American Reprographics CO
Form 424A
January 20, 2005

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(a)
Registration Statement No. 333-119788

Subject to Completion. Dated January 20, 2005.

13,350,000 Shares

Common Stock

This is an initial public offering of shares of common stock of American Reprographics Company (ARC).

ARC is offering 7,666,667 of the shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional 5,683,333 shares. ARC will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price will be between $14.00 and $16.00 per share. ARC s common stock has been approved for listing on the New York Stock Exchange under the symbol ARP .

See Risk Factors beginning on page 12 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to ARC	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent the underwriters sell more than 13,350,000 shares of common stock, the underwriters have the option to purchase up to an additional 2,002,500 shares of common stock from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on 2005.

Goldman, Sachs & Co. **JPMorgan**

Credit Suisse First Boston

Robert W. Baird & Co. **CIBC World Markets**

Prospectus dated 2005.

PROSPECTUS SUMMARY

This summary highlights only selected information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including Risk Factors, Forward-Looking Statements, and the consolidated financial statements and related notes.

Our Company

We are the leading reprographics company in the United States providing business-to-business document management services to the architectural, engineering and construction industry, or AEC industry. We also provide these services to companies in non-AEC industries, such as technology, financial services, retail, entertainment, and food and hospitality that also require sophisticated document management services. We provide our core services through our suite of reprographics technology products, a network of 177 locally branded reprographics service centers in 135 cities, and more than 1,760 facilities management programs at our customers locations throughout the country. Our service centers are arranged in a hub and satellite structure and are digitally connected as a cohesive network, allowing us to provide our services both locally and nationally. We service more than 65,000 active customers and employ over 3,450 people, including a sales force of approximately 270 employees. In terms of revenue, number of service facilities and number of customers, we believe we are the largest company in our industry, operating in more than eight times as many cities and with more than five times the number of service facilities as our next largest competitor.

Reprographics services typically encompass the management and reproduction of construction documents or other graphics-related material and the corresponding finishing and distribution services. We provide these business-to-business services to our customers in three major categories: *document management, document distribution and logistics,* and *print-on-demand*. We also sell reprographics equipment and supplies to complement these offerings. We also serve other independent reprographers by licensing our suite of reprographics technology products, including our flagship internet-based application, PlanWell. In addition, we operate PEiR (Profit and Education in Reprographics), a privately held trade organization through which we charge membership fees and provide purchasing, technology and educational benefits to other reprographers, while promoting our reprographics technology as the industry standard.

For the year ended December 31, 2003, our net sales were $416.0 million, our income from operations was $61.0 million, and our net income was $3.6 million. For the nine months ended September 30, 2004, our net sales were $336.3 million, our income from operations was $56.9 million, and our net income was $25.5 million. For the nine months ended September 30, 2004, we believe that the AEC market accounted for approximately 80% of our net sales, with the remaining 20% consisting of sales to non-AEC markets.

Industry Overview

According to the International Reprographics Association, or IRgA, and other industry sources, the reprographics industry in the United States is estimated to be approximately $5 billion in size. The IRgA indicates that the reprographics industry is highly fragmented, consisting of approximately 3,000 firms with average annual sales of approximately $1.5 million and 20 to 25 employees. Since construction documents are the primary medium of communication for the AEC industry, demand for reprographics services in the AEC market is closely tied to the level of activity in the construction industry, which in turn is driven by macroeconomic trends such as GDP growth, interest rates, job creation, office vacancy rates, and tax revenues. According to FMI Corporation, or FMI, a consulting firm to the construction industry, construction industry spending in the United States for 2005 is estimated at $1.0 trillion, with expenditures divided between residential construction (55%) and commercial and public, or non-residential, construction (45%). The $5 billion reprographics industry is approximately 0.5% of the $1.0 trillion construction industry in the United States. Our AEC revenues are most closely correlated to the non-residential sectors of the construction industry, which sectors are the largest users of reprographics services. According to FMI, the non-residential sectors of the construction industry are projected to grow at an average of 5.4% per year over the next three years.

Market opportunities for business-to-business document management services such as ours are rapidly expanding into non-AEC industries. For example, non-AEC customers are increasingly using large and small format color imaging for point-of-purchase displays, digital publishing, presentation materials, educational materials and marketing materials as these services have become more efficient and available on a short-run, on-demand basis through digital technology. As a result, we believe that our addressable market is substantially larger than the core AEC reprographics market. We believe that the growth of non-AEC industries is generally tied to growth in the U.S. gross domestic product, or GDP, which is projected to have grown 4.4% in 2004 and is projected to grow 3.7% in 2005 according to Wall Street s consensus estimates.

Our Competitive Strengths

We believe that our growth will be driven by our competitive strengths, which include the following:

Leading Market Position in Fragmented Industry. Our size and national footprint provide us with significant purchasing power, economies of scale, the ability to invest in industry leading technologies, and the resources to service large, national customers.

Leader in Technology and Innovation. We believe our PlanWell online planrooms are well positioned to become the industry standard for managing and procuring reprographics services within the AEC industry. In addition, we have developed other proprietary software applications that complement PlanWell and have enabled us to improve the efficiency of our services, add complementary services and increase our revenue.

Extensive National Footprint with Regional Expertise. Our national network of service centers maintains local customer relationships while benefiting from our centralized corporate functions and national scale. Our service facilities are organized as hub and satellite structures within individual markets, allowing us to balance production capacity and minimize capital expenditures through technology sharing among our service centers within each market. In addition, we serve our national and regional customers under a single contract through our Premier Accounts business unit, while offering centralized access to project specific services, billing, and tracking information.

Flexible Operating Model. By promoting regional decision making for marketing, pricing, and selling practices, we remain responsive to our customers while benefiting from the cost structure advantages of our centralized administrative functions. Our flexible operating model also allows us to capitalize on an improving business environment.

Consistent, Strong Cash Flow. Through management of our inventory and receivables and our low capital expenditure requirements, we have consistently generated strong cash flow from operations after capital expenditures regardless of industry and economic conditions.

Low Cost Operator. We believe we are one of the lowest cost operators in the reprographics industry, which we have accomplished by minimizing branch level expenses and capitalizing on our significant scale for purchasing efficiencies.

Experienced Management Team and Highly Trained Workforce. Our senior management team has an average of over 20 years of industry experience. We have also successfully retained approximately 93% of the managers of the 84 businesses we have acquired since 1997.

Our Business Strategy

Our objective is to continue to strengthen our competitive position as the preferred provider of business-to-business *document management, document distribution and logistics, and print-on-demand services*. Our key strategies to accomplish this objective include:

Continue to Increase Our Market Penetration and Expand Our Nationwide Footprint. We intend to increase our existing presence in key U.S. markets while expanding into under-penetrated regions through our facilities management contracts, targeted branch openings, strategic acquisitions, and national accounts.

Õ*Facilities Management Contracts.* We expect to capitalize on the continued trend of our customers to outsource their document management services, including their in-house operations, thus building our base of recurring revenue while increasing our presence in local markets.

Õ*Targeted Branch Openings.* We seek to expand our geographic coverage, capture new customers and increase our market share by opening additional satellite branches at relatively low cost in regions near our established operations.

Õ*Strategic Acquisitions.* Because our industry consists primarily of small, privately-held companies that serve only local markets, we believe that we can continue to grow our business by successfully acquiring additional reprographics companies at reasonable prices.

Õ*National Accounts.* We will continue to pursue large customers that operate on regional and national levels through our Premier Accounts business unit, which offers a comprehensive suite of local reprographics services and centralized administrative functions to regional and national companies through our national network of reprographics service centers.

Promote PlanWell as the Industry Standard for Procuring Reprographics Services Online. Through continuing sales efforts and product enhancements, we plan to increase the market penetration of PlanWell and create a standardized, internet-based portal to manage, store, and retrieve documents. In order to achieve greater market share and build industry standardization, we will continue to license our PlanWell technology to other reprographics companies, including members of PEiR.

Expand Our Non-AEC and Ancillary Product and Service Offerings. By leveraging advances in digital production equipment and our expertise in providing highly customized, quick-turn services to the AEC industry, we will continue to actively pursue customers from non-AEC industries that require rapid production of educational and training materials, short-run publishing materials, and marketing materials.

In addition to expanding our non-AEC revenues, we continue to focus on creating new value-added services beyond traditional reprographics to offer all of our customers. We are actively engaged in services such as bid facilitation, print network management for offices and on-site production facilities, and on-demand color publishing. We seek to capitalize on our technological innovation to enhance our existing services and to create new reprographics technologies.

Corporate Reorganization

Our predecessor, Ford Graphics, was founded in Los Angeles, California in 1960. We are currently organized as American Reprographics Holdings, L.L.C., a California limited liability company, or Holdings. We conduct our operations through our wholly-owned operating subsidiary, American Reprographics Company, L.L.C., a California limited liability company, or Opco, and its subsidiaries. Immediately prior to this offering, we will be reorganized as a Delaware corporation, American Reprographics Company. In this prospectus, unless the context indicates otherwise, we, us, American Reprographics, ARC, our company, and similar terms refer to Holdings and its consolidated subsidiaries.

Our principal executive offices are located at 700 North Central Avenue, Suite 550, Glendale, California 91203 and our telephone number at that address is (818) 500-0225. Our website address is www.e-arc.com. The information found on our website, however, is not a part of this prospectus.

