

CENVEO, INC  
Form 10-K/A  
July 30, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K/A  
AMENDMENT NO. 1  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 3, 2009

Commission file number 1-12551

CENVEO, INC.  
(Exact name of Registrant as specified in its charter.)

COLORADO  
(State or other jurisdiction of  
incorporation or organization)

84-1250533  
(I.R.S. Employer Identification No.)

ONE CANTERBURY GREEN  
201 BROAD STREET  
STAMFORD, CT  
(Address of principal executive offices)

06901  
(Zip Code)

203-595-3000  
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Class	Title of Each	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share		New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of

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the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 27, 2008, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$467,307,231 based on the closing sale price as reported on the New York Stock Exchange.

As of March 6, 2009 the registrant had 54,585,241 shares of common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part II (Item 5) and Part III of this form (part of Item 11, Items 12, 13 and 14, and part of Item 10) is incorporated by reference from the Registrant's Proxy Statement to be filed pursuant to Regulation 14A with respect to the Registrant's Annual Meeting of Shareholders held on April 30, 2009.

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CENVEO, INC.

FORM 10-K/A

AMENDMENT NO. 1

FOR THE FISCAL YEAR ENDED JANUARY 3, 2009

EXPLANATORY NOTE

This Form 10-K/A is being filed in response to a request in a Securities and Exchange Commission (“SEC”) staff comment letter that we enhance certain disclosures, as outlined below, in our Annual Report on Form 10-K for the year ended January 3, 2009, which was originally filed with the SEC on March 19, 2009 (the “Original 10-K”). This amendment amends Item 1 – Business, Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations, Item 9A – Disclosure Controls and Procedures, and Item 11 – Executive Compensation of the Original 10-K as follows:

1. Item 1 – Business.

under the heading “The Company” to provide total assets for our reportable segments for the year ended December 30, 2006.

under the heading “Our Products and Services” to provide methods of distribution for our reportable segment’s principal products.

under the heading “Patents, Trademarks and Trade Names” to further clarify the duration of our patents and trademarks.

2. Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations.

under the heading “Introduction and Executive Overview” revise our disclosure to provide an understanding of the matters with which management is concerned primarily in evaluating our financial condition and operating results.

under the heading “Business Strategy” to clarify significant opportunities that exist in enhancing our supply chain.

under the heading “Consolidated Operating Results” and subheading “Restructuring, Impairment and Other Charges” to expand our disclosure on the facts and circumstances that led to the goodwill impairment of our reporting units.

under the heading “Liquidity and Capital Resources” to indicate our estimated capital expenditures for the upcoming fiscal year as well as to provide the sources for our capital expenditures.

under the heading “Liquidity and Capital Resources” and subheading “Debt Covenant Compliance” to provide our actual debt compliance calculation results versus the permitted requirements and to detail the covenants that limit debt assumed from acquisitions or capital expenditures, if any.

under the heading “Critical Accounting Matters” and subheading “Provision for Impairment of Goodwill and Indefinite Lived Intangible Assets” to expand our disclosure to include our determination of fair value, qualitative and quantitative description of material assumptions used, a sensitivity analysis of those assumptions and how the increase in our discount rate impacted the valuation of our indefinite lived intangible

assets.

3. Item 9A – Controls and Procedures under the heading “Evaluation of Disclosure Controls and Procedures” to provide additional language regarding disclosure controls and procedures.
4. Item 11 – Executive Compensation under the heading “Non-Management Directors’ Compensation for Fiscal 2008” by providing a revised director compensation table, which originally appeared on page 9 of the proxy statement for Cenveo’s 2009 annual meeting of shareholders that was filed with the SEC on April 6, 2009 (the “Proxy Statement”), and by revising the disclosure that originally appeared on pages 12-17 of the Proxy Statement under the heading “Compensation of Executive Officers” to read as set forth below.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our Principal Executive Officer and Principal Financial Officer are being filed as exhibits to this Amendment under Item 15(a)(3) - Exhibits.

Except for the changes contained in this Amendment that are noted above, this Amendment continues to speak as of the date of the Original Form 10-K, does not reflect any subsequent information or events, and does not modify, amend or update in any way any other item or disclosure in the Original Form 10-K. All references in this Amendment to “this Annual Report on Form 10-K” or words of similar import refer to the Original 10-K, as amended by this Amendment.

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PART I

Item 1 of the Original 10-K is amended to read in its entirety as follows:

Item 1. Business

The Company

We are the third largest diversified printing company in North America, according to the December 2008 Printing Impressions 400 report. Our broad portfolio of products includes envelope, form, and label manufacturing, commercial printing and packaging and publisher offerings. We operate from a global network of 76 printing and manufacturing, content management and distribution facilities, which we refer to as manufacturing facilities, serving a diverse base of over 100,000 customers. Since 2005, we have significantly improved profitability by consolidating and closing plants, centralizing and leveraging our purchasing spend, seeking operational efficiencies, and reducing corporate and field staff. In addition, we have made investments in our businesses through acquisitions of highly complementary companies and capital expenditures, while also divesting non-strategic businesses. We were incorporated in Colorado in 1997 as the successor to Mail-Well, Inc., a Delaware corporation.

We operate our business in two complementary segments: envelopes, forms and labels and commercial printing.

Envelopes, Forms and Labels

Our envelopes, forms and labels segment operates 36 manufacturing facilities in North America and annually produces approximately 34 billion envelopes and approximately 540,000 custom label orders. In 2007, we grew our envelopes, forms and labels business with the acquisition of Commercial Envelope Manufacturing Co. Inc., which we refer to as Commercial Envelope, and PC Ink Corp., which we refer to as Printegra. Envelopes, forms and labels had net sales of \$916.1 million, \$897.7 million and \$780.7 million and operating income (loss) of \$(41.0) million, \$117.3 million and \$82.8 million, in 2008, 2007 and 2006, respectively. Total assets for envelopes, forms and labels were \$624.8 million, \$833.3 million and \$494.3 million as of January 3, 2009, December 29, 2007 and December 30, 2006, respectively.

Commercial Printing

Our commercial printing segment operates 40 manufacturing facilities in the United States, Canada, the Caribbean Basin and Asia. The segment primarily offers print, design and content management offerings covering a wide array of products for a broad group of customers. In 2008, we expanded our commercial printing business with the acquisition of Rex Corporation and its manufacturing facility, which we refer to as Rex. In 2007, we grew our commercial printing business with the acquisitions of Madison/Graham ColorGraphics, Inc., which we refer to as ColorGraphics, and Cadmus Communications Corporation, which we refer to as Cadmus. Commercial printing had net sales of \$1.2 billion, \$1.1 billion and \$730.5 million and operating income (loss) of \$(136.8) million, \$55.1 million and \$13.6 million in 2008, 2007 and 2006, respectively. Total assets for commercial printing were \$863.2 million, \$1.1 billion and \$394.0 million as of January 3, 2009, December 29, 2007 and December 30, 2006, respectively.

On March 31, 2008, we acquired all of the stock of Rex, an independent manufacturer of premium and high-quality packaging solutions. Prior to our acquisition, Rex had annual revenues of approximately \$40.0 million. The total cash we paid for the Rex acquisition, excluding assumed debt of approximately \$7.4 million, was approximately \$43.1 million, including approximately \$1.0 million of related expenses.

Our Products and Services

Envelopes, Forms and Labels. We are a leading North American direct mail envelope manufacturer, a leading forms and labels provider, and the largest North American prescription labels manufacturer for retail pharmacy chains. Our envelopes, forms and labels segment represented approximately 44% of our net sales for the year ended January 3, 2009. This segment primarily specializes in the design, manufacturing and printing of:

- direct mail and customized envelopes for advertising, billing and remittance;
  - custom labels and specialty forms; and
  - stock envelopes, labels and business forms.

Our envelopes, forms and labels segment serves customers ranging from Fortune 50 companies to small companies serving niche markets. We offer direct mail products used for customer solicitations and custom envelopes used for billing and remittance by end users including banks, brokerage firms and credit card companies in addition to a broad group of other

customers in varying industries. We manufacture and print customized envelopes used as inserts within wholesale and retail product catalogs. We print a diverse line of custom labels and specialty forms for a broad range of industries including manufacturing, warehousing, packaging, food and beverage, and health and beauty, which we sell through an extensive network of resale distributors. We produce a diverse line of custom products for our small and mid-size business forms and labels customers, including both traditional and specialty forms and labels for use with desktop PCs and laser printers. Our printed office products include business documents, specialty documents and short-run secondary labels, which are made of paper or film affixed with pressure-sensitive adhesive and are used for mailing, messaging, bar coding and other applications by large through smaller-sized customers across a wide spectrum of industries. We produce pressure-sensitive prescription labels for the retail pharmacy chain market. We also produce a broad line of stock envelopes, labels and traditional business forms that are sold through independent distributors, contract stationers, national catalogs for the office products market and office products superstores.

Commercial Printing. We are one of the leading commercial printing companies in North America and one of the largest providers of editorial, content processing and production assistance to scientific, technical and medical, which we refer to as STM, journals. Our commercial printing segment represented approximately 56% of our net sales for the year ended January 3, 2009. Our commercial printing segment provides one-stop print, design and content management offerings, including:

- high-end color printing of a wide range of premium products for national and regional customers;
  - general commercial printing for regional and local customers;
- STM journals and special interest and trade magazines for not-for-profit organizations, educational institutions and specialty publishers; and
  - specialty packaging and high quality promotional materials for multinational consumer products companies.

Our commercial printing segment primarily caters to the financial services, publishing, telecommunications, pharmaceutical, and consumer products industries and serves customers ranging from Fortune 50 companies to small companies operating in niche markets. We provide a wide range of commercial print offerings to our customers including electronic prepress, digital asset archiving, direct-to-plate technology, high-quality color printing on web and sheet-fed presses and digital printing. The commercial printing products we produce include annual reports, car brochures, direct mail products, specialty packaging, journals and specialized periodicals, advertising literature, corporate identity materials, financial printing, books, directories, calendars, brand marketing materials, catalogs, and maps. In our journal and specialty magazine business, we offer complete solutions, including editing, content processing, content management, electronic peer review, production, distribution and reprint marketing. Our primary customers for our specialty packaging and promotional products are pharmaceutical, apparel, technology and other large multinational consumer product companies.

The primary methods of distribution of the principal products for our two segments are by direct shipment via express mail, the U.S. postal system and freight carriers.

## Our Strategy

Our goals are to improve on profitability and pursue disciplined growth. The principal features of our strategy are:

**Improve our Cost Structure and Profitability.** In September 2005, we established our 2005 Cost Savings and Restructuring Plan, which we refer to as the 2005 Plan, that, among other things, consolidated our purchasing activities and manufacturing platform with the closure of two manufacturing facilities in 2007 that were integrated into existing operations, reduced corporate and field human resources, streamlined our information technology infrastructure and eliminated discretionary spending. The 2005 Plan was completed in the fourth quarter of 2007. In

2007, we initiated the 2007 Cost Savings and Integration Plan, which we refer to as the 2007 Plan, in connection with our 2007 acquisitions of Commercial Envelope, ColorGraphics, Cadmus and Printegra, which we refer to as the 2007 Acquisitions. Under the 2007 Plan, we closed seven manufacturing facilities and integrated those operations into acquired and existing operations. In 2008, we reduced our headcount by approximately 1,200. We anticipate substantially completing the 2007 Plan in 2009.

We continue to implement cost-savings initiatives that will improve our profitability, both in connection with acquisitions and our ongoing operations. We regularly assess our operations with a view toward eliminating operations that are not aligned with our core United States operations or are underperforming. For example, we divested our Canadian envelope manufacturing business, Supremex, Inc., and certain other assets, which we refer to collectively as Supremex, through a series of transactions in 2007 and 2006. In 2006, we also sold three small and non-strategic businesses and closed three facilities that were underperforming. We continue to evaluate the sale or closure of facilities that do not meet our strategic goals or performance targets.



**Capitalize on Scale Advantages.** We believe there are significant advantages to being a large competitor in a highly fragmented industry. We seek to capitalize on our size, geographic footprint and broad product lines to offer one-stop shopping and enhance our overall value proposition. As we grow in scale and increase our operating leverage, we seek to realize better profit margins through improvements in manufacturing facility utilization.

**Enhance the Supply Chain.** We continue to work with our core suppliers to improve all aspects of our purchasing and other logistics as well as to ensure a stable source of supply. We seek to lower costs through more favorable pricing and payment terms, more effective inventory management and improved communications with vendors. We continue to consolidate our key suppliers of production inputs such as paper and ink, and believe that significant opportunities continue to exist in optimizing the rest of our supply chain. Such opportunities that still exist include, but are not limited to: (1) consolidation of our carton, film, and related suppliers to maximize our purchasing spend with a smaller supplier base, (2) reducing warehousing related costs through better inventory management, and (3) modifying and consolidating our current recycling agreements to increase operating efficiencies.

**Seek Products and Processing Improvements.** We conduct regular reviews of our product offerings, manufacturing processes and distribution methods to ensure that we take advantage of new technology when practical and to meet the changing needs of our customers and the demands of a global economy. We actively explore potential new product opportunities for expansion, particularly in market sectors that are expected to grow at a faster pace than the broader printing industry. We also strive to enter new markets in which we may have competitive advantages based on our existing infrastructure, operating expertise and customer relationships. Pharmaceutical labels, direct mail, and specialty packaging are examples of growth areas into which we recently expanded. By expanding our product offerings, we intend to increase cross-selling opportunities to our existing customer base and mitigate the impact of any decline in a given market.

**Pursue Strategic Acquisitions.** We continue to selectively review opportunities to expand within growing niche markets, broaden our product offerings and increase our economies of scale through acquisitions. We intend to continue practicing acquisition discipline and pursue opportunities for greater expected profitability and cash flow or improved operating efficiencies, such as increased utilization of our assets. Since July 2006, we have completed seven acquisitions that we believe will continue to enhance our operating margins and deliver economies of scale. We believe our acquisition strategy will allow us to both realize increased revenue and cost-saving synergies, and apply our management expertise to improve the operations of acquired entities. For example, our acquisition of Commercial Envelope strengthened our position in the envelope market and will allow us to enhance our raw material purchasing power and rationalize our manufacturing platform. Our acquisition of Rx Technology Corporation, which we refer to as Rx Technology, in July 2006, gave us an entry into the pharmaceutical labels business, which has high barriers to entry, while also allowing us to cross-sell a broader product platform to new and existing customers.

