LNT Leasing III, LLC
Form 424B3
August 25, 2006

Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO FINANCIAL STATEMENTS

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PROSPECTUS

LINENS 'N THINGS, INC.
LINENS 'N THINGS CENTER, INC.

Offer to Exchange all of the Outstanding $650,000,000 Senior Secured Floating Rate Notes due 2014 for $650,000,000 Registered Senior Secured Floating Rate Notes due 2014

We are offering to exchange all of our outstanding Senior Secured Floating Rate Notes due 2014, which were issued in a private placement on February 14, 2006 and which we refer to as the "old notes," for an equal aggregate amount of our registered Senior Secured Floating Rate Notes due 2014, which have been registered with the Securities and Exchange Commission, or the "Commission," and which we refer to as the "exchange notes." The terms of the exchange notes are identical in all material respects to the terms of the old notes, except that the exchange notes will not bear legends restricting their transfer under the Securities Act of 1933, as amended, and certain transfer restrictions, registration rights and additional interest payment provisions relating to the old notes will not apply to the exchange notes.

The old notes were issued, jointly and severally, by Linens 'n Things, Inc., or "Linens 'n Things," and Linens 'n Things Center, Inc., or "Linens 'n Things Center," on February 14, 2006, in connection with the acquisition of Linens 'n Things by Linens Holding Co. The old notes have been, and the exchange notes will be, guaranteed by Linens Holding Co. and all of its wholly owned domestic restricted subsidiaries other than the co-issuers.

MATERIAL TERMS OF THE EXCHANGE OFFER

- The exchange offer expires at 5:00 p.m., New York City time, on September 29, 2006, unless extended.

- We will exchange all old notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.

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

- Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

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

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

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

Before participating in this exchange offer, consider carefully the "Risk Factors" beginning on page 18 of this prospectus.

Neither the Commission nor any state securities commission has approved or disapproved of the exchange notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 25, 2006

TABLE OF CONTENTS

PROSPECTUS SUMMARY
RISK FACTORS
THE EXCHANGE OFFER
USE OF PROCEEDS
CAPITALIZATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
BUSINESS
MANAGEMENT
EXECUTIVE COMPENSATION
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS
DESCRIPTION OF CERTAIN INDEBTEDNESS
DESCRIPTION OF EXCHANGE NOTES
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS
PLAN OF DISTRIBUTION
CERTAIN ERISA MATTERS
LEGAL MATTERS
EXPERTS
INDEX TO FINANCIAL STATEMENTS

The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies. No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this prospectus in connection with the offer contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in our affairs or that of our subsidiaries since the date hereof.

In this prospectus and except as the context otherwise requires or indicates:

- "Issuers" means Linens 'n Things, Inc. and Linens 'n Things Center, Inc.; and

- "Us," "we," "our" or "Company" means Linens Holding Co., a Delaware corporation, together with its consolidated subsidiaries, including Linens 'n Things, Inc. and Linens 'n Things Center, Inc.

WHERE CAN YOU FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-4 under the Securities Act relating to the offering of the exchange notes. This prospectus is part of that registration statement. You may obtain from the Commission a copy of the registration statement and exhibits that we have filed with the Commission. The registration statement may contain additional information that may be important to you. Statements made in this prospectus about legal documents may not necessarily be complete, and you should read it together with the documents filed as exhibits to the registration statement filed with the Commission.

FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements, other than statements of historical facts, included in this prospectus, are forward-looking statements. In particular, statements that we make relating to our overall volume trends, industry forces, margin trends, anticipated capital expenditures and our strategies are forward-looking statements. When used in this document, the words "believe," "expect," "anticipate," "estimate," "project," "plan," "should" and similar expressions are intended to identify forward-looking statements.

These statements are based on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements. We disclaim any duty to update any forward-looking statements. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the risk factors discussed under the heading "Risk Factors." We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on our results of operations and financial condition.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that is important to you. You should read carefully this entire prospectus and should consider, among other things, the financial statements appearing elsewhere in this prospectus and the matters set forth in the section entitled "Risk Factors." We operate on a fiscal year ending on the Saturday closest to December 31. Fiscal years 2005, 2004 and 2003 were fifty-two week periods.

Our Company

We are the second largest specialty retailer of home textiles, housewares and home accessories in North America operating 549 stores in 47 U.S. states and six Canadian provinces as of April 1, 2006. We are a destination retailer, offering one of the broadest and deepest selections of high quality brand-name as well as private label home furnishings merchandise in the industry. Our average store size of approximately 33,000 gross square feet enables us to offer a more comprehensive product and brand selection than department stores and other retailers that sell home furnishings. We believe our store format coupled with our knowledgeable sales assistance and attentive service to our customers, whom we refer to as our guests, creates an enjoyable shopping experience. Our primary target guest is female between the ages of 25 and 55 who is fashion and brand conscious, has good-to-better income and focuses on the home as a reflection of her individuality.

We are committed to providing our guests with a one-stop shopping destination for home furnishings. Our extensive merchandise offering enables our guests to select from a wide assortment of styles, brands, colors and designs across varying price points at competitive values. Our "linens" product line includes home textiles such as bedding, towels, window treatments and table linens. Our "things" product line includes housewares and home accessories such as cookware, dinnerware, glassware, small appliances, candles, picture frames and storage and cleaning products. We offer a wide array of national home furnishing brands, including All-Clad, Braun, Calphalon, Conair, Croscill, Cuisinart, Henckels, Krups, KitchenAid, Nautica, OXO, Wamsutta and Yankee Candle. We also offer products under our LNT Home private label brand, which is designed to complement our brand name products by offering our guests quality merchandise at value prices. We also carry a number of exclusive products, including several high-fashion home textile patterns from Waverly and our Nate Berkus collection.

Our store format features an efficient racetrack layout in a visually appealing format that encourages guests to shop the entire store. We operate various store size formats generally ranging from 25,000 to 40,000 gross square feet. This allows us to match the size of our stores with the market potential of each location. Our stores are located predominately in power strip centers adjacent to complementary broad-based retail chains. In addition, our stores are generally located in geographic trading areas with at least 150,000 people within a five to ten mile radius and with demographic characteristics that match our target guest profile. We were incorporated on September 10, 1996 and were a wholly owned subsidiary of CVS Corporation ("CVS"), formerly Melville Corporation, until November 26, 1996, when CVS completed an initial public offering of our common stock.

Business Strategy

Improve Our Overall Merchandise Assortments. We intend to maximize merchandise productivity by implementing the following assortment planning initiatives:

- reduce our overall SKUs and increase the in-stock positions of our most popular merchandise;
- re-allocate space in our stores to more productive categories;
- increase the use of analytics in our merchandise assortment planning process, enabling us to make more informed, trend-based purchasing decisions in advance of guest demand; and

selectively expand existing merchandise categories and key vendor assortments as well as introduce new merchandise product lines that better reflect the style and regional preferences of our guests.

Establish a Key Item Program. We have established a "Best Bets" program in order to provide our guests superior value on our top 100 selling items. We intend to price these key items competitively and maintain deep in-stock positions to meet guest demand. We believe that our key item program will help drive store traffic, improve sales per square foot and strengthen the Linens 'n Things brand over the long-term.

Increase the Effectiveness of Our Marketing Expenditures. We intend to implement an aggressive new, multi-tiered marketing campaign that re-invigorates the Linens 'n Things brand, emphasizes our commitment to our Best Bets program and drives traffic to our stores. Our marketing expenditures were approximately $114.0 million in fiscal 2005, or 4.2% of net sales. We expect to reduce marketing expenditures as a percentage of net sales in fiscal 2006; however, we intend to broaden our reach with a more diversified mix of marketing utilizing broadcast media, preprint, newspaper advertising and direct mail. We believe that these changes, coupled with a greater emphasis on national advertising, will be more effective in communicating our merchandising strategy while attracting new guests into our stores and enhancing our brand.

Improve Our Guests' Shopping Experience. Our goal is to exceed our guests' expectations in every store, every day. We intend to achieve this goal by building on our existing service philosophy and by creating a more inviting atmosphere for our guests. We believe we can make our guests' shopping experience more efficient and enjoyable through enhanced merchandise presentation, including more stimulating product displays and clearer in-store signage.

Improve Our Operating Free Cash Flow. We are highly committed to increasing our operating free cash flow. As a result, we plan to reduce new store openings over the next few years and focus on improving the operations of our existing stores. We currently expect to open approximately 25 to 30 new stores in 2006, primarily consisting of stores we have already committed to opening, as opposed to an average of approximately 56 new stores per year since 2003. As a result, we currently expect our fiscal 2006 capital expenditures to be approximately $85.0 million, as opposed to $127.6 million in fiscal 2005. In addition, in connection with our merchandise assortment planning and sales productivity initiatives, we expect to improve our inventory turns and reduce our working capital. Our new business strategy does not require any out of the ordinary or one-time capital expenditures.

Realize Improved Financial Performance as Recently Opened Stores Mature. As of April 1, 2006, we operate 549 stores, 174 of which were opened since the beginning of 2003. These 174 stores have not yet reached sales and store-level EBITDA consistent with our stores that were opened before 2003. Store-level EBITDA represents operating profit derived for each store, before depreciation for all fixed assets located at each store and amortization, where operating profit is based on each store's actual sales less direct expenses excluding an allocation of overhead. Historically, new stores take 4 to 5 years to reach the financial performance of a mature store. Accordingly, we expect our recently opened stores to generate improved financial performance and contribute meaningfully to our overall net sales and store-level EBITDA as they mature over the next few years**.**

Competitive Strengths

Strong Brand Name Recognition. The Linens 'n Things brand name has a strong reputation as a leading provider of home furnishings. Our brand recognition is reinforced by our national footprint and highly visible store locations. Additionally, we utilize extensive national and local advertising through multiple formats to reinforce our guest recognition and support our promotional events. Based on a study by Leo J. Shapiro & Associates, an independent market research firm, in May 2005, 9 out of 10 U.S. households located in our markets recognize the Linens 'n Things brand.

