

natural disasters or other adverse occurrences at any of our suppliers' facilities;

restrictions on the transfer of funds;

the financial instability or bankruptcy of manufacturers; and

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significant labor disputes, such as strikes.

We cannot predict whether the countries in which the products we sell are purchased or manufactured, or may be purchased or manufactured in the future, will be subject to new or additional trade restrictions imposed by the U.S. or foreign governments, including the likelihood, type or effect of any such restrictions. Trade restrictions, including new or increased tariffs or quotas, embargos, safeguards and customs restrictions against the products we sell, as well as foreign labor strikes and work stoppages or boycotts, could increase the cost or reduce the supply of product available to us and adversely affect our business, results of operations or cash flows.

*A natural disaster or other adverse occurrence at one of our primary facilities or customer data centers could damage our business.*

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Substantially all of our corporate, warehouse and distribution functions are located at our Vernon Hills, Illinois facilities and our second distribution center in North Las Vegas, Nevada. If the warehouse and distribution equipment at one of our distribution centers were to be seriously damaged by a natural disaster or other adverse occurrence, we could utilize the other distribution center or third-party distributors to ship products to our customers. However, this may not be sufficient to avoid interruptions in our service and may not enable us to meet all of the needs of our customers and would cause us to incur incremental operating costs. In addition, we operate three customer data centers and numerous sales offices which may contain both business-critical data and confidential information of our customers. A natural disaster or other adverse occurrence at any of the customer data centers or at any of our major sales offices could negatively impact our business, results of operations or cash flows.

### ***We are heavily dependent on commercial delivery services.***

We generally ship hardware products to our customers by FedEx, United Parcel Service and other commercial delivery services and invoice customers for delivery charges. If we are unable to pass on to our customers future increases in the cost of commercial delivery services, our profitability could be adversely affected. Additionally, strikes or other service interruptions by such shippers could adversely affect our ability to deliver products on a timely basis.

### ***We are exposed to accounts receivable and inventory risks.***

We extend credit to our customers for a significant portion of our net sales, typically on 30-day payment terms. We are subject to the risk that our customers may not pay for the products they have purchased, or may pay at a slower rate than we have historically experienced, the risk of which is heightened during periods of economic downturn or, in the case of Public segment customers, during periods of budget constraints.

We are also exposed to inventory risks as a result of the rapid technological changes that affect the market and pricing for the products we sell. We seek to minimize our inventory exposure through a variety of inventory management procedures and policies, including our rapid-turn inventory model, as well as vendor price protection and product return programs. However, if we were unable to maintain our rapid-turn inventory model, if there were unforeseen product developments that created more rapid obsolescence or if our vendor partners were to change their terms and conditions, our inventory risks could increase. We also periodically take advantage of cost savings associated with certain opportunistic bulk inventory purchases offered by our vendor partners or we may decide to carry high inventory levels of certain products that have limited or no return privileges due to customer demand. These bulk purchases could increase our exposure to inventory obsolescence.

### ***We could be exposed to additional risks if we make acquisitions or enter into alliances.***

We may pursue transactions, including acquisitions or alliances, in an effort to extend or complement our existing business. These types of transactions involve numerous risks, including finding suitable transaction partners and negotiating terms that are acceptable to us, the diversion of management's attention from other business concerns, extending our product or service offerings into areas in which we have limited experience, entering into new geographic markets, the potential loss of key coworkers or business relationships and successfully integrating acquired businesses, any of which could adversely affect our operations.

### ***Our future operating results may fluctuate significantly.***

We may experience significant variations in our future quarterly results of operations. These fluctuations may result from many factors, including the condition of the technology industry in general, shifts in demand and pricing for hardware, software and services and the introduction of new products or upgrades.

Our operating results are also highly dependent on our level of gross profit as a percentage of net sales. Our gross profit percentage fluctuates due to numerous factors, some of which may be outside of our control, including pricing pressures; changes in product costs from our vendor partners; the availability of price protection, purchase discounts and incentive programs from our vendor partners; changes in product, order size and customer mix; the risk of some items in our inventory becoming obsolete; increases in delivery costs that we cannot pass on to customers; and general market and competitive conditions.

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In addition, our cost structure is based, in part, on anticipated sales and gross margins. Therefore, we may not be able to adjust our cost structure quickly enough to compensate for any unexpected sales or gross margin shortfall, and any such inability could have an adverse effect on our business, results of operations or cash flows.

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### ***We are exposed to risks from legal proceedings and audits.***

We are party to various legal proceedings that arise from time to time in the ordinary course of our business, which include consumer, employment, tort and other litigation.

We are subject to intellectual property infringement claims against us, either because of the over 100,000 products we sell or the business systems we use to sell such products, in the form of cease-and-desist letters, licensing inquiries, lawsuits and other communications and demands. In our industry, such intellectual property claims have become more frequent as the complexity of technological products and the intensity of competition in our industry have increased. Increasingly, many of these assertions are brought by non-practicing entities whose principal business model is to secure patent licensing revenue.

Because of our significant sales to governmental entities, we also are subject to audits by federal, state and local authorities. We also are subject to audits by various vendor partners and large customers, including government agencies, relating to purchases and sales under various contracts. In addition, we are subject to indemnification claims under various contracts.

Current and future litigation, infringement claims, governmental proceedings, audits or indemnification claims that we face may result in substantial costs and expenses and significantly divert the attention of our management regardless of the outcome. In addition, current and future litigation, infringement claims, governmental proceedings, audits or indemnification claims could lead to increased costs or interruptions of our normal business operations. Litigation, infringement claims, governmental proceedings, audits or indemnification claims involve uncertainties and the eventual outcome of any litigation, infringement claim, governmental proceeding, audit or indemnification claim could adversely affect our business, results of operations or cash flows.

### **Risks Relating to the Collateral Securing the Senior Secured Exchange Notes**

***The liens on the ABL Priority Collateral securing the Senior Secured Exchange Notes (as well as the Term Loan Facility) will be junior and subordinate to the liens on the ABL Priority Collateral securing our obligations under the ABL Facility and certain permitted additional secured indebtedness. If there is a default, the value of the ABL Priority Collateral may not be sufficient to repay the holders of the Senior Secured Exchange Notes, the lenders under the Term Loan Facility and any other lenders or debt holders whose debt is secured senior to or on a pari passu basis with the Senior Secured Exchange Notes.***

Obligations under the Senior Secured Notes and the Term Loan Facility are secured by a first-priority lien on the Non-ABL Priority Collateral, a second-priority lien on the ABL Priority Collateral and a third-priority lien on certain assets securing trade financing agreements. No appraisal of the value of the collateral (as defined in the Description of Senior Secured Exchange Notes ) has been made in connection with this offering, and the fair market value is subject to fluctuations based on factors that include, among others, changing economic conditions, competition and other future trends. By its nature, some or all 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, no assurance can be given that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the Senior Secured Exchange Notes, in full or at all, after first satisfying our obligations in full under applicable first-priority claims. See The rights of holders of the Senior Secured Exchange Notes with respect to the ABL Priority Collateral will be substantially limited by the terms of the ABL Intercreditor Agreement and The rights of holders of Senior Secured Exchange Notes in the collateral may be adversely affected by the First Lien Intercreditor Agreement. There also can be no assurance that the collateral will be saleable, and even if saleable, the timing of its liquidation would be uncertain. In addition, with respect to certain of our owned real property, we may not obtain title insurance or legal opinions with respect to the mortgages securing the Senior Secured Exchange Notes offered hereby. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the collateral and the ability of the collateral agent to foreclose on the collateral.