## Our Industry

The United States printing industry is large and highly fragmented with approximately 35,000 participants as reported in the second quarter 2008 United States Department of Labor Quarterly Census of Employment and Wages. This is down from the 39,000 participants as published in the 2006 PIA/GATF Print Market Atlas at which time aggregate revenues for the printing industry was approximately \$165.0 billion. These printing businesses operate in a broad range of sectors, including commercial printing, envelopes, forms and labels, specialty printing, trade publishing, and specialty packaging among others. The printing industry is comprised of a few large companies with sales in excess of \$1 billion, several mid-sized companies with sales in excess of \$100 million and thousands of smaller operations. We estimate that the ten largest North American commercial printers represent approximately 19% of the market in 2007, while we estimate that the market sectors in which we primarily compete had total 2007 annual sales of approximately \$115.0 billion serviced by over 25,000 printing businesses.

## Raw Materials

The primary materials used in our businesses are paper, ink, film, offset plates, chemicals and cartons, with paper accounting for the majority of total material costs. We purchase these materials from a number of key suppliers and have not experienced any significant difficulties in obtaining the raw materials necessary for our operations, though, in times of limited supply, we have occasionally experienced minor delays in delivery. We believe that we purchase our materials and supplies at competitive prices primarily due to the size and scope of our purchasing power.

The printing industry continues to experience pricing pressure related to increases in the cost of materials used in the manufacture of our products. Industry prices for most of the raw materials we use in our business, including uncoated freesheet paper, coated freesheet paper, ink, window film, adhesives and printing plates, have increased in both 2007 and 2008, yet are forecasted to remain relatively stable in 2009.

While we expect to continue to be able to pass on a substantial portion of the price increases we receive for raw materials through the pricing of our products, any price increase carries the risk of an offsetting decrease in demand for our products.

#### Patents, Trademarks and Trade Names

We market products under a number of trademarks and trade names. We also hold or have rights to use various patents relating to our businesses. Our patents expire between 2011 and 2023 and our trademarks expire between 2010 and 2019. Our sales do not materially depend upon any single patent or group of related patents.

#### Competition

In selling our envelope products, we compete with a few multi-plant and many single-plant companies that primarily service regional and local markets. The state of the U.S. and global economy affect the needs and buying capacity of our customers that influence our sales volume. We also face competition from alternative sources of communication and information transfer such as electronic mail, the internet, interactive video disks, interactive television, electronic retailing and facsimile machines. Although these sources of communication and advertising may eliminate some domestic envelope sales in the future, we believe that we will experience continued demand for envelope products due to: (i) the ability of our customers to obtain a relatively low-cost information delivery vehicle that may be customized with text, color, graphics and action devices to achieve the desired presentation effect; (ii) the ability of our direct mail customers to penetrate desired markets as a result of the widespread delivery of mail to residences and businesses through the U.S. Postal Service; and (iii) the ability of our direct mail customers to include return materials inside their mailings. Principal competitive factors in the envelope business are quality, service and price. Although all three are equally important, various customers may emphasize one or more over the others. In selling our printed business forms and labels products, we compete with other document and label print facilities with nationwide manufacturing locations, and regional and local printers, which typically sell within a 100- to 300-mile radius of their plants. Printed business forms and labels competition is based mainly on quick-turn customization quality of products and customer service levels.

Our commercial printing segment provides offerings designed to give customers complete solutions for communicating their messages to targeted audiences. The environment is highly competitive in most of our product categories and geographic regions, while also influenced by the current U.S. and global economic conditions. Competition is based largely on price, quality and servicing the special needs of customers. We believe that overcapacity exists in most commercial printing markets, therefore, competition is intense. In this competitive pricing environment, companies have focused on reducing costs in order to preserve operating margins. We believe this environment will continue to lead to more consolidation within the commercial print industry as companies seek economies of scale, broader customer relationships, geographic coverage and product breadth to overcome or offset excess industry capacity and pricing pressures.

#### Seasonality

Our commercial printing plants experience seasonal variations. For example, revenues from annual reports are generally concentrated from February through April. Revenues associated with consumer publications, such as holiday catalogs and automobile brochures; tend to be concentrated from July through October. Revenues associated with the educational and scholarly market and promotional materials tend to decline in the summer. As a result of these seasonal variations, some of our commercial printing operations operate at or near capacity at certain times throughout the year.

In addition, certain sectors of the envelope and direct mail markets experience seasonality with a higher percentage of volume of products sold to these markets occurring during the fourth quarter of the year. This seasonality is due to the increase in sales to the direct mail market due to holiday purchases.

#### Backlog

At January 3, 2009 and December 29, 2007, the backlog of customer orders to be produced or shipped was approximately \$89.9 million and \$127.2 million, respectively.

#### Employees

We employed approximately 9,700 people worldwide as of January 3, 2009, approximately 15% of whom were members of various local labor unions. Collective bargaining agreements, each of which cover the workers at a particular facility, expire from time to time and are negotiated separately. Accordingly, we believe that no single collective bargaining agreement is material to our operations as a whole.

## Environmental Regulations

Our operations are subject to federal, state and local environmental laws and regulations including those relating to air emissions; waste generation, handling, management and disposal; and remediation of contaminated sites. We have implemented environmental programs designed to ensure that we operate in compliance with the applicable laws and regulations governing environmental protection. Our policy is that management at all levels be aware of the environmental impact of operations and direct such operations in compliance with applicable standards. We believe that we are in substantial compliance with applicable laws and regulations relating to environmental protection. We do not anticipate that material capital expenditures will be required to achieve or maintain compliance with environmental laws and regulations. However, there can be no assurance that newly discovered conditions, or new or more stringent interpretations of existing laws and regulations, will not result in material expenses.

## Executive Officers

The following is a list of our executive officers and their age, present position, the year elected to their present position and other positions they have held during the past five years. No family relationships exist among any of the executive officers named, nor is there any undisclosed arrangement or understanding pursuant to which any person was selected as an officer. This information is presented as of the date of the Form 10-K filing.

Name	Age	Position	Year Elected to Present Position
Robert G. Burton, Sr.	69	Chairman and Chief Executive Officer	2005
Mark S. Hiltwein	45	Chief Financial Officer	2007
Dean Cherry	48	President, Envelope and Commercial Print Operations	2008
Timothy M. Davis	54	Senior Vice President, General Counsel and Secretary	2006
Harry Vinson	48	President, Publisher Services and Packaging Operations	2007

Robert G. Burton, Sr. Mr. Burton, 69, has been Cenveo's Chairman and Chief Executive Officer since September 2005. In January 2003, he formed Burton Capital Management, LLC, a company that invests in middle market manufacturing companies, and has been its Chairman, Chief Executive Officer and sole managing member since its formation. From December 2000 through December 2002, Mr. Burton was the Chairman, President and Chief Executive Officer of Moore Corporation Limited, a leading printing company with over \$2.0 billion in revenue for fiscal year 2002. Preceding his employment at Moore, Mr. Burton was Chairman, President, and Chief Executive Officer of Walter Industries, Inc., a diversified holding company. From April 1991 through October 1999, he was the Chairman, President and Chief Executive Officer of World Color Press, Inc., a leading commercial printing company. From 1981 through 1991, he held a series of senior executive positions at Capital Cities/ABC, including President of ABC Publishing. Mr. Burton was also employed for 10 years as a senior executive of SRA, the publishing division of IBM.

Mark S. Hiltwein Mr. Hiltwein, 45, has served as Cenveo's Chief Financial Officer since July 2007. From July 2005 to July 2007, he was President of Smartshipper.com, an online third party logistics company. From February 2002 through July 2005, Mr. Hiltwein was Executive Vice President and Chief Financial Officer of Moore Wallace Incorporated, a \$3.5 billion printing company. Prior to that, he served as Senior Vice President and Controller from December 2000 to February 2002. Mr. Hiltwein served in various financial positions from 1992 through 2000 with L.P. Thebault Company, a commercial printing company, including Chief Financial Officer from 1997 through 2000. Mr. Hiltwein began his career at Mortenson and Associates, a regional public accounting firm where he held various positions in the audit department. He is a CPA and received his bachelor's degree in accounting from Kean University.

Dean Cherry Mr. Cherry, 48, has been Cenveo's President of Commercial Print Operations since July 2008 and Envelope Operations since February 2008. From October 2006 through January 2008, he was a private investor in Renovatio Ventures, LLC. From 2004 to 2006, he was RR Donnelley's Group President of Short-Run Commercial, and Group President of Integrated Print Communications and Global Solutions, a \$4.5 billion division of RR Donnelley. In this position, Mr. Cherry had global P&L responsibility for Direct Mail, Commercial Print, Global Capital Markets, Business Communication Services, Forms and Labels and Astron (outsourcing), as well as RR Donnelley's Latin American business. From 2001 to 2004, he held the positions of President, International & Subsidiary Operations and President, Commercial and Subsidiary Operations, for Moore Corporation Limited, a division of RR Donnelley. From 1991 to 1998 he held various management positions at World Color Press, Inc. From 1985 to 1991, he held various financial positions at Capital Cities/ABC Publishing

division including Vice President, Finance and Operations. Mr. Cherry is a member of the Dean's Advisory Council for the College of Business of Murray State University, and a Trustee for the Murray State University Foundation.

Timothy M. Davis Mr. Davis, 54, has served as Cenveo's Senior Vice President, General Counsel and Secretary since January 2006. From July 1989 until he joined Cenveo, he was Senior Vice President, General Counsel and Secretary of American Color Graphics, Inc., a commercial printing company.

Harry Vinson Mr. Vinson, 48, has served as Cenveo's President of Publisher Services Operations since March 2007 and Packaging Operations since November 2008. Prior to that, Mr. Vinson served as Cenveo's Senior Vice President, Purchasing and Logistics since September 2005. From October 2003 until September 2005 he was the General Manager of Central Region Sheetfed Operations at MAN Roland, a printing press manufacturer. From February 2002 until July 2003, Mr. Vinson served as Senior Vice President and General Manager of the Publication and Directory Group at Moore Wallace (formerly Moore Corporation Limited). From February 1990 until February 2002, he served in various senior sales positions at Quebecor World (formerly World Color Press).

#### Cautionary Statements

Certain statements in this report, particularly statements found in "Risk Factors," "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "continue" and similar expressions, or as other statements that do not relate solely to historical facts. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Management believes these statements to be reasonable when made. However, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In view of such uncertainties, investors should not place undue reliance on our forward-looking statements.

Such forward-looking statements involve known and unknown risks, including, but not limited to, those identified in Item 1A. Risk Factors along with changes in general economic, business and labor conditions. More information regarding these and other risks can be found below under "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this report.

#### Available Information

Our Internet address is: [www.cenveo.com](http://www.cenveo.com). References to our website address do not constitute incorporation by reference of the information contained on the website, and the information contained on the website is not part of this document. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed pursuant to Section 13 (a) or 15 (d) of the Exchange Act as soon as reasonably practicable after such documents are filed electronically with the Securities and Exchange Commission, which we refer to as the SEC. Our Code of Business Conduct and Ethics is also posted on our website. In addition, our earnings conference calls are archived for replay on our website, and presentations to securities analysts are also included on our website. In June 2008, we submitted to the New York Stock Exchange a certificate of our Chief Executive Officer certifying that he is not aware of any violation by us of New York Stock Exchange corporate governance listing standards. We also filed as exhibits to our annual report on Form 10-K for the fiscal year ended December 29, 2007 certificates of the Chief Executive Officer and Chief Financial Officer as required under Section 302 of the Sarbanes-Oxley Act.

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The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.



Item 7 of the Original 10-K is amended to read in its entirety as follows:

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations, which we refer to as MD&A, of Cenveo, Inc. and its subsidiaries, which we refer to as Cenveo, should be read in conjunction with our consolidated financial statements included elsewhere herein. Certain statements we make under this Item 7 constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. See Cautionary Statements regarding forward-looking statements in Item 1 and Risk Factors in Item 1A.

Introduction and Executive Overview

We are the third largest diversified printing company in North America, according to the December 2008 Printing Impressions 400 report. Our broad portfolio of products includes envelope, form, and label manufacturing, commercial printing and packaging and publisher offerings. We operate from a global network of 76 printing and manufacturing, content management and distribution facilities, which we refer to as manufacturing facilities, serving a diverse base of over 100,000 customers. Since 2005, we have significantly improved profitability by consolidating and closing plants, centralizing and leveraging our purchasing spend, seeking operational efficiencies and reducing corporate and field staff. In addition, we have made investments in our businesses through acquisitions of highly complementary companies and capital expenditures, while also divesting non-strategic businesses.

Our management team is primarily focused on two main areas affecting our business: (i) printing industry challenges, primarily pricing pressures experienced throughout our operations and overcapacity in certain of the markets that we operate in, and (ii) financial flexibility, which includes servicing our current debt level, investing in our business through strategic acquisition and capital expenditures, and increasing our economies of scale to help improve the performance of our current operations.

The United States printing industry is highly fragmented, with a broad range of sectors, including commercial printing and envelopes and forms and labels, among others. The printing industry has excess capacity and continues to be highly competitive with many of our customers focusing on price as a key decision driver. We believe that given the current economic downturn, our customers will increasingly focus on price. We continue to pursue cost savings measures in an effort to align our cost structure with our anticipated revenues and mitigate the impact of pricing pressures. Such measures could require additional plant closures and/or consolidation and employee headcount reductions throughout our operating platform.

Our financial flexibility depends heavily on our ability to maintain existing customers, attract new financially viable customers and maximize our operating profits, all of which are vital to our ability to service our current debt level. Our level of indebtedness, which requires significant principal and interest payments, could potentially impact our ability to reinvest cash flows from operations into our business via capital expenditures or niche acquisitions. We therefore closely monitor working capital, including the credit we extend to and the collections we receive from customers, inventory levels, and vendor pricing and sales terms, while continuously seeking improvements to increase our cash flow.

We offer our customers a wide range of print products and have recently experienced certain of our key customers providing us the opportunity to become the single source supplier for their printed product needs. This trend benefits our customers as they seek to leverage their buying power and helps us improve operating efficiencies in our plants with increased throughput. We believe that our manufacturing platform, strategically located facilities and our industry experienced management team will help enable us to improve our operating margins. We also continue to work with our vendors and focus on supply chain enhancements to lower our input costs and improve our operating

margins.

We operate in two complementary segments: Envelopes, Forms and Labels and Commercial Printing.

Envelopes, Forms and Labels. We are a leading North American direct mail envelope manufacturer, a leading forms and labels provider, and the largest North American prescription labels manufacturer for the retail pharmacy chains. In 2007, we grew our envelopes, forms and labels business with the acquisition of Commercial Envelope Manufacturing Co. Inc., which we refer to as Commercial Envelope, and PC Ink Corp., which we refer to as Printegra. Prior to our acquisition, Commercial Envelope and Printegra had annual revenues of approximately \$160.0 million and approximately \$90.0 million, respectively. Our envelopes, forms and labels segment represented approximately 44% of our net sales for the year ended January 3, 2009. The segment operates 36 manufacturing facilities in North America and primarily specializes in the design, manufacturing and printing of:

- direct mail and customized envelopes for advertising, billing and remittance;
  - custom labels and specialty forms; and
  - stock envelopes, labels and business forms.