The Offering

Common stock offered by us	7,666,667 shares
Common stock offered by the selling stockholders	5,683,333 shares
Total common stock offered	13,350,000 shares (30.4% of common stock to be outstanding after this offering)
Common stock to be outstanding after this offering	43,963,796 shares
Use of proceeds	We expect to use approximately $28.0 million of the net proceeds from this offering to repurchase our preferred equity (including accrued interest); approximately $50.7 million to repay a portion of our senior second priority secured term loan facility; and the balance of approximately $24.9 million to repay a portion of our senior first priority secured term loan facility. We will not receive any proceeds from the sale of shares by the selling stockholders.
Dividend policy	We do not anticipate paying any dividends on our common stock in the foreseeable future.
New York Stock Exchange symbol	ARP

Unless otherwise noted, the information in this prospectus, including the information above:

- assumes our conversion from a California limited liability company to a Delaware corporation, which will occur prior to this offering;
- assumes 35,487,511 shares of common stock outstanding at September 30, 2004;
- excludes 1,712,915 shares of common stock subject to outstanding options at September 30, 2004 issued at a weighted average exercise price of $5.22 per share;
- excludes 22,500 shares of common stock issued upon option exercises since September 30, 2004;
- excludes 5,000,000 shares of common stock reserved for future issuance under our 2005 Stock Plan, and 750,000 shares of common stock reserved for future issuance under our 2005 Employee Stock Purchase Plan;
- includes a net of 809,618 shares of common stock (assuming an initial public offering price of $15.00 per share) issuable upon the exercise of outstanding warrants at September 30, 2004 issued at an exercise price of $4.61 per share, which will be issued upon the closing of this offering in connection with our conversion to a Delaware corporation; and
- assumes no exercise of the underwriters option to purchase additional shares.

Summary Historical and Unaudited Pro Forma Financial Data

The summary historical and unaudited pro forma financial data presented below are derived from the audited financial statements of Holdings for the fiscal years ended December 31, 1999, 2000, 2001, 2002, and 2003, and for the nine-month period ended September 30, 2004, and the unaudited financial statements of Holdings for the nine-month period ended September 30, 2003. The summary historical financial data for the nine-month period ended September 30, 2003 is derived from unaudited interim financial statements which, in the opinion of management, include all normal, recurring adjustments necessary to state fairly the data included therein in accordance with generally accepted accounting principles, or GAAP, for interim financial information, except for pro forma data. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. The unaudited pro forma financial data set forth below give effect to our conversion to a Delaware corporation and the completion of this offering, as described in Use of Proceeds. The unaudited pro forma financial data are not necessarily indicative of our financial position or results of operations that might have occurred had the transactions they give effect to been completed as of the dates indicated and do not purport to represent what our financial position or results of operations might be for any future period or date. For additional information see Capitalization, Selected Historical and Unaudited Pro Forma Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our audited financial statements and unaudited financial statements included elsewhere in this prospectus. The financial information for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2003 and 2004 have been restated as discussed in footnote 1 below.

			Restated(1)				
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
			(Dollars in thousands)				
Statement of Operations Data:							
Reprographics services	$198,774	$287,995	$338,124	$324,402	$315,995	$242,507	$253,367
Facilities management	14,745	24,624	39,875	52,290	59,311	42,719	53,736
Equipment and supplies sales	10,317	38,480	42,702	42,232	40,654	31,112	29,195
Total net sales	223,836	351,099	420,701	418,924	415,960	316,338	336,298
Cost of sales	134,531	201,390	243,710	247,778	252,028	190,266	196,668
Gross profit	89,305	149,709	176,991	171,146	163,932	126,072	139,630
Selling, general and administrative expenses	53,730	89,371	104,004	103,305	101,252	76,127	81,434
Amortization of intangibles	2,823	3,966	5,801	1,498	1,709	1,269	1,267
Costs incurred in connection with the 2000 recapitalization		20,544					
Write-off of intangible assets			3,438				
Income from operations	32,752	35,828	63,748	66,343	60,971	48,676	56,929
Other income	638	713	304	541	1,024	1,080	574
Interest expense, net	(9,215)	(29,238)	(47,530)	(39,917)	(39,390)	(28,958)	(25,089)
Loss on early extinguishment of debt		(1,195)			(14,921)		
Income before income tax provision	24,175	6,108	16,522	26,967	7,684	20,798	32,414
Income tax provision	4,068	4,784	5,787	6,267	4,131	4,220	6,940
Net income	20,107	1,324	10,735	20,700	3,553	16,578	25,474
Dividends and amortization of discount on preferred members equity		(2,158)	(3,107)	(3,291)	(1,730)	(1,730)	

Net income (loss) attributable to common members	20,107	(834)	7,628	17,409	1,823	14,848	25,474
Unaudited pro forma incremental income tax provision(2)	5,304	2,618	2,574	6,211	673	5,180	7,714
Unaudited pro forma net income (loss) attributable to common members	$ 14,803	$ (3,452)	$ 5,054	$ 11,198	$ 1,150	$ 9,668	$ 17,760

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
	(In thousands, except per unit amounts)						
Net income (loss) attributable to common members per common unit:							
Basic	$ 0.82	$ (0.02)	$ 0.21	$ 0.48	$ 0.05	$ 0.42	$ 0.72
Diluted	$ 0.82	$ (0.02)	$ 0.21	$ 0.47	$ 0.05	$ 0.40	$ 0.68
Unaudited pro forma net income (loss) attributable to common members per common unit:							
Basic	$ 0.60	$ (0.10)	$ 0.14	$ 0.31	$ 0.03	$ 0.27	$ 0.50
Diluted	$ 0.60	$ (0.10)	$ 0.14	$ 0.30	$ 0.03	$ 0.26	$ 0.47
Weighted average units:							
Basic	24,571	35,308	36,629	36,406	35,480	35,478	35,488
Diluted	24,571	35,371	36,758	36,723	37,298	37,307	37,474

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
	(Dollars in thousands)						
Other Financial Data:							
EBIT(3)	$33,390	$35,346	$64,052	$66,884	$47,074	$49,756	$57,503
EBITDA(3)	$42,932	$50,288	$89,494	$86,062	$67,011	$64,975	$71,842
Adjusted EBITDA(3)	$42,932	$72,027	$89,494	$86,062	$81,932	$64,975	$71,842
Adjusted EBIT margin(3)	14.9%	16.3%	15.2%	16.0%	14.9%	15.7%	17.1%
Adjusted EBITDA margin(3)	19.2%	20.5%	21.3%	20.5%	19.7%	20.5%	21.4%
Depreciation and amortization(4)	$ 9,542	$14,942	$25,442	$19,178	$19,937	$15,219	$14,339
Capital expenditures, net	$ 3,877	$ 5,228	$ 8,659	$ 5,209	$ 4,992	$ 3,348	$ 4,772
Interest expense	$ 9,215	$29,238	$47,530	$39,917	$39,390	$28,958	$25,089

	Restated(1)						
						As of September 30, 2004,	
	As of December 31,						
	1999	2000	2001	2002	2003	Actual	Pro Forma As Adjusted(5)
							(Unaudited)
	(Dollars in thousands)						
Balance Sheet Data:							
Cash and cash equivalents	$ 15,814	$ 31,565	$ 29,110	$ 24,995	$ 17,315	$ 12,008	$ 2,911

Total assets	$204,464	$358,026	$372,583	$395,128	$374,716	$377,617	$366,935
Long-term obligations and mandatorily redeemable preferred and common membership units(6)(7)	$123,951	$359,746	$371,515	$378,102	$360,008	$347,700	$244,100
Total members equity (deficit)(8)	$ 32,422	$ (80,479)	$ (78,955)	$ (61,082)	$ (60,015)	$ (38,299)	$ 71,465
Working capital	$ 15,379	$ 34,742	$ 24,338	$ 24,371	$ 16,809	$ 27,910	$ 18,813

(1) The accompanying consolidated financial statements for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2003 and 2004 have been restated to properly record separately identifiable intangible assets including customer relationships and trade names apart from goodwill and reflect amortization expense of such intangible assets previously recorded as goodwill and not subject to amortization. In connection with our acquisition of businesses during the years ended December 31, 2001, 2002, and 2003, and the nine months ended September 30, 2004, we had previously recorded the entire excess purchase price over the fair value of net assets

acquired to goodwill. However, we subsequently determined in accordance with provisions of SFAS 141, Business Combinations, that approximately $15.9 million of the excess purchase price from these acquisitions should have been allocated to other intangible assets at the respective acquisition dates and amortized over their estimated useful lives. See Note 1 to our consolidated financial statements for additional detail.

The restatement resulted in us recording other intangible assets during the periods ended December 31, 2002 and 2003 and September 30, 2004 consisting of customer relationships of $11.2 million, $615,000 and $484,000, and trade names of $1.4 million, $4,000 and $0, respectively, apart from goodwill at the respective acquisition dates. In addition, the restatement for the years ended December 31, 2001, 2002, and 2003 and the nine months ended September 30, 2003 and 2004 increased previously reported amortization expense by approximately $70,000, $1.3 million, $1.6 million, $1.2 million and $1.2 million, respectively.