With respect to some of the collateral, the collateral agent's security interest and ability to foreclose will also be limited by the need to meet certain requirements, such as obtaining third party consents and making additional filings. If we are unable to obtain these consents or make these filings, the security interests may be invalid and the holders will not be entitled to the collateral or any recovery with respect thereto. We cannot assure you that any such required consents can be obtained on a timely basis or at all. These requirements may limit the number of potential bidders for certain collateral in any foreclosure and may delay any sale, either of which events may have an adverse effect on the sale price of the collateral. Therefore, the practical value of realizing on the collateral may, without the appropriate consents and filings, be limited.

Under the terms of the indenture governing the Senior Secured Exchange Notes, we are permitted to incur indebtedness in amounts in excess of the current commitments under our ABL Facility, all of which can be secured by the ABL Priority Collateral on a first-priority lien basis and which will be entitled to payment out of the proceeds of any sale of such ABL Priority Collateral before the holders of the Senior Secured

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Exchange Notes are entitled to any recovery from such ABL Priority Collateral. Furthermore, under the indenture governing the Senior Secured Exchange Notes, we are permitted to incur indebtedness in amounts in excess of the current outstanding indebtedness under the Term Loan Facility, all of which can be secured by the collateral on a pari passu basis with the Senior Secured Exchange Notes and which will be entitled to payment out of the proceeds of any sale of the collateral in accordance with the terms of the First Lien Intercreditor Agreement (as defined in the Description of Senior Secured Exchange Notes ).



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In addition, the indenture governing the Senior Secured Exchange Notes permits the Issuers and the Guarantors to create additional liens on the collateral under specified circumstances, some of which liens may be pari passu with the liens securing the Senior Secured Exchange Notes. Any obligations secured by such liens may further limit the recovery from the realization of the collateral available to satisfy holders of the Senior Secured Exchange Notes. See Description of Senior Secured Exchange Notes Certain Covenants Liens.

***The rights of holders of the Senior Secured Exchange Notes with respect to the ABL Priority Collateral will be substantially limited by the terms of the ABL Intercreditor Agreement.***

The collateral agent for the Senior Secured Exchange Notes and the Term Loan Facility and the agent under our ABL Facility have entered into an amendment to the ABL Intercreditor Agreement (as defined in the Description of Senior Secured Exchange Notes. The ABL Intercreditor Agreement significantly restricts any action that may be taken by the collateral agent with respect to the ABL Priority Collateral. Under the terms of the ABL Intercreditor Agreement, at any time that obligations under our ABL Facility are outstanding, any actions that may be taken with respect to (or in respect of) the ABL Priority Collateral that secures obligations under our ABL Facility on a first-priority basis, including the ability to cause the commencement of enforcement proceedings against such ABL Priority Collateral and to control the conduct of such proceedings, and the approval of amendments to, releases of such ABL Priority Collateral from the lien of, and waivers of past defaults under, such documents relating to such ABL Priority Collateral, will be at the direction of the holders of the obligations under our ABL Facility, and the holders of the Senior Secured Exchange Notes and the lenders under our Term Loan Facility, which are secured on a second-priority basis on such ABL Priority Collateral, may be adversely affected. See Description of Senior Secured Exchange Notes Security. The ABL Priority Collateral so released will no longer secure our and the Guarantors obligations under the Senior Secured Exchange Notes and the guarantees. In addition, because the holders of the indebtedness under our ABL Facility control the disposition of such ABL Priority Collateral, such holders could decide not to proceed against such ABL Priority Collateral, regardless of whether there is a default under the documents governing such indebtedness or under the indenture governing the Senior Secured Exchange Notes. In such event, the only remedy available to the holders of the Senior Secured Exchange Notes would be to sue for payment on the notes and the related guarantees. In addition, under the ABL Intercreditor Agreement, the collateral agent for the notes may not assert any right of marshalling that may be available under applicable law with respect to such ABL Priority Collateral. Without this waiver of the right of marshalling, holders of indebtedness secured by first-priority liens in the ABL Priority Collateral would likely be required to liquidate collateral on which the Senior Secured Exchange Notes did not have a lien, if any, prior to liquidating the collateral securing the Senior Secured Exchange Notes, thereby maximizing the proceeds of the collateral that would be available to repay obligations under the Senior Secured Exchange Notes. As a result of this waiver, the proceeds of sales of such ABL Priority Collateral could be applied to repay any indebtedness secured by first-priority liens in such ABL Priority Collateral before applying proceeds of other collateral securing indebtedness, and the holders of Senior Secured Exchange Notes may recover less than they would have if such proceeds were applied in the order most favorable to the holders of the Senior Secured Exchange Notes.

In addition, because the holders of the indebtedness secured by first-priority liens in the ABL Priority Collateral will control the disposition of the ABL Priority Collateral, such holders could decide not to proceed against the ABL Priority Collateral, regardless of whether there is a default under the documents governing such indebtedness or under the indenture governing the Senior Secured Exchange Notes. The indenture and the ABL Intercreditor Agreement contain certain provisions benefiting holders of indebtedness under our ABL Facility, including provisions prohibiting the trustee and the Non-ABL Priority collateral agent from objecting following the filing of a bankruptcy petition to a number of important matters regarding the collateral and the financing to be provided to us. After such filing, the value of this collateral could materially deteriorate and holders of the Senior Secured Exchange Notes would be unable to raise an objection. In addition, the right of holders of obligations secured by first priority liens to foreclose upon and sell such 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 ABL Intercreditor Agreement also gives the holders of first-priority liens on the ABL Priority Collateral the right to access and use the collateral that secures the Senior Secured Exchange Notes to allow those holders to protect the ABL Priority Collateral and to process, store and dispose of the ABL Priority Collateral.

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The ABL Priority Collateral is also subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the lenders under our ABL Facility and other creditors that have the benefit of first-priority liens on such collateral from time to time, whether on or after the date the Senior Secured 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 collateral securing the Senior Secured Exchange Notes as well as the ability of the collateral agent with respect to the Non-ABL Priority Collateral to realize or foreclose on such collateral.

***The rights of holders of Senior Secured Exchange Notes in the collateral may be adversely affected by the First Lien Intercreditor Agreement.***

Under the terms of the First Lien Intercreditor Agreement by and among the collateral agent for the holders of the Senior Secured Exchange Notes, the collateral agent under the Term Loan Facility and the other parties from time to time thereto, the liens securing the obligations under the Term Loan Facility on any assets of ours or the Guarantors generally rank equally with the liens on such assets securing our and the Guarantors' obligations under the Senior Secured Exchange Notes. The Intercreditor Agreement generally permits each of the collateral agent for the holders of the Senior Secured Exchange Notes and the collateral agent for the lenders under the Term Loan Facility to independently enforce their liens on the collateral (provided that distributions received on enforcement are applied as provided in the First Lien Intercreditor Agreement). However, the collateral agent for the Term Loan Facility lenders generally have the sole right to vote pledged securities included in the collateral and to provide notices under control agreements with respect to any deposit accounts or securities accounts included in the collateral. It is possible that disputes may occur between the holders of the Senior Secured Exchange Notes and lenders under our Term Loan Facility or other secured parties as to the appropriate manner of pursuing enforcement remedies with respect to the collateral which may delay enforcement of the collateral, result in litigation and/or result in enforcement actions against the collateral that are not approved by the holders of the Senior Secured Exchange Notes. See Description of Senior Secured Exchange Notes Security First Lien Intercreditor Agreement.

