

WORKFLOW MANAGEMENT INC  
Form DEFM14A  
February 26, 2004  
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**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |                                     |                                       |                          |                                                                                    |
|-------------------------------------|---------------------------------------|--------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/>            | Preliminary Proxy Statement           | <input type="checkbox"/> | Confidential, for use of the Commission Only<br>(as permitted by Rule 14a-6(e)(2)) |
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**WORKFLOW MANAGEMENT, INC.**

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(Name of Registrant as Specified in its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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- (1) Title of each class of securities to which transaction applies: Workflow Management, Inc. common stock.
- (2) Aggregate number of securities to which transaction applies: 13,460,151.
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Pursuant to the agreement and plan of merger, dated as of January 30, 2004, by and among Workflow Management, Inc., WF Holdings, Inc. and WFM Acquisition Sub, Inc., WFM Acquisition Sub, Inc. will merge with and into Workflow Management, Inc., and each outstanding share of common stock of Workflow Management, Inc. will be converted into the right to receive \$4.87 in cash.
- (4) Proposed maximum aggregate value of transaction: \$65,550,935\*
- (5) Total fee paid: \$8,305.31\*\*

x Fee paid previously with preliminary materials.

\*\* Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

\* Estimated for purposes of calculating the fee only.

\*\* In accordance with the Commission's Fee Rate Advisory #7 for Fiscal Year 2004, the filing fee has been calculated as \$126.70 per \$1,000,000 of transaction value.

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**WORKFLOW MANAGEMENT, INC.**

**240 ROYAL PALM WAY**

**PALM BEACH, FLORIDA 33480**

February 25, 2004

To our stockholders:

You are cordially invited to attend a special meeting of stockholders of Workflow Management, Inc., or Workflow, on March 30, 2004 at 10:00 a.m., local time, at the Hilton Palm Beach Airport, 150 Australian Avenue, West Palm Beach, Florida, 33406.

As described in the enclosed proxy statement, at the special meeting, we will ask you to consider and vote upon a proposal to approve a merger agreement that provides for the merger of WFM Acquisition Sub, Inc., a wholly-owned subsidiary of WF Holdings, Inc., with and into Workflow, and to approve the merger contemplated by the merger agreement. If the merger is completed, you will receive \$4.87 in cash, without interest, for each share of common stock of Workflow that you hold immediately prior to the merger, unless you properly perfect appraisal rights under Delaware law. Pursuant to the merger, Workflow will become a wholly-owned subsidiary of WF Holdings, Inc.

**APPROVAL OF THE MERGER AGREEMENT AND THE MERGER REQUIRES THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES OF WORKFLOW COMMON STOCK. IF WE DO NOT OBTAIN THE REQUISITE VOTE, THE MERGER AGREEMENT WILL NOT BE APPROVED, THE MERGER WILL NOT OCCUR, YOU WILL NOT RECEIVE \$4.87 PER SHARE AND IN CERTAIN CIRCUMSTANCES WF HOLDINGS WILL BE ENTITLED TO A TERMINATION FEE AND/OR REIMBURSEMENT OF EXPENSES. IN ADDITION, IF THE MERGER AGREEMENT IS TERMINATED, WORKFLOW WILL BE IN DEFAULT UNDER ITS CREDIT FACILITY.**

Details of the merger are discussed in the enclosed proxy statement, the forepart of which includes certain questions and answers relating to the proposed transaction as well as a summary of the principal terms. Please read these materials carefully. The members of our board of directors (with Mr. Gary Ampulski, Workflow's President and Chief Executive Officer, abstaining) have unanimously approved the merger agreement and the merger, and recommend that all stockholders vote FOR the approval of the merger agreement and the merger. In making this recommendation, the board of directors considered many factors, including the fairness opinion of Jefferies & Company, Inc., the board's financial advisor.