Our envelopes, forms and labels segment serves customers ranging from Fortune 50 companies to small companies serving niche markets. We offer direct mail products used for customer solicitations and custom envelopes used for billing and remittance by end users including banks, brokerage firms and credit card companies in addition to a broad group of other customers in varying industries. We manufacture and print customized envelopes used as inserts within wholesale and retail product catalogs. We print a diverse line of custom labels and specialty forms for a broad range of industries including manufacturing, warehousing, packaging, food and beverage, and health and beauty, which we sell through an extensive network of resale distributors. We produce a diverse line of custom products for our small and mid-size business forms and labels customers, including both traditional and specialty forms and labels for use with desktop PCs and laser printers. Our printed office products include business documents, specialty documents and short-run secondary labels, which are made of paper or film affixed with pressure sensitive adhesive and are used for mailing, messaging, bar coding and other applications by large through smaller-sized customers across a wide spectrum of industries. We produce pressure-sensitive prescription labels for the retail pharmacy chain market. We also produce a broad line of stock envelopes, labels and traditional business forms that are sold through independent distributors, contract stationers, national catalogs for the office products market and office products superstores.

Commercial Printing. We are one of the leading commercial printing companies in North America and one of the largest providers of editorial, content processing and production assistance to scientific, technical and medical, which we refer to as STM, journals. In 2008, we grew our commercial printing business with the acquisition of Rex Corporation and its manufacturing facility, which we refer to as Rex. Prior to our acquisition, Rex had annual revenues of approximately \$40.0 million. In 2007, we grew our commercial printing business with the acquisitions of Madison/Graham ColorGraphics, Inc., which we refer to as ColorGraphics, and Cadmus Communications Corporation, which we refer to as Cadmus. Prior to our acquisition, ColorGraphics and Cadmus had annual revenues of approximately \$170.0 million and approximately \$450.0 million, respectively. Our commercial printing segment represented approximately 56% of our net sales for the year ended January 3, 2009. The segment operates 40 manufacturing facilities in the United States, Canada, the Caribbean Basin and Asia and provides one-stop print, design and content management offerings, including:

- high-end color printing of a wide range of premium products for national and regional customers;
- general commercial printing for regional and local customers;
- STM journals and special interest and trade magazines for not-for-profit organizations, educational institutions and specialty publishers; and
  - specialty packaging and high quality promotional materials for multinational consumer products companies.

Our commercial printing segment primarily caters to the financial services, publishing, telecommunications, pharmaceutical, and consumer products industries and serves customers ranging from Fortune 50 companies to small companies operating in niche markets. We provide a wide array of commercial print offerings to our customers including electronic prepress, digital asset archiving, direct-to-plate technology, high-quality color printing on web and sheet-fed presses and digital printing. The broad array of commercial printing products we produce also includes annual reports, car brochures, direct mail products, specialty packaging, journals and specialized periodicals, advertising literature, corporate identity materials, financial printing, books, directories, calendars, brand marketing materials, catalogs, and maps. In our journal and specialty magazine business, we offer complete solutions, including editing, content processing, content management, electronic peer review, production and reprint marketing. Our primary customers for our specialty packaging and promotional products are pharmaceutical, apparel, technology and other large multi-national consumer product companies.

Business Strategy. Our goals are to improve on profitability and pursue disciplined growth. The principal features of our strategy are:

- **Improve our Cost Structure and Profitability.** In September 2005, we established our 2005 Cost Savings and Restructuring Plan, which we refer to as the 2005 Plan, that among other things, included consolidating our purchasing activities and manufacturing platform with the closure of two manufacturing facilities in 2007 that were integrated into existing operations, reducing corporate and field human resources, streamlining our information technology infrastructure and eliminating discretionary spending. The 2005 Plan was completed in the fourth quarter of 2007. In 2007, we initiated the 2007 Cost Savings and Integration Plan, which we refer to as the 2007 Plan, in connection with our 2007 acquisitions of Commercial Envelope, ColorGraphics, Cadmus and Printegra, which we refer to as the 2007 Acquisitions. Under the 2007 Plan, we closed seven manufacturing facilities and integrated those operations into acquired and existing operations. In 2008, we continued the implementation of our cost savings and integration plan initiatives throughout our operations and reduced our headcount during 2008 by approximately 1,200.

We continue to implement cost-savings initiatives that will improve our profitability, both in connection with acquisitions and our ongoing operations. We regularly assess our operations with a view toward eliminating operations that are not aligned with our core United States operations or are underperforming. For example, we divested our Canadian envelope manufacturing business, Supremex, through a series of transactions in 2007 and

2006. In 2006, we also sold three small and non-strategic businesses and closed three facilities that were underperforming. We continue to evaluate the sale or closure of facilities that do not meet our strategic goals or performance targets.

- **Capitalize on Scale Advantages.** We believe there are significant advantages to being a large competitor in a highly fragmented industry. We seek to capitalize on our size, geographic footprint and broad product lines to offer one-stop shopping and enhance our overall value proposition. As we grow in scale and increase our operating leverage, we seek to realize better profit margins through improvements in manufacturing facility utilization.
- **Enhance the Supply Chain.** We continue to work with our core suppliers to improve all aspects of our purchasing and other logistics as well as to ensure a stable source of supply. We seek to lower costs through more favorable pricing and payment terms, more effective inventory management and improved communications with vendors. We continue to consolidate our key suppliers of production inputs such as paper and ink, and believe that significant opportunities continue to exist in optimizing the rest of our supply chain. Such opportunities that still exist include, but are not limited to: (1) consolidation of our carton, film, and related suppliers to maximize our purchasing spend with a smaller supplier base, (2) reducing warehousing related costs through better inventory management, and (3) modifying and consolidating our current recycling agreements to increase operating efficiencies.
- **Seek Products and Processing Improvements.** We conduct regular review of our product offerings, manufacturing processes and distribution methods to ensure that we take advantage of new technology when practical and meet the changing needs of our customers and the demands of a global economy. We actively explore potential new product opportunities for expansion, particularly in market sectors that are expected to grow at a faster pace than the broader printing industry. We also strive to enter new markets in which we may have competitive advantages based on our existing infrastructure, operating expertise and customer relationships. Pharmaceutical labels, direct mail, and specialty packaging are examples of growth areas into

which we recently expanded. By expanding our product offerings, we intend to increase cross-selling opportunities to our existing customer base and mitigate the impact of any decline in a given market.

- **Pursue Strategic Acquisitions.** We continue to selectively review opportunities to expand within growing niche markets, broaden our product offerings and increase our economies of scale through acquisitions. We intend to continue practicing acquisition discipline and pursue opportunities for greater expected profitability and cash flow or improved operating efficiencies, such as increased utilization of our assets. Since July 2006, we have completed seven acquisitions that we believe will continue to enhance our operating margins and deliver economies of scale. We believe our acquisition strategy will allow us to both realize increased revenue and cost-saving synergies, and apply our management expertise to improve the operations of acquired entities. For example, our acquisition of Commercial Envelope strengthened our position in the envelope market and will allow us to enhance our raw material purchasing power and rationalize our manufacturing platform. Our acquisition of Rx Technology in July 2006 gave us an entry into the pharmaceutical labels business, which has high barriers to entry, while also allowing us to cross-sell a broader product platform to new and existing customers.

See Part 1 Item 1 of this Annual Report on Form 10-K for a more complete description of our business.

### Consolidated Operating Results

Management's Discussion and Analysis of Financial Condition and Results of Operations includes an overview of our consolidated results for 2008, 2007 and 2006 followed by a discussion of the results of each of our business segments for the same period. Our results for the year ended January 3, 2009 include the operating results of Rex subsequent to its acquisition date. Our results for the year ended December 29, 2007 include the operating results of the 2007 Acquisitions, subsequent to their respective acquisition dates, except for ColorGraphics which was included in our operating results from July 1, 2007.

#### 2008

In 2008, the economic downturn that accelerated in the second half of the year significantly impacted the results of our operations. Our commercial print reporting unit had volume declines in substantially all of the markets we serve primarily due to excess capacity and intense pricing pressures. Our envelope reporting unit had significant volume declines primarily due to our financial services customers who historically reached targeted customers via our direct mail capabilities. In addition, the cost of paper, film and other raw materials for our products continued to increase in 2008. In order to compete effectively in this current environment, we continue to focus on improving productivity and creating operating efficiencies by reducing our costs. For example, in 2008, we reduced our employee headcount by approximately 1,200 and closed a commercial printing plant in St. Louis, Missouri.

During the fourth quarter, we recorded \$372.8 million of non-cash, pre-tax charges on the impairment of goodwill related to our commercial print (\$204.4 million) and envelope (\$168.4 million) reporting units. These charges reflect actual and expected declines in net sales, operating income and cash flows, primarily as a result of the current economic downturn.

#### 2009 Outlook

The current U.S. and global economic conditions have affected and, most likely, will continue to affect our results of operations and financial position. These uncertainties about future economic conditions in a very challenging environment make it more difficult for us to forecast our future operating results.

We anticipate the current economic environment continuing in 2009, and therefore, we expect declines in net sales and operating income in our businesses. We are pursuing additional cost savings opportunities in an effort to mitigate the impacts of these expected declines. As a result, we are developing plans for additional plant closures and/or consolidations and employee headcount reductions to ensure our cost structure is aligned with our estimated net sales. We currently do not anticipate material price increases for 2009. Further, our pension expense will increase by approximately \$4.3 million in 2009 primarily due to 2008 asset returns being substantially lower than expected due to declines in the capital markets. However, our 2009 pension plan contributions will remain relatively consistent with 2008.

A summary of our consolidated statement of operations is presented below. The summary presents reported net sales and operating income (loss). See Segment Operations below for a summary of net sales and operating income (loss) of our operating segments that we use internally to assess our operating performance. Division net sales exclude sales of divested operations. Our reporting periods for 2008, 2007 and 2006 consisted of 53, 52 and 52 week periods, respectively, ending on the Saturday closest to the last day of the calendar month and ended on January 3, 2009, December 29, 2007, and December 30, 2006, respectively. We refer to such periods herein as (i) the year ended January 3, 2009 or 2008, (ii) the year ended December 29, 2007 or 2007 and (iii) the year ended December 30, 2006 or 2006. All references to years and year-ends herein relate to fiscal years rather than calendar years. We do not believe the additional week in 2008 had a material impact on our consolidated results of operations.

	January 3, 2009	Years Ended December 29, 2007	December 30, 2006
	(in thousands, except per share amount)		
Division net sales	\$ 2,098,694	\$ 2,046,716	\$ 1,501,869
Divested operations	—	—	9,355
Net sales	\$ 2,098,694	\$ 2,046,716	\$ 1,511,224
Operating income (loss):			
Envelopes, forms and labels	\$ (40,979 )	\$ 117,342	\$ 82,753
Commercial printing	(136,828 )	55,085	13,606
Corporate	(45,739 )	(34,877)	(32,964)
Total operating income (loss)	(223,546 )	137,550	63,395
(Gain) loss on sale of non-strategic businesses	—	(189)	2,035
Interest expense, net	107,321	91,467	60,980
(Gain) loss on early extinguishment of debt	(14,642)	9,256	32,744
Other (income) expense, net	(637 )	3,131	(78 )
Income (loss) from continuing operations before income taxes	(315,588 )	33,885	(32,286 )
Income tax expense (benefit)	(18,612 )	9,900	(21,138 )
Income (loss) from continuing operations	(296,976 )	23,985	(11,148 )
Income (loss) from discontinued operations, net of taxes	(1,051 )	16,796	126,519
Net income (loss)	\$ (298,027 )	\$ 40,781	\$ 115,371
Income (loss) per share—basic:			
Continuing operations	\$ (5.51 )	\$ 0.45	\$ (0.21 )
Discontinued operations	(0.02 )	0.31	2.38
Net income (loss)	\$ (5.53 )	\$ 0.76	\$ 2.17
Income (loss) per share—diluted:			

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Continuing operations		)			)
	\$	(5.51	\$	0.44	\$ (0.21
Discontinued operations		)			)
		(0.02		0.31	2.38
Net income (loss)	\$	(5.53	\$	0.75	\$ 2.17



## Net Sales

Net sales for 2008 increased \$52.0 million, as compared to 2007. This increase was primarily due to the \$249.9 million of sales generated from the integration of Rex and the 2007 Acquisitions into our operations, for which Rex was not included in our results in 2007, and the 2007 Acquisitions were included in our results for less than a full year in 2007. This increase was partially offset by lower sales from our commercial printing and envelopes, forms and labels segments of \$138.7 million and \$59.2 million, respectively, primarily due to plant closures and lower volumes due to general economic conditions, partially offset by price increases net of changes in product mix. See Segment Operations below for a more detailed discussion of the primary factors for our net sales changes.

Net sales for 2007 increased \$535.5 million, as compared to 2006. This increase was primarily due to the \$629.9 million of incremental sales generated by the 2007 Acquisitions, with no corresponding amounts in 2006 and the additional sales generated by Rx Technology in 2007, since it was not included in our results for a full year in 2006. This increase was offset in part by lower sales from our commercial printing segment of \$51.8 million and lower sales from our envelopes, forms and labels segment of \$33.3 million. See Segment Operations below for a more detailed discussion of the primary factors for our net sales changes.

## Operating Income

Operating income for 2008 decreased \$361.1 million, as compared to 2007. This decrease was primarily due to: (i) increased restructuring, impairment and other charges of \$359.0 million, primarily relating to non-cash goodwill impairment charges of \$372.8 million related to our commercial print and envelope reporting units, and (ii) higher selling, general and administrative expenses of \$13.0 million primarily due to the acquisition of Rex in 2008, for which Rex was not included in our results in 2007, and the 2007 Acquisitions, which were not included in our results for a full year in 2007, offset in part by our cost savings programs. These decreases were partially offset by: (i) increased gross margins of \$9.5 million primarily due to the acquisition of Rex, for which Rex was not included in our results in 2007, and the 2007 Acquisitions, which were not included in our results for a full year in 2007 and our cost savings programs, offset in part by higher manufacturing costs primarily due to material price increases and higher distribution costs and lower gross margins due to plant closures, and (ii) lower amortization of \$1.4 million. See Segment Operations below for a more detailed discussion of the primary factors for the changes in operating income by reportable segment.

Operating income for 2007 increased \$74.2 million, as compared to 2006. This increase was primarily due to \$49.2 million of incremental operating income generated by the 2007 Acquisitions, with no corresponding amounts in 2006, the additional operating income generated by Rx Technology since it was not included in our results for a full year in 2006 and the \$23.7 million of increased operating income primarily resulting from our cost savings initiatives. See Segment Operations below for a more detailed discussion of the primary factors for the changes in operating income by reportable segment.