Leading Destination for Home Furnishings. We are the second largest specialty retailer of home textiles, housewares and home accessories in North America and, as of April 1, 2006, operate 549 stores in 47 U.S. states and six Canadian provinces with an aggregate of approximately 18.3 million gross square feet. With over 25,000 SKUs, we market one of the broadest and deepest selections of home furnishings in the industry, providing us with a competitive advantage over department stores and mass merchants who offer a more limited product selection. Our more comprehensive product and brand selection provides our guests with a one-stop shopping destination for their home furnishing needs.

Well Maintained Store Base with Attractive Real Estate. Our portfolio of stores is primarily located in high traffic suburban locations that are convenient and accessible to our core guests and in close proximity to other high quality, national retailers. According to a study done by MapInfo in March 2004, our real estate is extremely competitive as to location and size with other national specialty retailers of home furnishings. Our store base is up to date with an average age per store of approximately five years. We believe that the average age of our store base minimizes our near-term maintenance and remodeling capital expenditure requirements.

Strong and Diversified Vendor Relationships. We are one of the largest purchasers of home furnishings in the United States and have developed strong long-term relationships with our vendors, from whom we consistently purchase large quantities of quality merchandise. We believe that our strong and diversified vendor relationships coupled with our buying power provides us a competitive advantage in the U.S. home furnishings industry. In addition, due to our broad range of branded products, our success is not dependent on any one specific product or vendor. In fiscal 2005, no single vendor accounted for more than 8% of our purchases.

Strong Guest Base. We have cultivated a strong base of loyal guests who return to our stores time and again. This is complemented by our Internet website which allows guests both to purchase our products and receive product information. We have a large customer database that we use to reach our target guests through, among other things, direct mail events. We define active guests as those who have visited our stores at least once in the last 12 months. We have over 12 million active guests in our database, who on average visit our stores approximately two to three times each year. To further strengthen our guest base, we also offer a private label charge card program, which has built-in loyalty programs to encourage more frequent visits and allows us to more efficiently target our direct mail efforts.

Attractive Industry Fundamentals

The U.S. home furnishings market, which we define as the retail market for textile home furnishing and durable home furnishings, was approximately an $82 billion market in 2005 according to the U.S. Department of Commerce. Textile home furnishings include bedding, bath accessories, kitchen and table linens and window treatments. Durable home furnishings include kitchenware, tabletop, small appliances, floor care, home décor and storage items. According to the U.S. Department of Commerce, the U.S. home furnishings market has generated positive growth in each year since 1990 and has grown at a 5.0% compound annual growth rate between 1990 and 2004. According to Retail Forward, Inc., a market research firm, the U.S. home furnishings market is expected to grow at a 4.4% compound annual growth rate between 2004 and 2009. Positive industry trends include continued consumer focus on the home, greater consumer disposable income and increasing home ownership.

The retail U.S. home furnishings market is highly fragmented. The market includes many different types of retailers including, among others, department stores, home improvement centers, mass merchandisers and discounters, specialty retailers and warehouse clubs. We believe that specialty retailers have been one of the fastest growing segments of the market over the past few years. As compared to department stores and other retailers of home furnishings, we believe that "big box" specialty retailers offer a broader and deeper merchandise selection, a higher level of customer service and a more convenient, one-stop shopping experience. As a result, we believe that "big box" specialty retailers will continue to gain market share, particularly as department stores focus increasingly on the fashion elements in their business, including apparel and cosmetics.

The Transactions

On November 8, 2005, Linens Merger Sub Co. and its parent company, Linens Holding Co., entered into an Agreement and Plan of Merger with Linens 'n Things, Inc. governing a reverse subsidiary merger (the "Merger") pursuant to which, on February 14, 2006, Linens Merger Sub Co. was merged with and into Linens 'n Things, Inc., with Linens 'n Things, Inc. as the surviving corporation. In the Merger, each share of common stock of Linens 'n Things, Inc. (other than shares held in treasury or owned by Linens Merger Sub Co., its parent company or any affiliate of Linens Merger Sub Co. and other than shares held by stockholders who properly demanded and perfected appraisal rights) was converted into the right to receive $28.00 in cash, without interest, for aggregate consideration of approximately $1.3 billion. As the surviving corporation in the Merger, Linens 'n Things, Inc. assumed by operation of law all of the rights and obligations of Linens Merger Sub Co., including those under the notes and the related indenture. Linens 'n Things Center, Inc., a direct wholly owned subsidiary of Linens 'n Things, Inc., was a co-issuer of the notes.

Affiliates of Apollo Management, L.P., National Realty & Development Corp. and Silver Point Capital Fund Investments LLC (the "Sponsors") collectively contributed approximately $648.0 million as equity to Linens Merger Sub Co. immediately prior to the Merger.

The Sponsors financed the purchase of Linens 'n Things, Inc. and paid related fees and expenses through the offering of the notes, the equity investment described above and excess cash on hand at Linens 'n Things, Inc. We did not draw on our asset-based revolving credit facility at closing.

The aforementioned transactions, including the Merger and its payment of any costs related to these transactions, are collectively referred to herein as the "Transactions." In connection with the Transactions, we incurred significant indebtedness and became highly leveraged.

Immediately following the Merger, we became a wholly owned subsidiary of Linens Holding Co. Linens Holding Co. is an entity that was formed in connection with the Transactions and had no assets or liabilities other than the shares of Linens Merger Sub Co. and its rights and obligations under and in connection with the merger agreement with us and the equity commitment letters and debt financing commitment letters provided in connection with the Transactions.

The closing of the Merger occurred simultaneously with:

- the closing of the note offering;
- the closing of our $600.0 million asset-based revolving credit facility;
- the termination of our prior $250.0 million unsecured revolving credit facility and CAN $40.0 million unsecured credit facility agreements; and
- the equity investments described above.

As a result of the Merger, all of Linens 'n Things, Inc.'s issued and outstanding capital stock was acquired by Linens Holding Co. At such time, investment funds associated with or designated by the Sponsors acquired approximately 99.7% of the common stock of Linens Holding Co. through an investment vehicle controlled by Apollo Management V, L.P., or one of its affiliates, and Robert J. DiNicola, our Chairman and Chief Executive Officer, acquired the remaining 0.3%.

Upon consummation of the Transactions, we delisted our shares of common stock from the New York Stock Exchange (the "NYSE") and deregistered under Section 12 of the Securities Exchange Act of 1934. The last day of trading on the NYSE was February 14, 2006.

Our principal executive offices are located at 6 Brighton Road, Clifton, New Jersey 07015 and our telephone number at that address is (973) 778-1300. Our corporate website address is *www.lnt.com.* Our website and the information contained on our website are not part of this prospectus.

Linens Holding Co. was incorporated on November 7, 2005. Linens 'n Things, Inc. was incorporated on September 10, 1996. Linens 'n Things Center, Inc. was incorporated on January 12, 1996.

Certain of the titles and logos referenced in this prospectus are our trademarks and service marks. All other trademarks, service marks and trade names referred to in this prospectus are the property of their respective owners.

Summary of the Exchange Offer

We are offering to exchange $650 million aggregate principal amount of our exchange notes for $650 million aggregate principal amount of our old notes. The following is a brief summary of the terms and conditions of the exchange offer. For a more complete description of the exchange offer, you should read the discussions under the heading "The Exchange Offer."

Exchange Notes	$650 million aggregate principal amount of Senior Secured Floating Rate Notes due 2014. The terms of the exchange notes are identical to the terms of the old notes, except that the exchange notes have been registered under the Securities Act and will not bear legends restricting their transfer under the Securities Act. In addition, certain transfer restrictions, registration rights and additional interest payment provisions relating to the old notes will not apply to the exchange notes.
Old Notes	$650 million aggregate principal amount of Senior Secured Floating Rate Notes due 2014, which were issued in a private placement on February 14, 2006.
The Exchange Offer	We are offering to exchange $1,000 principal amount of our exchange notes for each $1,000 principal amount of our old notes. We are making this exchange offer to satisfy our obligations under a registration rights agreement that we entered into with the initial purchasers of the old notes in connection with the private placement.
	To exchange your old notes, you must properly tender them in the exchange offer and we must accept your tender. All old notes that you validly tender and do not subsequently validly withdraw will be exchanged in the exchange offer.
	We will issue the exchange notes promptly after the expiration of the exchange offer.
Registration Rights Agreement	You are entitled under the registration rights agreement to exchange your old notes for exchange notes with substantially identical terms. This exchange offer is intended to satisfy these rights. After the exchange offer is complete, except as set forth in the next paragraph, you will no longer be entitled to any exchange or registration rights with respect to your old notes.
	The registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for your benefit if you would not receive freely tradable exchange notes in the exchange offer or you are ineligible to participate in the exchange offer, provided that you indicate that you wish to have your old notes registered under the Securities Act. See "The Exchange Offer Procedures for Tendering."

Resales of the Exchange Notes	We believe that you may resell, offer for resale or otherwise transfer any exchange notes issued to you in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if you meet all of the following conditions:
	(1) you acquired the exchange notes in the ordinary course of your business;
	(2) you are not engaging in and do not intend to engage in a distribution of the exchange notes;
	(3) you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and
	(4) you are not an affiliate of ours, as the term "affiliate" is defined in Rule 405 under the Securities Act.
	Our belief is based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties unrelated to us. We have not asked the staff for a no-action letter in connection with this exchange offer, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offer.
	If you do not meet all of the above conditions, you may incur liability under the Securities Act if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act. We do not and will not assume or indemnify you against that liability.
	Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for old notes that the broker-dealer acquired as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the exchange notes. A broker-dealer may use this prospectus for an offer to resell or to otherwise transfer the exchange notes. We have agreed that, for a period of 180 days from the effective date of this registration statement, upon the request of a broker-dealer, we will make this prospectus, as amended or supplemented, available to the broker-dealer for use in connection with any such resale.

Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on September 29, 2006, unless we decide to extend the exchange offer. We do not intend to extend the exchange offer, although we reserve the right to do so.
Conditions to the Exchange Offer	We will complete the exchange offer only if it will not violate applicable law or any applicable interpretation of the staff of the Commission and no injunction, order or decree has been issued which would prohibit, prevent or materially impair our ability to proceed with the exchange offer. See "The Exchange Offer Conditions."
Procedures for Tendering Old Notes Held in the Form of Book-Entry Interests	The old notes were issued as global securities in fully registered form without interest coupons. Beneficial interests in the old notes are held by direct or indirect participants in The Depository Trust Company, or DTC, through certificateless depositary interests that are shown on, and transfers of the old notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.
	If you are a holder of an old note held in the form of a book-entry interest and you wish to exchange your old note for an exchange note pursuant to the exchange offer, you must transmit to The Bank of New York, as exchange agent, on or prior to the expiration of the exchange offer a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal.
	The exchange agent must also receive on or prior to the expiration of the exchange offer either:
	a timely confirmation of book-entry transfer of your old notes into the exchange agent's account at DTC, in accordance with the procedure for book-entry transfers described in this prospectus under the heading "The Exchange Offer Procedures for Tendering" and " Book-Entry Transfer"; or
	the documents necessary for compliance with the guaranteed delivery procedures described below.

	A letter of transmittal accompanies this prospectus. By delivering a computer-generated message through DTC's Automated Tender Offer Program system, you will represent to us, among other things, that:
	you are acquiring the exchange notes in the exchange offer in the ordinary course of your business;
	you are not engaging in and do not intend to engage in a distribution of the exchange notes;
	you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and
	you are not our affiliate.
Procedures for Tendering Certificated Notes	No certificated notes are issued and outstanding as of the date of this prospectus. If you are a holder of book-entry interests in old notes, you are entitled to receive, in limited circumstances, in exchange for your book-entry interests, certificated notes in principal amounts equal to your book-entry interests. If you acquire certificated old notes prior to the expiration of the exchange offer, you must tender your certificated old notes in accordance with the procedures described in "The Exchange Offer Procedures for Tendering" and " Certificated Old Notes."
Special Procedures for Beneficial Owners	If you are the beneficial owner of old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your old notes, you should promptly contact the person in whose name your old notes are registered and instruct that person to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name your old notes are registered. The transfer of registered ownership may take considerable time. See "The Exchange Offer Procedures for Tendering."
Guaranteed Delivery Procedures	If you wish to tender your old notes and you cannot get the required documents to the exchange agent on time, you may tender your old notes in accordance with the guaranteed delivery procedures set forth in "The Exchange Offer Procedures for Tendering" and " Guaranteed Delivery Procedures."

Acceptance of Old Notes and Delivery of Registered Notes	Except under the circumstances summarized above under "Conditions to the Exchange Offer," we will accept for exchange any and all old notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date for the exchange offer. The exchange notes to be issued to you in the exchange offer will be delivered promptly following the expiration of the exchange offer. See "The Exchange Offer Terms of the Exchange Offer."
Withdrawal	You may withdraw any tender of your old notes at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will return to you any old notes not accepted for exchange for any reason without expense to you as promptly as we can after the expiration or termination of the exchange offer.
Exchange Agent	The Bank of New York is serving as the exchange agent in connection with the exchange offer.
Consequences of Failure to Exchange	If you do not participate or properly tender your old notes in the exchange offer:
	you will retain old notes that are not registered under the Securities Act and that will continue to be subject to restrictions on transfer that are described in the legend on the old notes;
	you will not be able, except in very limited instances, to require us to register your old notes under the Securities Act;
	you will not be able to offer to resell or transfer your old notes unless they are registered under the Securities Act or unless you offer to resell or transfer them pursuant to an exemption under the Securities Act; and
	the trading market for your old notes will become more limited to the extent that other holders of old notes participate in the exchange offer.
Federal Income Tax Consequences	Your exchange of old notes for exchange notes in the exchange offer should not result in any gain or loss to you for U.S. federal income tax purposes. See "Certain United States Federal Income Tax Considerations."

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

Co-Issuers	Linens 'n Things, Inc. and Linens 'n Things Center, Inc.
Notes Offered	$650,000,000 aggregate principal amount of senior secured floating rate notes due 2014.
Maturity Date	January 15, 2014.
Interest Payment Date	We pay interest on the old notes and will pay interest on the exchange notes at a per annum rate equal to LIBOR plus 5.625%, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. The interest rate on the exchange notes will be reset quarterly.
Guarantees	The old notes are and the exchange notes will be fully and unconditionally guaranteed, jointly and severally, on a senior basis by Linens Holding Co., the parent corporation of the Issuers, and by each of our direct and indirect subsidiaries that guarantee our asset-based revolving credit facility except for our Canadian subsidiaries, all of which are referred to in this prospectus as the guarantors. If the Issuers cannot make payments required by the exchange notes, the guarantors are required to make payments instead. The guarantees may be released under certain circumstances.
Ranking	The exchange notes and the guarantees will be our senior secured obligations and:
	will rank equally in right of payment with all of our existing and future senior indebtedness;
	will rank senior in right of payment to all of our existing and future senior subordinated and subordinated indebtedness;
	will be effectively senior to our asset-based revolving credit facility to the extent of the value of the collateral securing the exchange notes on a first priority basis;
	will be effectively junior in right of payment to indebtedness under our asset-based revolving credit facility to the extent of the value of the collateral securing our asset-based revolving credit facility on a first priority basis; and
	be effectively junior in right of payment to the indebtedness and all other liabilities, including trade payables, of our subsidiaries that do not guarantee the exchange notes.

	As of April 1, 2006, our subsidiaries that do not guarantee the exchange notes had outstanding liabilities of $35.8 million, excluding intercompany liabilities and notes payable. For the 13 weeks ended April 1, 2006, our foreign subsidiaries had net sales of $36.5 million (6.2% of our total net sales), net loss of $1.4 million (2.2% of our total net loss) and assets of $113 million including intercompany payable and excluding intercompany notes receivable (5.6% of our total assets).
Collateral	The exchange notes and guarantees will be secured by first-priority liens, subject to permitted liens, on all of our and the guarantors' equipment, intellectual property rights and related general intangibles and all of our capital stock and the capital stock of certain subsidiaries. The lien on capital stock may be released under certain circumstances. The exchange notes and guarantees will also be secured by second-priority liens, subject to permitted liens, in all of our and the guarantors' inventory, accounts receivable, cash, securities and other general intangibles. See "Description of Exchange Notes Security."
Intercreditor Agreement	The trustee under the indenture and the agent under our asset-based revolving credit facility (and their respective collateral agents) have entered into an intercreditor agreement as to the relative priorities of their respective security interests in our assets securing the exchange notes and the loans under our asset-based revolving credit facility and certain other matters relating to the administration of such security interests. The terms of the intercreditor agreement are set forth under "Description of Exchange Notes Intercreditor Agreement."
Optional Redemption	We may, at our option, redeem some or all of the exchange notes at any time on or after January 15, 2008 at the redemption prices listed under "Description of Exchange Notes Optional Redemption" plus accrued and unpaid interest and additional interest.
	Prior to January 15, 2008, we may, at our option, redeem up to 35% of the exchange notes with the proceeds of certain sales of our equity or equity of our parent at the redemption prices listed under "Description of Exchange Notes Optional Redemption" plus accrued and unpaid interest and additional interest. We may make the redemption only if, after the redemption at least 65% of the aggregate principal amount of the exchange notes originally issued remains outstanding.

	Prior to January 15, 2008, we may, at our option, redeem some or all of the exchange notes at a price equal to 100% of the principal amount of the exchange notes plus a "make-whole" premium.
Mandatory Repurchase Offer	If we experience certain kinds of changes of control, we must offer to purchase the exchange notes at 101% of their principal amount, plus accrued and unpaid interest and additional interest. For more details, see "Description of Exchange Notes Repurchase at the Option of Holders Change of Control."
	If we sell assets under certain circumstances, we must offer to repurchase the exchange notes at a price equal to par plus the accrued and unpaid interest and additional interest, if any, to the repurchase date as described under "Description of Exchange Notes Repurchase at the Option of Holders Asset Sales."
Certain Covenants	We will issue the exchange notes under an indenture with The Bank of New York, which will initially act as trustee on your behalf. The indenture will, among other things, restrict our ability and the ability of our restricted subsidiaries to:
	incur, assume or guarantee additional indebtedness;
	issue redeemable stock and preferred stock;
	repurchase capital stock;
	make other restricted payments including, without limitation, paying dividends and making investments;
	create liens;
	redeem debt that is junior in right of payment to the exchange notes; and
	sell or otherwise dispose of assets, including capital stock of subsidiaries.
	These covenants are subject to a number of important limitations and exceptions. See "Description of Exchange Notes Certain Covenants."
Absence of Public Market for the Notes	The exchange notes are a new issue of securities and there is currently no established trading market for the exchange notes. The exchange notes generally will be freely transferable but will also be new securities for which there will not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes.
Use of Proceeds	We will not receive any cash proceeds upon completion of the exchange offer.

You should refer to the section entitled "Risk Factors" for an explanation of certain risks of participating or not participating in the exchange offer.