The following table represents the effects of the restatement on previously reported balances for all periods presented:

Consolidated Balance Sheets	As Previously Reported			As Restated		
	December 31, 2002	December 31, 2003	September 30, 2004	December 31, 2002	December 31, 2003	September 30, 2004
	(Dollars in thousands)					
Goodwill	$242,134	$243,668	$245,999	$228,144	$229,059	$230,639
Other intangible assets	$	$	$	$ 13,737	$ 12,647	$ 11,864
Other assets	$ 2,030	$ 2,043	$ 1,689	$ 1,734	$ 1,878	$ 1,593
Total assets	$395,677	$376,843	$381,209	$395,128	$374,716	$377,617
Accumulated earnings	$ 54,667	$ 59,608	$ 86,994	$ 53,369	$ 56,922	$ 82,396
Total members deficit	$ (59,784)	$ (57,329)	$ (33,861)	$ (61,082)	$ (60,015)	$ (38,299)

Consolidated Statements of Operations	As Previously Reported					As Restated				
	Year Ended December 31,			Nine Months Ended September 30,		Year Ended December 31,			Nine Months Ended September 30,	
	2001	2002	2003	2003	2004	2001	2002	2003	2003	2004
	(Dollars in thousands, except per unit amounts)									
Amortization of intangibles	$ 5,731	$ 218	$ 131	$ 99	$ 69	$ 5,801	$ 1,498	$ 1,709	$ 1,269	$ 1,267
Income from operations	$63,818	$67,623	$62,549	$49,846	$58,394	$63,748	$66,343	$60,971	$48,676	$56,929
Income before income tax provision	$16,592	$28,247	$ 9,262	$21,968	$34,462	$16,522	$26,967	$ 7,684	$20,798	$32,414
Income tax provision	$ 5,802	$ 6,304	$ 4,321	$ 4,417	$ 7,076	$ 5,787	$ 6,267	$ 4,131	$ 4,220	$ 6,940
Net income	$10,790	$21,943	$ 4,941	$17,551	$27,386	$10,735	$20,700	$ 3,553	$16,578	$25,474
Net income attributable to common members	$ 7,683	$18,652	$ 3,211	$15,821	$27,386	$ 7,628	$17,409	$ 1,823	$14,848	$25,474
Net income attributable to common members per common unit										
Basic	$ 0.21	$ 0.51	$ 0.09	$ 0.45	$ 0.77	$ 0.21	$ 0.48	$ 0.05	$ 0.42	$ 0.72
Diluted	$ 0.21	$ 0.51	$ 0.09	$ 0.42	$ 0.73	$ 0.21	$ 0.47	$ 0.05	$ 0.40	$ 0.68
Unaudited pro forma net income attributable to common members	$ 5,061	$12,377	$ 1,804	$10,253	$19,011	$ 5,054	$11,198	$ 1,150	$ 9,668	$17,760

Unaudited pro forma net income attributable to common members per common unit:										
Basic	$ 0.14	$ 0.34	$ 0.05	$ 0.29	$ 0.54	$ 0.14	$ 0.31	$ 0.03	$ 0.27	$ 0.50
Diluted	$ 0.14	$ 0.34	$ 0.05	$ 0.27	$ 0.51	$ 0.14	$ 0.30	$ 0.03	$ 0.26	$ 0.47

(2) Until our reorganization, which will be effective prior to the closing of this offering, a substantial portion of our business will continue to operate as a limited liability company, or LLC, and taxed as a partnership. As a result, the members of the LLC pay the income taxes on the earnings. The unaudited pro forma incremental income tax provision amounts reflected in the table above were calculated as if our reorganization became effective on January 1, 1999.

(3) Non-GAAP Measures.

EBIT, EBITDA and Adjusted EBITDA (and related ratios presented in this prospectus) are supplemental measures of our performance that are not required by, or presented in accordance with GAAP. These measures are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income, income from operations, or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating, investing or financing activities as a measure of liquidity.

EBIT is a non-GAAP measure that represents earnings before interest expense and income taxes. EBITDA is a non-GAAP measure that represents earnings before interest expense, income taxes, depreciation, and amortization. Adjusted

EBITDA represents EBITDA adjusted to exclude the impact of costs incurred in connection with our recapitalization in 2000 and loss on early extinguishment of debt. Adjusted EBIT margin is a non-GAAP measure that is calculated by subtracting depreciation and amortization from adjusted EBITDA and dividing the result by net sales. Adjusted EBITDA margin is a non-GAAP measure that is calculated by dividing adjusted EBITDA by net sales.

We calculate Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we do not consider indicative of our ongoing operations and for the other reasons noted below. You are encouraged to evaluate each adjustment and whether you consider it appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in the presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We present EBIT, EBITDA and Adjusted EBITDA (and related ratios presented in this prospectus) because we consider them important supplemental measures of our performance and liquidity and believe that such measures are meaningful to investors for the reasons discussed below.

We use EBIT as a metric to measure and compare the performance of our divisions. We operate our 42 divisions as separate business units, but manage debt and taxation at the corporate level. As a result, EBIT is the best measure of divisional profitability and the most useful metric by which to measure and compare the performance of our divisions. We also use EBIT as a metric to measure performance for the purpose of determining compensation at the division level and use EBITDA and Adjusted EBITDA to measure performance and determine compensation at the consolidated level. We also use EBITDA as a metric to manage cash flow from our divisions to the corporate level and to determine the financial health of each division. As noted above, because our divisions do not incur interest or income tax expense, the cash flow from each division should be equal to the corresponding EBITDA of each division, assuming no other changes to a division s balance sheet. As a result, we reconcile EBITDA to cash flow on a monthly basis as one of our key internal controls. We also use EBIT, EBITDA and Adjusted EBITDA to evaluate potential acquisitions and to evaluate whether to incur capital expenditures. In addition, certain covenants in our credit agreements require compliance with financial ratios based on Adjusted EBITDA (as defined in our credit agreements).

EBIT, EBITDA and Adjusted EBITDA (and related ratios presented in this prospectus) have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Because of these limitations, EBIT, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business or reduce our indebtedness. We compensate for these limitations by relying primarily on our GAAP results and using EBIT, EBITDA and Adjusted EBITDA only supplementally. For more information, see our consolidated financial statements and related notes included elsewhere in this prospectus.

The following is a reconciliation of cash flows provided by operating activities to EBIT, EBITDA, and pro forma net income:

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
	(Dollars in thousands)						
Cash flows provided by operating activities	$28,569	$ 28,054	$ 53,151	$ 56,413	$ 48,237	$ 46,909	$ 42,419
Changes in operating assets and liabilities	712	632	2,399	(4,040)	(1,102)	(3,878)	2,609
Noncash expenses, including depreciation and amortization	(9,174)	(27,362)	(44,815)	(31,673)	(43,582)	(26,453)	(19,554)
Income tax provision	4,068	4,784	5,787	6,267	4,131	4,220	6,940
Interest expense, net	9,215	29,238	47,530	39,917	39,390	28,958	25,089
EBIT	33,390	35,346	64,052	66,884	47,074	49,756	57,503
Depreciation and amortization(4)	9,542	14,942	25,442	19,178	19,937	15,219	14,339
EBITDA	42,932	50,288	89,494	86,062	67,011	64,975	71,842
Interest expense	(9,215)	(29,238)	(47,530)	(39,917)	(39,390)	(28,958)	(25,089)
Income tax provision and unaudited pro forma incremental income tax provision(2)	(9,372)	(7,402)	(8,361)	(12,478)	(4,804)	(9,400)	(14,654)
Depreciation and amortization	(9,542)	(14,942)	(25,442)	(19,178)	(19,937)	(15,219)	(14,339)
Dividends and amortization of discount on preferred members equity		(2,158)	(3,107)	(3,291)	(1,730)	(1,730)	
Unaudited pro forma net income (loss) attributable to common members	$14,803	$ (3,452)	$ 5,054	$ 11,198	$ 1,150	$ 9,668	$ 17,760

The following is a reconciliation of net income to EBITDA and to adjusted EBITDA:

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
	(Dollars in thousands)						
Net income	$20,107	$ 1,324	$10,735	$20,700	$ 3,553	$16,578	$25,474
Interest expense, net	9,215	29,238	47,530	39,917	39,390	28,958	25,089
Income tax provision	4,068	4,784	5,787	6,267	4,131	4,220	6,940
Depreciation and amortization	9,542	14,942	25,442	19,178	19,937	15,219	14,339

EBITDA	42,932	50,288	89,494	86,062	67,011	64,975	71,842
Costs incurred in connection with the 2000 recapitalization		20,544					
Loss on early extinguishment of debt		1,195			14,921		
Adjusted EBITDA	$42,932	$72,027	$89,494	$86,062	$81,932	$64,975	$71,842

The following is a reconciliation of our net income margin to Adjusted EBIT margin and Adjusted EBITDA margin:

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(Unaudited)	
Net income margin	9.0%	0.4%	2.6%	4.9%	0.9%	5.2%	7.6%
Interest expense, net	4.1%	8.3%	11.3%	9.5%	9.5%	9.2%	7.5%
Income tax provision	1.8%	1.4%	1.4%	1.5%	1.0%	1.3%	2.1%
Costs incurred in connection with the 2000 recapitalization		5.9%					
Loss on early extinguishment of debt		0.3%			3.6%		
Adjusted EBIT margin	14.9%	16.3%	15.2%	16.0%	14.9%	15.7%	17.1%
Depreciation and amortization	4.3%	4.3%	6.0%	4.6%	4.8%	4.8%	4.3%
Adjusted EBITDA margin	19.2%	20.5%	21.3%	20.5%	19.7%	20.5%	21.4%

(4) Depreciation and amortization includes a write-off of intangible assets of $3.4 million for the year ended December 31, 2001.