**IT IS VERY IMPORTANT TO US THAT YOUR SHARES BE REPRESENTED AT THE SPECIAL MEETING, WHETHER OR NOT YOU PLAN TO ATTEND PERSONALLY. THEREFORE, YOU SHOULD COMPLETE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE PAID ENVELOPE. THIS WILL ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE SPECIAL MEETING.**

Sincerely,

*/s/ Gerald F. Mahoney*

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Gerald F. Mahoney, Chairman of the Board

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**WORKFLOW MANAGEMENT, INC.**

**240 ROYAL PALM WAY**

**PALM BEACH, FLORIDA 33480**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MARCH 30, 2004**

To the stockholders of Workflow Management, Inc.:

We will hold a special meeting of stockholders of Workflow Management, Inc., a Delaware corporation, or Workflow, on March 30, 2004, at 10:00 a.m., local time, at the Hilton Palm Beach Airport, 150 Australian Avenue, West Palm Beach, Florida, 33406. At this special meeting, we will ask you to consider and vote upon the following proposals as further described in the accompanying proxy statement:

1. Approval of the agreement and plan of merger, dated as of January 30, 2004, by and among Workflow, WF Holdings, Inc., a Delaware corporation, or WF Holdings, and WFM Acquisition Sub, Inc., a Delaware corporation, or Acquisition, and a wholly-owned subsidiary of WF Holdings, and the merger of Acquisition with and into Workflow, with Workflow continuing as the surviving corporation and with each outstanding share of Workflow common stock outstanding immediately prior to the merger being converted into the right to receive a cash payment of \$4.87 per share, unless stockholders properly perfect appraisal rights under Delaware law;
2. Approval of the adjournment of the special meeting to a later date if necessary in order to solicit additional proxies; and
3. The transaction of such other business as may properly come before the meeting or any adjournments or postponements thereof.

February 23, 2004 is the record date for the special meeting. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or at adjournments or postponements of the meeting.

Workflow's board of directors has unanimously determined (with Mr. Gary Ampulski, Workflow's President and Chief Executive Officer, abstaining) that the merger agreement and the merger are advisable, fair to, and in the best interests of, the holders of shares of Workflow common stock. Workflow's board of directors has unanimously approved (with Mr. Ampulski abstaining), and recommends that you vote FOR the approval of, the merger agreement and the merger. If a properly executed proxy card is submitted and no instructions are given, the shares of common stock represented by that proxy will be voted FOR approval of the merger agreement and the merger.

Following the proposed merger of Acquisition with and into Workflow, Workflow will cease to exist as a publicly held corporation and Workflow will be a privately held, wholly-owned subsidiary of WF Holdings. As a result of the merger, each share of common stock of

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Workflow outstanding immediately prior to the merger will be canceled and converted into the right to receive a cash payment of \$4.87 per share, other than shares held by stockholders who properly perfect appraisal rights under Delaware law. The accompanying proxy statement contains detailed information about the merger and the actions to be taken in connection with the merger. The terms of the merger are more fully described in the merger agreement, which is attached as Annex A to the accompanying proxy statement. Please do not send your stock certificates to Workflow at this time.

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If you properly demand appraisal rights prior to the stockholder vote at the special meeting, do not vote in favor of the adoption and approval of the merger agreement and the proposed merger and otherwise comply with the provisions of Section 262 of the Delaware General Corporation Law, you will be entitled, if the proposed merger is completed, to statutory appraisal of the fair value of your shares of Workflow common stock. The text of Section 262 of the Delaware General Corporation Law, which sets forth the specific steps you must take to perfect your appraisal rights, is attached to the accompanying proxy statement as Annex B. See Appraisal Rights beginning on page 49 of the accompanying proxy statement for a description of the procedures that you must follow in order to exercise your appraisal rights.

We hope that all stockholders will be able to attend the special meeting in person. In order to ensure that a quorum is present at the special meeting, please date, sign and promptly return the enclosed proxy whether or not you expect to attend the special meeting. A postage-prepaid envelope has been enclosed for your convenience. If you attend the special meeting, you may vote your shares in person and any prior proxies given by you will be revoked.

All stockholders are cordially invited to attend the special meeting.