Summary Historical and Unaudited Pro Forma Consolidated Financial and Operating Data

The following table sets forth our summary historical and pro forma consolidated financial and operating data. The summary historical income statement data for fiscal 2005, fiscal 2004 and fiscal 2003 and the summary historical balance sheet data as at the end of fiscal 2005 and fiscal 2004 have been derived from our consolidated financial statements for such periods and such dates, which have been audited by KPMG LLP and are included in this registration statement. The summary historical, pro forma and financial data should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005, the related notes and the independent registered public accounting firm's report, which refers to a change in the method of accounting for vendor arrangements to conform to the requirements of Emerging Issues Task Force Issue No. 02-16. As a result of the consummation of the transaction, a new entity was formed with an effective date of February 14, 2006. The historical financial data as of and for each of the periods through February 13, 2006 shown under the predecessor entity caption, consists of Linens 'n Things and subsidiaries. The historical financial data for the successor entity as of April 1, 2006 and for the period February 14 to April 1, 2006 show the operations of the successor entity, Linens Holding Co. and subsidiaries. The unaudited historical financial data as of April 1, 2006, for the periods from January 1, 2006 to February 13, 2006 and February 14, 2006 to April 1, 2006, and the thirteen weeks ended April 2, 2005, have been derived from our unaudited consolidated financial statements. The unaudited consolidated financial statements for the period after February 13, 2006 are presented on a different basis than that for the periods before February 14, 2006, as a result of the application of purchase accounting as of February 14, 2006 and therefore are not comparable. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for that period. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

The summary unaudited pro forma consolidated financial data are based on our historical consolidated financial statements appearing elsewhere in this prospectus and give effect to the Transactions as if they had occurred on January 2, 2005. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, we can provide no assurance that the assumptions used in the preparation of the pro forma condensed consolidated financial information are correct. The pro forma condensed consolidated financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had the Transactions described under "Prospectus Summary The Transactions" occurred on such dates. The pro forma condensed consolidated financial information also should not be considered representative of our future financial condition or results of operations. The acquisition of Linens 'n Things, Inc. is being accounted for as a business combination using the purchase method of accounting.

The term "predecessor" refers to Linens 'n Things, Inc. and the term "successor" refers to Linens Holding Co. after its acquisition of Linens 'n Things, Inc. on February 14, 2006. This information is a summary and should be read in conjunction with "Capitalization," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	(Predecessor)					(Successor)		
	Fiscal Year Ended			Thirteen Weeks Ended			Thirteen Weeks Ended(1)	Pro Forma Fifty-Two Weeks Ended(2)
	January 3, 2004	January 1, 2005(3)	December 31, 2005	April 2, 2005	January 1 to February 13, 2006	February 14 to April 1, 2006	April 1, 2006	April 1, 2006
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(dollars in thousands)							
Income Statement Data:								
Net sales	$ 2,395,272	$ 2,661,469	$ 2,694,742	$ 570,946	$ 284,971	$ 307,845	$ 592,816	$ 2,716,612
Cost of sales, including buying and distribution costs	1,426,880	1,589,700	1,595,394	334,553	180,675	189,068	369,743	1,630,859
Gross profit	968,392	1,071,769	1,099,348	236,393	104,296	118,777	223,073	1,085,753
Selling, general and administrative expenses	846,826	970,479	1,037,521	242,154	174,138	137,761	311,899	1,107,674
Operating profit (loss)	121,566	101,290	61,827	(5,761)	(69,842)	(18,984)	(88,826)	(21,921)
Interest income	(169)	(542)	(894)	(495)	(668)	(86)	(754)	(1,153)
Interest expense	4,001	3,903	4,860	1,218		9,987	9,987	82,689
Income (loss) before provision (benefit) for income taxes	117,734	97,929	57,861	(6,484)	(69,174)	(28,885)	(98,059)	(103,457)
Provision (benefit) for income taxes	44,975	37,408	21,879	(2,410)	(21,270)	(11,313)	(32,583)	(41,716)
Net income (loss)	$ 72,759	$ 60,521	$ 35,982	$ (4,074)	$ (47,904)	$ (17,572)	$ (65,476)	$ (61,741)

	(Predecessor)					(Successor)		
	Fiscal Year Ended			Thirteen Weeks Ended			Thirteen Weeks Ended(1)	Pro Forma Fifty-Two Weeks Ended(2)
	January 3, 2004	January 1, 2005(3)	December 31, 2005	April 2, 2005	January 1 to February 13, 2006	February 14 to April 1, 2006	April 1, 2006	April 1, 2006
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(dollars in thousands, except for ratios and store data)							
Other Financial Data:								
Adjusted EBITDA(4)	$ 215,669	$ 226,843	$ 173,726	$ 17,618	$ (14,170)	$ 10,721	$ (3,449)	$ 192,395
Depreciation and amortization	71,348	81,318	90,270	21,176	12,642	15,022	27,664	108,182
Capital expenditures:								
New stores	82,531	87,863	93,678	9,258	6,875	6,517	13,392	97,812
Existing stores and other	30,765	31,189	33,904	2,769	901	2,054	2,955	34,090
	113,296	119,052	127,582	12,027	7,776	8,571	16,347	131,902

	(Predecessor)					(Successor)		
Total capital expenditures								
Cash interest expense	3,888	4,018	4,851	1,288	135	47	182	69,161
Ratio of total debt to Adjusted EBITDA								3.81x
Ratio of Adjusted EBITDA to cash interest expense								2.78x
Store Data:								
Number of stores (at period end)	440	492	542	499	542	549	549	549
Total gross square footage (000's) (at period end)	15,106	16,702	18,071	16,900	18,071	18,300	18,300	18,300
Comparable net sales(5)	1.3%	1.8%	(5.9)%	(5.4)%			(3.7)%	(5.5)%
Balance Sheet Data (at period end):								
Cash and cash equivalents	$ 136,129	$ 204,009	$ 158,158	$ 75,271	$ 90,333	$ 15,033	$ 15,033	$ 15,033
Working capital	458,519	519,686	537,453	533,971	506,757	442,017	442,017	442,017
Total assets	1,467,456	1,591,884	1,650,834	1,509,856	1,613,665	2,027,450	2,027,450	2,027,450
Total debt		2,196	2,139	2,182	2,131	733,725	733,725	733,725
Total shareholders' equity	737,377	809,353	849,863	806,012	820,408	630,184	630,184	565,288

(1) For comparative purposes, the Company combined the two periods from January 1, 2006 through April 1, 2006. This combination is not GAAP presentation. However, the Company believes this presentation is useful to provide the reader a more accurate comparison.

(2) The Pro Forma Fifty-Two Weeks ended April 1, 2006 have been derived from historical consolidated financial statements for the fiscal year 2005, less data from the consolidated financial statements for the thirteen weeks ended April 2, 2005 plus data from the consolidated financial statements for the thirteen weeks ended April 1, 2006 giving effect to the Transactions as if they had occurred on January 2, 2005.

(3) Fiscal year 2004 results include the implementation of the provisions of EITF 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor ("EITF 02-16") which reduced the Company's net income in fiscal 2004 by $13.3 million net of tax.

(4)

EBITDA represents net income (loss) before provision (benefit) for income taxes, interest expense, net and depreciation and amortization. Adjusted EBITDA represents EBITDA further adjusted to exclude non-cash and unusual items. Management uses EBITDA and Adjusted EBITDA as additional tools to assess our operating performance. Management considers EBITDA and Adjusted EBITDA to be useful measures in highlighting trends in our business and in analyzing the profitability of similar enterprises. It is also used as a measurement for the calculation of management incentive compensation. Management believes that EBITDA and Adjusted EBITDA are effective, when used in conjunction with net income, in evaluating asset performance and differentiating efficient operators in the industry. Furthermore, management believes that EBITDA and Adjusted EBITDA provide useful information to, and is commonly used by, investors, analysts and others to measure operating performance and because it provides insights into management's evaluation of our results of operations. EBITDA and Adjusted EBITDA (as calculated with contractually specified adjustments) are also one of the key measures used in calculating compliance with covenants in our new asset-based revolving credit facility and our notes. Non-compliance with financial covenants could prevent us from engaging in certain activities or result in a default under our asset-based revolving credit facility or our notes.

EBITDA and Adjusted EBITDA are not measures of financial performance under GAAP, are not intended to represent cash flow from operations under GAAP and should not be used as an alternative to net income as an indicator of operating performance or to cash flow from operating, investing or financing activities as a measure of liquidity. Management compensates for the limitations of using EBITDA and Adjusted EBITDA by using it only to supplement our GAAP results to provide a more complete understanding of the factors and trends affecting our business. Each of EBITDA and Adjusted EBITDA has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations of EBITDA and Adjusted EBITDA are:

EBITDA and Adjusted EBITDA do not reflect our cash used for capital expenditures;

although depreciation and amortization are non-cash charges, the assets being depreciated or amortized often will have to be replaced and EBITDA and Adjusted EBITDA do not reflect the cash requirements for such replacements;

EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital requirements;

EBITDA and Adjusted EBITDA do not reflect the cash necessary to make payments of interest or principal on our indebtedness; and

EBITDA and Adjusted EBITDA do not reflect non-recurring expenses which qualify as extraordinary such as one-time write-offs to inventory and reserve accruals.

While EBITDA and Adjusted EBITDA are frequently used as a measure of operations and the ability to meet indebtedness service requirements, they are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

(5)

Comparable net sales includes our internet sales and sales for our stores beginning on the first day of the month following the 13th full month of sales. Stores that are closed for a number of days in a particular month are excluded from comparable net sales if it would cause meaningful disparity in sales over the prior period. In the case of a store to be permanently closed, such store's sales are not considered comparable once the store closing process has commenced.