(5) Prepared on the same basis as the capitalization table. See Capitalization.

(6) In July 2003, we adopted SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. In accordance with SFAS No. 150, the redeemable preferred equity of Holdings has been reclassified in our financial statements as a component of our total debt upon our adoption of this new standard. The redeemable preferred equity amounted to $25.8 million as of December 31, 2003 and $27.3 million as of September 30, 2004. SFAS No. 150 does not permit the restatement of financial statements for periods prior to the adoption of this standard.

(7) Redeemable common membership units amounted to $6.0 million and $8.1 million at December 31, 2000 and 2001, respectively.

(8) The decline in total members equity (deficit) from December 31, 1999 to December 31, 2000 was a result of an $88.8 million cash distribution to Holdings common unit holders in connection with the 2000 recapitalization and the reclassification of $20.3 million of preferred equity issued in connection with the 2000 recapitalization upon the adoption of SFAS No. 150 in July 2003.

RISK FACTORS

Investing in our common stock involves a number of risks. You should carefully consider all of the information contained in this prospectus, including the risk factors set forth below, before investing in the common stock offered pursuant to this prospectus. We may encounter risks in addition to those described below. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also impair or adversely affect our results of operations and financial condition. In such case, you may lose all or part of your original investment.

Risks Related to Our Business

Future downturns in the architectural, engineering and construction industry, or AEC industry, could diminish demand for our products and services, which would impair our future revenue and profitability.

We believe that AEC markets accounted for approximately 80% of our net sales for the nine months ended September 30, 2004. Our historical operating results reflect the cyclical and variable nature of the AEC industry. This industry historically experiences alternating periods of inadequate supplies of housing, commercial and industrial space coupled with low vacancies, causing a surge in construction activity and increased demand for reprographics services, followed by periods of oversupply and high vacancies and declining demand for reprographics services. In addition, existing and future government policies and programs may greatly influence the level of construction spending in the public sector, such as highways, schools, hospitals, sewers, and heavy construction. Since we derive a majority of our revenues from reprographics products and services provided to the AEC industry, our operating results are more sensitive to the nature of this industry than other companies who serve more diversified markets. Our experience has shown that the AEC industry generally experiences economic downturns six months after a downturn in the general economy. We expect that there may be a similar delay in the rebound of the AEC industry following a rebound in the general economy. Future economic and industry downturns may be characterized by diminished demand for our products and services and, therefore, any continued weakness in our customers markets and overall global economic conditions could adversely affect our future revenue and profitability.

In addition, because approximately 60% of our overall costs are fixed, changes in economic activity, positive or negative, affect our results of operations. As a result, our results of operations are subject to volatility and could deteriorate rapidly in an environment of declining revenues. Failure to maintain adequate cash reserves and effectively manage our costs could adversely affect our ability to offset our fixed costs and may have an adverse effect on our results of operations and financial condition.

Competition in our industry and innovation by our competitors may hinder our ability to execute our business strategy and maintain our profitability.

The markets for our products and services are highly competitive, with competition primarily at a local and regional level. We compete primarily based on customer service, technological leadership, product performance and price. Our future success depends, in part, on our ability to continue to improve our service offerings, and develop and integrate technological advances. If we are unable to integrate technological advances into our service offerings to successfully meet the evolving needs of our customers in a timely manner, our operating results may be adversely affected. Technological innovation by our existing or future competitors could put us at a competitive disadvantage. In particular, our business could be adversely affected if any of our competitors develop or acquire superior technology that competes directly with or offers greater functionality than our technology, including PlanWell.

We also face the possibility that competition will continue to increase, particularly if copy and printing or business services companies choose to expand into the reprographics services industry.

Many of these companies are substantially larger and have significantly greater financial resources than us, which could place us at a competitive disadvantage. In addition, we could encounter competition in the future from large, well capitalized companies such as equipment dealers, system integrators, and other reprographics associations, that can produce their own technology and leverage their existing distribution channels. We could also encounter competition from non-traditional reprographics service providers that offer reprographics services as a component of the other services they provide to the AEC industry, such as vendors to our industry that provide services directly to our customers, bypassing reprographers. Any such future competition could adversely affect our business and impair our future revenue and profitability.

The reprographics industry has undergone vast changes in the last six years and will continue to evolve, and our failure to anticipate and adapt to future changes in our industry could harm our competitive position.

In the past six years, the reprographics industry has undergone vast changes. The industry s main production technology has migrated from analog to digital. This has prompted a number of trends in the reprographics industry, including a rapid shift toward decentralized production and lower labor utilization. As digital output devices become smaller, less expensive, easier to use and interconnected, end users of construction drawings are placing these devices within their offices and other locations. On-site reprographics equipment allows a customer to print documents and review hard copies without the delays or interruptions associated with sending documents out for duplication. Also, as a direct result of advancements in digital technology, labor demands have decreased. Instead of producing one print at a time, reprographers now have the capability to produce multiple sets of documents with a single production employee. By linking output devices through a single print server, a production employee simply directs output to the device that is best suited for the job. As a result of these trends, reprographers have had to modify their operations to decentralize printing and shift costs from labor to technology.

Looking forward, we expect the reprographics industry to continue to evolve. Our industry will continue to embrace digital technology, not only in terms of production services, but also in terms of network technology, digital document storage and management, and information distribution, all of which will require investment in, and continued development of, technological innovation. If we fail to keep pace with current changes or fail to anticipate or adapt to future changes in our industry, our competitive position could be harmed.

If we fail to continue to develop and introduce new services successfully, our competitive positioning and our ability to grow our business could be harmed.

In order to remain competitive, we must continually invest in new technologies that will enable us to meet the evolving demands of our customers. We cannot assure you that we will be successful in the introduction and marketing of any new services, or that we will develop and introduce in a timely manner innovative services that satisfy customer needs or achieve market acceptance. Our failure to develop new services and introduce them successfully could harm our competitive position and our ability to grow our business, and our revenues and operating results could suffer.

In addition, as reprographics technologies continue to be developed, one or more of our current service offerings may become obsolete. In particular, digital technologies may significantly reduce the need for high volume printing. Digital technology may also make traditional reprographics equipment smaller and cheaper, which may cause larger AEC customers to discontinue outsourcing their reprographics needs. Any such developments could adversely affect our business and impair future revenue and profitability.

If we are unable to charge for our value-added services to offset potential declines in print volumes, our long term revenue could decline.

Our customers value the ability to view and order prints via the internet and print to output devices in their own offices and other locations throughout the country. In 2003, our reprographics services represented approximately 76% and our facilities management services represented approximately 14% of our total net sales, and both categories of revenue are generally derived via a charge per square foot of printed material. Future technological advances may further facilitate and improve our customers ability to print in their own offices or at a job site. As technology continues to improve, this trend toward consuming information on an as needed basis could result in decreasing printing volumes and declining revenues in the longer term. Failure to offset these potential declines in printing volumes by changing how we charge for our services and developing additional revenue sources could significantly affect our business and reduce our long term revenue, resulting in an adverse effect on our results of operations and financial condition.

We derive a significant percentage of net sales from within the State of California and our business could be disproportionately harmed by an economic downturn or natural disaster affecting California.

We derived approximately half of our net sales in 2003, and in the nine months ended September 30, 2004, from our operations in California. As a result, we are dependent to a large extent upon the AEC industry in California and, accordingly, are sensitive to economic factors affecting California, including general and local economic conditions, macroeconomic trends, and natural disasters. Any adverse developments affecting California could have a disproportionately negative effect on our revenue, operating results and cash flows.

Our growth strategy depends in part on our ability to successfully identify and manage our acquisitions and branch openings. Failure to do so could impede our future growth and adversely affect our competitive position.

As part of our growth strategy, we intend to prudently pursue strategic acquisitions within the reprographics industry. Since 1997, we have acquired 84 businesses, most of which were long established in the communities in which they conduct their business. Our efforts to execute our acquisition strategy may be affected by our ability to continue to identify, negotiate, integrate, and close acquisitions. In addition, any governmental review or investigation of our proposed acquisitions, such as by the Federal Trade Commission, or FTC, may impede, limit or prevent us from proceeding with an acquisition. For example, our acquisition of Consolidated Reprographics in 2001, was investigated by the FTC. This investigation has since been concluded without any action being taken against us. We regularly evaluate potential acquisitions, although we currently have no agreements or active negotiations with respect to any material acquisitions.

Acquisitions involve a number of special risks. There may be difficulties integrating acquired personnel and distinct business cultures. Additional financing may be necessary and, if available, could increase our leverage, dilute our equity, or both. Acquisitions may divert management s time and our resources from existing operations. It is possible that there could be a negative effect on our financial statements from the impairment related to goodwill and other intangibles. We may experience the loss of key employees or customers of acquired companies. In addition, risks may include high transaction costs and expenses of integrating acquired companies, as well as exposure to unforeseen liabilities of acquired companies and failure of the acquired business to achieve expected results. These risks could hinder our future growth and adversely affect our competitive position and operating results.