**Interest Expense.** Interest expense increased \$15.9 million to \$107.3 million in 2008, from \$91.5 million in 2007, primarily due to additional debt incurred to finance Rex and the 2007 Acquisitions, offset in part by lower interest rates. Interest expense in 2008 reflected average outstanding debt of approximately \$1.4 billion and a weighted average interest rate of 7.2%, compared to the average outstanding debt of approximately \$1.2 billion and a weighted average interest rate of 7.5% in 2007. We expect interest expense in 2009 to be fairly consistent with 2008.

Interest expense increased \$30.5 million to \$91.5 million in 2007, as compared to \$61.0 million in 2006, primarily due to the additional debt we incurred to finance the 2007 Acquisitions. This increase was offset in part by lower interest expense resulting from reduced interest rates from amending and refinancing our senior credit facilities in March 2007, and lower interest rates due to market conditions in the fourth quarter of 2007. Interest expense in 2007 reflects

average outstanding debt of approximately \$1.2 billion and a weighted average interest rate of 7.5%, as compared to average outstanding debt of \$721.5 million and a weighted average interest rate of 8.1% in 2006.

(Gain) Loss on Early Extinguishment of Debt. In 2008, we: (i) repurchased \$31.8 million of our \$125.0 million 8 % senior subordinated notes due 2014, which we refer to as the 8 % Notes, and \$16.6 million of our \$320.0 million 7 % senior subordinated notes, due 2013, which we refer to as the 7 % Notes, and recognized a gain on early extinguishment of debt of \$18.5 million, and (ii) converted our \$175.0 million senior unsecured loan due 2015, which we refer to as the Senior Unsecured Loan, into our \$175.0 million 10½% senior notes, due 2016, which we refer to as the 10½% Notes, and recognized a \$4.2 million loss on early extinguishment debt.

In 2007, we: (i) retired the remaining \$10.5 million of our 9 % senior notes due 2012, which we refer to as the 9 % Notes, (ii) executed a tender offer for repayment on March 19, 2007 of \$20.9 million of our 8 % Notes, and (iii) the refinancing of our existing \$525.0 million senior secured credit facilities, which we refer to as the Credit Facilities, in connection with the Cadmus acquisition, for which we incurred losses on early extinguishment of debt of \$9.3 million.

In June 2006, we incurred a \$32.7 million loss on early extinguishment of debt related to our debt refinancing.

#### Income Taxes

	January 3, 2009	Years Ended December 29, 2007 (in thousands)	December 30, 2006
Income tax expense (benefit) for U.S. operations	\$ (17,969)	\$ 11,903	\$ (21,418)
Income tax (benefit) expense for foreign operations	(643)	(2,003)	280
Income tax expense (benefit)	\$ (18,612)	\$ 9,900	\$ (21,138)
Effective income tax rate	(5.9)%	29.2%	(65.5)%

In 2008, we had an income tax benefit of \$18.6 million, which primarily relates to the \$42.1 million income tax benefit recorded in connection with the non-cash goodwill impairment charges, offset in part by taxes on our domestic operations. Our effective tax rate in 2008 was lower than the federal statutory rate, primarily due to non-deductible goodwill, offset in part by state taxes.

In 2007, we had income tax expense of \$9.9 million, which primarily relates to taxes on our domestic operations. Our effective tax rate in 2007 was lower than the statutory rate primarily due to release of valuation allowances. See the Critical Accounting Matters section of this MD&A.

In 2006, we had an income tax benefit of \$21.1 million, which included \$0.2 million of taxes on our Canadian operations, \$3.2 million of taxes relating to the deconsolidation of our U.S. income tax group, \$0.4 million of state and local taxes and the recognition of deferred tax assets of \$24.9 million. During 2006, we provided income taxes for our Canadian operations at an effective rate of approximately 34.0%.

Income (Loss) from Discontinued Operations, net of taxes. Income from discontinued operations for 2007 includes the \$17.0 million gain on sale of our remaining interest in the Supremex Income Fund, which we refer to as the Fund, on March 13, 2007, net of taxes of \$8.4 million, and equity income related to our retained interest in the Fund from January 1, 2007 through March 13, 2007. Income from discontinued operations for 2006 primarily represents the revenues and expenses of Supremex, which we sold to the Fund on March 31, 2006, and does not include an allocation of interest expense on our debt. Income from discontinued operations for 2006 includes the gain on the sale of Supremex of \$113.5 million, net of taxes of \$22.5 million and equity income pertaining to our retained interest in the Fund from April 1, 2006 through December 30, 2006.

#### Segment Operations

Our Chief Executive Officer monitors the performance of the ongoing operations of our two reportable segments. We assess performance based on net sales and operating income. The summaries of net sales and operating income of our two reportable segments have been presented to show each segment without the sales of divested operations, as applicable, and to show the operating income of each reportable segment.

#### Envelopes, Forms and Labels

	January 3, 2009	Years Ended December 29, 2007	December 30, 2006
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(in thousands)

Segment net sales	\$ 916,145	\$ 897,722	\$ 780,696
Segment operating income (loss)	\$ (40,979)	\$ 117,342	\$ 82,753
Operating income (loss) margin	(4.5)%	13.1%	10.6%
Items included in segment operating income:			
Restructuring and impairment charges	\$ 174,178	\$ 11,350	\$ 18,336

### Segment Net Sales

Segment net sales for our envelopes, forms and labels segment increased \$18.4 million, or 2.1% in 2008, as compared to 2007. This increase was primarily due to: (i) the \$77.6 million of sales generated from the integration of Commercial Envelope and Printegra into our operations in 2008, including the impact of sales changes for work transitioned into these acquired operations from other legacy plants, as Printegra and Commercial Envelope were not included in our results for a full year in 2007, and (ii) higher sales of approximately \$31.6 million, primarily due to material price increases that have historically been passed onto our customers, net of changes in product mix. This increase was offset in part by

lower sales volume of approximately \$90.8 million, primarily due to general economic conditions which have had a significant impact on our envelope, forms and labels business and the closing of plants in connection with the integration of Printegra and Commercial Envelope into our operations.

Segment net sales for our envelopes, forms and labels segment increased \$117.0 million, or 15.0%, in 2007, as compared to the same period in 2006. This increase was primarily due to \$150.3 million of incremental sales generated by Commercial Envelope and Printegra in 2007, including the impact of sales changes for work transitioned primarily from a plant closure as a result of the Commercial Envelope acquisition, with no corresponding amounts in 2006 and additional sales generated by Rx Technology, which was not included in our results for a full year in 2006. This increase was offset in part by: (i) lower sales volume of approximately \$21.7 million, primarily from our envelope operations due to the reorganization and closing of operations and the retirement of less efficient assets to maximize profitability, a decline in the overall market due in part to the U.S. Postal Service's rate increases in the middle of the second quarter of 2007, the closure of a forms plant in connection with the integration of Printegra's operations, and an overall decline in the traditional documents business, mainly as a result of customers' improved ability to print high quality documents on their own, offset in part by higher sales volume from the office product retail superstore market due to a shift toward generic products from custom products, and (ii) lower pricing and product mix of approximately \$11.6 million, primarily from our envelope operations and the office product retail superstore market due to a shift toward generic products, offset in part by improvement in the product mix from our documents operation to higher value added products.

#### Segment Operating Income

Segment operating income for our envelopes, forms and labels segment decreased \$158.3 million, or 134.9%, in 2008, as compared to 2007. This decrease was primarily due to: (i) increased restructuring and impairment charges of \$162.8 million, primarily due to the \$168.4 million goodwill impairment charge, (ii) higher selling, general and administrative expenses of \$3.2 million primarily due to the acquisition of Commercial Envelope and Printegra, which were not included in our results for a full year in 2007, offset in part by our cost reduction programs, and (iii) higher amortization expense of \$1.9 million primarily due to the acquisition of Commercial Envelope and Printegra. These decreases were partially offset by increased gross margins of \$9.6 million primarily due to the acquisition of Commercial Envelope and Printegra, which were not included in our results for a full year in 2007, and our cost savings programs, offset in part by higher material costs primarily due to material price increases and higher distribution costs.

Segment operating income for our envelopes, forms and labels segment increased \$34.6 million, or 41.8%, in 2007, as compared to 2006. This increase was primarily due to \$16.1 million of operating income generated by Commercial Envelope and Printegra in 2007, with no corresponding amounts in 2006 and additional operating income generated by Rx Technology since it was not included in our results for a full year in 2006, improved gross margins of \$3.4 million and reduced selling, general and administrative expenses of \$8.1 million from plant consolidations and our cost reduction programs and reduced restructuring and impairment charges of \$7.0 million.

#### Commercial Printing

	January 3, 2009	Years Ended December 29, 2007 (in thousands)	December 30, 2006
Segment net sales	\$ 1,182,549	\$ 1,148,994	\$ 730,528
Divested operations	—	—	) (9,355)

Division net sales	\$ 1,182,549	\$ 1,148,994	\$ 721,173
Segment operating income (loss)	\$ (136,828)	\$ 55,085	\$ 13,606
Operating income (loss) margin	(11.6)%	4.8%	1.9%
Items included in segment operating income:			
Restructuring and impairment charges	\$ 217,568	\$ 28,279	\$ 21,560
Operating loss from divested operations	—	—	(1,375)

#### Division Net Sales

Division net sales for our commercial printing segment increased \$33.6 million, or 2.9%, in 2008, as compared to 2007. This increase was primarily due to the \$172.3 million of sales generated from the integration of Rex, ColorGraphics and Cadmus into our operations in 2008, including the impact of sales changes for work transitioned into these acquired operations from other legacy plants, including two plants we closed in 2007, as Rex was not included in our results in 2007 and Cadmus and ColorGraphics were not included in our results for a full year in 2007. This increase was partially offset by lower sales of approximately: (i) \$41.7 million resulting from other plant closures in 2007, and (ii) \$97.0 million resulting

from pricing pressures, volume declines, and changes in product mix, primarily due to the general economic conditions, and foreign currency fluctuations, offset in part by higher sales due to material price increases.

Division net sales for our commercial printing segment increased \$427.8 million, or 59.3%, in 2007, as compared to 2006. This increase was primarily due to the \$479.6 million of incremental sales generated by ColorGraphics and Cadmus in 2007, including the impact of sales changes for work transitioned primarily from two plants that we closed as a result of the ColorGraphics acquisition, with no corresponding amounts in 2006. This increase was offset by the impact of closed plants in 2007 and 2006 of approximately \$37.8 million and lower sales due to pricing and product mix and lower sales volume, partially offset by paper price increases and foreign currency fluctuations.

#### Segment Operating Income

Segment operating income for our commercial printing segment decreased \$191.9 million, or 348.4%, in 2008, as compared to 2007. This decrease was primarily due to: (i) increased restructuring and impairment charges of \$189.3 million, primarily due to the \$204.4 million goodwill impairment charge, (ii) higher selling, general and administrative expenses of \$1.3 million, primarily due to the acquisition of Rex, ColorGraphics and Cadmus, for which Rex was not included in our results in 2007 and for which ColorGraphics and Cadmus were not included in our results for a full year in 2007, offset in part by our cost savings programs, and (iii) higher manufacturing costs due to material price increases and higher distribution costs, offset in part by decreased gross margins of \$4.7 million, primarily due to the acquisition of Rex, ColorGraphics and Cadmus, as Rex was not included in our results in 2007 and for which Cadmus and ColorGraphics were not included in our results for a full year in 2007, and lower gross margins due to plant closures. These decreases were offset in part by lower amortization expense of \$3.3 million.

Segment operating income for our commercial printing segment increased \$41.5 million, or 304.9%, in 2007, as compared to 2006. This increase was primarily due to: (i) \$33.1 million of operating income generated by ColorGraphics and Cadmus during 2007, with no corresponding amounts in 2006, (ii) improved gross margins of approximately \$8.1 million and reduced selling, general and administrative expenses of \$5.9 million from our cost reduction programs at our ongoing operations, and (iii) reduced costs of approximately \$1.1 million from plants we closed or divested in 2006. These increases were partially offset by increased restructuring and impairment charges of \$6.7 million.

**Corporate Expenses.** Corporate expenses include the costs of running our corporate headquarters. Corporate expenses were higher in 2008, as compared to 2007, primarily due to increased stock-based compensation, and the \$6.7 million non-recurring charge incurred for professional fees in connection with the internal review conducted by our audit committee, offset in part by other lower net costs. Corporate expenses in 2007 were fairly consistent with 2006.

**Restructuring, Impairment and Other Charges.** In 2008, we continued our 2007 Plan. We anticipate substantially completing the integration of those operations into our operations in 2009. As a result of actions taken to date under this plan, we closed seven manufacturing facilities. In 2008 under this plan, we reduced headcount by approximately 1,200. In the fourth quarter 2007, we completed our 2005 Plan, that among other things, included consolidating our purchasing activities and manufacturing platform with the closure of two manufacturing facilities in 2007 that were integrated into existing operations, reducing corporate and field human resources, streamlining our information technology infrastructure and eliminating discretionary spending. As of January 3, 2009, our total restructuring liability was \$13.7 million.

2008. During 2008, we incurred \$399.1 million of restructuring, impairment and other charges, which included non-cash goodwill impairment charges of \$372.8 million, a \$6.7 million non-recurring charge for professional fees related to the internal review initiated by our audit committee, \$9.2 million of employee separation costs, asset impairment charges, net of \$2.3 million, equipment moving expenses of \$1.5 million, lease termination expenses of

\$2.9 million, pension withdrawal income of (\$0.2) million and building clean-up and other expenses of \$3.9 million. We anticipate lower restructuring and impairment charges in 2009.

During the fourth quarter of 2008, our reporting units experienced declines in their net sales, gross profit and operating income on a comparable basis with the third quarter of 2008. Historically, the fourth quarter has been our strongest quarter for net sales, gross profit and operating income for our reporting units. These declines primarily resulted from reduced sales volume across our business platform due to the effects of the current economic downturn that exacerbated in late 2008, as our customers began reducing their print related spend and pricing pressure that intensified from competitors who began pricing print work at or below breakeven levels. As a result of these volume declines, we lowered our estimates of future cash flows for our reporting units.

2007. During 2007, we incurred \$40.1 million of restructuring and impairment charges, which included \$10.2 million of employee separation costs, \$12.0 million of asset impairment charges, net, equipment moving expenses of \$3.9 million, a pension withdrawal liability of \$2.1 million, lease termination expenses of \$5.4 million, and building clean-up and other expenses of \$6.5 million.