The following table reconciles EBITDA and Adjusted EBITDA as presented above, to net income (loss) as presented in our summary consolidated statements of operations and in accordance with GAAP (dollars in thousands):

	(Predecessor)					**(Successor)**		
	Fiscal Year Ended			**Thirteen Weeks Ended**			**Thirteen Weeks Ended**	**Pro Forma Fifty-Two Weeks Ended**
	January 3, 2004	**January 1, 2005**	**December 31, 2005**	**April 2, 2005**	**January 1 to February 13, 2006**	**February 14 to April 1, 2006**	**April 1, 2006**	**April 1, 2006**
Net income (loss)	$ 72,759	$ 60,521	$ 35,982	$ (4,074)	$ (47,904)	$ (17,572)	$ (65,476)	$ (61,741)
Income tax provision (benefit)	44,975	37,408	21,879	(2,410)	(21,270)	(11,313)	(32,583)	(41,716)
Interest expense, net	3,832	3,361	3,966	723	(668)	9,901	9,233	81,536

			(Predecessor)			**(Successor)**		
Depreciation and amortization	71,548	81,318	90,270	21,176	12,642	15,022	27,664	108,182
EBITDA	192,914	182,608	152,097	15,415	(57,200)	(3,962)	(61,162)	86,261
Non-cash rent expense(a)	8,052	7,978	4,739	1,238	534	1,682	2,216	17,996
Non-cash landlord allowance amortization(b)	(17,283)	(19,968)	(21,633)	(5,234)	(2,959)	(94)	(3,053)	(2,735)
Cash landlord allowances received(c)	30,410	29,096	28,697	5,490	1,277	1,054	2,331	25,538
EBITDA after rent-related adjustments	214,093	199,714	163,900	16,909	(58,348)	(1,320)	(59,668)	127,060
Transaction expenses(d)			3,322		31,730		31,730	35,052
Non-cash fixed asset impairment charge(e)	760	900	4,060					4,059
Non-cash stock-based compensation(f)	816	510	1,243	109	3,143	36	3,179	4,313
Accounting change for vendor allowances(g)		21,468						
Non-recurring consulting expenses(h)		4,251	5,412	600				4,812
Write-down of aged inventory(i)						10,313	10,313	10,313
Accelerated payment of stock option(j)					9,305		9,305	9,305
Executive Severance(k)						1,692	1,692	1,692
Visa/Mastercard litigation settlement(l)			(2,211)					(2,211)
Gain on sale of lease(m)			(2,000)					(2,000)
Adjusted EBITDA	$ 215,669	$ 226,843	$ 173,726	$ 17,618	$ (14,170)	$ 10,721	$ (3,449)	192,395

(a) Represents the non-cash portion of rent expense.

(b) Non-cash landlord allowance amortization represents the amortization of cash allowances received from landlords at inception of leases. Non-cash landlord allowance amortization has the effect of reducing rent expense.

(c) Represents cash allowances received from landlords at inception of leases.

(d) Transaction costs represent legal and other merger-related expenses.

(e) Represents the non-cash accelerated write-down of the book value of certain underperforming fixed assets.

(f) Represents non-cash compensation expense related to predecessor period restricted stock grants.

(g) Prior to January 4, 2004, certain funds received from vendors were reflected immediately as a reduction of advertising expense in SG&A or cost of sales. Effective January 4, 2004, in connection with the implementation of EITF 02-16, the Company treats these vendor funds as a reduction in the cost of inventory and as a result, these funds are recognized as a reduction to cost of sales when the inventory is sold. The effect of the implementation of EITF 02-16 was to reduce pre-tax income by $21.5 million for the fiscal year ended January 1, 2005.

(h) Represents non-recurring consulting costs related to a strategic corporate profitability project that began in 2004 and was completed in 2005 and that was significantly greater in scope and costs than what the Company typically incurs or is expected to incur.

(i) Charges related to change in reserves for markdowns on non-productive and aged inventory.

(j) Represents acceleration of compensation expense related to stock option grants, as a result of the acquisition of the Company by the Sponsors.

(k) Changes related to severance for departure of Jane Gilmartin.

(l) Represents the Company's share of the Visa/MasterCard antitrust litigation settlement.

(m) Represents non-recurring gain from sale of favorable lease.

RISK FACTORS

You should carefully consider the risks described below as well as the other information contained in this prospectus before tendering your old notes in the exchange offer. The risks described below are not the only ones facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations.

Risks Related to Our Business

Our profitability would be adversely affected if our merchandise selections do not match guest preferences.

The retail industry is subject to changing merchandise trends and consumer preferences. Our success depends in large part on our ability to identify merchandise trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. We cannot assure you that our merchandise selections will accurately reflect the preferences of our guests at any given time. In addition, any decline in the popularity or quality of any of our key brands could adversely affect our business. Furthermore, the products we sell often require long lead times to order and must appeal to consumers whose preferences cannot be predicted with certainty and often change rapidly. Consequently, we must stay abreast of changing lifestyle and consumer trends and anticipate trends and fashions that will appeal to our guests. If we miscalculate the market for our merchandise or the purchasing preferences of our guests, our business and financial results could be adversely affected.

We do not have long-term contracts with any of our vendors and if we are unable to purchase suitable merchandise in sufficient quantities at competitive prices, we may be unable to offer a merchandise mix that is attractive to our guests and our sales may be harmed.

Third-party vendors manufacture virtually all of the products that we offer. In fiscal 2005, we purchased our merchandise from approximately 1,200 vendors. Many of our key vendors limit the number of retail channels they use to sell their merchandise and competition among retailers to obtain and sell these goods is intense. In addition, nearly all of the brands of our top vendors are sold by competing retailers, and some of our top vendors also have their own dedicated retail stores. Moreover, we typically buy products from our vendors on a purchase order basis. We have no long-term purchase contracts with any of our vendors and, therefore, have no contractual assurances of continued supply, pricing or access to products, and any vendor could change the terms upon which they sell to us or discontinue selling to us at any time. In fiscal 2005, products supplied by our 25 largest vendors represented approximately 40% of our purchases, with our top three vendors supplying approximately 14% and our largest single vendor supplying approximately 8% of our purchases for that year.

If our relationships with our vendors were disrupted, we might not be able to acquire the merchandise we require in sufficient quantities or on terms acceptable to us. Any inability to acquire suitable merchandise would have a negative effect on our business and operating results because we would be missing products from our merchandise mix unless and until alternative supply arrangements were made, resulting in deferred or lost guest sales.

Delays in receipt of merchandise in connection with either the manufacturing or shipment of such merchandise could affect our performance.

Virtually all of our merchandise is delivered to us by our vendors as finished goods and is manufactured in numerous locations. Our vendors rely on third party carriers to deliver merchandise to our distribution facilities. In addition, our success depends on our ability to efficiently source and distribute merchandise to our retail stores and online guests. Events such as labor disputes, natural disasters, availability of raw materials, vendor financial liquidity, inclement weather, work stoppages or boycotts affecting the manufacturing or transportation sectors could increase the cost or reduce the supply of merchandise available to us and could adversely affect our results of operations. Upon the loss of one or more of our vendors, we may not be able to develop relationships with new vendors, and products from alternative sources, if available, may be more expensive or of a different or inferior quality from the ones we currently sell.

In addition, a significant portion of our merchandise is currently sourced by us or by our domestic suppliers from foreign vendors. As a result, events resulting in the disruption of trade from other countries or the imposition of additional regulations relating to duties upon imports could cause significant delays or interruptions in the supply of our merchandise or increase our costs, either of which could have a material adverse effect on our business. Examples of such events include:

- political unrest, terrorist activities, war or other hostilities;
- strikes and labor problems;
- economic upheaval;
- import duties and quotas; and
- loss or change in "Most Favored Nation" status of the United States with a particular foreign country.

An increase in the cost to manufacture, or a disruption in shipment to us of, foreign-sourced products could decrease our sales and profitability.

Our future growth and profitability could be adversely affected if our advertising and marketing programs are not effective in generating sufficient levels of customer awareness and traffic.

We rely heavily on print advertising, especially direct mail, to promote new store openings, to increase consumer awareness of our product offerings and pricing and to drive store traffic. In addition, we rely and will increasingly rely on other forms of media advertising. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising and marketing programs. In order for our advertising and marketing programs to be successful, we must:

- effectively manage advertising and marketing costs in order to maintain acceptable operating margins and return on our marketing investment; and
- convert customer awareness into actual store visits and product purchases.

Our planned advertising and marketing expenditures may not result in increased total or comparable net sales or generate sufficient levels of product awareness. We may not be able to manage our advertising and marketing expenditures on a cost-effective basis.

There are a limited number of companies capable of distributing our direct mail advertising at the volume levels we require. If any of these companies cease operations, or if their expenses (e.g., postage, printing and paper costs) increase substantially, then it is likely that our advertising expenses will increase, which will have a negative effect on our business and operating results.

Weak economic conditions may significantly impact discretionary consumer spending and reduce our sales and profitability.

Most of the products the we sell are not consumer necessities. Purchases of our merchandise are largely dependent upon discretionary spending by our guests. A number of external economic factors could affect the purchases by our guests of the type of merchandise we offer, including:

- disposable income or consumer confidence in future economic conditions;

- general economic and business conditions; and
- increased interest rates or consumer debt levels.

Decreases in consumer confidence and consumer spending could adversely impact our sales and results of operations. Reduced consumer spending may also require increased markdowns and increased promotional expenses, which would adversely impact our results of operations.

Competitive factors could reduce our sales and profitability.

The U.S. retail home furnishings market is highly fragmented and intensely competitive. We compete with many different types of retailers, including among others department stores, mass merchandisers and discounters, specialty retail stores, home improvement centers, warehouse clubs and other retailers. Some of our competitors sell many of the same products and brands that we sell. The competitive challenges facing us include:

- anticipating and quickly responding to changing consumer demands;
- increasing customer awareness and traffic to our stores;
- variety and fashion of the products we offer;
- maintaining favorable brand recognition and achieving customer perception of value;
- effectively marketing and competitively pricing our products to our target guests; and
- competing with entities that have substantially greater financial and other resources than we do.

Competition by existing or future competitors, including aggressive price competition, could result in the need to reduce our prices or increase our spending and could result in a decrease in our sales and profitability and require a change in our operating strategies.

Attrition among our buyers or key sales associates could adversely affect our financial performance and our growth.