In addition, we have recently begun to expand our geographic coverage by opening additional satellite branches in regions near our established operations to capture new customers and greater market share. Since September 2003, we have opened 17 new branches in areas that expand or further penetrate our existing markets, and we expect to open an additional 15 branches by the end of the first quarter of 2005. Although the capital investment for a new branch is modest, our growth strategy with respect to branch openings is in the early stages of implementation and the branches we open in the future may not ultimately produce returns that justify our investment.

If we are unable to successfully monitor and manage the business operations of our subsidiaries, our business and profitability could suffer.

We operate our company under a dual operating structure of centralized administrative functions and regional decision making on marketing, pricing, and selling practices. Since 1997, we have acquired 84 businesses and, in most cases, have delegated the responsibility for marketing, pricing, and selling practices with the local and operational managers of these businesses. If we do not successfully manage our subsidiaries under this decentralized operating structure, we risk having disparate results, lost market opportunities, lack of economic synergies, and a loss of vision and planning, all of which could harm our business and profitability.

In August 2003, we restated our financial statements for the years ended December 31, 2001 and 2002 to correct accounting misstatements at one of our subsidiaries during 2001 due to fraud by certain managers at the subsidiary. The accounting misstatements at the subsidiary resulted in the overstatement of net income in 2001 by $1,461,000. In response to these accounting misstatements, we have strengthened our financial and management policies and procedures, established an internal audit group, and improved our accounting controls. However, we cannot assure that these new internal controls will be effective in preventing similar fraud in the future.

We depend on certain key vendors for reprographics equipment, maintenance services and supplies, making us vulnerable to supply shortages and price fluctuations.

We purchase reprographics equipment and maintenance services, as well as paper, toner and other supplies, from a limited number of vendors. Our four largest vendors, which supplied approximately 35% of our reprographics equipment, maintenance services, and production supplies in 2003, are Océ N.V., Xerox Corporation, Canon Inc., and Xpedx, a division of International Paper Company. Adverse developments concerning key vendors or our relationships with them could force us to seek alternate sources for our reprographics equipment, maintenance services and supplies or to purchase such items on unfavorable terms. An alternative source of supply of reprographics equipment, maintenance services and supplies may not be readily available. A delay in procuring reprographics equipment, maintenance services or supplies, or an increase in the cost to purchase such reprographics equipment, maintenance services or supplies could limit our ability to provide services to our customers on a timely and cost-effective basis.

Our failure to adequately protect the proprietary aspects of our technology, including PlanWell, may cause us to lose market share.

Our success depends on our ability to protect and preserve the proprietary aspects of our technologies, including PlanWell. We rely on a combination of copyright and trademark protection, confidentiality agreements, non-compete agreements, reseller agreements, customer contracts, and technical measures to establish and protect our rights in our proprietary technologies. Under our PlanWell license agreements, we grant other reprographers a non-exclusive, non-transferable, limited license to use our technology and receive our services. Our license agreements contain terms and conditions prohibiting the unauthorized reproduction or transfer of our products. These protections, however, may not be adequate to remedy harm we suffer due to misappropriation of our proprietary rights by third parties. In addition, U.S. law provides only limited protection of proprietary rights and the laws of some foreign countries may offer less protection than the laws of the United States. Unauthorized third parties may copy aspects of our products, reverse engineer our products or otherwise obtain and use information that we regard as proprietary. Others may develop non-infringing technologies that are similar or superior to ours. If competitors are able to develop such technology and we cannot successfully enforce our rights against them, they may be able to market and sell or license the marketing and sale of products that compete with ours, and this competition could adversely affect our results of operations and financial condition. Furthermore, intellectual property litigation can be expensive, a burden on management s time and our company s resources, and its results can be uncertain.

We may be subject to intellectual property rights claims, which are costly to defend, could require us to pay damages and could limit our ability to use certain technologies in the future.

Other companies or individuals may pursue litigation against us with respect to intellectual property-based claims, including claims relating to the use of PlanWell and our other brands, trademarks, logos, technologies, trade secrets, and proprietary information. In the event of an adverse result in any litigation with respect to PlanWell and other intellectual property rights relevant to our business that could arise in the future, we could be required to obtain licenses to the infringing technology; begin using other brands, trademarks and logos; pay substantial damages under applicable law; or expend significant resources to develop non-infringing technology. There can be no assurance that suitable replacement technologies would be available to us on commercially reasonable terms. In addition, because we have a number of unregistered trademarks, we may be at greater risk of infringement by those who have pre-existing and superior rights in similar trademarks. Our insurance may not cover potential claims or may not be adequate to indemnify us for damages we incur. Also, litigation frequently involves substantial expenditures and can require significant management attention, even if we ultimately prevail.

Damage or disruption to our facilities, our technology centers, our vendors or a majority of our customers could impair our ability to effectively provide our services and may have a significant impact on our revenues, expenses and financial condition.

We currently store most of our customer data at our two technology centers located in Northern California near known earthquake fault zones. Damage or destruction of one or both of these technology centers or a disruption of our data storage processes resulting from sustained process abnormalities, human error, acts of terrorism, violence, war or a natural disaster, such as fire, earthquake or flood, could have a material adverse effect on the markets in which we operate, our business operations, our expectations and other forward-looking statements contained in this prospectus. In addition, such damage or destruction on a national scale resulting in a general economic downturn could adversely affect our results of operations and financial condition. We store and maintain critical customer data on computer servers at our technology centers that our customers access remotely through the internet and/or directly through telecommunications lines. If our back-up power generators fail during any power outage, if our telecommunications lines are severed or those lines on the internet are impaired for any reason, our remote access customers would be unable to access their critical data, causing an interruption in their operations. In such event, our remote access customers and their customers could seek to hold us responsible for any losses. We may also potentially lose these customers and our reputation could be harmed. In addition, such damage or destruction, particularly those that directly impact our technology centers or our vendors or customers could have an impact on our sales, supply chain, production capability, costs, and our ability to provide services to our customers.

Although we currently maintain general property damage insurance, we do not maintain insurance for loss from earthquakes, acts of terrorism or war. If we incur losses from uninsured events, we could incur significant expenses which would adversely affect our results of operations and financial condition.

If we lose key personnel or qualified technical staff, our ability to manage the day-to-day aspects of our business will be adversely affected.

We believe that the attraction and retention of qualified personnel is critical to our success. If we lose key personnel or are unable to recruit qualified personnel, our ability to manage the day-to-day aspects of our business will be adversely affected. Our operations and prospects depend in large part on the performance of our senior management team and the managers of our principal operating divisions. The loss of the services of one or more members of our senior management team, in particular, Mr. Chandramohan, our Chief Executive Officer, and Mr. Suriyakumar, our President and Chief Operating Officer, could disrupt our business and impede our ability to execute our business strategy. Because our executive and divisional management team has on average more than 20 years of experience within the reprographics industry, it would be difficult to replace them.

If we are required to write down our goodwill or other intangible assets, our operations and stockholders equity would be adversely affected.

As described in the notes to our financial statements included elsewhere in this prospectus, we have $230.6 million of goodwill and $11.9 million of other intangible assets recorded on our balance sheet as of September 30, 2004. Goodwill arises when we pay more for a business than the fair market value of the acquired tangible and separately measurable intangible net assets. Until January 1, 2002, we amortized this goodwill on a straight-line basis over 40 years. Under accounting rules that we adopted beginning January 1, 2002, we are no longer able to amortize goodwill on a yearly basis. Instead, we are required to periodically determine if our goodwill has become impaired, in which case we would be required to write off the impaired portion of goodwill. The amount of goodwill that we would write off in any given year is treated as a charge against earnings under generally accepted accounting principles in the United States. If we are required to write off our goodwill or other intangible assets, we could incur significant charges against earnings, which would adversely affect our results of operations and stockholders equity.

We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations and adversely affect our business.

As of September 30, 2004, assuming that this offering and the application of the net proceeds from this offering as described under Use of Proceeds had been completed by that date, we would have had approximately $255 million of outstanding indebtedness. In addition, the credit agreements governing our credit facilities permit us to incur additional debt under certain circumstances.

The incurrence of substantial amounts of debt may make it more difficult for us to satisfy our financial obligations; require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which will reduce funds available for other business purposes; increase our vulnerability to general adverse economic and industry conditions; limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; place us at a competitive disadvantage compared with some of our competitors that have less debt; and limit our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds to meet these obligations or to successfully execute our business strategy.

The agreements governing our credit facilities impose restrictions on our business that may limit our business opportunities and hinder our ability to execute our business strategy.

The credit agreements for our senior secured credit facilities contain, and other agreements we may enter into in the future may contain, covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things, incur additional debt, create liens, make investments, enter into transactions with affiliates, sell assets, guarantee debt, declare or pay dividends, redeem common stock or make other distributions to stockholders, and consolidate or merge. See Description of Certain Indebtedness.

Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our senior lenders, these lenders could proceed against the collateral securing that debt.