2006. During 2006, we incurred \$41.1 million of restructuring and impairment charges, which included \$19.9 million of employee separation costs, \$3.6 million of asset impairments, net, equipment moving expenses of \$6.4 million, lease termination costs of \$4.0 million and building clean-up and other expenses of \$7.2 million.



## Liquidity and Capital Resources

**Net Cash Provided by Continuing Operating Activities.** Net cash provided by continuing operating activities was \$209.8 million in 2008, which was primarily due to net income adjusted for non-cash items of \$141.3 million and a source of cash from a decrease in our working capital of \$74.1 million. The decrease in our working capital primarily resulted from a decrease in receivables, primarily due to the timing of collections from our customers and lower sales in the fourth quarter of 2008 as compared to the same period in 2007.

Net cash provided by continuing operating activities was \$86.2 million in 2007, which was primarily due to net income adjusted for non-cash items of \$146.6 million, offset in part by a use of cash from an increase in our working capital of \$50.6 million. The increase in our working capital primarily resulted from an increase in receivables primarily due to the timing of collections and increased sales from our 2007 Acquisitions, lower accrued compensation and related liabilities and the timing of payments for restructuring activity.

**Net Cash Provided by Discontinued Operating Activities.** Represents the net cash provided from the cash dividends of \$2.2 million and \$6.2 million received from the Fund in 2007 and 2006, respectively, and the operations of Supremex through March 31, 2006.

**Net Cash (Used in) Provided by Investing Activities.** Net cash used in investing activities was \$82.1 million in 2008, primarily resulting from capital expenditures of \$49.2 million and the cost of business acquisitions of \$47.4 million, primarily for Rex, offset in part by \$18.3 million of proceeds from the sale of property, plant and equipment.

Our debt agreements limit capital expenditures to \$65 million in 2009 plus any unused permitted amounts from 2008. We estimate that we will spend approximately \$25 million on capital expenditures in 2009, before considering proceeds from the sale of property, plant and equipment. Our primary sources for our capital expenditures are cash generated from operations, proceeds from the sale of property, plant and equipment, and financing capacity within our current debt arrangements. These sources of funding are consistent with prior years' funding of our capital expenditures.

Net cash used in investing activities was \$579.5 million in 2007, primarily resulting from the \$627.3 million cost of the 2007 Acquisitions and capital expenditures of \$31.5 million, offset in part by \$73.6 million of cash proceeds from the sale of our remaining interest in the Fund and proceeds from the sale of property, plant and equipment of \$8.9 million.

**Net Cash Provided by (Used in) Financing Activities.** Net cash used in financing activities was \$132.5 million in 2008, primarily resulting from the conversion of the Senior Unsecured Loan, net repayments under our \$200.0 million six-year revolving credit facility, which we refer to as the Revolving Credit Facility, of \$83.2 million, repurchases of \$19.6 million of our 8 % Notes, payments of our other long-term debt of \$18.9 million, repurchases of \$10.6 million of our 7 % Notes, repayments of our \$600.0 million six-year term loan facility due 2013, which we refer to as the Term Loan C, and our \$125.0 million delayed-draw term loan facility, which facility collectively with the Term Loan C we refer to as the Term Loans, of \$7.2 million and \$5.3 million for the payment of debt issuance costs on the issuance of our 10½% Notes, which was offset in part by the proceeds from the issuance of our \$175.0 million 10½% Notes and \$12.9 million of borrowings of other long-term debt.

Net cash provided by financing activities was \$496.2 million in 2007, primarily due to the increased borrowings to finance the acquisition of Cadmus, ColorGraphics and Commercial Envelope and our refinancing, using proceeds from our Term Loans of \$720.0 million, the Senior Unsecured Loan and net borrowings under our Revolving Credit Facility of \$75.7 million, offset in part by the repayment of: (i) our \$325.0 million seven-year term loan facility, which we refer to as the Term Loan B, of \$324.2 million, (ii) the Cadmus revolving senior bank credit facility of \$70.1

million, (iii) \$20.9 million of our 8 % Notes, (iv) \$10.5 million of our 9 % Notes, (v) \$4.9 million of Term Loans, and (vi) \$29.1 million of other long-term debt and \$8.0 million of payments of refinancing fees, redemption premiums and expenses on the extinguishment of debt and \$5.9 million of debt issuance cost payments in connection with our debt refinancing and the issuance of debt.

Cash provided by continuing operating activities is generally sufficient to meet daily disbursement needs. On days when our cash receipts exceed disbursements, we reduce our Revolving Credit Facility balance or place excess funds in conservative, short-term investments until there is an opportunity to pay down debt. On days when our cash disbursements exceed cash receipts, we use invested cash balances and/or our Revolving Credit Facility to fund the difference. As a result, our daily Revolving Credit Facility balance fluctuates depending on working capital needs. Regardless, at all times we believe we have sufficient liquidity available to us to fund our cash needs.

Contractual Obligations and Commitments. The following table details our significant contractual obligations and commitments as of January 3, 2009 (in thousands):

Payments Due	Long-Term Debt(1)	Operating Leases	Other Long-Term Obligations(2)	Purchase Commitments and Other(3)	Total
2009	\$ 115,127	\$ 29,779	\$ 29,101	\$ 10,631	\$ 184,638
2010	99,801	21,651	21,411	—	142,863
2011	86,397	16,357	20,796	—	123,550
2012	82,020	11,236	1,869	—	95,125
2013	1,043,287	9,392	1,511	—	1,054,190
Thereafter	282,801	22,493	78,171	—	383,465
Total	\$1,709,433	\$110,908	\$ 152,859	\$ 10,631	\$1,983,831

(1) Includes estimated interest expense over the term of long-term debt with variable rate debt having an average interest rate of approximately 3.4%.

(2) Includes pension and other postretirement benefit obligations, anticipated worker's compensation claims, restructuring liabilities, including interest expense on lease terminations, income tax contingencies and derivative liabilities.

(3) Purchase commitments and other consists primarily of payments for equipment and incentive payments to customers.

Long-Term Debt. Our total outstanding long-term debt, including current maturities, was approximately \$1.3 billion as of January 3, 2009, a decrease of \$138.3 million from December 29, 2007. This decrease was primarily due to: (i) paying down our debt with cash flows provided by operating activities and proceeds from the sale of assets, and (ii) the repurchase of a portion of our 7 % Notes and 8 % Notes during the fourth quarter of 2008. As of January 3, 2009, approximately 90% of our outstanding debt was subject to fixed interest rates. From time to time we may seek to retire our outstanding debt through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. See the remainder of this Long-Term Debt section that follows. As of March 6, 2009, we had approximately \$103.5 million borrowing availability under our revolving credit facility.

#### 10½% Notes

On June 13, 2008, we issued our 10½% Notes upon the conversion of our Senior Unsecured Loan. The 10½% Notes were then sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, and to certain non-U.S. persons in accordance with Regulation S under the Securities Act of 1933. We did not receive any net proceeds as a result of this transaction.

The 10½% Notes were issued pursuant to an indenture among us, certain subsidiary guarantors and U.S. Bank National Association, as trustee. The 10½% Notes pay interest semi-annually on February 15 and August 15, commencing August 15, 2008. The 10½% Notes have no required principal payments prior to their maturity on August 15, 2016. The 10½% Notes constitute senior unsecured obligations and are guaranteed by us and substantially all of our subsidiaries. We can redeem the 10½% Notes, in whole or in part, on or after August 15, 2012, at redemption prices ranging from 100% to 105¼%, plus accrued and unpaid interest. In addition, at any time prior to August 15, 2011, we may redeem up to 35% of the aggregate principal amount of the notes originally issued at a redemption price of 110½% of the principal amount thereof, plus accrued and unpaid interest with the net cash proceeds of certain public equity offerings. Each holder of the 10½% Notes has the right to require us to repurchase such holder's notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest

thereon, upon the occurrence of certain events specified in the indenture that constitute a change in control. The 10½% Notes contains covenants, representations, and warranties substantially similar to our 7 % Notes and our 8 % Notes, and also include a senior secured debt to consolidated cash flow covenant.

#### Senior Unsecured Loan

On August 30, 2007, we borrowed \$175.0 million under an eight-year unsecured loan facility with a group of lenders. Proceeds from the Senior Unsecured Loan along with borrowings from the Revolving Credit Facility, and available cash were used to fund the acquisition of Commercial Envelope, including retiring certain acquired debt, and to pay certain fees and expenses incurred in connection with the acquisition. The Senior Unsecured Loan had a floating interest rate based on the London Interbank Offered Rate, which we refer to as LIBOR, plus an interest rate margin. The Senior Unsecured Loan provided for the conversion by the lenders into senior or senior subordinated exchange notes, which we refer to as the Exchange Notes, similar to the existing indenture relating to our 7 % Notes, or a substantially similar indenture. The Senior Unsecured Loan contained covenants, representations, and warranties substantially similar to our existing \$925.0 million senior secured credit facilities, which we refer to as the Amended Credit Facilities, and included provisions for an underwriting/purchase agreement and a registration rights agreement relating to the resale of the Exchange Notes.

### Term Loan and Revolving Credit Facility

On March 7, 2007, in connection with the Cadmus acquisition, we amended and refinanced our Credit Facilities. The Credit Facilities, established in June 2006, were comprised of the Revolving Credit Facility, and the Term Loan B. The Credit Facilities were amended by increasing the overall borrowing availability from \$525.0 million to \$925.0 million to create the Amended Credit Facilities, allowing us to: (i) retire the Term Loan B, (ii) acquire Cadmus, including retiring and extinguishing the Cadmus revolving senior bank credit facility which had an outstanding balance of \$70.1 million, using the Revolving Credit Facility and the Term Loan C, and (iii) retire any and/or all of the 8 % Notes, tendered to us using the Term Loans. Several of the customary financial covenants within the Amended Credit Facilities, including maximum consolidated leverage ratio and minimum consolidated interest coverage ratio, were modified to provide for the incremental funded debt levels and larger company operations. The Amended Credit Facilities are secured by substantially all of our assets.

On July 9, 2007, we increased our then outstanding balance of our Term Loans that are part of the Amended Credit Facilities by borrowing an incremental \$100.0 million on the existing financial terms and financial covenants. Proceeds from this borrowing along with available cash were used to fund the acquisition of ColorGraphics, including retiring certain acquired debt, and to pay certain fees and expenses incurred in connection with the acquisition.

### 8 % Notes

On March 5, 2007, we commenced a cash tender offer and consent solicitation, which we refer to as the Cadmus Tender Offer, for any and all of the outstanding 8 % Notes at total consideration equal to 101.5% of outstanding principal plus any accrued and unpaid interest thereon for 8 % Notes validly tendered and not withdrawn by March 16, 2007. Interest on the 8 % Notes is payable semi-annually on June 15 and December 15 with no required principal payments prior to maturity on June 15, 2014. In connection with the acquisition of Cadmus, we recorded a \$2.8 million increase to the value of the 8 % Notes to record them at their fair value, which fair value increase is being amortized over the life of the 8 % Notes.

On March 19, 2007, we paid approximately \$20.9 million for the 8 % Notes tendered in the Cadmus Tender Offer, using \$20.0 million of delayed-draw term loan funding under the Amended Credit Facilities and cash on hand. The merger of Cadmus into Cenveo was a “change of control” of Cadmus under the 8 % Notes indenture. On March 23, 2007 and in connection with the foregoing change of control, we extended the scheduled expiration of the Cadmus Tender Offer until April 18, 2007, modified the offer to purchase each 8 % Note tendered for a price equal to 101.0% of outstanding principal plus any accrued and unpaid interest, and waived certain consent-related conditions, which we refer to as the Change of Control Offer. On April 23, 2007, we settled payment on all 8 % Notes tendered under the Change of Control Offer, and terminated the remaining amount of the delayed-draw term loan facility under the Amended Credit Facilities.

During the fourth quarter of 2008, we purchased in the open market approximately \$31.8 million of our 8 % Notes and retired them for \$19.6 million plus accrued and unpaid interest. In connection with the retirement of these 8 % Notes, we recorded a gain on extinguishment of debt of \$12.6 million, which included the write off of \$0.5 million of above noted fair value increase to the 8 % Notes and \$0.1 million of fees. These open market purchases were made within permitted restricted payment limits under our debt agreements.

### 7 % Notes

In 2004, we issued our 7 % Notes, which have semi-annual interest payments due on June 1 and December 1, and no required principal payments prior to maturity on December 1, 2013. We may redeem these notes currently, in whole

or in part, at redemption prices from 103.938% to 100%, plus accrued and unpaid interest.

During the fourth quarter of 2008, we purchased in the open market approximately \$16.6 million of our 7 % Notes and retired them for \$10.6 million plus accrued and unpaid interest. In connection with the retirement of these 7 % Notes, we recorded a gain on extinguishment of debt of \$5.8 million, which included the write off of \$0.2 million of unamortized debt issuance costs. These open market purchases were made within permitted restricted payment limits under our debt agreements.

#### Supplemental Indentures

We entered into supplemental indentures, dated April 16, 2008 and August 20, 2008 to the indenture dated June 15, 2004, among Cadmus, each of the subsidiary guarantors (as defined therein) and U.S. Bank National Association (as successor trustee), as trustee, pursuant to which the 8 % Notes were issued. Simultaneously, we entered into supplemental indentures, dated April 16, 2008 and August 20, 2008 to the indenture dated February 4, 2004 among us, the guarantors named therein and U.S. Bank National Association, as trustee, pursuant to which our 7 % Notes were issued. Additionally, on August 20, 2008 we entered into a supplemental indenture among us, the guarantors named therein and U.S. Bank

National Association, as trustee, pursuant to which the 10½% Notes were issued. These supplemental indentures provide for the addition of acquisition subsidiaries as guarantors of the 8 %, 7 % and 10½% Notes.

#### Other Debt

Other debt as of January 3, 2009 primarily consisted of equipment loans. Of this debt, \$9.5 million had variable interest rates with an average interest rate of 3.3%, while \$29.0 million had an average fixed interest rate of 4.9%.

#### Interest Rate and Forward Starting Interest Rate Swaps

We enter into interest rate swap agreements to hedge interest rate exposure of our notional floating rate debt. As of January 3, 2009 and December 29, 2007, we had \$595.0 million of such interest rate swaps. In June 2009, \$220.0 million of these interest rate swaps mature. As a result, in the fourth quarter of 2008, we entered into \$75.0 million notional amounts of forward starting interest rate swap agreements to partially replace the maturing swap agreements. As of January 3, 2009, we do not anticipate reclassifying any ineffectiveness into our results of operations for the next twelve months.

#### Letters of Credit

On January 3, 2009, we had outstanding letters of credit of approximately \$18.0 million and a de minimis amount of surety bonds related to performance and payment guarantees. Based on our experience with these arrangements, we do not believe that any obligations that may arise will be significant.