Our success is largely dependent on the efforts and abilities of our buyers and key sales associates. Our ability to meet our labor needs generally is subject to numerous factors, including the availability of a sufficient number of qualified persons in the work force, unemployment levels, the wages and benefits we pay, prevailing wage rates, changing demographics, health and other insurance costs and changes in employment legislation. If we were to lose buyers or key sales associates and not promptly fill their positions with comparably qualified individuals, our ability to benefit from long-standing relationships with key vendors or to provide relationship-based guest service may suffer. We cannot assure you that we will not suffer significant attrition among our current buyers or key sales associates. The loss of these individuals could adversely affect our business.

We may not be successful in opening and operating new stores profitably or making our recently opened stores profitable.

Although at a decreased rate as compared to prior years, we plan to open a number of new stores as part of our growth strategy. There are many risks inherent in our store expansion strategy, and we cannot assure you that we will be able to achieve our expansion goals. Our ability to grow our store base and operate our new and recently opened stores profitably will be affected by many factors, including:

- risks inherent in constructing, furnishing and supplying a store in a timely and cost effective manner, including obtaining necessary permits and zoning approvals;
- integrating the new store into our distribution network;

20

- our ability to maintain financing on commercially reasonable terms;
- our ability to identify and secure favorable sites for our new stores in well-trafficked areas and to negotiate satisfactory rent and other lease terms;
- the competition for favorable store sites;
- the presence of other complementary retail outlets at the locations where we open our new stores;
- the proximity of our competitors' stores;
- the impact on sales at our existing stores if we locate new stores in the same market;
- our ability to invest in and expand our distribution, information technology, management and logistics infrastructure to support a continually increasing store base;
- our ability to attract, train and retain good and experienced store managers and store personnel for our new stores; and
- acceptance of our new stores in markets where we have limited or no existing presence.

We intend to open additional stores in new markets, as well as in existing markets, in fiscal 2006, 2007 and beyond. The new markets we enter may have different competitive conditions, consumer trends and discretionary spending patterns than our existing markets, which may cause our stores in these new markets to be less successful than stores in our existing markets.

Where we add stores into our existing markets, we may not be able to attract sufficient new customers to these new stores and, in addition, these new stores may have the effect of reducing sales from our existing stores in those markets, which may have an adverse effect on our results of operations.

We cannot assure you that our new or recently opened stores will meet our internal financial operating targets or that we will be able to operate our new or recently opened stores profitably. We also cannot assure you that the operating results of our new or recently built stores will be comparable to the operating results of our mature existing stores.

A disruption in the operation of our distribution centers would impact our ability to deliver merchandise to our stores, which could adversely impact our sales and our results of operations.

Our inventory is generally shipped by our suppliers to one of our three distribution centers, which are located in Shepherdsville, Kentucky; Swedesboro, New Jersey and Greensboro, North Carolina. At our distribution centers, the merchandise is processed, sorted and shipped to our stores. Events such as fire or other catastrophic events, any malfunction or disruption of our centralized information systems or shipping problems may result in delays or disruptions in the timely distribution of merchandise to our stores, which could adversely impact our sales and our results of operations. Additionally, increases in variable expenses such as fuel costs associated with our distribution operations may adversely impact our results of operations.

Our revenues and cash requirements are affected by the seasonal nature of our business.

Our business is subject to substantial seasonal variations. Historically, we have realized a significant portion of our net sales and substantially all of our earnings for the year during the third and fourth quarters, with a majority of sales and earnings for these quarters realized in the fourth quarter. Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including the timing of new store openings, holiday spending patterns and general economic conditions. We believe this is the typical pattern associated with our segment of the retail industry, and we expect

this pattern will continue in the future. In anticipation of its peak selling season, we incur substantial additional costs, including additional inventory, payroll and advertising costs. If for any reason our sales during the fourth quarter of any year were significantly below expectations, our results of operations for that full year would be materially adversely affected.

A problem with our management information systems could impact our flow of product and information and adversely affect our operating productivity and results of operations.

We rely heavily upon our existing management information systems in operating and monitoring all aspects of our business, including sales, warehousing, distribution, purchasing, inventory control, merchandise planning and replenishment and our financial systems. The bulk of our management information systems are centrally located at our headquarters, with offsite backup at other locations. Any extended disruption in the operation of our management information systems could have an adverse effect on our operating productivity and results of operations.

Furthermore, to keep pace with changing technology, we must continuously provide for the design and implementation of new information technology systems as well as enhancements of our existing systems. Any failure to adequately maintain and update the information technology systems supporting our sales operations or inventory control could prevent us from processing and delivering merchandise, which could adversely affect our business.

Our business can be affected by extreme or unseasonable weather conditions.

Extreme weather conditions in the areas in which our stores are located could adversely affect our business. For example, heavy snowfall, rainfall or other extreme weather conditions over a prolonged period might make it difficult for our guests to travel to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm weather temperatures during the winter seasons could render a portion of our inventory incompatible with those conditions. Reduced sales from extreme or prolonged unseasonable weather conditions would adversely affect our business.

Acts of terrorism could adversely affect our business.

The economic downturn that followed the terrorist attacks of September 11, 2001 had a material adverse effect on our business. Any further acts of terrorism or other future conflict may disrupt commerce and undermine consumer confidence, cause a downturn in the economy generally, cause consumer spending or shopping center traffic to decline or reduce the desire of our guests to make discretionary purchases. Any of the foregoing factors could negatively impact our sales revenue, particularly in the case of any terrorist attack targeting retail space, such as a shopping center. Furthermore, an act of terrorism or war, or the threat thereof, could negatively impact our business by interfering with our ability to obtain merchandise from foreign manufacturers. Any future inability to obtain merchandise from our foreign manufacturers or to substitute other manufacturers, at similar costs and in a timely manner, could adversely affect our business.

We are subject to numerous regulations that could affect our operations.

We are subject to customs, truth-in-advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances, which regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of retail stores and warehouse facilities. Although we undertake to monitor changes in these laws, if these laws change without our knowledge, or are violated by importers, designers, manufacturers or distributors, we could experience delays in shipments and receipt of goods or be subject to fines or other penalties under the controlling regulations, any of which could adversely affect our business.

If we are unable to enforce our intellectual property rights, or if we are accused of infringing on a third party's intellectual property rights, our profitability may be adversely affected.

We and our subsidiaries currently own our trademarks and service marks, including the "Linens 'n Things" and "LNT" marks. Our trademarks and service marks are registered with both the United States Patent and Trademark Office and the Canadian Intellectual Property Office. The laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Moreover, we are unable to predict the effect that any future foreign or domestic intellectual property legislation or regulation may have on our existing or future business. The loss or reduction of any of our significant proprietary rights could have an adverse effect on our business.

Additionally, third parties may assert claims against us alleging infringement, misappropriation or other violations of their trademarks, copyrights or patents (including with respect to alleged proprietary designs) or other proprietary rights, whether or not the claims have merit. Claims like these may be time consuming and expensive to defend and could result in us being required to cease using the trademark, copyright or patent, design or other rights and selling the allegedly infringing products or to acquire licenses to continue using such intellectual property. This might have an adverse affect on our sales or business operations and cause us to incur significant litigation costs and expenses.

If we significantly overestimate our sales, our profitability may be adversely affected.

We make decisions regarding the purchase of our merchandise well in advance of the season in which it will be sold, generally six months to one year. If our sales during any season, particularly a peak season, are significantly lower than we expect for any reason, we may not be able to adjust our expenditures for inventory and other expenses in a timely fashion and may be left with a substantial amount of unsold inventory. If that occurs, we may be forced to rely on markdowns or promotional sales to dispose of excess inventory. This could have an adverse effect on our margins and operating income. At the same time, if we fail to purchase a sufficient quantity of merchandise or if our vendors do not have the capacity to handle our new purchase commitments, we may not have an adequate supply of products to meet guest demand. This may cause us to lose sales or adversely affect our reputation.

Changes in our credit card arrangements, applicable regulations and consumer credit patterns could adversely impact our ability to facilitate the provision of consumer credit to our guests and adversely affect our business.

We maintain a proprietary credit card program through which credit is extended to guests under the "Linens 'n Things" name. Changes in our proprietary credit card arrangements that adversely impact our ability to facilitate the provision of consumer credit may adversely affect our performance. Credit card operations are subject to numerous federal and state laws that impose disclosure and other requirements upon the origination, servicing and enforcement of credit accounts and limitations on the maximum amount of finance charges that may be charged by a credit provider. Any effect of these regulations or change in the regulation of credit arrangements that would materially limit the availability of credit to our guest base could adversely affect our business. In addition, changes in credit card use, payment patterns and default rates may result from a variety of economic, legal, social and other factors that we cannot control or predict with certainty.

Failure to maintain competitive terms under our loyalty programs could adversely affect our business.

As part of our strategy, we intend to formalize and maintain loyalty programs that are designed to cultivate long-term relationships with our customers and enhance the quality of service we provide to our customers. We must constantly monitor and update the terms of our loyalty programs so that we continue to meet the demands and needs of our customers and remain competitive with loyalty programs offered by our competitors. Our failure to provide quality service and competitive loyalty programs to our customers could adversely affect our business.

If we are unable to renew or replace our store leases or enter into leases for new stores on favorable terms, or if any of our current leases are terminated prior to the expiration of their stated term and we cannot find suitable alternate locations, our growth and profitability could be harmed.

We lease all of our store locations. Our current leases expire at various dates through 2029 subject, in many cases, to renewal options for periods ranging from five to 20 years. Our ability to renew any expired lease or, if such lease cannot be renewed, our ability to lease a suitable alternate location, and our ability to enter into leases for new stores on favorable terms will depend on many factors which are not within our control, such as conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective landlords. If we are unable to renew existing leases or lease suitable alternate locations, or enter into leases for new stores on favorable terms, our growth and our profitability may be significantly harmed.

Restrictions contained in some of our leases relating to change of control of our Company may make any change of control more difficult or impair our ability to retain such leases in the event of a change of control.