Being a public company will increase our expenses and administrative workload.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, our administrative staff will be required to perform additional tasks. For example, in anticipation of becoming a public company, we will have created or revised the roles and duties of our board committees, adopted additional internal controls and disclosure controls and procedures, retained a transfer agent and a financial printer, adopted an insider trading policy and will have all of the internal and external costs of preparing and distributing periodic public reports in compliance with our obligations under the securities laws. We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our business could be harmed and current and potential stockholders could lose confidence in our company, which could cause our stock price to fall.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related regulations implemented by the Securities and Exchange Commission, or SEC, and the New York Stock Exchange, or NYSE, are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. We will be evaluating our internal controls systems to allow management to report on, and our independent auditors to attest to, our internal controls. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. As a result, we expect to incur substantial additional expenses and diversion of management s time. While we anticipate being able to fully implement the requirements relating to internal controls and all other aspects of Section 404 by our December 31, 2005 deadline, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations since there is presently no precedent available by which to measure compliance adequacy. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to accurately report our financial results or prevent fraud and might be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NYSE. Any such action could harm our business or investors confidence in our company, and could cause our stock price to fall.

The accompanying consolidated financial statements for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2003 and 2004 have been restated to properly record separately identifiable intangible assets including customer relationships and trade names apart from goodwill and reflect amortization expense of such intangible assets previously recorded as goodwill and not subject to amortization. In light of the aforementioned restatement of our financial statements due to the misapplication of purchase accounting, our independent registered public accounting firm notified us that our procedures were inadequate for appropriately assessing and applying purchase accounting principles. Our external auditors have concluded that this constitutes a material weakness as defined in Statement on Auditing Standards No. 60. We have revised our policies and procedures such that, in connection with material future acquisitions that are consummated, we will engage independent valuation consultants to assist us in determining the values to be assigned to intangible assets pursuant to FAS 141. While we believe that this process will adequately address this control deficiency there can be no assurance that similar issues may not arise again.

Our operations subject us to potential environmental liabilities that could increase our operating costs and harm our financial condition and results of operations.

Our printing operations are subject to numerous federal, state and local laws, and regulations relating to the environment. Such environmental regulations may affect us by restricting the use of certain products or regulating their disposal and regulatory or legislative changes may cause future increases in our operating costs or otherwise affect our operations. Although we believe we are and have been in substantial compliance with such regulations, there is no assurance that in the future we may not be adversely affected by such regulations or incur increased operating costs in complying with such regulations.

Our operations involve some use of hazardous substances and the generation of wastes, primarily toner, which could have adverse environmental impacts if released into the environment. Environmental regulations impose obligations on various entities to clean up contaminated properties or to pay for the cost of such remediation, often upon parties that did not actually cause the contamination. Accordingly, we may become liable, either contractually or by operation of law, for remediation costs even if a contaminated property is not presently owned or operated by us, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. While we are not subject to any existing remediation obligations, future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to future remediation liabilities that may be material.

Risks Related to Our Common Stock

Our stock price may be volatile, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our common stock. An active public trading market for our common stock may not develop or, if it develops, may not be maintained after this offering, and the market price could fall below the initial public offering price. Factors such as quarterly variations in our financial results, announcements by us or others, developments affecting us, our customers and our suppliers, acquisition of products or businesses by us or our competitors, and general market volatility could cause the market price of our common stock to fluctuate significantly. As a result, you could lose all or part of your investment. Our company, the selling stockholders, and the representatives of the underwriters will negotiate to determine the initial public offering price. The initial public offering price may be higher than the trading price of our common stock following this offering.

Anti-takeover provisions in our charter documents and Delaware corporate law may make it difficult for our stockholders to replace or remove our current board of directors and could deter an unsolicited third party acquisition offer, which may adversely affect the marketability and market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and in Delaware corporate law will make it difficult for stockholders to change the composition of our board of directors, which consequently will make it difficult to change the composition of management. In addition, these provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by our management and board of directors. Public stockholders who might desire to participate in this type of transaction may not have an opportunity to do so. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

Our board of directors can issue preferred stock without stockholder approval of the terms of such stock.

Our amended and restated certificate of incorporation will authorize our board of directors, without stockholder approval, to issue up to 25,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions granted to or imposed upon the preferred stock, including voting rights, dividend rights, conversion rights, terms of redemption, liquidation preference, sinking fund terms, subscription rights, and the number of shares constituting any series or the designation of a series. Our board of directors will be able to issue preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of common stock, without stockholder approval. At the completion of this offering, no shares of preferred stock will be outstanding and we have no present plan to issue any shares of preferred stock.

Shares available for sale and future stock sales could decrease the market price of our stock.

Sales of shares of our common stock in the public market following this offering, or the perception that sales may occur, could depress the market price of our common stock. After this offering, we will have 43,986,296 shares of common stock outstanding, including 22,500 shares issued pursuant to option exercises subsequent to September 30, 2004. The number of shares of common stock available for sale in the public market is temporarily limited by restrictions under federal securities law and under lock-up agreements that our directors, executive officers, the selling stockholders, and the holders of substantially all other shares of our common stock have entered into with the underwriters. Those lock-up agreements restrict these persons from disposing of or hedging their shares or securities convertible into or exchangeable for their shares until 180 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co. and J.P. Morgan Securities Inc. However, Goldman, Sachs & Co. and J.P. Morgan Securities Inc. may release all or any portion of the shares from the restrictions of the lock-up agreements. All of the shares sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares purchased by our affiliates (as defined in Rule 144 of the Securities Act). The remaining shares outstanding after this offering will be available for sale into the public market after the expiration of the initial 180-day lock-up period, except for any shares purchased by our affiliates (as defined in Rule 144 of the Securities Act). Additional shares of common stock underlying options will become available for sale in the public market. We expect to file a registration statement on Form S-8 that will register approximately

5.8 million shares of common stock, including shares of common stock issuable under our stock plans.

As restrictions on resale end, our stock price could drop significantly if the holders of these restricted shares sell them or the market perceives they intend to sell them. These sales may also make it more difficult for us to sell securities in the future at a time and at a price we deem appropriate.

Because a limited number of stockholders control the majority of the voting power of our common stock, investors in this offering will not be able to determine the outcome of stockholder votes.

Following this offering, our executive officers, directors, Code Hennessy & Simmons IV LP, and their affiliated entities will control 61.7% of the voting power of our common stock, or 57.1% if the underwriters over-allotment option is exercised in full. So long as these stockholders continue to hold, directly or indirectly, shares of common stock representing more than 50% of the voting power of our common stock, they will be able to direct the election of all of the members of our board of directors who will determine our strategic plans and financing decisions and appoint senior management. These stockholders will also be able to determine the outcome of substantially all matters submitted to a vote of our stockholders, including matters involving mergers, acquisitions, and other transactions resulting in a change in control of our company. These stockholders do not have any obligation to us to either retain or dispose of our common stock. They may seek to cause us to take courses of action that, in their judgment, could enhance their investment in us, but which might involve risks to other holders of our common stock or adversely affect us or other investors, including investors in this offering.

You will incur immediate and substantial dilution as a result of this offering.

The initial public offering price will be substantially higher than the book value (deficit) per share of our common stock. As a result, purchasers in this offering will experience immediate and substantial dilution of $19.53 per share in the tangible book value of the common stock from the assumed initial public offering price of $15.00. After our issue and sale of 7,666,667 shares of our common stock in this offering at an assumed initial public offering price of $15.00 per share, the purchasers of shares issued by us in this offering will contribute 40.5% of the total gross amount invested to date in our company, but will own only 17.4% of the shares of common stock outstanding. However, the purchasers of shares from the selling stockholders will own an additional 12.9% of the shares of common stock outstanding. In addition, to the extent that currently outstanding options to purchase common stock at a price per share less than our tangible net book value per share are exercised, there will be further dilution.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements, as defined by federal securities laws, with respect to our financial condition, results of operations and business, and our expectations or beliefs concerning future events. Words such as, but not limited to, believe, expect, anticipate, estimate, intend, plan, targets, likely, will, would, could, and similar expressions or phrases identify forward-looking

All forward-looking statements involve risks and uncertainties. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results.

Factors that may cause actual results to differ from expected results include, among others:

general economic conditions and a downturn in the architectural, engineering and construction industry;

competition in our industry and innovation by our competitors;

our failure to anticipate and adapt to future changes in our industry;

uncertainty regarding our product and service innovations;

the inability to charge for our value-added services to offset potential declines in print volumes;

adverse developments affecting the State of California, including general and local economic conditions, macroeconomic trends, and natural disasters;

our inability to successfully identify and manage our acquisitions or open new branches;

our inability to successfully monitor and manage the business operations of our subsidiaries and uncertainty regarding the effectiveness of financial and management policies and procedures we established to improve accounting controls;

adverse developments concerning our relationships with certain key vendors;

our inability to adequately protect our intellectual property and litigation regarding intellectual property;

acts of terrorism, violence, war, natural disaster or other circumstances that cause damage or disruption to us, our facilities, our technology centers, our vendors or a majority of our customers;

the loss of key personnel or qualified technical staff;

the potential writedown of goodwill or other intangible assets we have recorded in connection with our acquisitions;

the availability of cash to operate and expand our business as planned and to service our debt;

the increased expenses and administrative workload associated with being a public company;

failure to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud;

potential environmental liabilities.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

See the section entitled Risk Factors for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. These factors and the other risk factors described in this prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks, service marks, copyrights and trade names that we use in conjunction with the operation of our business, including the names American Reprographics Company℠, ARC℠, Abacus PCR™, BidCaster℠, EWO℠, MetaPrint™, OneView℠, PEiR℠, PlanWell®, PlanWell PDS™, PlanWell Enterprise℠, and various design marks associated therewith. This prospectus also includes trademarks, service marks and trade names of other companies.