By Order of the Board of Directors,

/s/ Gerald F. Mahoney

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Gerald F. Mahoney, Chairman of the Board

Palm Beach, Florida

February 25, 2004

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**WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND PROMPTLY MAIL IT IN THE ENCLOSED POSTAGE PAID ENVELOPE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES AT THE SPECIAL MEETING.**

**Please do not send your stock certificates at this time. If the merger and the merger agreement are approved by stockholders, you will be sent instructions regarding the surrender of your stock certificates.**

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**SUMMARY TERM SHEET**

*The following summary briefly describes the material terms of the acquisition of Workflow Management, Inc., or Workflow, by WF Holdings, Inc., or WF Holdings, through the merger of WFM Acquisition Sub, Inc., or Acquisition, a wholly-owned subsidiary of WF Holdings, with and into Workflow. While this summary describes the material terms of the merger, the proxy statement contains a more detailed description of such terms. We encourage you to read this summary together with the enclosed proxy statement before voting. We have included in this summary section references in the proxy statement to direct you to a more complete description of the topics described in this summary.*

WF Holdings has been formed by Perseus, L.L.C. and The Renaissance Group, LLC to facilitate the consummation of the merger. Perseus is a private equity fund manager. Perseus, through affiliated entities, has made an equity commitment (subject to the satisfaction of certain conditions) to provide a portion of the funding necessary to consummate the merger. Renaissance is an investment firm based in Denver, Colorado. Acquisition is a wholly-owned subsidiary of WF Holdings and also was formed for the purpose of engaging in the merger. Please read Summary - The Parties beginning on page 5 of the proxy statement.

If the merger is completed:

Acquisition, a wholly-owned subsidiary of WF Holdings, will be merged into Workflow, with Workflow continuing as the surviving corporation;

you will receive a cash payment of \$4.87 for each share of Workflow common stock you hold immediately prior to the merger, unless you properly perfect appraisal rights under Delaware law;

each share of common stock of Acquisition issued and outstanding immediately prior to the merger shall be canceled and converted into one share of common stock of Workflow following the merger;

you will no longer have any interest in the future earnings or growth of Workflow; and

Workflow will no longer be a public company and its common stock will no longer be listed on the Nasdaq National Market. Please read Questions and Answers about the Merger and the Special Meeting beginning on page 1 of the proxy statement, Background beginning on page 16 of the proxy statement, and The Merger Agreement beginning on page 39 of the proxy statement.

Workflow's board of directors received an opinion from its financial advisor, Jefferies & Company, Inc. that, as of January 30, 2004, the merger consideration of \$4.87 per share is fair, from a financial point of view, to the stockholders of Workflow. Please read Background - Opinion of the Financial Advisor to the Board of Directors of Workflow beginning on page 23 of the proxy statement.



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The affirmative vote of the holders of a majority of the outstanding shares of Workflow's common stock is required to adopt the merger agreement. Please read [Special Meeting of Stockholders - Vote Required to Approve the Merger](#) beginning on page 13 of the proxy statement.

If the merger agreement is terminated, we will, under certain circumstances, be required to pay a termination fee to WF Holdings of \$5,000,000 and/or we will be required to pay WF Holding's transaction related costs and expenses not to exceed \$1,800,000. The aggregate amount represents approximately 3% of the total cost of the transaction, including amounts payable at closing to Workflow's stockholders, its lenders and fees and expenses associated with the transaction. Please read [The Merger Agreement - Break-Up Fee; Expense Reimbursement](#) beginning on page 45 of the proxy statement.

For United States federal income tax purposes, you generally will be treated as if you sold your Workflow common stock for the cash you receive in the merger. You will recognize taxable gain or loss equal to the difference between the amount of cash you receive in the merger and the adjusted tax basis of your Workflow common stock surrendered in the merger. Please read [Background - Material Federal Income Tax Consequences](#) beginning on page 36 of the proxy statement.

Workflow's lenders have consented to the merger and merger agreement and also have waived certain financial covenant defaults under, and agreed to certain amendments to, Workflow's credit facility in order to provide Workflow the time and flexibility to consummate the merger. The covenant default waiver and other credit facility amendments expire if the merger agreement is terminated for any reason.