Approximately 5% of our leases contain, and leases related to new stores may contain, various restrictions relating to a change of control of our Company. In such cases, a change of control of our Company without the consent of the landlord may result in a violation of the terms of such lease, thereby exposing us to potential damages or lease termination. This, in turn, could harm our growth and profitability. The presence of such provisions may also make any change of control in the future more difficult.

We have identified certain issues relating to our internal controls and procedures, which, if not remedied effectively, could have an adverse effect on our business.

On February 7, 2005, the Office of the Chief Accountant of the SEC issued a clarification regarding lease accounting under Generally Accepted Accounting Principles in the United States ("GAAP"). As a result of this clarification, we reviewed our lease accounting practices and determined that our former methods of accounting for leases and landlord allowances were not consistent with the views expressed by the SEC. As a result, management has concluded that our internal control over the selection and monitoring of appropriate assumptions and factors affecting accounting for leases and landlord allowances was not effective as the end of fiscal 2004. Such internal control deficiencies resulted in the restatement of certain of our financial statements and constituted a material weakness in our internal control over financial reporting. We made this determination in consultation with the audit committee of our board of directors and senior management. Consequently, our assessment resulted in an attestation report with an opinion from our independent registered public accounting firm that we had not maintained effective internal control over financial reporting as of January 1, 2005. In addition, during the fourth quarter of 2004, management determined that there was a material weakness in the design of controls over inventory existence, due to the timing of our physical inventory counts and our cycle counting procedures over inventory. In response to this control deficiency we enhanced our inventory cycle count procedures within the fourth quarter of 2004 to confirm the existence of inventory.

Our management also determined that as of the end of fiscal 2005 we did not have adequate review controls to ensure the propriety of the accounting for the classification of capital expenditures related to store self-development transactions. Our accounting treatment for capital expenditures related to store self-development transactions, initially recorded on the balance sheet as other current assets and on the cash flow statement as a change in other current assets, was subsequently determined to be incorrect according to generally accepted accounting principles, which principles provide that capital expenditures related to store self-development transactions should be recorded on the balance sheet as property and equipment and on the cash flow statement as additions to property and equipment. Our management corrected the accounting related to store self-development transactions prior to issuance of the financial statements for the fiscal year ended December 31, 2005. There was no change in the overall cash flow generated by us and the incorrect accounting had no impact on our income statement. The control deficiency that resulted in the incorrect accounting for the classification of capital expenditures related to store self-development transactions represented a material weakness in our internal control over financial reporting as of December 31, 2005. Our management has implemented review controls to ensure the propriety of our accounting for these transactions.

A material weakness in internal control over financial reporting is a control deficiency (within the meaning of the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 2), or combination of control deficiencies, that adversely affects a company's ability to initiate, authorize, record, process or report external financial data reliably in accordance with GAAP that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Although we have taken certain actions to address these issues, if we are unable to identify and remedy all such issues promptly and effectively, it could have a material adverse effect on our business, results of operations and financial condition. Maintaining effective control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If our management or our independent registered public accounting firm were to conclude again in the future that our internal control over financial reporting was ineffective, investors could lose confidence in our reported financial information.

We are indirectly owned and controlled by the Sponsors, and their interests as equity holders may conflict with creditors.

We are indirectly owned and controlled by affiliates of Apollo Management, L.P., National Realty & Development Corp. and Silver Point Capital Fund Investments LLC (the "Sponsors"), and the Sponsors have the ability to elect all of the members of our board of directors and thereby control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence of debt by us, amendments to our certificate of incorporation and bylaws and the entering into of extraordinary transactions. The interests of the Sponsors may not in all cases be aligned with the interests of noteholders. For example, if we encounter financial difficulties or are unable to pay our indebtedness as it matures, the interests of our equity holders might conflict with the interests of noteholders. In addition, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to noteholders. Furthermore, the Sponsors may in the future own businesses that directly or indirectly compete with us. One or more of the Sponsors also may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as the Sponsors continue to own a significant amount of our combined voting power, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control our decisions.

Risks Related to Holding the Notes

Our substantial leverage may impair our financial condition and prevent us from fulfilling our obligations under the notes.

We have a substantial amount of indebtedness. As of April 1, 2006, our total debt was $733.7 million, and we had $351.4 million of available borrowings under our asset-based revolving credit facility. For the thirteen weeks ended April 1, 2006, we had a deficit of earnings to fixed charges of $98.1 million.

Our substantial indebtedness could have important consequences to you, including:

- making it more difficult for us to satisfy our obligations with respect to the notes;
- increasing our vulnerability to general adverse economic and industry conditions by making it more difficult for us to react quickly to changing conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions and other general corporate requirements;
- requiring a substantial portion of our cash flow from operations for the payment of interest on our indebtedness and reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- exposing us to risks inherent in interest rate fluctuations because some of our borrowings will be at variable rates of interest, which could result in a higher interest expense in the event of increases in interest rates;
- limiting our flexibility in planning for, or reacting to, changes in our business, and the industry in which we operate; and
- placing us at a competitive disadvantage compared with our competitors that have less indebtedness.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial leverage.

Subject to specified limitations, the indenture governing the notes and the credit agreement governing our asset-based revolving credit facility permits us and our subsidiaries to incur substantial additional indebtedness, including $600.0 million of borrowings under our asset-based revolving credit facility that ranks equally with the notes. If new indebtedness is added to our and our subsidiaries' current indebtedness levels, the risks described above could intensify. See "Description of Certain Indebtedness" and "Description of Exchange Notes Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock" for additional information.

Covenant restrictions under our indebtedness may limit our ability to operate our business.

The credit agreement governing our asset-based revolving credit facility and the indenture governing the notes do, and our future indebtedness agreements may, contain covenants that may restrict our ability to finance future operations or capital needs or to engage in other business activities. Our asset-based revolving credit facility and the indenture restricts, among other things, our ability and the ability of our restricted subsidiaries to:

- incur, assume or guarantee additional indebtedness;
- issue redeemable stock and preferred stock;

repurchase capital stock;

- make other restricted payments including, without limitation, paying dividends and making investments;
- create liens;
- redeem debt that is junior in right of payment to the notes;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- enter into agreements that restrict dividends from subsidiaries;
- enter into mergers or consolidations;
- enter into transactions with affiliates; and
- enter into sale/leaseback transactions.

In addition, our asset-based revolving credit facility requires us to maintain specified financial ratios and satisfy certain financial condition tests in certain situations. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet those financial ratios and financial condition tests. We cannot assure you that we will meet those tests or that the lenders will waive any failure to meet those tests. A breach of any of these covenants would result in a default under our asset-based revolving credit facility and the indenture. If an event of default under our asset-based revolving credit facility occurs, the lenders could terminate all commitments to lend and elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If we were unable to pay such amounts, the lenders could proceed against the collateral pledged to them. We have pledged our inventory, accounts receivable, cash, securities, other general intangibles and the capital stock of certain subsidiaries (our "revolving credit collateral") to the lenders on first-priority basis. In such an event, we cannot assure you that we would have sufficient assets to pay amounts due on the notes. As a result, you may receive less than the full amount you would be otherwise entitled to receive on the notes. See "Description of Certain Indebtedness," "Description of Exchange Notes Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock" and "Description of Exchange Notes Certain Covenants Liens" for additional information.

Certain of the collateral securing the notes is subject to control by creditors with first priority liens. If there is a default, the value of that collateral may not be sufficient to repay both the first priority creditors and the holders of the notes.

The notes are secured by a first priority lien on equipment, intellectual property rights, related general intangibles and all of our capital stock and the capital stock of certain subsidiaries (our "note lien collateral"), and a second priority lien on our revolving credit collateral. Our asset-based revolving credit facility is secured by a first priority lien on our revolving credit collateral and a second priority lien on our note lien collateral. If we become insolvent or are liquidated, or if payment under any of the instruments governing our secured debt under our asset-based revolving credit facility is accelerated, the lenders under those instruments will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to the instruments governing such debt. Accordingly, you will have a prior claim on our note lien collateral and the lenders under our asset-based revolving credit facility will have a prior claim on our revolving credit collateral. We cannot assure you that, in the event of a foreclosure, the proceeds from the sale of our note lien collateral would be sufficient to satisfy the amounts outstanding under the notes or that proceeds from the sale of our revolving credit collateral would be sufficient to satisfy the amounts outstanding under the notes and other obligations secured by the second priority liens, if any, after payment in full of all obligations under our asset-based revolving credit facility secured by the first priority liens on our revolving credit collateral. If such proceeds were not sufficient to repay amounts outstanding under the notes, then holders of such notes (to the extent not repaid from the proceeds of the sale of the collateral) would only have an unsecured claim against our remaining assets, which claim will rank equal in priority to the unsecured claims with respect to any unsatisfied portion of the obligations secured by the first priority liens and our other unsecured senior indebtedness. We have not performed valuations on the value of our note lien collateral or our revolving credit collateral. We will be permitted to borrow substantial additional secured indebtedness in the future under the terms of the indenture. See "Description of Exchange Notes Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock" and "Description of Exchange Notes Certain Covenants Liens."

Under the indenture, we could also incur additional indebtedness secured by first priority liens and second priority liens so long as such first and second priority liens are securing indebtedness permitted to be incurred by the covenants described under "Description of Exchange Notes" and certain other conditions are met. Our ability to designate future debt as either first priority secured or second priority secured and, in either event, to enable the holders thereof to share in the collateral on either a priority basis or a *pari passu* basis with holders of the notes and our asset-based revolving credit facility, may have the effect of diluting the ratio of the value of such collateral to the aggregate amount of the obligations secured by the collateral.

It may be difficult to realize the value of the collateral securing the notes.

The collateral securing the notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the trustee for the notes and any other creditors that also have the benefit of first liens on the collateral securing the notes from time to time, whether on or after the date the notes are issued. The existence of any such exceptions, defects, encumbrances, liens or other imperfections could adversely affect the value of the collateral securing the notes as well as the ability of the collateral agent to realize or foreclose on such collateral.