***The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the Senior Secured Exchange Notes and the guarantees. There are also certain other categories of property that are also excluded from the collateral.***

The indenture governing the Senior Secured Exchange Notes permits liens in favor of third parties to secure additional debt, including purchase money indebtedness and capitalized lease obligations, and any assets subject to such liens will be automatically excluded from the collateral securing the Senior Secured Exchange Notes and the guarantees to the extent the agreements governing such indebtedness prohibit additional liens. In addition, certain categories of assets are excluded from the collateral securing the Senior Secured Exchange Notes and the guarantees. See Description of Senior Secured Exchange Notes. Excluded assets include, but are not limited to, among other things, the assets of our non-guarantor subsidiaries, leaseholds or other non-fee simple interests in real property, fee simple interests in real property having a book value of \$5,000,000 or less, and the proceeds from any of the foregoing. If an event of default occurs and the Senior Secured Exchange Notes are accelerated, the Senior Secured Exchange Notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded property.

***Your right to receive proceeds from the sale of collateral securing the Senior Secured Exchange Notes are pari passu with the claims of lenders and counterparties under our Senior Credit Facilities and certain future indebtedness.***

The loans under our Term Loan Facility and the Senior Secured Exchange Notes are, and certain future indebtedness may be, secured on a pari passu basis by the same collateral consisting of a first priority perfected lien and security interest in, substantially all of our and the Guarantors' assets, subject to certain exceptions (except for cash, accounts, deposit accounts, inventory and proceeds thereof, as to which the Senior Secured Exchange Notes and the Term Loan Facility are secured by a second priority lien). As a result, holders of the Senior Secured Exchange Notes will receive distributions from any foreclosure proceeds of any of our and the Guarantors' assets constituting collateral for the Senior Secured Exchange Notes on a pro rata basis with the lenders under our Senior Credit Facilities and certain future indebtedness.

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***There may not be sufficient collateral to pay all or any portion of the Senior Secured Exchange Notes and the collateral securing the Senior Secured Exchange Notes may be reduced or released under certain circumstances.***

The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. The value of the assets pledged as collateral for the Senior Secured Exchange Notes could be impaired in the future as a result of changing economic conditions, competition or other future trends. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the Senior Secured Exchange Notes, in full or at all. Also, we cannot assure you that the fair market value of the collateral securing the Senior Secured Exchange Notes would be sufficient to pay any amounts due under the Senior Secured Exchange Notes and other debt secured on a pari passu basis following their acceleration. If the proceeds of any sale of collateral allocable to the Senior Secured Exchange Notes are not sufficient to repay all amounts due on the Senior Secured Exchange Notes, the holders of the Senior Secured Exchange Notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured claim against our and the Guarantors' remaining assets and in the context of a bankruptcy case by or against us, you may not be entitled to receive interest payments or reasonable fees, costs or charges due under the notes, and may be required to repay any such amounts already received by you. Any claim for the difference between the amount, if any, realized by holders of the Senior Secured Exchange Notes from the sale of the collateral securing the Senior Secured Exchange Notes and the obligations under the Senior Secured Exchange Notes will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables.

To the extent that third parties enjoy prior liens, such third parties may have rights and remedies with respect to the property subject to such liens that, if exercised, could adversely affect the value of the collateral. Additionally, the terms of the indenture that governs the Senior Secured Exchange Notes allows us to issue additional notes and other debt secured on a pari passu basis with the Senior Secured Exchange Notes in certain circumstances. The indenture that governs the Senior Secured Exchange Notes does not require that we maintain the current level of collateral or maintain a specific ratio of indebtedness to asset values. Under the indenture that governs the Senior Secured Exchange Notes, any additional notes issued pursuant to the indenture will rank pari passu with the Senior Secured Exchange Notes and be entitled to the same rights and priority with respect to the collateral. Thus, the issuance of additional notes pursuant to the indenture that governs the Senior Secured Exchange Notes may have the effect of significantly diluting your ability to recover payment in full from the then existing pool of collateral. Releases of collateral from the liens securing the Senior Secured Exchange Notes will be permitted under some circumstances.

***Sales of assets by us or our subsidiary Guarantors could reduce the pool of assets securing the Senior Secured Exchange Notes and the guarantees.***

The security documents allow us and the Guarantors to remain in possession of, retain exclusive control over, freely operate and collect, invest and dispose of any income from, the collateral securing the Senior Secured Exchange Notes. To the extent we sell any assets that constitute such collateral, the proceeds from such sale will be subject to the liens securing the Senior Secured Exchange Notes only to the extent such proceeds would otherwise constitute collateral securing the Senior Secured Exchange Notes and the guarantees under the security documents. Such proceeds will also be subject to the security interest of creditors other than the holders of the Senior Secured Exchange Notes, some of which, including the lenders under the Term Loan Facility, may be senior or prior to the liens held by the holders of the Senior Secured Exchange Notes or may have a lien on those assets that is pari passu with the lien of the holders of the Senior Secured Exchange Notes. For example, the lenders under our ABL Facility will share a first-priority lien on the ABL Priority Collateral, and the holders of the Senior Secured Exchange Notes will have a second-priority lien with the lenders under our Term Loan Facility in such ABL Priority Collateral; the lenders under our Term Loan Facility will have a first-priority lien on the Non-ABL Priority Collateral that will rank pari passu with the first-priority lien on the Non-ABL Priority Collateral that secures the Senior Secured Exchange Notes to the extent the proceeds from any sale of collateral do not constitute collateral under the security documents, the pool of assets securing the Senior Secured Exchange Notes and the guarantees would be reduced, and the Senior Secured Exchange Notes and the guarantees would not be secured by such proceeds.

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***The collateral securing the Senior Secured Exchange Notes may be diluted under certain circumstances.***

The collateral that secures the Senior Secured Exchange Notes also secures the Term Loan Facility and other obligations under our ABL Facility. The collateral may also secure additional indebtedness that we incur in the future, subject to restrictions on our ability to incur debt and liens under our ABL Facility, Term Loan Facility and the indenture governing the Senior Secured Exchange Notes. Your rights to the collateral would be diluted by any increase in the indebtedness secured by this collateral or portions thereof.

***The pledge of the capital stock, other securities and similar items of ours and the Guarantors that secure the Senior Secured Exchange Notes are automatically excluded from the collateral to the extent the pledge of such capital stock or such other securities would require the filing of separate financial statements with the SEC for that subsidiary.***

The Senior Secured Exchange Notes and the guarantees are secured by a pledge of our capital stock and the capital stock of the Guarantors. However, the collateral does not include the capital stock and other securities of any subsidiary to the extent that the pledge of such capital stock and other securities results in us being required to file separate financial statements of such subsidiary with the SEC pursuant to Rule 3-16 of SEC Regulation S-X. Rule 3-16 of Regulation S-X, promulgated pursuant to the Securities Act, requires the presentation of a company's stand-alone, audited financial statements if that company's capital stock or other securities are pledged to secure the securities of another issuer, and the greatest of the principal amount, par value, book value and market value of the pledged stock or securities equals or exceeds 20% of the principal amount of the securities secured by such pledge. Accordingly, the collateral may in the future exclude the capital stock and securities of ours and certain of the Guarantors, in each case to the extent necessary to not be subject to such requirement. As a result, holders of the Senior Secured Exchange Notes could lose a portion or all of their security interest in the capital stock or other securities of those entities. It may be more difficult, costly and time-consuming for holders of the Senior Secured Exchange Notes to foreclose on the assets of an Issuer or Guarantor than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. See Description of Senior Secured Exchange Notes Security Limitations on Stock Collateral. The collateral securing our ABL Facility is not so limited to exclude collateral that would otherwise require the additional financial statements under Rule 3-16.