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**WORKFLOW MANAGEMENT, INC.**

**240 ROYAL PALM WAY**

**PALM BEACH, FLORIDA 33480**

**PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MARCH 30, 2004**

**FIRST MAILED TO THE STOCKHOLDERS ON OR ABOUT FEBRUARY 25, 2004**

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

**Q: When and where will the special meeting be held?**

A: The special meeting will take place on March 30, 2004 at 10:00 a.m., local time, at the Hilton Palm Beach Airport, 150 Australian Avenue, West Palm Beach, Florida, 33406.

**Q: Who is eligible to vote?**

A: All stockholders of record on the close of business on February 23, 2004, the record date, shall be eligible to vote.

**Q: What am I being asked to vote upon at the special meeting?**

A: You are being asked to vote to approve the agreement and plan of merger by and among Workflow, WF Holdings, and Acquisition pursuant to which Acquisition will merge with and into Workflow, with Workflow continuing as the surviving corporation and a wholly-owned subsidiary of WF Holdings. WF Holdings has been formed by Perseus, L.L.C. and The Renaissance Group, LLC to facilitate the consummation of the merger. Perseus, through affiliated entities, has made an equity commitment (subject to certain conditions) to provide a portion of the funding necessary to consummate the merger. Renaissance is an investment firm based in Denver, Colorado. Acquisition is a wholly-owned subsidiary of WF Holdings and also was formed for the purpose of engaging in the merger.

**Q: What vote is required to approve the merger?**

A: Approval of the merger agreement and the merger requires the vote of the holders of at least a majority of the outstanding shares of Workflow's common stock.

**Q: What will I receive in the merger?**

A: Upon completion of the merger, each outstanding share of Workflow common stock will be converted into the right to receive a cash payment of \$4.87 per share, without interest, unless a stockholder properly perfects appraisal rights under Delaware law.

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**Q: How many votes do I have?**

A: You have one vote for each share of common stock that you owned at the close of business on the record date.

**Q: How will WF Holdings finance the purchase of Workflow common stock and repayment of debt?**

A: The aggregate consideration payable to our stockholders in the merger is approximately \$65.55 million. The aggregate amount of bank debt payable to our senior lenders upon the closing of the merger is expected to be approximately \$152.2 million. WF Holdings has received an equity commitment letter from Perseus and Acquisition has received loan commitment letters from each of National City Bank and Toronto Dominion Investments, Inc. to fund the aggregate amount of approximately \$217.75 million and any other amounts payable upon the closing of the merger, in each case subject to conditions set forth in each of their respective commitment letters. There can be no guaranty that WF Holdings and Acquisition will obtain such financing from either Perseus, National City Bank and/or Toronto Dominion.

**Q: Why is Workflow's board of directors recommending that I vote FOR the merger?**

A: Our board of directors evaluated the fairness and advisability of the merger agreement and the merger, determined it to be advisable, in the best interests of and fair to the stockholders of Workflow, and approved the merger agreement and the merger. The board of directors considered numerous factors in making those determinations, including various alternatives to the merger. The merger with WF Holdings represents the highest price offered as part of a broad auction process. A more complete description of the reasons for the merger can be found in Background - Workflow's Purposes and Reasons for the Merger beginning on page 20 of this proxy statement.

**Q: What was the opinion of Workflow's financial advisor?**

A: Workflow's board of directors received an opinion from its financial advisor, Jefferies & Company, Inc., that, as of January 30, 2004 the merger consideration of \$4.87 per share is fair, from a financial point of view, to the stockholders of Workflow. Please read Background of the Merger - Opinion of the Financial Advisor to the Board of Directors of Workflow beginning on page 23 of this proxy statement for information about the opinion of Jefferies & Company.

**Q: How do I vote?**

A: By proxy or in person. When you return your proxy card, you are giving your proxy to the individuals we have designated in the proxy card to vote your shares as you direct at the meeting. If you sign the proxy card but do not give voting instructions, these individuals will vote your shares for each proposal as recommended by the board of directors. Where a stockholder has specified a choice on his or her proxy with respect to certain proposals or matters, that direction will be followed. If no direction is given, all of the shares of common stock represented by the proxy will be voted in favor of the merger and the merger agreement. Each proxy will confer discretionary authority to vote on any matter presented at the special meeting which Workflow did not know of within a reasonable time before the mailing of this proxy statement.