No appraisals of any collateral have been prepared in connection with this offering. The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value. We cannot assure you that the fair market value of the collateral as of the date of this prospectus exceeds the principal amount of the indebtedness secured thereby. The value of the assets pledged as collateral for the notes could be impaired in the future as a result of changing economic conditions, our failure to implement our business strategy, competition or other future trends. In the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the notes and all other senior secured obligations, interest may cease to accrue on the notes from and after the date the bankruptcy petition is filed.

The security interest of the collateral agent is subject to practical problems generally associated with the realization of security interests in collateral. For example, the collateral agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the collateral agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

The lien-ranking provisions set forth in the indenture and the intercreditor agreement will substantially limit the rights of the holders of the notes with respect to the collateral securing the notes.

The rights of the holders of the notes with respect to the collateral securing the notes is substantially limited pursuant to the terms of the lien-ranking provisions set forth in the indenture and the intercreditor agreement. Under those lien-ranking provisions, at any time that obligations that have the benefit of the first priority liens are outstanding, any actions that may be taken in respect of the collateral, including the ability to cause the commencement of enforcement proceedings against the collateral and to control the conduct of such proceedings, and the approval of amendments to, releases of collateral from the lien of and waivers of past defaults under, the collateral documents, will be at the direction of the holders of the obligations secured by the first priority liens. The trustee, on behalf of the holders of the notes, will not necessarily have the ability to control or direct such actions, even if the rights of the holders of the notes are adversely affected. Additional releases of collateral from the second priority lien securing the notes are permitted under some circumstances.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The first priority liens in the collateral securing the notes may not be perfected with respect to the claims or the notes if we are not able to take the actions necessary to perfect any of these liens. There can be no assurance that the lenders under our asset-based revolving credit facility will have taken all actions necessary to create properly perfected security interests in the collateral subject to a second priority lien securing the notes, which, as a result of the intercreditor agreement, may result in the loss of the priority of the security interest in favor of the noteholders to which they would have been entitled as a result of such non-perfection.

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

The security interest in the collateral securing the notes includes assets of us and of the guarantors, both tangible and intangible, whether now owned or acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. We and the guarantors are not obligated to perfect the noteholders' security interest in specified collateral. There can be no assurance that the trustee or the collateral agent will monitor, or that we will inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent for the notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the notes against third parties.

Bankruptcy laws may limit your ability to realize value from the collateral.

The right of the collateral agent to repossess and dispose of the collateral securing the notes and guarantees is likely to be significantly impaired by applicable bankruptcy law if another bankruptcy proceeding were to be commenced by or against us. Even if the repossession and disposition has occurred, a subsequent bankruptcy proceeding could give rise to causes of action against the collateral agent and the holders of notes. Following the commencement of a case under the U.S. Bankruptcy Code, a secured creditor such as the collateral agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without prior bankruptcy court approval, which may not be given. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" varies according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral as of the commencement of the bankruptcy case and may include cash payments, the granting of additional security or otherwise, if and at such times as the bankruptcy court in its discretion determines during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures.

Given the uncertainty as to what will be the value of the collateral at the time when a bankruptcy case may be commenced, and in view of the fact that the granting of "adequate protection" varies on a case-by-case basis and the broad discretionary power of a bankruptcy court, it is impossible to predict:

- how long payments under the notes could be delayed following commencement of a bankruptcy case;
- whether or when the collateral agent could repossess or dispose of the collateral; or
- whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on first priority lien debt and, thereafter, the notes, the holders of the notes would hold unsecured claims with respect to such insufficiency. The U.S. Bankruptcy Code only permits the accrual of post-petition interest (and sometimes current payment), costs and attorney's fees to a secured creditor during a debtor's bankruptcy case to the extent the value of its collateral exceeds the aggregate outstanding principal amount of the obligations secured by the collateral.

In addition, the intercreditor agreement provides that, in the event of a bankruptcy, the trustee and the collateral agent may not object to a number of important matters following the filing of a bankruptcy petition so long as any first lien debt is outstanding.

Any future pledge of collateral might be avoidable in bankruptcy.

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

We will require a significant amount of cash, and our ability to generate sufficient cash depends upon many factors, some of which are beyond our control.

Our ability to make payments on and refinance our indebtedness and to fund working capital needs and planned capital expenditures depends on our ability to generate adequate cash flow in the future. To some extent, this is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. For example, our need to stock substantial inventory could increase our working capital needs. We cannot assure you that our business will continue to generate cash flow from operations at current levels or that our cash needs will not increase. If we are unable to generate sufficient cash flow from operations in the future to service our indebtedness and meet our other needs, we may have to refinance all or a portion of our existing indebtedness, obtain additional financing, reduce expenditures that we deem necessary to our business or sell assets. We cannot assure you that any refinancing of this kind would be possible or that any additional financing could be obtained or could be obtained on commercially reasonable terms. The inability to obtain additional financing could have a material adverse effect on our financial condition and on our ability to meet our obligations to you under the notes.

We may not be able to make the change of control offer required by the indenture.

Upon a change of control, subject to certain conditions, we are required to offer to repurchase all outstanding notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. The source of funds for that purchase of notes will be our available cash or cash generated from our subsidiaries' operations or other potential sources, including borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any change of control to make required repurchases of notes tendered. In addition, the terms of our asset-based revolving credit facility limit our ability to repurchase your notes and provides that certain change of control events will constitute an event of default thereunder. Our future indebtedness agreements may contain similar restrictions and provisions. If the holders of the notes exercise their right to require us to repurchase all of the notes upon a change of control, the financial effect of this repurchase could cause a default under our other indebtedness, even if the change of control itself would not cause a default. Accordingly, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of our other indebtedness and the notes or that restrictions in our asset-based revolving credit facility and the indenture will not allow such repurchases. In addition, certain corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the indenture. See "Description of Exchange Notes Repurchase at the Option of Holders Change of Control" and "Description of Certain Indebtedness" for additional information.

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

Certain of our borrowings, primarily borrowings under our asset-based revolving credit facility and the notes, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Borrowings under our asset-based revolving credit facility bear interest at a rate equal to, at our option, either (a) an alternate base rate determined by reference to the higher of (1) the base rate in effect on such day and (2) the federal funds effective rate plus 0.50% or (b) a LIBOR rate, with respect to any Eurodollar borrowing, determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin. The initial applicable margin for borrowings under our asset-based revolving credit facility was 0% with respect to alternate base rate borrowings and 1.50% with respect to LIBOR borrowings. The applicable margin with respect to the notes was a percentage per annum equal to 5.625%. Assuming all revolving loans are fully drawn, each quarter point change in interest rates would result in a $3.1 million change in annual interest expense on our asset-based revolving credit facility and the notes. Pursuant to the indenture governing the old notes and the exchange notes, we are required to enter into interest rate swaps, involving the exchange of floating for fixed rate interest payments, or other forms of derivative transactions, to reduce interest rate volatility. However, we may not be successful in obtaining interest rate swaps on commercially reasonable terms or at all.

Fraudulent transfer statutes may limit your rights as a holder of the notes.

Federal and state fraudulent transfer laws as previously interpreted by various courts permit a court, if it makes certain findings, to:

- avoid all or a portion of our obligations to holders of the notes;

- subordinate our obligations to holders of the notes to our other existing and future indebtedness, entitling other creditors to be paid in full before any payment is made on the notes; and

- take other action detrimental to holders of the notes, including invalidating the notes.

In that event, we cannot assure you that you would ever be repaid. There is also no assurance that amounts previously paid to you would not be subject to return.

Under federal and state fraudulent transfer laws, in order to take any of those actions, courts will typically need to find that, at the time the notes were issued, we:

- issued the notes with the intent of hindering, delaying or defrauding current or future creditors; or

- received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the notes; and

- were insolvent or were rendered insolvent by reason of the issuance of the notes;

- were engaged, or were about to engage, in a business or transaction for which our capital was unreasonably small; or

- intended to incur, or believed or should have believed we would incur, indebtedness beyond our ability to pay as such indebtedness matures.

Many of the foregoing terms are defined in or interpreted under those fraudulent transfer statutes and as judicially interpreted. A court could find that we did not receive fair consideration or reasonably equivalent value for the incurrence of the indebtedness represented by the notes.

The measure of insolvency for purposes of the foregoing considerations will vary depending on the law of the jurisdiction that is being applied in any such proceeding. Generally, a company would be considered insolvent if, at the time it incurred the indebtedness:

- the sum of its indebtedness (including contingent liabilities) is greater than its assets, at fair valuation; or

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing indebtedness and liabilities (including contingent liabilities) as they become absolute and matured.

We cannot assure you what standard a court would apply in determining our solvency and whether it would conclude that we were solvent when we incurred our obligations under the notes.

Our obligations under the notes are guaranteed by our parent and all of our direct and indirect present and future subsidiaries that guarantee our obligations under our asset-based revolving credit facility, and the guarantees may also be subject to review under various laws for the protection of creditors. It is possible that creditors of the guarantors may challenge the guarantees as a fraudulent transfer or conveyance. The analysis set forth above would generally apply, except that the guarantees could also be subject to the claim that, because the guarantees were incurred for the benefit of the Issuers, and only indirectly for the benefit of the guarantors, the obligations of the guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration. A court could avoid a guarantor's obligation under its guarantee, subordinate the guarantee to the other indebtedness of a guarantor, direct that holders of the notes return any amounts paid under a guarantee to the relevant guarantor or to a fund for the benefit of its creditors or take other action detrimental to the holders of the notes.

There is no active trading market for the notes.

The old notes are not listed, and we do not intend to list the exchange notes, on any securities exchange or to seek approval for quotations through any automated quotation system. We do not anticipate that an active and liquid trading market for the notes will develop as a result of the exchange of the exchange notes for the old notes. For that reason we cannot assure you that:

- a liquid market for the notes will develop;
- you will be able to sell your notes; or
- you will receive any specific price upon any sale of the notes.

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