***There are circumstances, other than repayment or discharge of the Senior Secured Exchange Notes, under which the collateral securing the Senior Secured Exchange Notes and guarantees will be released automatically, without your consent or the consent of the trustee.***

Under various circumstances, all or a portion of the collateral may be released, including:

in whole or in part, as applicable, as to all or any portion of property subject to such liens which have been taken by eminent domain, condemnation or other similar circumstances;

in whole upon:

satisfaction and discharge of the indenture governing the Senior Secured Exchange Notes as set forth below under Description of Senior Secured Exchange Notes Satisfaction and Discharge ; or

a legal defeasance or covenant defeasance of the indenture governing the Senior Secured Exchange Notes as described below under Description of Senior Secured Exchange Notes Legal Defeasance and Covenant Defeasance ;

in part, as to any property that (a) is sold, transferred or otherwise disposed of by us or any guarantor (other than to us or another guarantor) in a transaction not prohibited by the indenture governing the Senior Secured Exchange Notes at the time of such sale, transfer or disposition or (b) is owned or at any time acquired by a Guarantor that has been released from its guarantee in accordance with the indenture, concurrently with the release of such guarantee; and

as provided in the Intercreditor Agreement.

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In addition, the guarantee of a Guarantor will be released in connection with a sale or merger of such guarantor in a transaction not prohibited by the indenture governing the Senior Secured Exchange Notes.

The indenture governing the Senior Secured Exchange Notes also permits us to designate one or more of our restricted subsidiaries that is a Guarantor of the Senior Secured Exchange Notes as an unrestricted subsidiary. If we designate a Guarantor as an unrestricted subsidiary, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Senior Secured Exchange Notes by such subsidiary or any of its subsidiaries will be released under the indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the 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 Senior Secured Exchange Notes* *Guarantees*.

### ***The collateral is subject to casualty risks.***

Our inventory is subject to catastrophic loss due to fires, earthquakes, severe weather conditions and other natural disasters. Although we maintain insurance policies to insure against losses, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate us fully for our losses in the event of a catastrophic loss. We cannot assure you that any insurance proceeds received by us upon the total or partial loss of the pledged collateral will be sufficient to satisfy all of our secured obligations, including the Senior Secured Exchange Notes.

### ***Rights of holders of Senior Secured Exchange Notes in the collateral may be adversely affected by bankruptcy proceedings.***

The right of the collateral agent for the Senior Secured Exchange Notes to repossess and dispose of the collateral securing the Senior Secured Exchange Notes upon acceleration is likely to be significantly impaired by federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to or possibly even after the collateral agent has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as the collateral agent for the Senior Secured Exchange Notes, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. 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 security, 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. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the Senior Secured Exchange Notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the Senior Secured Exchange Notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of adequate protection. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Senior Secured Exchange Notes, the holders of the Senior Secured Exchange Notes would have undersecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest (including accretion of original issue discount), costs and attorneys' fees for undersecured claims during the debtor's bankruptcy case. Additionally, the trustee's ability to foreclose on the collateral on your behalf may be subject to the consent of third parties, prior liens and practical problems associated with the realization of the trustee's security interest in the collateral. Moreover, the debtor or trustee in a bankruptcy case may seek to void an alleged security interest in collateral for the benefit of the bankruptcy estate. It may successfully do so if the security interest is not properly perfected or was perfected within a specified period of time (generally, 90 days) prior to the initiation of such proceeding. Under such circumstances, a creditor may hold no security interest and be treated as holding a general unsecured claim in the bankruptcy case. It is impossible to predict what recovery (if any) would be available for such an unsecured claim if we or a guarantor became a debtor in a bankruptcy case. While U.S. bankruptcy law generally invalidates provisions restricting a debtor's ability to assume and/or assign a contract, there are exceptions to this rule which could be applicable in the event that we become subject to a U.S. bankruptcy proceeding. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar

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proceeding against us, holders of the Senior Secured Exchange Notes will only be entitled to post-petition interest under the U.S. Bankruptcy Code to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the Senior Secured Exchange Notes that have a security interest in the collateral with a value equal or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. Bankruptcy Code.

***Certain laws and regulations may impose restrictions or limitations on foreclosure.***

Our obligations under the Senior Secured Exchange Notes and the Guarantors' obligations under the guarantees are secured only by the collateral described in this prospectus. The collateral agent's ability to foreclose on the collateral on your behalf may be subject to perfection, priority issues, state law requirements and practical problems associated with the realization of the collateral agent's security interest or lien in the collateral, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, obtaining third party consents, making additional filings, statutory rights of redemption, and the effect of the order of foreclosure. We cannot assure you that the consents of any third parties and approvals by governmental entities will be given when required to facilitate a foreclosure on such assets. Therefore, we cannot assure you that foreclosure on the collateral will be sufficient to make all payments on the Senior Secured Exchange Notes.

In addition, our business requires various registrations, licenses and permits. Continued operation of our distribution centers that are significant to the value of the collateral for the Senior Secured Exchange Notes depends on the maintenance of such registrations, licenses and permits. Our business may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such registrations, licenses and permits may be prohibited and may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of such registrations, licenses and permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the collateral may be significantly decreased.

***In the event of a bankruptcy of the Issuers or any of the Guarantors, holders of the Senior Secured Exchange Notes may be deemed to have an unsecured claim to the extent that the Issuers' obligations in respect of the notes exceed the fair market value of the collateral securing the Senior Secured Exchange Notes.***

In any bankruptcy proceeding with respect to us or any of the guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the Senior Secured Exchange Notes on the date of the bankruptcy filing was less than the then current principal amount of the Senior Secured Exchange Notes. Upon a finding by the bankruptcy court that the Senior Secured Exchange Notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the Senior Secured Exchange Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. In such event, the secured claims of the holders of the Senior Secured Exchange Notes would be limited to the value of the collateral.

Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the holders of the Senior Secured Exchange Notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the Senior Secured Exchange Notes to receive other adequate protection under federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Senior Secured Exchange Notes.

***State law may limit the ability of the collateral agent to foreclose on the real property included in the collateral.***

The Senior Secured Exchange Notes are secured by, among other things, liens on real property located in the states of Illinois and Nevada. The laws of those states may limit the ability of the trustee and the noteholders to foreclose on the real property collateral located therein. State laws govern the perfection, enforceability and foreclosure of mortgage liens against real property interests which secure debt obligations such as the Senior Secured Exchange Notes. These laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property. Debtors may have the right to reinstate defaulted debt (even if it has been accelerated) before the foreclosure date by

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paying the past due amounts, and a right of redemption after foreclosure. Governing laws may also impose security first and one form of action rules, which rules can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure.

***Rights of holders of Senior Secured Exchange Notes in the collateral may be adversely affected by the failure to perfect liens on certain collateral.***

The liens securing the Senior Secured Exchange Notes cover substantially all of our and the Guarantors' assets, whether now owned or acquired or arising in the future, other than certain excluded assets. Applicable law requires that a security interest in tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the Senior Secured Exchange Notes and guarantees may not be perfected with respect to the claims of Senior Secured Exchange Notes if the collateral agent does not or is not able to take the actions necessary to perfect any of these liens. Applicable law requires that certain property and rights acquired after the grant of a general security interest or lien can only be perfected at the time such property and rights are acquired and identified. The trustee and the collateral agent for the Senior Secured Exchange Notes have no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interests therein. There can be no assurance that the trustee or the collateral agent will monitor the future acquisition of property and rights that constitute collateral, or that the necessary action will be taken to properly or timely perfect the lien on such after-acquired collateral. Such failure may result in the loss of the practical benefits of the lien thereon or of the priority of the lien securing the Senior Secured Exchange Notes.

Additionally, the indenture and the security documents entered into in connection with the Senior Secured Notes do not require us to take a number of actions that might improve the perfection or priority of the liens of the collateral agent in the collateral. With limited exceptions, such actions are limited to (i) the filing of UCC-1 financing statements in the jurisdictions of incorporation of the Issuer and the subsidiary guarantors, (ii) the filing of U.S. intellectual property security agreements at closing (with periodic supplements thereafter) with respect to material U.S. registered intellectual property included in the collateral, and (iii) at any time when such items are not required to be taken in favor of the collateral agent under our Senior Credit Facilities, the delivery of stock certificates of domestic subsidiaries and the entry into control agreements over certain deposit accounts and securities accounts. As a result of these limitations, the security interest of the collateral agent in a portion of the collateral may not be perfected or enforceable (or may be subject to other liens) under applicable U.S. law or foreign law.