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### **Q: How do I vote in person?**

A: If you plan to attend the special meeting and wish to vote in person, we will give you a ballot when you arrive. If your shares are held in street name, you must bring an account statement or letter from the brokerage firm or bank showing that you were the beneficial owner of the shares on the record date in order to be admitted to the special meeting. If you want to vote shares that are not in your name at the special meeting, you must obtain a legal proxy from the holder of record and present it at the special meeting.

### **Q: Can I change my vote?**

A: A proxy that is properly submitted to Workflow may be revoked at any time before it is exercised. For a stockholder of record, meaning one whose shares are registered in his or her own name, to revoke a proxy, the stockholder may either:

send another signed proxy card with a later date to the address indicated on the proxy card;

send a letter revoking the stockholder's proxy to our secretary at our principal address; or

attend the special meeting and vote in person.

A beneficial holder whose shares are registered in another name, for example in street name, must follow the procedures required by the holder of record, which is usually a brokerage firm or bank, to revoke a proxy. You should contact the holder of record directly for more information on these procedures.

### **Q: Are Workflow stockholders entitled to appraisal rights?**

A: Yes. If you properly demand appraisal rights prior to the stockholder vote at the special meeting, do not vote in favor of approval and adoption of the merger agreement and the proposed merger and otherwise comply with the provisions of Section 262 of the Delaware General Corporation Law, you will be entitled, if the proposed merger is completed, to statutory appraisal of the fair value of your shares of Workflow common stock. The text of Section 262 of the Delaware General Corporation Law, which sets forth the specific steps you must take to perfect your appraisal rights, is attached to this proxy statement as [Annex B](#). See Appraisal Rights beginning on page 49 of this proxy statement for a description of the procedures that you must follow in order to exercise your appraisal rights.

### **Q: How do I exchange my stock certificates for cash?**

A: If the merger is completed, you will receive written instructions for exchanging your Workflow stock certificates for cash. You should not surrender your Workflow stock certificates prior to receiving those instructions. Please do not send your stock certificates at this time. Promptly after surrendering your stock certificates and such other documents identified in the instructions, you will receive payment of your portion of the merger consideration for your shares.



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**Q: Will I owe taxes as a result of the merger?**

A: Generally, for United States federal income tax purposes, you will be treated as if you sold your Workflow common stock for the cash you receive in the merger. In general, you will recognize taxable gain or loss for federal income tax purposes equal to the difference between (1) the amount of cash you receive in the merger and (2) the adjusted tax basis of your shares of Workflow common stock surrendered in the merger. You may also be taxed under applicable foreign, state, local and other tax laws. In addition, if you do not provide certain certifications required by the Internal Revenue Service, a portion of the cash you are to receive may be withheld and paid to the Internal Revenue Service. You are encouraged to consult your own tax advisor regarding the specific tax consequences of the merger to you. Please read **Background of the Merger - Material Federal Income Tax Consequences** beginning on page 36 of this proxy statement for information about the tax consequences of the merger.

**Q: What happens if I sell my shares before the special meeting?**

A: If you are a stockholder on the record date, you will be entitled to vote at the special meeting. If you sell your stock after the record date but before the date of the special meeting, you will be able to vote at the special meeting, but you will not have right to receive the \$4.87 per share. The right to receive the \$4.87 per share will pass to the person who owns your stock when the merger becomes effective.

**Q: Who should I contact if I have any questions?**

A: If you have any questions about the special meeting, about your ownership of our common stock or about the merger, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Toll free at (800) 322-2885 or

Collect at (212) 929-5500

OR

Michael L. Schmickle

Executive Vice President, Chief Financial Officer,

Treasurer and Secretary

Workflow Management, Inc.