#### Debt Covenant Compliance

As of January 3, 2009, we were in compliance with all covenants under our debt agreements. Our Amended Credit Facilities contain two financial covenants, a maximum consolidated leverage covenant, which we refer to as our Leverage Covenant and a minimum consolidated interest coverage ratio, which we refer to as our Interest Coverage Covenant. As of January 3, 2009 our Leverage Covenant could not exceed 5.25:1.00 and as calculated was 5.06:1.00, while our Interest Coverage Covenant could not be less than 2.25:1.00 and as calculated was 2.65:1.00. Our Leverage Covenant threshold steps down at the end of the second quarter of 2009. See Notes 1 and 9 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Under our current action plans, which include the repayment of debt, we expect to be compliant with our debt covenants under our debt agreements at the end of each quarter in 2009 without an amendment. However, we have decided that exploring an amendment to our Amended Credit Facilities is a prudent course of action given the significant economic turmoil and unprecedented uncertainty in the financial markets. We are currently in discussions with our lead bank about modifying the terms of our Amended Credit Facilities. Based on discussions with our lead bank, we expect that an amendment could be concluded in the second quarter of 2009; however, there can be no assurance that such amendment will be obtained within that time frame, if at all. We expect any such amendment to result in upfront fees and higher interest costs. An amendment could also involve other changes to our Amended Credit Facilities that, while not directly related to changing the relevant financial covenant measures, may restrict our operating flexibility.

In the event we are unable to obtain an amendment, we may need to implement additional plans, including further reducing our costs and expenditures, improving our cash flows and paying down additional debt to remain in compliance with our covenants in 2009.

As of January 3, 2009, there was no limitation on acquisition debt provided we were in compliance with our Amended Credit Facilities. As our Amended Credit Facilities have senior secured position in our capital structure and the most

restrictive covenants, then provided we are in compliance with our Amended Credit Facilities we also would be in compliance with the senior secured debt to consolidated cash flow covenant within our 10½% Notes indenture and the debt incurrence tests within the three subordinated notes indentures. Our failure to maintain applicable financial ratios, in certain circumstances, or effective internal controls would prevent us from borrowing additional amounts and could result in a default under our Amended Credit Facilities. Such default could cause the indebtedness outstanding under our Amended Credit Facilities and, by reason of cross-acceleration or cross-default provisions, our 7 % Notes, 8 % Notes, 10½% Notes and any other indebtedness we may then have, to become immediately due and payable.

### Credit Ratings

Our current credit ratings are as follows:

Rating Agency	Amended					Outlook	Last Update
	Corporate Rating	Credit Facilities	10½% Notes	7 % Notes	8 % Notes		
Standard & Poor's	BB-	BB+	BB-	B	B	Negative	October 2008
Moody's	B1	Ba2	B2	B3	B3	Negative	June 2008

In October 2008, Standard & Poor's Ratings Services, which we refer to as Standard & Poor's, revised its rating outlook on us to negative from stable while affirming all of our credit ratings. Moody's Investors Services, which we refer to as Moody's, placed us on negative ratings outlook prior to our acquisition of Cadmus in 2007. We believe the primary factors behind such rating agency outlooks are our business strategy of pursuing strategic acquisitions and our debt covenant calculations.

The terms of our existing debt do not have any rating triggers that impact our funding availability or influence our daily operations, including planned capital expenditures. We do not believe that our current ratings will unduly influence our ability to raise additional capital. Some of our constituents closely track rating agency actions and would note any raising or lowering of our credit ratings; however, we believe that along with reviewing our credit ratings, additional quantitative and qualitative analyses must be performed to accurately judge our financial condition.

The current credit markets downturn that began in 2007 and continues through the date hereof makes raising additional capital expensive for any issuer. We do not have plans to enter the current credit market for new financing given that we have no significant debt maturities until 2013. Further, we expect that our internally generated cash flows and financing available under our Revolving Credit Facility will be sufficient to fund our working capital needs through 2009; however, this cannot be assured.



Since January 3, 2009, we purchased in the open market \$5.0 million of each of our 10½% Notes and 7 % Notes and \$17.0 million of our 8 % Notes for \$3.3 million, \$3.1 million, and \$10.8 million, respectively, plus accrued and unpaid interest. In connection with these purchases, in the first quarter of 2009 we will record a gain on early extinguishment of debt of approximately \$10.0 million. These open market purchases were made within permitted restricted payment limits under our debt agreements.

**Share Repurchase Plan.** On July 31, 2008, our Board of Directors authorized a program for the repurchase of up to \$15.0 million of our common stock, which we refer to as the Share Repurchase Plan. The Share Repurchase Plan is effective for 12 months and may be limited or terminated at any time without prior notice. Share repurchases under the Share Repurchase Plan may be made through open-market and privately negotiated transactions within the governing limits of our credit agreement and bond indentures. The timing and actual number of shares, if any, that we actually repurchase will depend on a variety of factors including price, Cenveo and/or regulatory requirements, and market conditions. No purchases had been made under the Share Repurchase Plan as of January 3, 2009.

**Off-Balance Sheet Arrangements.** It is not our business practice to enter into off-balance sheet arrangements. Accordingly, as of January 3, 2009 and December 29, 2007, we do not have any off-balance sheet arrangements.

**Guarantees.** In connection with the disposition of certain operations, we have indemnified the purchasers for certain contingencies as of the date of disposition. We have accrued the estimated probable cost of these contingencies.

#### Critical Accounting Matters

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. We evaluate these estimates and assumptions on an ongoing basis based on historical experience and on various other factors which we believe are reasonable under the circumstances.

We believe that the following represent our more critical estimates and assumptions used in the preparation of our consolidated financial statements:

**Allowance for Losses on Accounts Receivable.** We maintain a valuation allowance based on the expected collectability of our accounts receivable, which requires a considerable amount of judgment in assessing the current creditworthiness of customers and related aging of past due balances. As of January 3, 2009 and December 29, 2007, the allowance provided for potentially uncollectible accounts receivable was \$6.0 million and \$9.9 million, respectively. Charges for bad debts recorded to the statement of operations were \$4.7 million in 2008, \$5.4 million in 2007 and \$4.3 million in 2006. We cannot guarantee that our current credit losses will be consistent with those in the past. These estimates may prove to be inaccurate, in which case we may have overstated or understated the allowance for losses required for uncollectible accounts receivable.

**Provision for Impairment of Long-Lived Assets.** We evaluate long-lived assets, including property, plant and equipment and intangible assets other than goodwill and indefinite lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of specific assets or group of assets may not be recoverable. When an evaluation is required, we estimate the future undiscounted cash flows associated with the specific asset or group of assets. If the cost of the asset or group of assets cannot be recovered by these undiscounted cash flows, we would assess the fair value of the asset or asset group and if necessary, an impairment charge would be recorded. Our estimates of future cash flows are based on our experience and internal business plans. Our internal business plans require judgments regarding future economic conditions, product demand and pricing. During 2008, 2007 and 2006, in connection with our restructuring and integration programs, we recorded impairment charges, net

on long-lived assets of \$2.3 million, \$12.0 million and \$3.6 million, respectively. Although we believe our estimates are appropriate, significant differences in the actual performance of an asset or group of assets may materially affect our evaluation of the recoverability of the asset values currently recorded. Additional impairment charges may be necessary in future years.

**Provision for Impairment of Goodwill and Indefinite Lived Intangible Assets.** We evaluate the carrying value of our goodwill and indefinite lived intangible assets annually at the beginning of December and whenever events or circumstances make it more likely than not that an impairment may have occurred. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, prescribes a two-step method for determining goodwill impairment. In the first step, we compare the estimated fair value of each reporting unit to its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds the estimated fair value, step two is completed to determine the amount of the impairment loss. Step two requires the allocation of the estimated fair value of the reporting unit to the assets, including any unrecognized intangible assets, and liabilities in a hypothetical purchase price allocation. Any remaining unallocated fair value represents the implied fair value of goodwill, which is compared to the corresponding carrying value of

goodwill to compute the goodwill impairment amount. In 2008, we recorded non-cash goodwill impairment charges of \$204.4 million and \$168.4 million related to our commercial print and envelope reporting units, respectively. In 2007 and 2006, we did not record any goodwill impairment charges.

As part of our 2008 impairment analysis for each reporting unit, we estimated the fair value of each unit, primarily using the income approach. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates, and the allocation of shared or corporate items. The market approach was used as a test of reasonableness of the conclusions reached in the income approach. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping.

The determination of the fair value of the reporting units and the allocation of that value to individual assets and liabilities within those reporting units requires management to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate peer group companies; control premiums appropriate for acquisitions in the industries in which we compete; the discount rate; terminal growth rates; and forecasts of net sales, operating income, depreciation and amortization and capital expenditures. The allocation requires several analyses to determine the fair value of assets and liabilities including, among others, trade names, customer relationships, and property, plant and equipment. Although we believe our estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting units, the amount of the goodwill impairment charge, or both. We also compared the sum of the estimated fair values of the reporting units to our total enterprise value as implied by the market value of our equity securities. This comparison indicated that, in total, our assumptions and estimates were not unreasonable. However, future declines in the overall market value of our equity securities may indicate that the fair value of one or more reporting units has declined below their carrying value.

One measure of the sensitivity of the amount of goodwill impairment charges to key assumptions is the amount by which each reporting unit had fair value in excess of its carrying amount or had carrying amount in excess of fair value for the first step of the goodwill impairment test. For the two reporting units that had fair value in excess of carrying value, fair value exceeded the carrying amount by 17% and 171% of their respective estimated fair values. For the two units that had carrying amount in excess of fair value, the carrying amount exceeded fair value by 18% and 20% of their respective estimated fair values. Generally, changes in estimates of expected future cash flows would have a similar effect on the estimated fair value of the reporting unit. That is, a 1% change in estimated future cash flows would decrease the estimated fair value of the reporting unit by approximately 1%. Of the other key assumptions that impact the estimated fair values, most reporting units have the greatest sensitivity to changes in the estimated discount rate. The discount rate for each reporting unit was estimated to be 11.0%. A 50 basis point increase in our estimated discount rates would not have resulted in any additional reporting units failing step one.

Determining whether an impairment of indefinite lived intangible assets has occurred requires an analysis of the fair value of each of the related tradenames. We determined that there was no impairment of our indefinite lived intangible assets; however, if our estimates of the valuations of our tradenames prove to be inaccurate, an impairment charge could be necessary in future periods.

Our annual impairment analysis for trade names utilizes a relief-from-royalty method in which the hypothetical benefits of owning each respective trade name are valued by discounting hypothetical royalty revenue over projected revenues covered by the trade names. We utilized royalty rates of 1.5% to 2.5% for the use of the subject trade names based on comparable market rates, the profitability of the product employing the trade name, and qualitative factors, such as the strength of the name and years in usage. We utilized a discount rate of between 12% and 13%, which was based on the weighted average cost of capital for the respective business plus a premium to account for the relative risks of the subject trade name.

In order to evaluate the sensitivity of the fair value calculations for all of our indefinite-lived trade names, we applied hypothetical 5%, 10% and 15% decreases to the estimated fair value of our trade names. Such hypothetical decreases in fair value could be due to changes in discount rates and/or assumed royalty rates. These hypothetical 5%, 10% and 15% decreases in estimated fair value would not have resulted in an impairment of any of our identifiable indefinite-lived trade names other than our ColorGraphics trademark, which has a carrying value of \$18.8 million. The hypothetical estimated fair value decreases for our ColorGraphics trademark would have resulted in an impairment charge on a pre-tax basis of approximately \$0.8 million at a 10% decrease and \$1.8 million at a 15% decrease.

**Self-Insurance Reserves.** We are self-insured for the majority of our workers' compensation costs and health insurance costs, subject to specific retention levels. We rely on claims experience and the advice of consulting actuaries and administrators in determining an adequate liability for self-insurance claims. Our self-insurance workers' compensation liability is estimated based on reserves for claims that are established by a third-party administrator. The estimate of these reserves is adjusted from time to time to reflect the estimated future development of the claims. Our liability for workers' compensation claims is the estimated total cost of the claims on a fully-developed and discounted basis that considers anticipated payment patterns. As of January 3, 2009 and December 29, 2007, the undiscounted liability was \$12.4 million and \$14.2 million, respectively, and the discounted liability was \$10.5 million and \$12.2 million, respectively, using a 4% discount rate. Workers' compensation expense incurred in 2008, 2007 and 2006 was \$3.2 million, \$4.1 million and \$5.3 million, respectively, and were based on actuarial estimates.

Our self-insured healthcare liability represents our estimate of claims that have been incurred but not reported as of January 3, 2009 and December 29, 2007. We rely on claims experience and the advice of consulting actuaries to determine an adequate liability for self-insured plans. This liability was \$5.7 million and \$5.2 million as of January 3, 2009 and December

29, 2007, respectively, and was estimated based on an analysis of actuarial completion factors that estimated incurred but unreported liabilities derived from the historical claims experience. The estimate of our liability for employee healthcare represents between 45 and 50 days of unreported claims.

While we believe that the estimates of our self-insurance liabilities are reasonable, significant differences in our experience or a significant change in any of our assumptions could materially affect the amount of workers' compensation and healthcare expenses we have recorded.

**Accounting for Income Taxes.** We are required to estimate our income taxes in each jurisdiction in which we operate which includes the U.S., Canada and India. This process involves estimating our actual current tax expense, together with assessing temporary differences resulting from differing treatment of items for tax and financial reporting purposes. The tax effects of these temporary differences are recorded as deferred tax assets or deferred tax liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which we have already recorded an expense in our consolidated financial statements. Deferred tax liabilities generally represent tax items that have been deducted for tax purposes, but have not yet been recorded as an expense in our consolidated financial statements. As of January 3, 2009, we had net deferred tax assets of \$3.9 million and as of December 29, 2007, we had net deferred tax liabilities of \$32.9 million from our U.S. operations. The change in U.S. net deferred taxes is primarily due to the \$42.1 million deferred tax benefit recorded in connection with our goodwill impairment charges. As of January 3, 2009 and December 29, 2007, we had foreign net deferred tax liabilities of \$2.0 million and \$4.3 million, respectively.

We assess the recoverability of our deferred tax assets and, to the extent recoverability does not satisfy the "more likely than not" recognition criteria under SFAS 109, record a valuation allowance against the deferred tax assets. We record valuation allowances to reduce our deferred tax assets to an amount that is more likely than not to be realized. We considered our recent operating results and anticipated future taxable income in assessing the need for our valuation allowance. As a result, in the fourth quarter of 2008 and 2007, we adjusted our valuation allowance by approximately \$1.3 million and approximately \$4.6 million, respectively, to reflect the realization of deferred tax assets. In connection with the acquisitions of Printegra and Commercial Envelope, we released valuation allowance against goodwill in the amounts of \$7.4 million and \$21.5 million, respectively. In connection with the acquisitions of Cadmus and ColorGraphics, we increased our valuation allowance by \$26.6 million and \$0.1 million, respectively. In the fourth quarter of 2007, we released all but \$7.5 million of these valuation allowances against goodwill.