MARKET DATA

We operate in an industry in which it is difficult to obtain precise industry and market information. Although we have obtained some industry data from third party sources that we believe to be reliable, in many cases we have based certain statements contained in this prospectus regarding our industry and our position in the industry on our estimates concerning our customers and competitors. These estimates are based on our experience in the industry, conversations with our principal vendors, our own investigation of market conditions and information obtained through our numerous acquisitions.

USE OF PROCEEDS

We expect to receive net proceeds of approximately $103.6 million from the sale of 7,666,667 shares of common stock by us in this offering at an assumed initial public offering price of $15.00 per share (the mid-point of the range set forth on the cover page of this prospectus), after deducting estimated underwriting commissions and discounts and estimated expenses. We will not receive any of the proceeds from the sale of shares by the selling stockholders or upon any exercise of the underwriters over-allotment option.

We anticipate using the net proceeds to us from this offering as follows:

- approximately $28.0 million to repurchase our preferred equity, including accrued interest, which becomes payable upon our initial public offering;

- approximately $50.7 million to repay a portion of our $225 million senior second priority secured term loan facility, which has a maturity date of December 2009 and bears interest at a floating rate which was 8.625% as of September 30, 2004; and

- the balance of approximately $24.9 million to repay a portion of our $100 million senior first priority secured term loan facility, which has a maturity date of June 2009 and bears interest at a floating rate which was 4.84% as of September 30, 2004.

Pending application of the balance of the net proceeds described above, we plan to invest such balance in short and medium-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common equity. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to compliance with certain covenants under our credit facilities, which restrict or limit our ability to declare or pay dividends, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.

REORGANIZATION

Immediately prior to this offering, we will reorganize from a California limited liability company to a Delaware corporation, American Reprographics Company. In the reorganization:

- each common unit of Holdings will be exchanged for one share of our common stock;

- each Holdings option will be exchanged for an option exercisable for shares of our common stock equal to the number of units subject to the Holdings option and with the same exercise price and vesting terms as the Holdings option; and

- the Holdings warrants will be exchanged for 809,618 shares of our common stock.

Pursuant to the operating agreement of Holdings, cash distributions are to be made to members of Holdings to provide them with funds to pay taxes that the members will owe for their share of our profits as a limited liability company through the date of our reorganization, calculated at the highest combined federal and state income tax rate applicable for tax withholding purposes, currently 43%. Accordingly, immediately prior to our reorganization, we will make a cash distribution to all members of Holdings of the estimated amount due the members with respect to such taxes in the amount of approximately $510,000. Within approximately 45 days after the closing of this offering, when the final amount due the members with respect to such taxes has been calculated, we will make a final payment for the balance, if any, due to the members. In addition, certain of our members, CHS Associates IV and ARC Acquisition Co., L.L.C. (the CHS Entities), in the past have received less than their proportionate share of distributions for such taxes and, under the terms of the operating agreement of Holdings, are owed the amount of the shortfall. In order to bring the total distributions to the CHS Entities into parity with the distributions with respect to such taxes made to other members, immediately prior to our reorganization, a distribution of approximately $8.6 million will be made to the CHS Entities. We may also make a further distribution to CHS Entities within 45 days after the closing of this offering if the estimated payment to the CHS Entities did not fully offset such shortfall.

CHANGE IN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

On October 24, 2003, Holdings board of advisors determined to no longer use the audit services of Ernst & Young LLP and approved the appointment of PricewaterhouseCoopers LLP to serve as our independent public accountants for the fiscal year ending December 31, 2003. During the years ended December 31, 2002 and 2001 and the subsequent interim period through October 24, 2003, we did not consult with PricewaterhouseCoopers LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or any other matters or reportable events as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

The reports of Ernst & Young LLP on our consolidated financial statements for the years ended December 31, 2002 and 2001 did not contain an adverse opinion or disclaimer of opinion, or a qualification or modification as to uncertainty, audit scope, or accounting principles. During our fiscal years 2001 and 2002 and the subsequent interim period through October 24, 2003, there were no disagreements between Ernst & Young LLP and us on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Ernst & Young LLP would have caused it to make reference thereto in its reports on the financial statements for such period. There has been no matter that was the subject of a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

We have provided Ernst & Young LLP with a copy of the foregoing disclosures and requested that Ernst & Young LLP furnish us with a letter addressed to the Securities and Exchange Commission stating whether or not Ernst & Young LLP agrees with the above statements. A copy of such letter, dated October 15, 2004, is filed as an exhibit to the registration statement of which this prospectus is a part.

CAPITALIZATION

The following table sets forth our unaudited consolidated capitalization as of September 30, 2004:

on an actual basis;

on a pro forma basis to reflect the reorganization of our company from a limited liability company to a corporation prior to this offering (see Reorganization); and

on a pro forma as adjusted basis to reflect the sale of 7,666,667 shares of our common stock by us in this offering at an assumed initial public offering price of $15 per share, the mid-point of the estimated offering price range shown on the cover of this prospectus, and the application of the net proceeds as described under Use of Proceeds.

This table should be read in conjunction with Reorganization, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements, including the related notes, appearing elsewhere in this prospectus.

	As of September 30, 2004		
	Actual	Pro Forma	Pro Forma As Adjusted
	(Dollars in thousands)		
Cash and cash equivalents(1)	$ 12,008	$ 2,911	$ 2,911
Long-term debt, excluding current maturities:			
Existing senior secured credit facilities(2)	$309,759	$309,759	$233,444
Capital leases	9,026	9,026	9,026
Mandatorily redeemable preferred membership units(3)	27,285	27,285	
Seller notes from acquisitions(4)	1,630	1,630	1,630
Total long-term debt	347,700	347,700	244,100
Total equity/deficit:			
Common members capital 35,487,511 member common membership units issued and outstanding actual; none pro forma and pro forma as adjusted	29,302		
Common stock, par value $0.001 per share 150,000,000 shares authorized; none issued and outstanding actual; 35,487,511 issued and outstanding pro forma; 43,963,796 issued and outstanding pro forma as adjusted		35	44
Preferred stock, par value $0.001 per share 25,000,000 shares authorized; none issued and outstanding actual; none issued and outstanding pro forma; none issued and outstanding pro forma as adjusted			
Additional paid-in-capital		29,267	132,859
Deferred compensation	(2,742)	(2,742)	(2,742)
Accumulated equity (deficit):			
Accumulated earnings from inception, less distributions to members (1)(5)(7)	(64,516)	(56,327)	(58,353)
Accumulated other comprehensive income	(343)	(343)	(343)
Total equity/(deficit)(6)	(38,299)	(30,110)	71,465
Total capitalization	$309,401	$317,590	$315,565

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(1) Reflects the payment of $8.6 million to the CHS Entities in connection with our reorganization and reflects a $510,000 distribution to members in respect to taxes. See Reorganization.

(2) At September 30, 2004, our senior secured credit facilities consisted of two facilities: (i) a $130 million senior first priority secured facility, consisting of a $100 million term loan facility, of which $99.3 million was outstanding at September 30, 2004, and a $30 million revolving credit facility, none of which was outstanding at September 30, 2004; and (ii) a $225 million senior second priority secured term facility of which $213.4 million was outstanding at September 30, 2004. Subsequent to September 30, 2004, we repaid $9.6 million of our senior secured term facilities. We intend to apply the net proceeds from this offering to repay approximately $50.7 million of our second priority secured facility and the balance of approximately $24.9 million to repay a portion of our first priority secured facility. See Use of Proceeds.

(3) Holdings issued 20,000 redeemable preferred units in connection with the 2000 recapitalization. Holders of such preferred units are entitled to an investment return of 13.25% per annum for periods prior to April 10, 2003 and 15.0% per annum thereafter. A portion of the investment return is distributed quarterly under a formula which takes into account federal and certain state and local income tax rates applicable to such investment return. The unpaid portion of the investment return accumulates annually and will be payable upon any redemption or repurchase of the preferred units. Pursuant to the terms of Holdings operating agreement, on the closing date of the offering, we will use a portion of the net proceeds of this offering to repurchase all outstanding preferred units. The total amount we expect to pay to repurchase such preferred units, including the unpaid portion of the investment return, is approximately $28.0 million.

(4) The seller notes were issued in connection with certain acquisitions, with interest rates ranging between 7.0% and 8.0% and maturities between 2005 and 2007.

(5) Accumulated earnings from inception includes the income tax effects of the corporate conversion which will result in an income tax benefit of $17.3 million.

(6) The deficit of $38.3 million, as of September 30, 2004, includes $88.8 million in cash distributions to Holdings common unit holders made in connection with the 2000 recapitalization.

(7) Accumulated earnings from inception includes a charge of $2.1 million to write off a portion of debt discount and deferred financing costs due to early extinguishment of debt from the use of proceeds.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value (deficit) per share of our common stock upon the completion of this offering.