240 Royal Palm Way

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Palm Beach, Florida 33480

(561) 659-6551 ext. 302

e-mail: [mschmickle@workflowmanagement.com](mailto:mschmickle@workflowmanagement.com)

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**SUMMARY**

*This summary highlights selected information from this proxy statement. This summary may not contain all of the information that is important to you. To understand the merger fully and to obtain a more complete description of the legal terms of the merger agreement and the merger, you should carefully read this entire proxy statement, including the Annexes and the documents to which we refer you. See *Where You Can Find More Information* beginning on page 53 of this proxy statement for more details.*

**Date, Time and Place of the Special Meeting**

The special meeting of stockholders of Workflow will be held on March 30, 2004, at 10:00 a.m., local time, at the Hilton Palm Beach Airport, 150 Australian Avenue, West Palm Beach, Florida, 33406.

**Purpose of the Special Meeting**

At the special meeting, the stockholders of Workflow will consider and vote on a proposal to approve the merger agreement, a copy of which is attached to this proxy statement as Annex A, and the merger of Acquisition with and into Workflow, with Workflow surviving as a wholly-owned subsidiary of WF Holdings.

**The Parties**

***Workflow Management, Inc.***

Workflow Management, Inc.

240 Royal Palm Way

Palm Beach, Florida 33480

Telephone: (561) 659-6551

Workflow, a publicly-held Delaware corporation, is a distributor of printed business products and a provider of end-to-end business management outsourcing solutions that allow customers to control print related costs. Workflow employs approximately 2,700 persons and operates throughout the United States, Canada and Puerto Rico with 52 sales offices, 12 manufacturing facilities, and 14 warehouse and distribution centers.

*WF Holdings, Inc. and WFM Acquisition Sub, Inc.*

c/o The Renaissance Group, LLC

558 Castle Pines Parkway

Castle Rock, CO 80108

Telephone: (303) 221-8338

WF Holdings is a Delaware corporation jointly formed by Perseus, L.L.C. and The Renaissance Group, LLC for the purpose of facilitating the merger. Acquisition is a newly-formed, wholly-owned subsidiary of WF Holdings, also formed for the purpose of facilitating the merger. Neither WF Holdings nor Acquisition have engaged in any business activities unrelated to the merger. Perseus is a

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private equity fund manager based in Washington, D.C. and New York, New York. Since its inception in 1995, Perseus, through affiliated funds, has managed approximately \$2.0 billion of capital commitments. Renaissance is a privately-held Colorado investment firm founded and controlled by Greg Mosher. Mr. Mosher is an executive with over 25 years of business experience in a wide range of industries, including insurance, real estate and manufacturing.

### **The Merger Agreement (See Page 39)**

We have attached a copy of the merger agreement as [Annex A](#) to this proxy statement. We encourage you to read the merger agreement carefully because it is the legal document that governs the merger.

Under the merger agreement, Acquisition will merge with and into Workflow, with Workflow continuing as the surviving corporation and a wholly-owned subsidiary of WF Holdings. If the merger is completed, each share of Workflow common stock outstanding immediately prior to the merger will be canceled and converted into the right to receive a cash payment of \$4.87 per share, unless a stockholder properly perfects appraisal rights under Delaware law. As permitted by Workflow's option plans, all outstanding options to purchase Workflow's common stock under its option plans will be accelerated and canceled in exchange for the right to receive a cash payment in an amount equal to the excess, if any, of \$4.87 over the applicable exercise price per share of common stock multiplied by the number of shares of common stock underlying the canceled options. Under the merger agreement, all outstanding warrants to purchase shares of our common stock that are exercisable immediately prior to the merger shall be canceled in exchange for the right to receive a cash payment in an amount equal to the excess, if any, of \$4.87 over the applicable exercise price per share of common stock multiplied by the number of shares of common stock underlying the warrant. The rights of participants in our employee stock purchase plan with respect to any offering period then underway shall be determined by shortening the offering period so that the last day of the offering period occurs before, and as closely as reasonably practicable to, March 31, 2004 and by making such other pro rata adjustments as may be necessary to reflect the shortened offering period.

### **Effect of the Transaction (See Page 34)**

Following the merger, Workflow common stock will no longer be publicly traded or quoted on the Nasdaq National Market. Workflow will also no longer be required to file periodic and other reports with the United States Securities and Exchange Commission and will formally terminate its reporting obligations under the Securities Exchange Act of 1934. As a result of the merger, the holders of our common stock at the time of the merger will be entitled to receive the \$4.87 per share cash merger price (unless they properly perfect appraisal rights under Delaware law) and will no longer have any interest in Workflow, including its future earnings or growth.