In 2006, we decreased our valuation allowance by approximately \$58.1 million, primarily as a result of utilizing our net operating loss carryforwards principally against the gain on sale of Supremex, which is reflected in discontinued operations. As of December 30, 2006, the total valuation allowance on our net U.S. deferred tax assets was \$55.7 million.

The remaining portion of our valuation allowance will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that our remaining deferred tax assets will be realized. When sufficient positive evidence occurs, our income tax expense will be reduced to the extent we decrease the amount of our valuation allowance. The increase or reversal of all or a portion of our tax valuation allowance could have a significant negative or positive impact on future earnings. Any reversal of the valuation allowance related to stock-based compensation will be reflected as a component of shareholders' equity and will not affect the future effective income tax rate.

#### New Accounting Pronouncements

We are required to adopt certain new accounting pronouncements. See Note 1 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.



Item 9A of the Original 10-K is amended to read in its entirety as follows:

#### Item 9A. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that material information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the fiscal year covered by this annual report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level, as of the fiscal year end covered by this Annual Report on Form 10-K.

##### Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States. Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting as of January 3, 2009 is effective.

The Company's internal control over financial reporting as of January 3, 2009 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report appearing on page 80 of the Original 10-K.

##### Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended January 3, 2009 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

#### Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.



## PART III

Item 11 of the Original 10-K is amended to read in its entirety as follows:

## Item 11. Executive Compensation

Except as set forth below, this information is included under the captions “Compensation of Executive Officers,” “Compensation of Directors,” “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report” in our 2009 Proxy Statement and is incorporated herein by reference.

Cenveo hereby amends Item 11 (Executive Compensation) of Part III of its Annual Report on Form 10-K for the year ended December 31, 2008, which was originally filed by Cenveo with the SEC on March 29, 2009 (the “Original 10-K”), by providing a revised director compensation table that includes the information called for by Item 402(k)(2) of Regulation S-K and by amending and restating in its entirety the disclosure under the caption “Compensation of Executive Officers” that originally appeared on pages 12-17 of the proxy statement for Cenveo’s 2009 annual meeting of shareholders that was filed with the SEC on April 6, 2009 (the “Proxy Statement”). As permitted by SEC rules, the Original 10-K incorporated the Proxy Statement by reference in order to include the information called for by Item 11 (Executive Compensation) of Part III.

## Non-Management Directors’ Compensation for Fiscal 2008

The following table shows the cash compensation and value of equity compensation received by each of our non-employee directors.

Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$ (4))	Total (\$)
Gerald S. Armstrong	\$54,350	\$30,376	\$0	-	-	\$84,726
Leonard C. Green	\$79,350	\$101,214	\$0	-	-	\$180,564
Mark J. Griffin	\$55,550	\$30,376	\$0	-	-	\$85,926
Robert B. Obernier	\$54,350	\$30,376	\$0	-	-	\$84,726

(1) This column reports the amount of cash compensation earned in 2008 for Board and committee service, including retainer and meeting fees. Board members may elect to use Board fees to purchase Company stock at full purchase price under the terms of the ESPP plan. During 2008, Board members used their Board fees to purchase stock at full purchase price as follows: Mr. Green spent \$39,675, Mr. Griffin spent \$55,550 and Mr. Obernier spent \$54,350.

(2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of RSUs granted in 2008, in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123(R) (“FAS 123R”). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Fair value is calculated using the closing price of Cenveo stock on the date of grant. The grant date fair value of the award of 14,226 RSUs granted to each non-management director during 2008 was \$135,005 (calculated using the closing price of Cenveo stock on the grant date of \$9.49). These awards were granted on September 12, 2008 and are

scheduled to vest on the first anniversary of the date of grant. The grant date fair value of an award of 10,153 RSUs granted to Mr. Green during 2008 was \$100,007. This award was granted on April 18, 2008 and is scheduled to vest on the first anniversary of the date of grant. At January 3, 2009, with the exception of Mr. Green, each non-employee director had 14,226 unvested RSUs outstanding; Mr. Green had 24,379 unvested RSUs outstanding. These amounts reflect the Company's accounting expense for the awards and do not correspond to the actual value that will be recognized by the directors. Since the RSUs granted to our non-employee directors vest on the first anniversary of the date of grant, the fair market value of the awards is amortized during the one-year period following the date of grant. Accordingly, the amounts set forth in this column represent the pro rata portion of such amortization that is attributable to the year in which the grants were made. See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

- (3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of stock options granted in 2008, in accordance with SFAS 123R. No options were granted in 2008. At January 3, 2009, Dr. Griffin and Mr. Obernier each had 10,000 vested options and zero unvested options outstanding; Mr. Green had 5,000 vested options and zero unvested options outstanding; and Mr. Armstrong had no option awards.
- (4) None of our non-employee directors received any perquisites or compensation in 2008 other than cash fees and equity awards.

## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

#### Overview

The goal of our executive compensation program is the same as our goal for operating the Company—to create long-term value for our shareholders. Toward this goal, we have designed and implemented our compensation programs with the following objectives:

- **PAY FOR PERFORMANCE**
  - establish a direct relationship between executive compensation and our financial and operating performance;
  - provide performance-based compensation (including equity awards) that allow executive officers to earn rewards for maximizing shareholder value;
    - align the interests of our executives with those of our shareholders;
    - attract and retain the executives necessary for our long-term success; and
    - reward individual initiative and the achievement of specified goals.

Most of our compensation elements simultaneously fulfill one or more of these objectives. The primary elements of our compensation program are salary, annual incentive bonus, and equity. We also offer an employee stock purchase plan, a 401(k) plan, a Key Employee Retention Program (KERP), severance protection, and certain personal benefits. In deciding the type and amount of compensation for each executive, we consider the Company's performance, the individual executive's performance, compensation levels and equity awards by our peers, the overall competitive environment for executives, the level of compensation necessary to retain executive talent, our executives' compensation at their prior employment, and the recommendations of senior management.

Base salary is designed to be commensurate with the executive's scope of responsibilities and management experience. Our annual bonus plan, Management By Objectives ("MBO"), is designed to reward annual achievements and effectiveness. Our equity compensation focuses on motivating and challenging the executive to achieve superior, longer-term and sustained results. It is our intent that more than one-half of the compensation packages for our most senior executive officers, including the named executive officers, be incentive-based. No bonuses are paid unless key financial objectives are achieved.

#### Compensation Objectives

The objectives of our compensation program can be summarized as performance, alignment, and retention. Our compensation program is designed to achieve these goals as follows.

Performance. Elements of compensation that depend upon the executive's and the Company's performance include:

- **Bonus:** Our annual bonus is based solely on achievement by the Company and the executive of pre-determined measures such as non-GAAP EPS, adjusted EBITDA, free cash flow, margins, and capital expenditures (as defined on page 16) that have been communicated to our investors. No bonus is paid unless key financial targets for the award are met.
- **Equity Awards:** Equity incentive compensation in the form of stock options, restricted stock and restricted stock units (RSUs) will have a value that is contingent upon the performance of the Company's share price. In addition, no equity awards are granted unless we are on track to achieve our key financial goals.
- **Key Employee Retention Program (KERP):** In 2008, the Company put in place a KERP to ensure that it retains the services of managers who the Board has determined are critical to the long-term performance of the Company. Under the KERP, a participant is awarded a specified dollar award that is paid out in equal monthly

installments over a minimum of two years. KERP awards are not vested and any participant who leaves the Company forfeits the unpaid portion of the award.

**Alignment.** We seek to align the interests of our executive officers with those of our investors by evaluating executive performance on the basis of key financial measurements that we believe closely correlate to shareholder value, including non-GAAP EPS, and Adjusted EBITDA. These factors represent a major component of the goals used to determine annual bonuses. The element of compensation that most directly aligns the interests of our executive officers with shareholders is equity incentive compensation, which links a significant portion of compensation to shareholder value because the total value of those awards over time corresponds to stock price appreciation. The Company has a policy requiring that named executive officers and other senior management of the Company own a multiple of their salary in the Company's stock. Such alignment is also facilitated by our employee stock purchase plan, which allows all of our employees and directors to purchase shares of the Company's stock at market prices, but without paying brokerage commissions, by means of deductions from pay, and by our 401(k) plan, pursuant to which all employees may purchase shares of the Company's stock on a pre-tax basis. We do not have a 401(k) match, except as required under existing collective bargaining agreements.

**Retention.** We attempt to retain our executives who meet our performance standards by providing competitive compensation packages and by having equity compensation awards vest over a four-year period. We also retain our executives with KERP awards and by rewarding exceptional performance with advancement opportunities within the Company. Over 75 of our senior managers have worked with Mr. Burton in other printing companies.

### Implementing Our Objectives

**Determining Compensation.** The Compensation Committee (the "Committee") relies on its judgment in making compensation decisions, after reviewing the performance of the Company and the recommendations of management and evaluating an executive's performance during the year against established goals, operational performance, business responsibilities, current compensation arrangements and long-term potential to enhance shareholder value. Specific factors affecting compensation decisions for our executive officers, in accordance with the executive's expected and accomplished role in each, include:

- key financial measurements such as non-GAAP EPS and Adjusted EBITDA, which are the measures specifically used in our executive incentive bonus program;
  - strategic objectives such as acquisitions and dispositions;
- promoting commercial excellence by continuously improving products and services, being a leading market player and attracting and retaining customers;
- achieving specific operational goals for the Company or particular business or business unit led by the named executive;
  - achieving excellence in their organizational structure and among their employees; and
- supporting our values by promoting a culture of integrity through compliance with law and our ethics policies, as well as commitment to diversity.

Although our compensation philosophy intends that more than one-half of the compensation packages for our most senior executive officers be incentive-based, we incorporate flexibility into our compensation programs and in the assessment process to respond to and adjust for the evolving business environment. We consider competitive market compensation paid by other companies, but we do not attempt to maintain a certain target percentile within a peer group or otherwise rely on that data to determine executive compensation. The companies we use to define the market for executive compensation purposes include a broad range of printing and publishing companies similar in revenue size to Cenveo, as well as certain other printing companies that are our direct competitors. In addition, comparative market compensation data are collected from general industry compensation surveys.

We strive to achieve an appropriate mix between equity incentive awards and cash payments in order to meet our objectives. Any apportionment goal is not applied rigidly and does not control our compensation decisions; we use it as another tool to assess an executive's total pay opportunities and whether we have provided the appropriate

incentives to accomplish our compensation objectives. The magnitude and mix of compensation elements are designed to reward recent results and motivate long-term performance through a combination of cash and equity incentive awards. We also seek to balance compensation elements that are based on financial, operational and strategic metrics with others that are based on the performance of the Company's stock.

**Role of Compensation Committee and CEO.** The Committee oversees the design, development and implementation of the compensation program for the CEO and the other named executives. The Committee evaluates the performance of the CEO and determines CEO compensation in light of the goals and objectives of the compensation program. Although the Committee makes all compensation decisions regarding the named executive officers and approves the measurements relating to bonus payments and equity awards, the Committee relies in part on the recommendations of the CEO in its decision-making. The CEO receives and reviews formal self-appraisals and departmental personnel appraisals from department heads and submits them with his comments to the Committee for decision-making. The financial goals for participants in the executive bonus program include key financial targets for the Company publicly announced to the market by our CEO in our year-end earnings calls. These targets are approved by our full Board of Directors. The CEO also, in conjunction with senior human resource executives, annually reviews the performance of each of the executives participating in the executive bonus program, the results of which also are submitted to the Committee. Notwithstanding the CEO's active role in the Committee's compensation process, the Committee evaluates all information and recommendations submitted to it and independently makes its compensation determinations.

**Role of Compensation Consultant.** Neither the Company nor the Committee has formally used the services of any compensation consultant in matters affecting senior executive or director compensation.

**Employment and Severance Arrangements.** Our CEO has an employment agreement that provides for his employment by Cenveo through December 31, 2012, subject to automatic one-year renewals absent notice of non-renewal by either party at least 90 days before the end of the term. In order to assure continuity of management while the Company pursues its goals over the next several years, the employment agreement was amended on February 27, 2008 to extend Mr. Burton's employment by Cenveo through that date. The employment agreement was amended on December 30, 2008 in order to comply with regulations issued under Section 409A of the Internal Revenue Code (IRC). The employment agreement, as amended, also provides for an annual base salary of at least \$1,100,000, a target bonus opportunity of 300% of base salary to be earned on an "all or nothing" basis, so that our CEO will not be entitled to any bonus unless all of the key financial goals are satisfied, and certain personal benefits. Our other named executives have employment agreements that provide for severance in the event the Company terminates their employment without cause or they terminate their employment for good reason. If the Company terminates a named executive's employment "without cause," or if the named executive terminates his employment for "good reason," each as defined in the agreement, the executive's severance would include a lump sum severance payment, COBRA coverage for a specified period and immediate vesting of all outstanding stock options and other equity grants, each in the amounts specified under "Employment Agreements" on page 23 of the proxy statement for our 2009 annual meeting of shareholders.

We believe that providing this level of financial security is a key factor in enabling us to attract and retain high-performing executives, and also serves as protection to the Company upon termination of the named executives' employment with the Company. The employment agreements each contain non-competition and non-solicitation agreements on the part of the executives that match or exceed the time period for which severance is paid.

**Stock Ownership Requirements.** In order to ensure that the Company's managers have a stake in the success of the Company, and to further align management with the Company's other shareholders, the Company has instituted a policy requiring that named executive officers and other senior management of the Company own specified values of the Company's stock. The levels are calculated as a multiple of the manager's base salary, and managers are given five years to reach their ownership levels. The levels are as follows: Chairman and CEO – five times base salary; President, Executive Vice Presidents and Senior Vice Presidents – three times base salary; and Vice Presidents – two times base salary.

In 2008 alone, our CEO purchased over \$4,397,000 in the Company's stock. Our other named executive officers have also invested substantial amounts in the Company's stock. For their current stock ownership, see Ownership of Voting

Securities on page 9 of the proxy statement for our 2009 annual meeting of shareholders.

Equity Grant Practices. The exercise price of each stock option awarded to our senior executives and other employees under our long-term incentive plan is the closing price of the Company's stock on the date of grant. We expect that annual grants will be made on the same day of every year – September 12, the anniversary of the date the



current management assumed control of Cenveo. In 2008, the Company began granting 50% of the MBO awards for senior management in stock in order to further align the interests of management and shareholders. The first such grants were made in May 2008 and the Company expects that such grants will continue to be made in May each year. In addition, in 2008, the Company awarded special grants to one director and three executives to compensate them for extraordinary services. We do not reprice stock options.