On a pro forma basis to give effect to our reorganization as Delaware corporation, as described in Reorganization, our net tangible book value (deficit) as of September 30, 2004 equaled approximately $(272.6) million, or $(7.90) per share of common stock. Net tangible book value (deficit) per share represents the amount of our total tangible assets less total liabilities, divided by the total number of shares of common stock outstanding. After giving effect to the sale of shares of common stock offered by us in this offering at an assumed initial public offering price of $15.00 per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value (deficit), as adjusted, as of September 30, 2004 would have equaled approximately $199.3 million, or $(4.53) per share of common stock. This represents an immediate increase in net tangible book value of $3.37 per share to our existing stockholders and an immediate dilution in net tangible book value of $19.53 per share to new investors of common stock in this offering. The following table illustrates this per share dilution to new investors purchasing our common stock in this offering.

Assumed initial public offering price per share		$15.00
Net tangible book value (deficit) per share at September 30, 2004	$(7.90)	
Increase in net tangible book value per share attributable to this offering	3.37	
Net tangible book value (deficit) per share after this offering		(4.53)
Dilution per common share to new investors		$19.53

The following table summarizes the differences between our existing stockholders and new investors, as of September 30, 2004, with respect to the number of shares of common stock issued by us, the total consideration paid and the average price per share paid. The calculations with respect to common shares purchased by new investors in this offering reflect the initial public offering price of $15.00 per share before deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	35,487,511	80.7%	$168,954,000	59.5%	$ 4.76
Exchange of warrants	809,618	1.8%	$	0.0%	$
New investors	7,666,667	17.4%	$115,000,005	40.5%	$15.00
Total	43,963,796	100.0%	$283,954,005	100.0%	$ 6.46

The discussion and tables above assume no exercise of any of the stock options to purchase 1,712,915 shares with exercise prices ranging from $4.88 to $6.14 per share and a weighted average exercise price of $5.22 per share outstanding at September 30, 2004. If all our outstanding options at September 30, 2004 had been exercised, the net tangible book value (deficit) per share, as adjusted, would have been $(4.17) per share, representing an immediate increase in net tangible book value of $0.36 per share to our existing stockholders and an immediate dilution in net tangible book value of $19.17 per share to new investors purchasing shares in this offering.

If the underwriters over-allotment option is exercised in full, sales by the selling stockholders in this offering will reduce the number of shares of common stock held by existing stockholders to 28,611,296 shares or approximately 65.1% of the total number of shares of common stock outstanding upon the closing of this offering and will increase the number of shares held by new public investors to 15,352,500 shares or approximately 34.9% of the total number of shares of common stock outstanding after this offering. See Principal and Selling Stockholders.

SELECTED HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL DATA

The selected historical and unaudited pro forma financial data presented below are derived from the audited financial statements of Holdings for the fiscal years ended December 31, 1999, 2000, 2001, 2002, and 2003, and for the nine-month period ended September 30, 2004, and the unaudited financial statements of Holdings for the nine-month period ended September 30, 2003. The selected historical financial data for the nine-month period ended September 30, 2003 is derived from unaudited interim financial statements which, in the opinion of management, include all normal, recurring adjustments necessary to state fairly the data included therein in accordance with GAAP for interim financial information, except for pro forma data. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. The unaudited pro forma financial data set forth below give effect to our conversion to a Delaware corporation and the completion of this offering, as described in Use of Proceeds. The unaudited pro forma financial data are not necessarily indicative of our financial position or results of operations that might have occurred had the transactions they give effect to been completed as of the dates indicated and do not purport to represent what our financial position or results of operations might be for any future period or date. The financial data set forth below should be read in conjunction with Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations and our audited financial statements and unaudited financial statements included elsewhere in this prospectus. The financial information for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2003 and 2004 have been restated as discussed in footnote 1 below.

			Restated(1)				
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
		(Dollars in thousands)				(Unaudited)	
Statement of Operations Data:							
Reprographics services	$198,774	$287,995	$338,124	$324,402	$315,995	$242,507	$253,367
Facilities management	14,745	24,624	39,875	52,290	59,311	42,719	53,736
Equipment and supplies sales	10,317	38,480	42,702	42,232	40,654	31,112	29,195
Total net sales	223,836	351,099	420,701	418,924	415,960	316,338	336,298
Cost of sales	134,531	201,390	243,710	247,778	252,028	190,266	196,668
Gross profit	89,305	149,709	176,991	171,146	163,932	126,072	139,630
Selling, general and administrative expenses	53,730	89,371	104,004	103,305	101,252	76,127	81,434
Amortization of intangibles	2,823	3,966	5,801	1,498	1,709	1,269	1,267
Costs incurred in connection with the 2000 recapitalization		20,544					
Write-off of intangible assets			3,438				
Income from operations	32,752	35,828	63,748	66,343	60,971	48,676	56,929
Other income	638	713	304	541	1,024	1,080	574
Interest expense	(9,215)	(29,238)	(47,530)	(39,917)	(39,390)	(28,958)	(25,089)
Loss on early extinguishment of debt		(1,195)			(14,921)		
Income before income tax provision	24,175	6,108	16,522	26,967	7,684	20,798	32,414
Income tax provision	4,068	4,784	5,787	6,267	4,131	4,220	6,940
Net income	20,107	1,324	10,735	20,700	3,553	16,578	25,474
Dividends and amortization of discount on preferred members equity		(2,158)	(3,107)	(3,291)	(1,730)	(1,730)	

Net income (loss) attributable to common members	20,107	(834)	7,628	17,409	1,823	14,848	25,474
Unaudited pro forma incremental income tax provision(2)	5,304	2,618	2,574	6,211	673	5,180	7,714
Unaudited pro forma net income (loss) attributable to common members	$ 14,803	$ (3,452)	$ 5,054	$ 11,198	$ 1,150	$ 9,668	$ 17,760

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
	(In thousands, except per unit amounts)					(Unaudited)	
Net income (loss) attributable to common members per common unit:							
Basic	$ 0.82	$ (0.02)	$ 0.21	$ 0.48	$ 0.05	$ 0.42	$ 0.72
Diluted	$ 0.82	$ (0.02)	$ 0.21	$ 0.47	$ 0.05	$ 0.40	$ 0.68
Unaudited pro forma net income (loss) attributable to common members per common unit:							
Basic	$ 0.60	$ (0.10)	$ 0.14	$ 0.31	$ 0.03	$ 0.27	$ 0.50
Diluted	$ 0.60	$ (0.10)	$ 0.14	$ 0.30	$ 0.03	$ 0.26	$ 0.47
Weighted average units:							
Basic	24,571	35,308	36,629	36,406	35,480	35,478	35,488
Diluted	24,571	35,371	36,758	36,723	37,298	37,307	37,474

	Restated(1)						
	Fiscal Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
	(Dollars in thousands)					(Unaudited)	
Other Financial Data:							
Depreciation and amortization(3)	$9,542	$14,942	$25,442	$19,178	$19,937	$15,219	$14,339
Capital expenditures, net	$3,877	$ 5,228	$ 8,659	$ 5,209	$ 4,992	$ 3,348	$ 4,772
Interest expense	$9,215	$29,238	$47,530	$39,917	$39,390	$28,958	$25,089

	Restated(1)					
	As of December 31,					As of September 30,
	1999	2000	2001	2002	2003	2004
	(Dollars in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 15,814	$ 31,565	$ 29,110	$ 24,995	$ 17,315	$ 12,008
Total assets	$204,464	$358,026	$372,583	$395,128	$374,716	$377,617
Long term obligations and mandatorily redeemable preferred and common membership units(4)(5)	$123,951	$359,746	$371,515	$378,102	$360,008	$347,700
Total members equity (deficit)(6)	$ 32,422	$ (80,479)	$ (78,955)	$ (61,082)	$ (60,015)	$ (38,299)
Working capital	$ 15,379	$ 34,742	$ 24,338	$ 24,371	$ 16,809	$ 27,910

(1) The accompanying consolidated financial statements for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2003 and 2004 have been restated to properly record separately identifiable intangible assets including customer relationships and trade names apart from goodwill and reflect amortization expense of such intangible assets previously recorded as goodwill and not subject to amortization. In connection with our acquisition of businesses during the years ended December 31, 2001, 2002, and 2003, and the nine months ended September 30, 2004, we had previously recorded the entire excess purchase price over the fair value of net assets acquired to goodwill. However, we subsequently determined in accordance with provisions of SFAS 141, Business Combinations, that approximately $15.9 million of the excess purchase price from these acquisitions should have been allocated to other intangible assets at the respective acquisition dates and amortized over their estimated useful lives. See Note 1 to our consolidated financial statements for additional detail.

The restatement resulted in us recording other intangible assets during the periods ended December 31, 2002 and 2003 and September 30, 2004 consisting of customer relationships of $11.2 million, $615,000, and $484,000, and trade names of $1.4 million, $4,000 and $0, respectively, apart from goodwill at the respective acquisition dates. In addition, the restatement for the years ended December 31, 2001, 2002, and 2003 and the nine months ended September 30, 2003 and 2004 increased previously reported amortization expense by approximately $70,000, $1.3 million, $1.6 million, $1.2 million and $1.2 million, respectively.

The following table represents the effects of the restatement on previously reported balances for all periods presented:

Consolidated Balance Sheets	As Previously Reported			As Restated		
	December 31, 2002	December 31, 2003	September 30, 2004	December 31, 2002	December 31, 2003	September 30, 2004
	(Dollars in thousands)					
Goodwill	$242,134	$243,668	$245,999	$228,144	$229,059	$230,639
Other intangible assets	$	$	$	$ 13,737	$	