### **Board of Directors' Recommendations to Stockholders (See Page 16)**

Workflow's board of directors believes that the terms of the merger agreement and the merger are advisable, in the best interests of, and fair to the holders of its common stock. The five non-management members of our board of directors have unanimously approved the merger agreement and recommend that you vote **FOR** the approval of the merger agreement and the merger.

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**Workflow's Purposes and Reasons for the Merger (See Page 20)**

In reaching its conclusion to approve and recommend the merger agreement and the merger, the board of directors considered, among other material factors, the following:

Workflow's short term repayment obligations to its lenders under its bank credit facility, including the fact that Workflow will not generate sufficient operating cash flows to repay these obligations directly;

Workflow breached various financial covenants under its bank credit facility as of January 31, 2004 and Workflow's lenders have granted only a limited, short term waiver of such breaches. Under the terms of a credit facility amendment and limited waiver agreed to by Workflow's lenders, the default waiver and bank concessions reflected in the credit facility amendment expire if the merger agreement between Workflow and WF Holdings is terminated for any reason. As a result, if stockholders do not approve the merger and the merger agreement is terminated, Workflow will be in default under its bank credit facility;

the risk that Workflow would not be able to raise additional equity or debt financing prior to the dates on which its bank credit facility obligations are due;

the broad nature of the formal sales process undertaken by Workflow and the fact that Renaissance submitted the highest bid during this process;

the relative availability of, and potential value to the stockholders from, alternative transactions, including a high yield debt refinancing;

the historical market prices of Workflow's common stock;

the economic and market conditions affecting Workflow;

the financial condition, results of operations and cash flows of Workflow, including the impact of the bankruptcy filing by KB Toys, one of Workflow's largest customers;

the financial presentation of Jefferies, including its opinion, delivered orally on January 30, 2004 and reaffirmed in writing on January 30, 2004, that the merger consideration is fair, from a financial point of view, to Workflow's holders of common stock;

presentations by, and discussions with, senior management of Workflow and representatives of Workflow's financial and legal advisors regarding the merger and the merger agreement;

pursuant to the merger agreement, Workflow's board of directors has the right under certain circumstances, and upon payment to WF Holdings of a \$5,000,000 termination fee and reimbursement of transaction related costs and/or expenses not to exceed \$1,800,000, to terminate the merger agreement prior to closing in order to accept a superior proposal for the company;

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the merger provides stockholders of Workflow with liquidity to dispose of their shares of common stock for cash, which may not be available in the public market due to the level of trading volume of such shares;

pursuant to the merger, Acquisition will assume Workflow's liabilities; and

if Workflow is unable to repay its credit facility obligations by certain milestone dates, its lenders will have the right to acquire up to an additional 2 million shares of Workflow common stock pursuant to outstanding warrants to purchase Workflow common stock.

## **Opinion of Financial Advisor to the Board of Directors of Workflow (See Page 23)**

In connection with the merger agreement, the board of directors considered the opinion of Workflow's financial advisor, Jefferies, that, as of January 30, 2004, the merger consideration is fair, from a financial point of view, to the holders of Workflow common stock. The full text of Jefferies' written opinion is attached to this proxy statement as Annex C. Jefferies' opinion does not constitute a recommendation to any stockholder with respect to any matter relating to the proposed merger. We encourage you to read the opinion carefully in its entirety for a description of the assumptions made, matters considered and limitations on the review undertaken by Jefferies.

## **What Stockholders Will Receive (See Page 39)**

Upon completion of the merger, all holders of our common stock will be entitled to receive a cash payment of \$4.87 per share of common stock, unless they properly perfect appraisal rights under Delaware law.

## **How Options Will be Treated (See Page 39)**

Upon completion of the merger, all outstanding stock options shall be accelerated and canceled in exchange for the right to receive a cash payment in an amount equal to the excess, if any, of \$4.87 over the applicable exercise price per share of common stock multiplied by the number of shares of common stock underlying the canceled options. In the aggregate, persons holding Workflow stock options with an exercise price below \$4.87 will receive approximately \$705,852 upon the closing of the merger (assuming stock options are not terminated in accordance with their terms prior to closing).