***Any future pledge of collateral may be avoidable in bankruptcy.***

Any future pledge of collateral in favor of the trustee or collateral agent, including pursuant to security documents delivered after the date of our indenture pertaining to the Senior Secured Exchange Notes, may be avoidable by the pledgor (a debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if (1) the pledgor is insolvent at the time of the pledge, (2) the pledge permits the holders of the Senior Secured Exchange Notes to receive a greater recovery than if the pledge had not been given and (3) a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.



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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact included in this prospectus are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as anticipate, believe, could, estimate, expect, intend, plan, predict, project, will and similar terms and phrases, including references to assumptions. However, these words are not the exclusive means of identifying such statements. These statements are contained in many sections of this prospectus, including those entitled Summary, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve those plans, intentions or expectations. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected.

Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this prospectus under the heading Risk Factors, as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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**EXCHANGE OFFERS**

**Purpose and Effect of the Exchange Offers**

We and the Guarantors entered into a registration rights agreement in connection with the issuance of the Senior Secured Notes on December 17, 2010 and into registration rights agreements in connection with the issuances of the Senior Notes on April 13, 2011 and May 20, 2011 (collectively, the Registration Rights Agreements). Under the Registration Rights Agreements, we have agreed that we will:

use our commercially reasonable efforts to file with the SEC and cause to become effective a registration statement relating to offers to exchange the outstanding notes for an issue of SEC-registered notes with terms identical to the outstanding notes (except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual interest rate as described below);

keep the exchange offers open for at least 20 business days after the date we mail notice of such exchange offers to holders; and

file and use our reasonable best efforts to cause to become effective a shelf registration statement for the resale of outstanding notes in certain circumstances.

We are obligated to pay additional interest on the Senior Secured Notes for the periods described below because the exchange offer with respect to the Senior Secured Notes was not completed on or before October 13, 2011. As of November 14, 2011, \$107,639 of additional interest was accrued but unpaid on the Senior Secured Notes, payable on December 15, 2011 to holders of record as of December 1, 2011. We will pay additional interest on the Senior Notes for the periods described below if the exchange offer with respect to the Senior Notes is not completed on or before February 7, 2012. Where there is a registration default, the annual interest rate borne by the outstanding notes will be increased by 0.25% per annum for the first 90-day period immediately following such date and by 0.50% per annum thereafter until the exchange offers are completed or the shelf registration statement is declared effective.

**Terms of the Exchange Offers**

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all outstanding notes validly tendered and not withdrawn prior to 12:00 a.m., midnight, New York City time, on the expiration date of the exchange offers. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of outstanding notes accepted in the exchange offers. Any holder may tender some or all of its outstanding notes pursuant to the exchange offers. However, outstanding notes may be tendered only in integral multiples of \$1,000.

The form and terms of the exchange notes are the same as the form and terms of the outstanding notes except that:

the exchange notes bear a Series B designation and a different CUSIP Number from the outstanding notes;

the exchange notes have been registered under the Securities Act and hence will not bear legends restricting the transfer thereof; and

the holders of the exchange notes will not be entitled to certain rights under the Registration Rights Agreements, including the provisions providing for an increase in the interest rate on the outstanding notes in certain circumstances relating to the timing of the exchange offers, all of which rights will terminate when the exchange offers to which this prospectus relates are terminated.

The exchange notes will evidence the same debt as the outstanding notes and will be entitled to the benefits of the Indenture relating to the outstanding notes.

As of the date of this prospectus, \$500.0 million and \$1,175.0 million in aggregate principal amount of Senior Secured Notes and Senior Notes, respectively, are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of outstanding notes. There will

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be no fixed record date for determining registered holders of outstanding notes entitled to participate in the exchange offers.

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Holders of outstanding notes do not have any appraisal or dissenters' rights under the General Corporation Law of the State of Delaware or the Indentures in connection with the exchange offers. We intend to conduct the exchange offers in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder.

We will be deemed to have accepted validly tendered outstanding notes when, as and if we have given oral or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us.

If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of specified other events set forth in this prospectus or otherwise, the certificates for any unaccepted outstanding notes will be returned, without expense, to the tendering holder thereof promptly following the expiration date of the exchange offers.

Holders who tender outstanding notes in the exchange offers will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes pursuant to the exchange offers. We will pay all charges and expenses, other than transfer taxes in certain circumstances, in connection with the exchange offers. See Fees and Expenses.

### **Expiration Date; Extensions; Amendments**

The term expiration date means 12:00 a.m., midnight, New York City time, on December 12, 2011, unless we, in our sole discretion, extend one or more of the exchange offers, in which case the term expiration date will mean the latest date and time to which such exchange offer is extended.

In order to extend one or more of the exchange offers we will promptly make a press release or other public announcement and notify the exchange agent of any extension by oral or written notice, prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, (1) to delay accepting any outstanding notes, to extend one or more of the exchange offers or to terminate one or more of the exchange offers if any of the conditions set forth below under Conditions have not been satisfied, by giving oral or written notice of any delay, extension or termination to the exchange agent or (2) to amend the terms of the exchange offers in any manner. In the event of a material change in one or more of the exchange offers, including the waiver of a material condition to one or more of the exchange offers, we will extend such exchange offer(s), if necessary, so that a period of at least five business days remains in the exchange offer(s) following notice of a material change. Such decision will also be communicated in a press release or other public announcement prior to 9:00 a.m., New York City time, on the next business day following such decision. Any announcement of delay in acceptance, extension, termination or amendment will be followed promptly by oral or written notice thereof to the registered holders.

### **Interest on the Exchange Notes**

The exchange notes will bear interest from their date of issuance. Holders of outstanding notes that are accepted for exchange will receive accrued interest thereon to, but not including, the date of issuance of the exchange notes. Such interest will be paid with the first interest payment on the Senior Secured Exchange Notes and the Senior Exchange Notes on December 15, 2011 and April 1, 2012, respectively. Interest on the outstanding notes accepted for exchange will cease to accrue upon issuance of the exchange notes.

Interest on the Senior Secured Exchange Notes is payable semi-annually on each June 15 and December 15, commencing on December 15, 2011. Interest on the Senior Exchange Notes is payable semi-annually on each April 1 and October 1, commencing on April 1, 2012.

### **Procedures for Tendering**

Only a holder of outstanding notes may tender outstanding notes in the exchange offers. To tender in the exchange offers, a holder must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal or transmit an agent's message in connection with a book-entry transfer, and mail or otherwise deliver the letter of transmittal or the facsimile, together with the

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outstanding notes and any other required documents, to the exchange agent prior to 12:00 a.m., midnight, New York City time, on the expiration date. To be tendered effectively, the outstanding notes, letter of transmittal or an agent's message and other required documents must be completed and received by the exchange agent at the address set forth below under Exchange Agent prior to 12:00 a.m., midnight, New York City time, on the expiration date. Delivery of the outstanding notes may be made by book-entry transfer in accordance with the procedures described below. Confirmation of the book-entry transfer must be received by the exchange agent prior to the expiration date.

The term agent's message means a message, transmitted by a book-entry transfer facility to, and received by, the exchange agent forming a part of a confirmation of a book-entry, which states that the book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the outstanding notes that the participant has received and agrees: (1) to participate in ATOP; (2) to be bound by the terms of the letter of transmittal; and (3) that we may enforce the agreement against the participant.

To participate in the exchange offers, each holder will be required to make the following representations to us:

Any exchange notes to be received by the holder will be acquired in the ordinary course of its business.

At the time of the commencement of the exchange offers, the holder has no arrangement or understanding with any person to participate in the distribution, within the meaning of Securities Act, of the exchange notes in violation of the Securities Act.

The holder is not our affiliate as defined in Rule 405 promulgated under the Securities Act.

If the holder is not a broker-dealer, it is not engaged in, and does not intend to engage in, the distribution of exchange notes.

If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for outstanding notes that were acquired as a result of market-making or other trading activities, the holder will deliver a prospectus in connection with any resale of the exchange notes. We refer to these broker-dealers as participating broker-dealers.

The holder is not a broker-dealer tendering outstanding notes directly acquired from us for its own account.

The holder is not acting on behalf of any person or entity that could not truthfully make these representations.

The tender by a holder and our acceptance thereof will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal or agent's message.

**The method of delivery of outstanding notes and the letter of transmittal or agent's message and all other required documents to the exchange agent is at the election and sole risk of the holder. As an alternative to delivery by mail, holders may wish to consider overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date. No letter of transmittal or outstanding notes should be sent to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for them.**

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner's behalf. See Instructions to Registered Holder and/or Book-Entry Transfer Facility Participant from Beneficial Owner included with the letter of transmittal.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member of the Medallion System unless the outstanding notes tendered pursuant to the letter of transmittal are tendered (1) by a registered holder who has not completed the box entitled Special Registration Instructions or



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Special Delivery Instructions on the letter of transmittal or (2) for the account of a member firm of the Medallion System. In the event that signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantee must be by a member firm of the Medallion System.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed in this prospectus, the outstanding notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as the registered holder's name appears on the outstanding notes with the signature thereon guaranteed by a member firm of the Medallion System.

If the letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, the person signing should so indicate when signing, and evidence satisfactory to us of its authority to so act must be submitted with the letter of transmittal.

We understand that the exchange agent will make a request promptly after the date of this prospectus to establish accounts with respect to the outstanding notes at DTC for the purpose of facilitating the exchange offers, and subject to the establishment thereof, any financial institution that is a participant in DTC's system may make book-entry delivery of outstanding notes by causing DTC to transfer the outstanding notes into the exchange agent's account with respect to the outstanding notes in accordance with DTC's procedures for the transfer. Although delivery of the outstanding notes may be effected through book-entry transfer into the exchange agent's account at DTC, unless an agent's message is received by the exchange agent in compliance with ATOP, an appropriate letter of transmittal properly completed and duly executed with any required signature guarantee and all other required documents must in each case be transmitted to and received or confirmed by the exchange agent at its address set forth in this prospectus on or prior to the expiration date, or, if the guaranteed delivery procedures described below are complied with, within the time period provided under the procedures. Delivery of documents to DTC does not constitute delivery to the exchange agent.

All questions as to the validity, form, eligibility, including time of receipt, acceptance of tendered outstanding notes and withdrawal of tendered outstanding notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all outstanding notes not properly tendered or any outstanding notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right in our sole discretion to waive any defects, irregularities or conditions of tender as to particular outstanding notes, provided however that, to the extent such waiver includes any condition to tender, we will waive such condition as to all tendering holders. Our interpretation of the terms and conditions of the exchange offers, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding notes, neither we, the exchange agent nor any other person will incur any liability for failure to give the notification. Tenderees of outstanding notes will not be deemed to have been made until the defects or irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the tendering holders, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

### **Guaranteed Delivery Procedures**

Holders who wish to tender their outstanding notes and (1) whose outstanding notes are not immediately available, (2) who cannot deliver their outstanding notes, the letter of transmittal or any other required documents to the exchange agent or (3) who cannot complete the procedures for book-entry transfer, prior to the expiration date, may effect a tender if:

1. the tender is made through a member firm of the Medallion System;
2. prior to the expiration date, the exchange agent receives from a member firm of the Medallion System a properly completed and duly executed Notice of Guaranteed Delivery by facsimile transmission, mail or hand delivery setting forth the name and address of the holder, the certificate number(s) of the outstanding notes and the principal amount of outstanding notes tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the

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letter of transmittal or facsimile thereof together with the certificate(s) representing the outstanding notes or a confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at DTC, and any other documents required by the letter of transmittal will be deposited by the member firm of the Medallion System with the exchange agent; and

3. the properly completed and executed letter of transmittal of facsimile thereof, as well as the certificate(s) representing all tendered outstanding notes in proper form for transfer or a confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at DTC, and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their outstanding notes according to the guaranteed delivery procedures set forth above.

### **Withdrawal of Tenders**

Except as otherwise provided in this prospectus, tenders of outstanding notes may be withdrawn at any time prior to 12:00 a.m., midnight, New York City time, on the expiration date.

To withdraw a tender of outstanding notes in the exchange offers, either a notice of withdrawal must be received by the exchange agent at its address set forth in this prospectus or you must comply with the appropriate withdrawal procedures of DTC's ATOP. Any notice of withdrawal must be in writing and:

1. specify the name of the person having deposited the outstanding notes to be withdrawn;
2. identify the outstanding notes to be withdrawn, including the certificate number(s) and principal amount of the outstanding notes, or, in the case of outstanding notes transferred by book-entry transfer, the name and number of the account at DTC to be credited;
3. be signed by the holder in the same manner as the original signature on the letter of transmittal by which the outstanding notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee with respect to the outstanding notes register the transfer of the outstanding notes into the name of the person withdrawing the tender; and
4. specify the name in which any outstanding notes are to be registered, if different from that of the person depositing the outstanding notes to be withdrawn.

All questions as to the validity, form and eligibility, including time of receipt, of the notices will be determined by us, which determination will be final and binding on all parties. Any outstanding notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offers and no exchange notes will be issued with respect thereto unless the outstanding notes so withdrawn are validly retendered. Any outstanding notes which have been tendered but which are not accepted for exchange will be returned to the holder thereof without cost to the holder promptly after withdrawal, rejection of tender or termination of the exchange offers. Properly withdrawn outstanding notes may be retendered by following one of the procedures described above under Procedures for Tendering at any time prior to the expiration date.

### **Conditions**

Notwithstanding any other term of the exchange offers, we will not be required to accept for exchange, or exchange notes for, any outstanding notes, and may terminate or amend the exchange offers as provided in this prospectus prior to the expiration of the exchange offers, if:

1. any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offers which might materially impair our ability to proceed with the exchange offers; or





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2. any material adverse development has occurred with respect to us or any of our subsidiaries which might materially impair our ability to proceed with the exchange offers; or
3. any law, statute, rule, regulation or interpretation by the staff of the SEC is proposed, adopted or enacted, which might materially impair our ability to proceed with the exchange offers or materially impair the contemplated benefits of the exchange offers to us; or
4. any governmental approval has not been obtained, which approval is necessary for the consummation of the exchange offers as contemplated by this prospectus.

If we determine in our reasonable discretion that any of the conditions are not satisfied, we may (1) refuse to accept any outstanding notes and return all tendered outstanding notes to the tendering holders, (2) extend the exchange offers and retain all outstanding notes tendered prior to the expiration of the exchange offers, subject, however, to the rights of holders to withdraw the outstanding notes (see **Withdrawal of Tenders**) or (3) waive the unsatisfied conditions with respect to the exchange offers and accept all properly tendered outstanding notes which have not been withdrawn. All conditions to the exchange offers, other than those dependent upon receipt of necessary governmental approvals, must be satisfied or waived by us at or prior to the expiration of the exchange offers.

### **Exchange Agent**

U.S. Bank National Association has been appointed as exchange agent for the exchange offers. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for Notice of Guaranteed Delivery should be directed to the exchange agent addressed as follows:

#### **By Overnight Courier or Registered/Certified Mail:**

U.S. Bank National Association

Corporate Trust Services

60 Livingston Avenue

St. Paul, MN 55107

Attention: Specialized Finance Department

**Delivery to an address other than set forth above will not constitute a valid delivery.**

#### **Facsimile Transmission:**

(651) 495-8145

#### **For information or to confirm receipt of facsimile by**

#### **telephone (call toll-free):**

(800) 934-6802

### **Fees and Expenses**

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by telephone, in person or by other means by our and our affiliates' officers and regular employees.

We have not retained any dealer-manager in connection with the exchange offers and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offers. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses incurred in connection with these services.

We will pay the cash expenses to be incurred by us in connection with the exchange offers. Such expenses include fees and expenses of the exchange agent and trustee, accounting and legal fees and printing costs, among others.

### **Accounting Treatment**

The exchange notes will be recorded at the same carrying value as the outstanding notes, which is face value, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes as a result of the exchange offers.



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### **Consequences of Failure to Exchange**

The outstanding notes that are not exchanged for exchange notes pursuant to the exchange offers (or any outstanding notes issued subsequent to the expiration date) will remain restricted securities. Accordingly, the outstanding notes may be resold only:

1. to us upon redemption thereof or otherwise;
  2. so long as the outstanding notes are eligible for resale pursuant to Rule 144A, to a person inside the United States whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, in accordance with Rule 144 under the Securities Act, or pursuant to another exemption from the registration requirements of the Securities Act, which other exemption is based upon an opinion of counsel reasonably acceptable to us;
  3. outside the United States to a foreign person in a transaction meeting the requirements of Rule 904 under the Securities Act; or
  4. pursuant to an effective registration statement under the Securities Act,
- in each case in accordance with any applicable securities laws of any state of the United States.

After completion of the exchange offers, we will have no further obligation to provide for the registration under the Securities Act of any outstanding notes (or notes subsequently issued) except in limited circumstances with respect to specific types of holders of outstanding notes and we do not intend to register any remaining outstanding notes (or subsequently issued notes) under the Securities Act.

### **Resale of the Exchange Notes**

With respect to resales of exchange notes, based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that a holder or other person who receives exchange notes, other than a person that is our affiliate within the meaning of Rule 405 under the Securities Act, in exchange for outstanding notes in the ordinary course of business and who is not participating, does not intend to participate, and has no arrangement or understanding with any person to participate, in the distribution of the exchange notes, will be allowed to resell the exchange notes to the public without further registration under the Securities Act and without delivering to the purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act. However, if any holder of outstanding notes acquires exchange notes in the exchange offers for the purpose of distributing or participating in a distribution of the exchange notes, the holder cannot rely on the position of the staff of the SEC expressed in the no-action letters or any similar interpretive letters, and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available. Further, each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

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**USE OF PROCEEDS**

This exchange offers are intended to satisfy certain of our obligations under the Registration Rights Agreements. We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes contemplated by this prospectus, we will receive outstanding notes in like principal amount, the form and terms of which are the same as the form and terms of the exchange notes, except as otherwise described in this prospectus.

**Table of Contents****CAPITALIZATION**

The following table sets forth our consolidated cash and cash equivalents and capitalization as of June 30, 2011. This information should be read in conjunction with Selected Historical Consolidated Financial and Operating Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes appearing elsewhere in this prospectus.

(in millions)	As of June 30, 2011 (unaudited)
Cash and cash equivalents	\$ 44.6
Total debt (including current portion):	
ABL Facility (1)	\$ 160.0
Term Loan Facility	1,540.5
Senior Secured Notes	500.0
Senior Notes	1,175.0
Existing Senior Notes	129.0
Existing Senior Subordinated Notes	721.5
Total debt (including current portion) (2)	4,226.0
Shareholders' deficit	(69.3)
Total capitalization	\$ 4,156.7

- (1) In connection with the Acquisition, we entered into the ABL Facility, which originally consisted of a five-year senior secured revolving credit facility maturing on October 12, 2012 providing for borrowings and issuances of letters of credit of up to \$800 million, subject to borrowing base limitations. On June 24, 2011, we refinanced the ABL Facility to provide for borrowings and issuances of letters of credit of up to \$900.0 million, subject to borrowing base limitations. As of June 30, 2011, we had approximately \$705.9 million available for additional borrowing under our ABL Facility after taking into account borrowing base limitations (net of \$21.8 million of issued and undrawn letters of credit and \$12.3 million of reserves related to our floorplan sub-facility).
- (2) This amount does not include any of the \$118.0 million in obligations outstanding under our inventory financing agreements as of June 30, 2011. We include these obligations in current liabilities and not in total debt because we have not in the past incurred, and in the future do not expect to incur, any interest expense or late fees under these arrangements. For more information, see Description of Certain Indebtedness.

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**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following table sets forth our selected historical consolidated financial and operating data for the periods ended and as of the dates indicated below. The application of purchase accounting in connection with the Acquisition resulted in a new entity for financial reporting purposes. We refer to Target and its subsidiaries prior to the Acquisition as the Predecessor. We refer to Parent and its subsidiaries (including Target) following the Acquisition as the Successor. We have derived the selected historical consolidated financial and operating data presented below as of December 31, 2009 and December 31, 2010 and for the years ended December 31, 2008, 2009 and 2010 from our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. The selected historical consolidated financial and operating data presented below as of June 30, 2011 and for the six months ended June 30, 2010 and 2011 have been derived from the unaudited financial statements included elsewhere in this prospectus. The selected historical consolidated financial and operating data as of December 31, 2007 and December 31, 2008 and for the period October 12, 2007 through December 31, 2007 have been derived from Successor's audited consolidated financial statements as of and for those periods, which are not included in this prospectus. The selected historical consolidated financial and operating data as of December 31, 2006 and October 11, 2007 and for the year ended December 31, 2006 and the period January 1, 2007 through October 11, 2007 have been derived from Predecessor's audited consolidated financial statements as of and for those periods, which are not included in this prospectus. As part of the Acquisition on October 12, 2007, we entered into various financing arrangements and, as a result, we now have a different capital structure than we had prior to the Acquisition. Accordingly, the results of operations for periods subsequent to the Acquisition will not necessarily be comparable to prior periods.

The selected historical consolidated financial and operating data set forth below are not necessarily indicative of the results of future operations and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors, Use of Proceeds, Capitalization and our historical financial statements and the related notes and other information included elsewhere in this prospectus.

The following are some of the items affecting comparability of the selected historical consolidated financial and operating data for the periods presented:

In connection with the Acquisition, the purchase price of Predecessor was allocated to the assets acquired and liabilities assumed based on their estimated fair market values on October 12, 2007. This purchase price allocation resulted in significant changes to certain balance sheet items, including deferred income tax assets and liabilities, property and equipment, intangible assets and goodwill.

In connection with the Acquisition, we entered into various financing arrangements on October 12, 2007, of which \$4,640.0 million was funded at closing of the Acquisition. This resulted in significantly increased interest expense for all periods subsequent to the Acquisition. See Summary The Acquisition Transactions and Related Financing Events.

In connection with the Acquisition, we recorded customer relationships, trade names, internally developed software and other intangible assets with an estimated fair value of \$2,323.8 million. These assets are amortized on a straight-line basis over their estimated useful lives which range from five to twenty years. This resulted in significantly increased amortization expense for all periods subsequent to the Acquisition.

In connection with the Acquisition, we incurred certain Acquisition-related costs. This included investment banking, legal and other third-party costs, along with non-cash equity-based compensation expense resulting from the accelerated vesting of stock options and restricted stock units in connection with the Acquisition. During the periods January 1, 2007 to October 11, 2007, and October 12, 2007 to December 31, 2007 we incurred \$144.4 million and \$26.7 million, respectively, of these Acquisition-related costs.

During the years ended December 31, 2008 and 2009, we recorded goodwill impairment charges of \$1,712.0 million and \$241.8 million, respectively. These impairments were primarily attributable to deterioration in macroeconomic conditions and overall declines in net sales.





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(in millions)	Predecessor			Successor				
	Year Ended December 31, 2006	Period from January 1, 2007 to October 11, 2007	Period from October 12, 2007 to December 31, 2007	2008	Year Ended December 31, 2009, 2010, 2010			Six Months Ended June 30, 2011
<b>Statement of Operations Data:</b>								
Net sales	\$ 6,785.5	\$ 6,344.3	\$ 1,800.2	\$ 8,071.2	\$ 7,162.6	\$ 8,801.2	\$ 4,157.4	\$ 4,541.7
Cost of sales	5,715.7	5,320.8	1,505.8	6,710.2	6,029.7	7,410.4	3,491.7	3,788.4
Gross profit	1,069.8	1,023.5	294.4	1,361.0	1,132.9	1,390.8	665.7	753.3
Selling and administrative expenses	530.1	656.0	221.8	894.8	821.1	932.1	454.0	474.8
Advertising expense	118.3	97.3	27.0	141.3	101.9	106.0	44.8	58.6
Litigation settlement	25.0							
Goodwill impairment				1,712.0	241.8			
Income (loss) from operations	396.4	270.2	45.6	(1,387.1)	(31.9)	352.7	166.9	219.9
Interest income (expense), net	19.8	16.8	(104.6)	(390.3)	(431.7)	(391.9)	(183.5)	(157.8)
Net gain (loss) on extinguishments of long-term debt						2.0	9.2	(118.9)
Other (expense) income, net	(1.8)	(0.6)	0.2	0.2	2.4	0.2	0.1	0.5
Income (loss) before income taxes	414.4	286.4	(58.8)	(1,777.2)	(461.2)	(37.0)	(7.3)	(56.3)
Income tax (expense) benefit	(148.3)	(112.1)	18.5	12.1	87.8	7.8	2.5	17.3
Net income (loss)	\$ 266.1	\$ 174.3	\$ (40.3)	\$ (1,765.1)	\$ (373.4)	\$ (29.2)	\$ (4.8)	\$ (39.0)
<b>Balance Sheet Data (at period end):</b>								
Cash, cash equivalents and marketable securities	\$ 391.6	\$ 664.3	\$ 15.6	\$ 94.4	\$ 88.0	\$ 36.6	\$ 26.1	\$ 44.6
Working capital	1,020.2	1,418.3	836.0	877.6	923.2	675.4	725.4	775.7
Total assets (1)	2,008.1	2,615.2	8,296.4	6,276.3	5,976.0	5,943.8	6,005.8	6,021.9
Total debt and capitalized lease obligations (2)	0.8	0.3	4,617.7	4,633.5	4,621.9	4,290.0	4,362.8	4,226.0
Total shareholders' equity (deficit)	1,387.2	1,737.4	2,068.9	262.2	(44.7)	(43.5)	(49.4)	(69.3)
<b>Other Financial Data:</b>								
Capital expenditures	\$ 85.6(3)	\$ 38.7	\$ 8.0	\$ 41.1	\$ 15.6	\$ 41.5	\$ 10.5	\$ 16.7
Depreciation and amortization	28.1	33.7	46.3	218.4	218.2	209.4	105.1	102.4
Gross profit as a percentage of net sales	15.8%	16.1%	16.4%	16.9%	15.8%	15.8%	16.0%	16.6%
Ratio of earnings to fixed charges (4)	84:1	63:1	(a)	(a)	(a)	(a)	(a)	(a)
EBITDA (5)	422.7	303.3	92.1	(1,168.5)	188.7	564.3	281.3	203.9
Adjusted EBITDA (5)	471.4	456.9	125.0	570.6	465.4	601.8	292.3	343.0
<b>Statement of Cash Flows Data:</b>								
Net cash provided by (used in):								
Operating activities (6)	\$ 155.2	\$ 198.8	\$ (123.7)	\$ 215.4	\$ 107.6	\$ 423.7	\$ 161.8	\$ 129.8
Investing activities	(99.6)	200.0	(6,399.6)	(60.3)	(82.6)	(125.4)	(55.8)	(26.5)
Financing activities (6)	(108.7)	115.9	6,539.0	(75.8)	(31.9)	(350.1)	(167.7)	(95.7)

(1) Reclassifications have been made to historical amounts to conform to the current presentation.

(2) Excludes borrowings of \$108.1 million, \$122.8 million, \$75.3 million, \$34.1 million, \$25.0 million, \$28.2 million, \$123.5 million and \$118.0 million, as of December 31, 2006, October 11, 2007, December 31, 2007, December 31, 2008, December 31, 2009, December 31, 2010, June 30, 2010 and June 30, 2011, respectively, under our inventory financing agreements. We do not include these borrowings in total debt because we have not in the past incurred, and in the future do not expect to incur, any interest expense or late fees under these agreements. For more information, see Description of Certain Indebtedness.

(3) Includes \$29.6 million for the purchase of our North Las Vegas, Nevada distribution center in December 2006.

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- (4) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of earnings before income taxes minus income from equity investees plus fixed charges. Fixed charges consist of interest expensed and the portion of rental expense we believe is representative of the interest component of rental expense.
- (a) For the period October 12, 2007 to December 31, 2007, the years ended December 31, 2008, 2009 and 2010, and the six months ended June 30, 2010 and 2011, earnings available for fixed charges were inadequate to cover fixed charges by \$58.8 million, \$1,777.2 million, \$461.2 million, \$37.0 million, \$7.2 million and \$56.2 million, respectively.
- (5) EBITDA is defined as consolidated net income (loss) before interest income (expense), income tax benefit (expense), depreciation, and amortization. Adjusted EBITDA, which is a measure defined in our Senior Credit Facilities, is calculated by adjusting EBITDA for certain items of income and expense including (but not limited to) the following: (a) non-cash equity-based compensation; (b) goodwill impairment charges; (c) sponsor fees; (d) certain consulting fees; (e) debt-related legal and accounting costs; (f) equity investment gains and losses; (g) certain severance and retention costs; (h) gains and losses from the early extinguishment of debt; (i) gains and losses from asset dispositions outside the ordinary course of business; (j) Acquisition-related costs; (k) equity compensation payroll taxes; and (l) non-recurring, extraordinary or unusual gains or losses or expenses.

We have included a reconciliation of EBITDA and Adjusted EBITDA in the table below. Both EBITDA and Adjusted EBITDA are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA provide helpful information with respect to our operating performance and cash flows including our ability to meet our future debt service, capital expenditures, and working capital requirements. Adjusted EBITDA also provides helpful information as it is the primary measure used in certain financial covenants contained in our Senior Credit Facilities.

The following unaudited table sets forth reconciliations of GAAP net income (loss) to EBITDA and EBITDA to Adjusted EBITDA for the periods presented:

(in millions)	Predecessor		Historical			Successor		Six Months Ended	
	Year Ended December 31,	Period	Period	Year Ended December 31,			June 30,		
		from	from	2008	2009	2010	2010	2011	
		January 1, 2007 to December 31, October 11,	October 12, 2007 to December 31,						
Net income (loss)	\$ 266.1	\$ 174.3	\$ (40.3)	\$ (1,765.1)	\$ (373.4)	\$ (29.2)	\$ (4.8)	\$ (39.0)	
Depreciation and amortization	28.1	33.7	46.3	218.4					