**Tax Deductibility of Compensation.** Section 162(m) of the IRC imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to the company's CEO or any of certain other executive officers. This limitation does not apply to compensation that meets the requirements under Section 162(m) for "qualifying performance-based" compensation (i.e., compensation paid only if the individual's performance meets pre-established objective goals based on performance criteria approved by shareholders). We consider ways to maximize deductibility of executive compensation, but the compensation committee retains the flexibility to compensate executive officers in a manner commensurate with performance and the competitive environment for executive talent regardless of the ultimate deductibility of such compensation. Our current long-term equity incentive plan is structured to give the compensation committee the flexibility to grant awards that qualify as performance-based under Section 162(m) as well as awards that do not qualify.

#### Elements Used to Achieve Compensation Objectives

##### Annual Cash Compensation

**Base Salary.** The Committee periodically reviews the base salary of the Chief Executive Officer and his direct reports. The Committee considers various factors in assessing specific salaries, including the executive's historical performance and future potential, job content, level of responsibility, comparisons with peers within and outside the Company, salary before joining Cenveo, and accountability. Base salaries for senior officers of the Company, including the named executive officers, are not routinely increased, which is consistent with the Company's philosophy that a significant part of executives' compensation should be contingent on the achievement of performance objectives.

**Annual Incentive Bonus – Management By Objectives.** Potential payout amounts (expressed as a percentage of salary) under our MBO bonus plan are established by the Committee early in the fiscal year, after assessing recommendations of management and considering the factors used to determine base salary. At that time, the Committee also approves the use of the Company-based key financial goals that apply to all of the named executives, as well as specific qualitative and quantitative goals within each executive's area of responsibility. If shareholders approve the amendment of the 2007 Plan, the Committee intends to grant a portion of the performance-vested MBO awards in Cenveo RSUs rather than in cash. At the end of each year, the CEO reviews the Company's full-year financial results against the financial and other goals set by the Committee for the year. No bonus is paid unless the Company-based key financial goals for the award are satisfied. The CEO recommends to the Committee the specific bonus payout for each of the named executives other than himself based on the levels of achievement of the criteria established by the Committee. The Committee has the discretion to increase or decrease the bonus from the CEO's recommendation. The Committee does not have discretion to increase the bonus to an amount greater than the maximum amount payable upon achievement of applicable performance targets.

The salaries and annual incentive bonuses paid to the named executive officers for 2008 are discussed below and shown in the Summary Compensation Table on page 18 of the proxy statement for our 2009 annual meeting of shareholders.

##### Equity Awards

**Stock Options, Restricted Stock and RSUs.** To further align the interests of management with the interests of shareholders, our executive compensation package includes stock option grants, restricted stock and RSU awards.

Equity awards outside the MBO bonus plan are made each September, but no such stock awards will be made unless we are on track to achieve our annual non-GAAP EPS and Adjusted EBITDA targets.

Options have a per share exercise price of 100% of the fair market value of a share of our common stock on the date of grant and, accordingly, the value of the option is dependent on the future market performance of the common stock. The number of shares of common stock subject to options granted to our executive officers is generally based on the salary, responsibilities and performance of each officer. In addition, the compensation committee reviews the number and value of options granted by selected peer companies in making option grants to our executive officers.

Restricted shares are shares of common stock that are subject to forfeiture. The shares vest on the basis of performance and/or continued employment as determined in advance by the Committee. The shares generally are forfeited by participants if they leave Cenveo before the shares have vested. A participant who has received a grant of restricted shares will receive dividends and the right to vote those shares. Restricted shares may not be transferred, encumbered or disposed of until they have vested.

Each RSU has the fair market value of one share of common stock on the date specified in the award agreement (generally the vesting date) and is paid in cash, shares or other property as determined by the Committee. The RSUs vest on the basis of performance or continued employment, as determined by the Committee. A participant is credited with dividend equivalents on any vested RSUs when dividends are paid to shareholders, but is not entitled to dividend equivalents on unvested RSUs. RSUs generally may not be transferred prior to the delivery of the common stock.

When determining the appropriate combination of stock options, restricted stock and RSUs, our goal is to weigh the cost of these grants with their potential benefits as a compensation tool. We believe that providing combined grants of stock options, on the one hand, and restricted stock and/or RSUs, on the other, effectively balances our objective of focusing the named executives on delivering long-term value to our shareholders, with our objective of providing value to the executives with the equity awards. Stock options only have value to the extent the price of the Company's stock on the date of exercise exceeds the exercise price on the grant date, and thus are an effective compensation element only if the stock price increases over the term of the award. In this sense, stock options are a motivational tool. Unlike stock options, restricted stock and RSUs offer executives the opportunity to receive shares of the Company's stock on the date the restriction lapses. In this regard, RSUs serve both to reward and retain executives, as some of the RSUs we have granted vest upon satisfaction of performance targets and others vest over an extended period of time and the value of the RSUs is linked to the price of the Company's stock on the date the RSU vests. Unvested stock options and RSUs are forfeited if the executive voluntarily leaves the Company and generally are vested upon a change in control of the Company or if the Company terminates the executive's employment without cause.

The allocation of the number and mix of stock options, restricted shares and RSUs issued to a particular executive is not based on a rigid formula, but rather is determined on an individual basis based on the variety and mix of equity grants by our peers, a consideration of the respective incentives created by the various equity grants with respect to the particular executive, his particular role at the Company and other factors.

During 2008, Mr. Burton vested in 50,000 shares of restricted stock and 137,500 RSUs. Also during 2008, Messrs. Hiltwein, Vinson and Davis vested in 11,250, 16,000 and 10,000 RSUs, respectively. In addition, Messrs. Burton, Hiltwein, Vinson and Davis vested in 175,000, 12,500, 51,250, and 35,000 in stock options, respectively, in 2008. All of these awards were granted in 2005, 2006 and 2007. The value realized by each executive upon such vesting is set forth in the Option Exercises and Stock Vested Table on page 21 of the proxy statement for our 2009 annual meeting of shareholders. None of the named executives exercised stock options during 2008. During 2008, each of the named executives was granted only RSUs. The number of shares subject to such awards and their full value for financial reporting purposes are set forth in the Grants of Plan-Based Awards Table on page 19 of the proxy statement for our 2009 annual meeting with shareholders.

Other Elements

Stock Purchase Plan. In 2005, we adopted an employee stock purchase plan that allows our employees, including executives, to purchase our common stock at market prices on a monthly basis through payroll deductions. In 2007, we amended the plan to allow participation by our non-employee directors. Payroll deductions may not exceed \$10,000 per month. The Company does not subsidize the stock purchases under the plan, except by payment of brokerage commissions. Mr. Burton is purchasing stock through the plan at the maximum level of \$10,000 per month.

Other Compensation. We provide our named executives with other benefits, reflected in the All Other Compensation column in the Summary Compensation Table on page 18 of the proxy statement for our 2009 annual meeting of shareholders that we believe are reasonable, competitive and consistent with the Company's overall executive compensation program. We believe that these benefits generally allow our executives to work more efficiently. The costs of these benefits, which include car allowances and life insurance premiums, constitute only a small percentage of each named executive's total compensation.

#### Pension and Retirement Benefits

No Retirement Compensation for Executives. Our CEO and other named executives receive no pension or other retirement payments or contributions.

No Deferred Compensation Plan for Executives. We have no deferred compensation plan for our named executives.

401(k) Plan. We have a 401(k) plan to which all eligible employees can contribute a portion of their compensation on a pre-tax basis. A plan participant can direct the investment of contributions into one of twenty mutual funds and other investment vehicles, including the Company's common stock. We do not match employee contributions under this plan, except as required under existing collective bargaining agreements.

#### Compensation for the Named Executives in 2008

No Automatic Increases. No named executive officer is entitled to any automatic or contractual increase in compensation. In light of the strong performance of the Company against key financial and operational measurements in 2008, the Committee made the following salary increases for its named executive officers: for Mr. Davis, \$20,000 and for Mr. Vinson, \$25,000. For 2008, bonus target amounts were increased to the following levels: for Mr. Davis, \$277,500, and for Mr. Vinson, \$375,000. A more detailed analysis of our financial and operational performance is contained in the Management's Discussion & Analysis section of our 2008 Annual Report filed with the SEC.

Amendment of CEO Employment Agreement. Mr. Burton's employment agreement was amended on December 29, 2008 in order to comply with 409A regulations.

Goals. In determining the salary increases and bonus target increases referred to above, the Committee considered the accomplishment of specific goals within each executive's area of responsibility. For our CEO, these other goals included cost savings requirements, building a management team that provides growth opportunities for all, including women and minorities, and providing leadership to grow Cenveo to be an industry leader in areas including customer service and stock price performance. For our Group President, Envelope, Commercial Print & Packaging, and President, Cadmus Publisher Services Group, these goals included operations-specific management, sales, and productivity initiatives. For our CFO, these goals included capital structure improvements and development of the Company's finance employees. For our General Counsel, these goals included resolution of disputes and satisfaction of corporate governance and compliance objectives.

2008 Bonuses. Our named executives' annual bonus is 100% performance-based and is earned on an "all or nothing" basis under the guidelines of our MBO plan. That is, in order for each executive to receive any bonus for 2008, Cenveo had to achieve all of the following financial goals:

- Adjusted EBITDA - \$300 million
- Adjusted EBITDA Margins - 12.6%
- Non-GAAP EPS - \$1.58/share
- Free cash flow - \$125 million
- Revenues - \$2.38 billion

- Capital expenditures - no more than \$35 - \$40 million

Note regarding non-GAAP financial measures: The Company defines Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, excluding integration, acquisition and other charges, stock-based compensation provision, restructuring, impairment, and other charges, gain (loss) on early extinguishment of debt, gain (loss) on sale of non-strategic businesses, and income (loss) from discontinued operations, net of taxes. The Company defines Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales. Non-GAAP EPS is Non-GAAP net income (loss) per diluted share. Non-GAAP net income (loss) excludes integration, acquisition and other charges, stock-based compensation provision, restructuring, impairment and other charges, gain (loss) on sale of non strategic businesses, (gain) loss on early extinguishment of debt, the income tax expense (benefit) relating to the above non-GAAP adjustments, and income (loss) from discontinued operations, net of taxes. The Company defines free cash flow as Adjusted EBITDA less cash interest, cash taxes, and capital expenditures, plus proceeds from the sale of property, plant and equipment.

Due to the fact that Cenveo did not meet the above objectives, it did not pay any bonuses to its named executive officers for 2008. Even if the six Company-wide financial targets had been met, a portion of the bonuses of our CEO and other named executives was linked to the accomplishment of specific goals within each executive's area of responsibility. For each named executive officer, the following list describes the bonus opportunity and specific goals that each named executive officer would have been required to achieve in order to achieve his full bonus:

Our CEO was entitled to a target bonus opportunity equal to 300% of his base salary, of which an aggregate of 25% was linked to the following goals: (i) cost savings requirements (10% of his bonus opportunity); (ii) building a management team that provides growth opportunities for all, including women and minorities (5% of his bonus opportunity); (iii) continuing to seek out acquisition opportunities to grow Cenveo's revenues and Adjusted EBITDA (5% of his bonus opportunity); and (iv) providing leadership to grow Cenveo to be an industry leader in areas including stock price performance and growth opportunities for employees (5% of his bonus opportunity);

Our Group President, Envelope, Commercial Print & Packaging Group was entitled to a target bonus opportunity equal to 110% of his base salary, of which an aggregate of 50% was linked to the following goals: (i) operations-specific EBITDA target of \$181.2 million and revenue target of \$1.77 billion (25% of his bonus opportunity); (ii) cost savings requirements (10% of his bonus opportunity); (iii) integrating our Envelope, Commercial Print & Packaging Group (10% of his bonus opportunity); and (iv) continuing to seek out acquisition opportunities (5% of his bonus opportunity);

Our President, Cadmus Publisher Services Group was entitled to a target bonus opportunity equal to 100% of his base salary, of which an aggregate of 50% was linked to the following goals: (i) operations-specific EBITDA target of \$50.5 million (30% of his bonus opportunity); (ii) cost savings requirements (10% of his bonus opportunity); (iii) continuing to seek out acquisition opportunities (5% of his bonus opportunity); and (iv) achieving leadership-related goals for the Cadmus Publisher Services Group (5% of his bonus opportunity);

Our CFO was entitled to a target bonus opportunity equal to 110% of his base salary, of which an aggregate of 50% was linked to the following goals: (i) capital structure improvements (20% of his bonus opportunity); (ii) assisting in acquisition opportunities (10% of his bonus opportunity); (iii) enhancing opportunities for women and minorities (10% of his bonus opportunity); and (iv) development of Cenveo's finance employees (10% of his bonus opportunity); and

Our General Counsel was entitled to a target bonus opportunity equal to 75% of his base salary, of which an aggregate of 50% was linked to the following goals: (i) providing leadership for field operations and resolving disputes and other matters (20% of his bonus opportunity); (ii) supporting integration of recent acquisitions (15% of his bonus opportunity); (iii) satisfaction of SEC-related filing requirements (10% of his bonus opportunity); and (iv) certain management-related objectives (5% of his bonus opportunity).





### Compensation Committee Interlocks and Insider Participation

All members of the Compensation Committee during fiscal year 2008 were independent directors, and no member was an employee or former employee. No Compensation Committee member had any relationship requiring disclosure under the section titled "Certain Relationships and Related Person Transactions" in this proxy statement. During fiscal year 2008, none of our executive officers served on the Compensation Committee (or its equivalent) or board of directors of another entity whose executive officer served on our Compensation Committee.

### Compensation Committee Report

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with the Company's management. Based on the review and discussions, the Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement. This report is provided by the following independent directors, who comprise the committee:

### THE COMPENSATION COMMITTEE

Gerald S. Armstrong (Chair)  
Leonard C. Green  
Dr. Mark J. Griffin  
Robert B. Obernier

PART IV

Item 15 of the Original 10-K is amended as follows:

Item 15. Exhibits and Financial Statement Schedules

Exhibit Number	Description
31.1*	Certification by Robert G. Burton, Sr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Kenneth P. Viret, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished as an exhibit to this report on Form 10-K.
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished as an exhibit to this report on Form 10-K.

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Filed herewith.

(b) Exhibits Filed

Included in Item 15(a)(3) of this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Englewood, State of Colorado, on July 30, 2009.

CENVEO, INC.

By: /S/ ROBERT G. BURTON, SR.  
Robert G. Burton, Sr., Chairman and  
Chief Executive Officer  
(Principal Executive Officer)

By: /S/ KENNETH P. VIRET  
Kenneth P. Viret,  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)