## **How Warrants Will be Treated (See Page 39)**

Under the merger agreement, all outstanding warrants to purchase shares of our common stock that are exercisable immediately prior to the merger shall be canceled in exchange for the right to receive a cash payment in an amount equal to the excess, if any, of \$4.87 over the applicable exercise price per share of common stock multiplied by the number of shares of common stock underlying the warrant. The only outstanding warrants to acquire our common stock are held by our lenders. The exercise price for the currently exercisable portion of these warrants exceeds \$4.87.

**How Our Employee Stock Purchase Plan Will be Treated (See Page 39)**

The rights of participants in our employee stock purchase plan with respect to any offering period then underway shall be determined by shortening the offering period so that the last day of the offering period occurs before, and as closely as reasonably practicable to, March 31, 2004 and by making such other pro rata adjustments as may be necessary to reflect the shortened offering period.



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### **Stockholder Vote Required to Approve the Merger (See Page 13)**

Approval of the merger agreement and the merger requires the vote of the holders of at least a majority of the outstanding shares of Workflow's common stock on the record date.

### **Interests of Workflow's Directors and Officers in the Merger (See Page 35)**

When considering the recommendation of the Workflow board of directors, you should be aware that Workflow's directors and officers may have interests in the merger that are different from, or in addition to, yours. As a result, these directors and officers may be more likely to vote to approve the merger agreement and the merger than Workflow's stockholders generally. These interests include the following:

All of Workflow's directors and executive officers hold options to purchase Workflow's stock. To the extent the exercise price of these options is lower than the \$4.87 per share merger price, the directors and executive officers will receive an economic benefit from their options as a result of the merger, measured by the difference between \$4.87 and the exercise price of the options. Based on options currently held by Workflow's directors and executive officers, this economic benefit will equal \$302,680 in the aggregate.

Workflow's employment arrangement with Gary W. Ampulski, Workflow's President and Chief Executive Officer, is contained in a written offer letter that provides that Mr. Ampulski is to receive his base salary for a period of one year following any change of control of Workflow or any termination of his employment by Workflow other than as a result of his (a) willful disregard and failure to perform his duties so as to result in material harm to Workflow (excluding the failure to perform as a result of disability), or (b) his conviction for a crime constituting a felony or involving moral turpitude and resulting in material harm to Workflow.

Workflow has entered into a change of control agreement with Michael L. Schmickle, Workflow's Executive Vice President, Chief Financial Officer, Treasurer and Secretary. This agreement provides that upon a change in control of Workflow that occurs before May 1, 2004, Workflow shall pay to Mr. Schmickle a severance payment equal to his annual salary if during the 45 day period prior to the change in control or during the 180 day period after the change in control either (a) Workflow (or its successor) terminates Mr. Schmickle's employment for any reason other than cause, disability or death, or (b) Mr. Schmickle terminates his employment for good reason.

WF Holdings has agreed that the surviving corporation in the merger will indemnify each Workflow director and officer against liabilities arising out of the transactions contemplated by the merger agreement, and also will obtain or maintain in effect for six years a policy of directors' and officers' liability insurance comparable to Workflow's existing policy, for the benefit of such directors and officers (subject to aggregate annual premium limitations specified in the merger agreement).

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**Tax Consequences (See Page 36)**

Generally, for United States federal income tax purposes, Workflow's stockholders will be treated as if they sold their common stock for the cash they receive in the merger. Each stockholder will recognize taxable gain or loss equal to the difference between the amount of cash received by the stockholder in the merger and the stockholder's adjusted tax basis in the Workflow common stock surrendered in the merger. Stockholders are encouraged to consult their own tax advisors regarding the specific tax consequences of the merger to them, including tax consequences under foreign, state, local and other tax laws.

**Conditions to the Merger (See Page 43)**

Each of WF Holdings and Workflow is required to complete the merger only if specific conditions are satisfied or waived, including the following: