

ENNIS, INC.  
Form S-4/A  
September 29, 2004  
Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on September 29, 2004

Registration No. 333-118786

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## AMENDMENT NO. 1

TO

Form S-4

## REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

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### Ennis, Inc.

(Exact name of registrant as specified in its charter)

Texas  
(State or other jurisdiction of  
incorporation or organization)

2761  
(Primary Standard Industrial  
Classification Code Number)

75-0256410  
(I.R.S. Employer  
Identification No.)

2441 Presidential Pkwy.  
Midlothian, Texas 76065

Keith S. Walters  
Chairman,

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(972) 775-9801  
  
(Address, including zip code, and  
telephone number, including area code  
of registrant's principal executive offices)

CEO and President  
  
Ennis, Inc.  
  
2441 Presidential Pkwy.  
  
Midlothian, Texas 76065  
  
(972) 775-9801

(Name, address, including zip code, and telephone  
number, including area code, of agent for service)

---

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**Approximate date of commencement of the proposed sale of the securities to the public:** As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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**Table of Contents**

**Index to Financial Statements**

Dear Ennis Shareholder:

You are cordially invited to attend a special meeting of shareholders of Ennis, Inc. to be held on November 4, 2004 at the Midlothian Community Center, One Community Circle, Midlothian, Texas commencing at 10 a.m. local time. At this special meeting, you will be asked to vote upon the issuance of shares of Ennis common stock in connection with an amended Agreement and Plan of Merger pursuant to which Centrum Acquisition, Inc. will be merged with and into a subsidiary of Ennis. If the merger is completed, Ennis will issue up to approximately 8.8 million shares of its common stock and will pay between \$12.5 million and \$20 million in cash to the stockholders of Centrum in exchange for all of the outstanding common stock of Centrum.

The board of directors and stockholders of Centrum have already approved the merger and the amended merger agreement. However, the merger cannot be completed unless Ennis shareholders approve the issuance of Ennis common stock at the special meeting. If you were a shareholder of record of Ennis common stock on October 1, 2004, you are entitled to vote at the special meeting. **Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card.**

This proxy statement/prospectus also constitutes the prospectus of Ennis for the shares of Ennis common stock to be issued in the merger. Ennis trades on the New York Stock Exchange under the symbol EBF. On September 27, 2004, the closing price of Ennis common stock was \$20.72.

**The board of directors of Ennis believes that the merger is in the best interests of Ennis shareholders. The board has approved the merger with Centrum and recommends that you vote in favor of the proposal to approve the share issuance in connection with the merger.**

Sincerely,

/s/ Keith S. Walters

Keith S. Walters

Chairman, CEO and President

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE ENNIS COMMON STOCK TO BE ISSUED IN THE MERGER OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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This proxy statement/prospectus provides you with detailed information about the merger, Ennis, Centrum and the shares of Ennis common stock that will be issued if the merger is completed. We encourage you to read this entire document carefully. **Please see the section entitled Risk Factors beginning on page 21 for a discussion of potential risks associated with the merger.**

This proxy statement/prospectus is dated September 29, 2004 and is first being mailed to Ennis shareholders on or about October 1, 2004.

Table of Contents

Index to Financial Statements

**ENNIS, INC.**

**2441 Presidential Pkwy.**

**Midlothian, Texas 76065**

**(972) 775-9801**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held On November 4, 2004**

Notice is hereby given that a special meeting of shareholders of Ennis, Inc., a Texas corporation, will be held on November 4, 2004, at the Midlothian Community Center, One Community Center, Midlothian, Texas commencing at 10 a.m., local time, to consider and vote upon the following matters described in the accompanying proxy statement/prospectus:

1. To approve the issuance of shares of Ennis common stock to the holders of all of the capital stock of Centrum Acquisition, Inc. in connection with the merger of Centrum with and into a subsidiary of Ennis pursuant to the terms of the Agreement and Plan of Merger dated as of June 25, 2004 among Ennis, Centrum, and Midlothian Holdings LLC, a subsidiary of Ennis formed solely for the purpose of effecting the merger, as amended by the First Amendment to Agreement and Plan of Merger dated as of August 23, 2004.
2. To act on such other matters as may properly come before the special meeting or any adjournment or postponement of the special meeting.

The merger agreement and first amendment to the merger agreement are more completely described in the accompanying proxy statement/prospectus, and a copy of each is attached as Annex A and Annex B, respectively, to the proxy statement/prospectus. **Please review these materials carefully and consider fully the information set forth therein.**

Only holders of record of Ennis common stock at the close of business on October 1, 2004 will be entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Approval of the share issuance requires the affirmative vote of the holders of at least a majority of the votes cast at the special meeting, if the holders of at least a majority of the outstanding shares of Ennis common stock are present in person or by proxy at the special meeting.

**The board of directors of Ennis unanimously:**

**(i) has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Ennis and its shareholders;**

**(ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and**

**(iii) recommends that the shareholders of Ennis vote FOR approval of the issuance of shares of Ennis common stock in connection with the merger.**

**Table of Contents**

**Index to Financial Statements**

*Your vote is important.* Whether or not you plan to attend the special meeting, please complete, date, sign and return the enclosed proxy card promptly. This will assure your representation at the special meeting and may avoid the cost of additional communications. This will not prevent you from voting in person at the special meeting. You may revoke your proxy at any time before it is voted by signing and returning a later dated proxy with respect to the same shares, by filing with the Secretary of Ennis a written revocation bearing a later date, or by attending and voting in person at the special meeting.

By Order of the Board of Directors,

/s/ Keith S. Walters

Keith S. Walters  
Chairman, CEO and President

Midlothian, Texas  
September 29, 2004

**YOUR VOTE IS VERY IMPORTANT**

**TO VOTE YOUR SHARES, PLEASE COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING.**

Should you have any questions regarding the special meeting or the attached proxy statement/prospectus, please contact our proxy solicitor, Georgeson Shareholder. Banks and brokers should call (212) 440-9800; all others call toll free at (877) 255-0125.



Table of Contents

Index to Financial Statements

**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Ennis from other documents that are not included in or delivered with this proxy statement/prospectus. Such information is included in documents filed by Ennis with the Securities and Exchange Commission, which are available without charge from the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). See [Where You Can Find More Information](#) beginning on page 99 for further information about Ennis.

Copies of the documents relating to Ennis may also be obtained free of charge from Ennis on the Internet at [www.ennis.com](http://www.ennis.com) under the [Investor Relations](#) section. You can also obtain these documents without charge by requesting them in writing or by telephone from Ennis at:

Ennis, Inc.

Attn: Harve Cathey, Vice President Finance,

Chief Financial Officer and Secretary

2441 Presidential Pkwy.

Midlothian, Texas 76065

(972) 775-9801

If you would like to request any documents, please do so by October 28, 2004 in order to receive them before the Ennis special meeting.

**All information in this proxy statement/prospectus concerning Ennis has been furnished by Ennis. All information in this proxy statement/prospectus concerning Centrum has been furnished by Centrum. While the pro forma financial information included in this proxy statement/prospectus reflects the pro forma balance sheet and statements of operations of Ennis after giving effect to the merger, such pro forma balance sheet and statements of operations are based on the financial statements of Ennis and Centrum provided by Ennis and Centrum, respectively (and, in the case of the financial information concerning Crabar/GBF, Inc., or Crabar/GBF, included in the pro forma financial information, such information was provided by the stockholders of Crabar/GBF). Ennis has represented to Centrum, Centrum has represented to Ennis and the stockholders of Crabar/GBF have represented to Ennis, that the information furnished by and concerning it is true and complete in all material respects.**

**Table of Contents**

**Index to Financial Statements**

**TABLE OF CONTENTS**

|   | <b>Page</b> |
|---|-------------|
| <u>QUESTIONS AND ANSWERS</u>  | i           |
| <u>SUMMARY</u>  | 1           |
| <u>The Companies</u>  | 1           |
| <u>The Special Meeting and Voting</u>                                     | 2           |
| <u>The Merger</u>   | 3           |
| <u>Matters to be Considered in Deciding How to Vote</u>                   | 3           |
| <u>The Merger Agreement</u>   | 5           |
| <u>Other Agreements</u>   | 6           |
| <u>Recent Developments</u>  | 8           |
| <u>Comparative Per Share Data</u>   | 9           |
| <u>Comparative Per Share Market Price and Dividend Information</u>        | 11          |
| <u>SELECTED HISTORICAL FINANCIAL DATA OF ENNIS</u>                        | 12          |
| <u>SELECTED HISTORICAL FINANCIAL DATA OF CENTRUM</u>                      | 13          |
| <u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>       | 14          |
| <u>RISK FACTORS</u>   | 21          |
| <u>THE SPECIAL MEETING</u>  | 25          |
| <u>Date, Time and Place of the Special Meeting</u>                        | 25          |
| <u>Purpose of the Special Meeting</u>                                     | 25          |
| <u>Reasons for the Special Meeting</u>                                    | 25          |
| <u>Record Date; Stock Entitled to Vote; Quorum</u>                        | 25          |
| <u>Vote Required</u>  | 26          |
| <u>Beneficial Ownership of Ennis Officers, Directors and Affiliates</u>   | 26          |
| <u>Voting of Proxies</u>  | 26          |
| <u>Revocation of Proxies</u>  | 26          |
| <u>Expenses of Solicitation</u>   | 26          |
| <u>Miscellaneous</u>  | 27          |
| <u>THE MERGER</u>   | 28          |
| <u>General</u>  | 28          |
| <u>Background of the Merger</u>   | 28          |
| <u>Ennis Considerations Relating to the Merger and the Share Issuance</u> | 30          |
| <u>Recommendation of the Ennis Board of Directors</u>                     | 31          |
| <br>  |             |
| Index to Financial Statements   | 10          |

|  |    |
|--|----|
| <u>Centrum's Considerations Relating to the Merger</u>             | 31 |
| <u>Approval by the Centrum Board of Directors and Stockholders</u> | 31 |
| <u>Opinion of Ennis Financial Advisor</u>                          | 32 |
| <u>Accounting Treatment of the Merger</u>                          | 36 |

**Table of Contents****Index to Financial Statements**

|   | <u>Page</u> |
|---|-------------|
| <u>Dissenters' Rights of Appraisal</u>  | 36          |
| <u>Material United States Federal Income Tax Consequences of the Merger</u>                             | 36          |
| <u>Regulatory Filings and Approvals Required to Complete the Merger</u>                                 | 39          |
| <u>Effective Time of the Merger</u>   | 39          |
| <u>New York Stock Exchange Listing of Ennis Common Stock to be Issued in the Merger</u>                 | 39          |
| <u>Federal Securities Laws Consequences: Stock Transfer Restrictions</u>                                | 39          |
| <u>Organizational Documents, Directors and Officers of Alstyle Apparel LLC, as the Surviving Entity</u> | 39          |
| <u>THE MERGER AGREEMENT</u>   | 41          |
| <u>General</u>  | 41          |
| <u>Merger Consideration</u>   | 41          |
| <u>Directorship of Ennis</u>  | 42          |
| <u>Conditions to Completion of the Merger</u>   | 42          |
| <u>No Solicitation of Takeover Proposals</u>  | 44          |
| <u>Termination</u>  | 44          |
| <u>Expenses</u>   | 45          |
| <u>Conduct of Business Pending the Merger</u>   | 45          |
| <u>Other Covenants</u>  | 46          |
| <u>Amendment</u>  | 47          |
| <u>Representations and Warranties by Centrum</u>  | 47          |
| <u>Representations and Warranties by Ennis</u>  | 49          |
| <u>Conversion of Centrum Common Stock</u>   | 49          |
| <u>OTHER AGREEMENTS</u>   | 50          |
| <u>First Amendment Agreement</u>  | 50          |
| <u>Centrum Indemnity Agreement</u>  | 53          |
| <u>Ennis Indemnity Agreement</u>  | 56          |
| <u>Registration Rights Agreement</u>  | 56          |
| <u>Stock Pledge and Escrow Agreement</u>  | 57          |
| <u>Non-Competition Agreement</u>  | 57          |
| <u>Standstill Agreement</u>   | 58          |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS AND MANAGEMENT OF CENTRUM PRIOR TO THE MERGER</u>   | 59          |
| <u>MANAGEMENT OF CENTRUM PRIOR TO THE MERGER</u>  | 60          |
| <u>MANAGEMENT OF ENNIS AFTER THE MERGER</u>   | 60          |
| <u>INTERESTS OF CENTRUM DIRECTORS IN THE MERGER</u>   | 60          |
| <u>General</u>  | 60          |
| Table of Contents   | 12          |

Non-Competition Payments

60

**Table of Contents**

**Index to Financial Statements**

|  | <u>Page</u> |
|--|-------------|
| <u>Indemnification and Insurance</u>   | 60          |
| <u>Roger Brown Employment Agreement</u>  | 61          |
| <u>INFORMATION CONCERNING ENNIS</u>  | 62          |
| <u>Ennis's Business</u>  | 62          |
| <u>DESCRIPTION OF ENNIS CAPITAL STOCK</u>  | 62          |
| <u>INFORMATION CONCERNING CENTRUM</u>  | 64          |
| <u>Centrum's Business</u>  | 64          |
| <u>Centrum's Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 68          |
| <u>COMPARISON OF STOCKHOLDER RIGHTS</u>  | 79          |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>   | 99          |
| <u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>                                      | 100         |
| <u>LEGAL MATTERS</u>   | 100         |
| <u>EXPERTS</u>   | 101         |
| <u>SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS</u>  | 101         |
| <u>FINANCIAL STATEMENTS OF CENTRUM ACQUISITION, INC. AND AFFILIATES</u>                                | F-1         |
| <u>ANNEX A AGREEMENT AND PLAN OF MERGER</u>  |             |
| <u>ANNEX B FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER</u>   |             |
| <u>ANNEX C FAIRNESS OPINION OF BERNSTEIN, CONKLIN &amp; BALCOMBE</u>                                   |             |

**Table of Contents**

**Index to Financial Statements**

**QUESTIONS AND ANSWERS**

**Q: What am I being asked to vote on?**

A: You are being asked to vote on the issuance of up to approximately 8.8 million shares of Ennis common stock to Centrum stockholders in connection with the merger of Centrum with and into a subsidiary of Ennis. This shareholder vote is required under the rules of the New York Stock Exchange, or NYSE, because

the aggregate number of shares of Ennis common stock to be issued to Centrum stockholders in the merger will exceed 20% of the total number of shares of Ennis common stock and voting power outstanding immediately prior to the completion of the merger; and

the issuance of shares of Ennis common stock to the Centrum stockholders in the merger may result in a change in control of Ennis within the meaning of the rules of the NYSE.

Ennis shareholder approval of the issuance of Ennis common stock in connection with the merger is a condition to the consummation of the merger.

**Q: Why is the merger being proposed?**

A: Ennis is proposing the merger because we believe the combined company will be able to compete more effectively by broadening the range of products we offer to our distribution channels to include complementary activewear. Ennis believes that the merger will favorably position the combined company in strategic distribution channels and will generate significant cash flow.

**Q: What will happen if the merger is completed?**

A: Ennis will acquire Centrum through the merger of Centrum with and into a wholly-owned subsidiary of Ennis.

**Q: When will the merger be completed?**

A: The merger will be completed when the conditions described below under "The Merger Agreement-Conditions to Completion of the Merger" are satisfied (or, where permitted, waived). Ennis and Centrum believe that the merger will be completed by November 30, 2004. There can be no guarantee, however, as to when all conditions to the merger will be satisfied (or, where permitted, waived) and the completion of the merger will occur, if at all.

**Q: Do the Centrum stockholders need to approve the merger?**

A: No. Centrum's board of directors and all of its stockholders have already approved the merger.

**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please fill out, date and sign your proxy card. Please mail your completed proxy card in the enclosed return envelope, as soon as possible so that your shares may be represented at the special meeting. Your proxy will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct on the card.

**Q: Can I change my vote after I have mailed my signed proxy?**

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in several ways. First, you can send a written notice to the Secretary of Ennis stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card with a later date. Third, you can attend the special meeting and vote in person. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote. Further information about these procedures is contained in the section entitled "The Special Meeting" on page 25.



**Table of Contents**

**Index to Financial Statements**

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: Your broker will vote your shares only if you instruct your broker on how to vote. Your broker will send you directions on how you can instruct your broker to vote. Your broker cannot vote your shares without instructions from you. You should therefore be sure to provide your broker with instructions on how to vote your shares.

**Q: How will my shares be voted if I return a blank proxy card?**

A: If you sign, date and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote for approval of the issuance of shares of Ennis common stock in the merger.

**Q: What will be the effect if I do not vote?**

A: Abstentions will have the effect of a vote against the proposal to issue shares of Ennis common stock in the merger. However, broker non-votes and a failure to vote will not affect the outcome of the vote because they will not be counted as a vote cast either for or against the proposal.

**Q: Do I have dissenters rights of appraisal?**

A: No. Neither Ennis shareholders nor Centrum stockholders will have dissenters rights of appraisal in connection with the merger.

**Q: How will Ennis shareholders be affected by the merger and share issuance?**

A: After the merger, each Ennis shareholder will have the same number of shares of Ennis common stock that such shareholder held immediately prior to the merger. However, because Ennis will be issuing new shares of Ennis common stock to Centrum stockholders in the merger, each outstanding share of Ennis common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of Ennis common stock outstanding after the merger. As a result of the merger, each Ennis shareholder will own shares in a larger company with more assets.

**Q: What are the tax consequences of the merger?**

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A: Ennis and Centrum intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. For a full description of the material tax consequences of the merger, see [The Merger-Material United States Federal Income Tax Consequences of the Merger](#) beginning on page [18](#).

### **Q: What vote of Ennis shareholders is required to approve the share issuance?**

A: The issuance of shares of Ennis common stock in connection with the merger requires the affirmative vote of a majority of the votes cast in person or by proxy at the Ennis special meeting, if the holders of at least a majority of the outstanding shares of Ennis common stock are present in person or by proxy at the special meeting.

### **Q: Are there risks associated with the merger that I should consider in deciding how to vote?**

A: Yes. You should carefully read the detailed description of the risks associated with the merger in the section entitled [Risk Factors](#) beginning on page 21.

### **Q: Whom do I call if I have questions about the meeting or the merger?**

A: Please contact Harve Cathey, Vice President Finance, Chief Financial Officer and Secretary of Ennis, at (972) 775-9801 with any questions about the meeting or the merger.

**Table of Contents**

**Index to Financial Statements**

**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. The merger agreement is attached to this proxy statement/prospectus as Annex A and the first amendment to the merger agreement is attached as Annex B. To fully understand the merger and for a more complete description of the terms of the merger, the amended merger agreement and the other agreements executed or to be executed in connection with the merger, you should carefully read this entire document, including the exhibits, and the documents we refer you to under the caption *Where You Can Find More Information* on page 99. Unless the context otherwise requires, all references to the merger agreement in this proxy statement/prospectus refer to the merger agreement as amended. Unless the context otherwise requires, all references in this proxy statement/prospectus to Ennis, we, us, and our refer to Ennis, Inc. and its subsidiaries, and all references to Centrum refer to Centrum Acquisition, Inc. and its subsidiaries. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.*

**The Companies (Page 62)**

**Ennis, Inc.**

2441 Presidential Pkwy.

Midlothian, Texas 76065

(972) 775-9801

Ennis, Inc. prints and constructs a broad line of business forms and other printed business products for national distribution primarily through independent dealers. Ennis operates in three business segments: the Forms Solutions Group, the Promotional Solutions Group and the Financial Solutions Group. The Forms Solutions Group is primarily engaged in the business of manufacturing and selling business forms and other printed business products through distributors located in the United States. The Promotional Solutions Group is primarily engaged in the design, production and distribution of printed and electronic media, presentation products, flexographic printing, advertising specialties and Post-it® Notes. The Financial Solutions Group designs, manufactures and markets printed forms and specializes in internal bank forms, secure and negotiable documents and custom products.

**Centrum Acquisition, Inc.**

1501 E. Cerritos Ave.

Anaheim, California 92805

(714) 765-0400

Through its subsidiaries, Centrum Acquisition, Inc. operates under the trade name Alstyle Apparel. Centrum is a leading vertically integrated manufacturer and distributor of high-quality basic activewear products to the wholesale imprinted activewear market in North America and Europe. Centrum's product lines include T-shirts, tank tops and fleece (sweatshirts) in 100% cotton and in a variety of weights, sizes, colors and

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styles. Centrum's products are marketed under the AAA, Murina®, Tennessee River®, Diamond Star® and Gaziani® brands, as well as offered under private label and re-labeling programs.

**Table of Contents**

**Index to Financial Statements**

**The Special Meeting and Voting (Page 25)**

**The Special Meeting (Page 25)**

The special meeting of Ennis shareholders will be held at the Midlothian Community Center, One Community Circle, Midlothian, Texas, at 10 a.m., local time, on November 4, 2004. At the special meeting, shareholders will be asked to approve the issuance of the shares of Ennis common stock in connection with the merger.

**Record Date; Voting Power (Page 25)**

Ennis shareholders are entitled to vote at the special meeting if they owned shares as of the close of business on October 1, 2004, referred to as the record date. As of September 15, 2004, there were approximately 16,430,658 shares of Ennis common stock outstanding and entitled to vote at the special meeting. Shareholders will have one vote at the special meeting for each share of Ennis common stock they owned on the record date.

**Vote Required (Page 26)**

At the special meeting, assuming at least a majority of the outstanding shares of Ennis common stock are present in person or by proxy, the affirmative vote of a majority of the votes cast is required to approve the issuance of shares of Ennis common stock in connection with the merger.

As of September 15, 2004, shares representing approximately 1% of the total outstanding shares of Ennis common stock were held by Ennis directors, executive officers and their respective affiliates.

**Quorum; Abstentions and Broker Non-Votes (Page 25)**

A quorum must be present to transact business at the special meeting. If an Ennis shareholder submits a properly executed proxy card, even if that person abstains from voting, his or her shares will be counted for purposes of calculating whether a quorum is present at the special meeting.

A quorum at the special meeting requires the presence, whether in person or by proxy, of a majority of the Ennis common stock issued and outstanding as of the applicable record date and entitled to vote at the special meeting.

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Shares held in street name by brokers and other record holders but not voted at the special meeting because such brokers have not received voting instructions from the underlying owners are called broker non-votes. An abstention occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting. If no instruction as to how to vote is given (including an instruction to abstain) in an executed, duly returned and not revoked proxy, the proxy will be voted for each proposal to be voted on by the Ennis shareholders.

At the special meeting, abstentions and broker non-votes will be counted in determining whether a quorum is present. In addition, abstentions will have the effect of a vote against the issuance of Ennis common stock in the merger. However, broker non-votes and a complete failure to vote will not affect the outcome of the vote since they will not be counted as votes either for or against this proposal.

**Table of Contents**

**Index to Financial Statements**

**The Merger (Page 28)**

**How the Merger is Structured (Page 28)**

To accomplish Ennis' acquisition of Centrum, Centrum will be merged with and into a subsidiary of Ennis. Following the merger, the subsidiary will be the surviving entity in the merger, and the surviving entity will continue as a subsidiary of Ennis.

**What Centrum Stockholders Will Receive in the Merger (Page 41)**

In the merger, Centrum stockholders will receive a combination of cash and Ennis common stock in exchange for their Centrum shares. At least three business days prior to the closing of the merger, Ennis will notify the Centrum stockholders of the amount of cash that Ennis elects to pay to the Centrum stockholders at closing. This amount will be not less than \$12.5 million and not more than \$20 million and is referred to in this proxy statement/prospectus as the cash consideration.

In addition to the cash consideration, Centrum stockholders will also receive a number of shares of Ennis common stock based upon a \$242 million valuation of Centrum less (i) Centrum indebtedness for interest-bearing borrowed money and funded debt outstanding as of the day of merger (this amount will be no less than \$104 million minus the amount of the cash consideration), (ii) the amount of the cash consideration, and (iii) \$400,000 to be paid as consideration for the non-competition agreement (as discussed in this Summary under the heading "Non-Competition Agreement"), subject to certain escrow and other holdback arrangements for indemnification and other obligations. The resulting value will be divided by \$15.63, which was the average trading price of Ennis over the 30-day trading period immediately preceding the execution of the merger agreement, to determine the total number of shares of Ennis common stock to be issued in the merger. Depending on the amount of the specified Centrum debt and the cash consideration, we expect this to result in Ennis issuing approximately 8.8 million shares of its common stock in the merger. The total number of shares of Ennis common stock that will be issued in the merger will be distributed among Centrum stockholders in proportion to their ownership of Centrum common stock, subject to certain escrow and other holdback arrangements.

**Ownership of Ennis Following the Merger**

Depending on the amount of the cash consideration and assumed debt at the closing of the merger, we anticipate that Centrum stockholders will receive approximately 8.8 million shares of Ennis common stock in the merger. Assuming approximately 8.8 million shares are issued, after the merger, former Centrum stockholders will own approximately 35% of the outstanding shares of Ennis common stock and therefore will have the ability to exercise approximately 35% of the total voting power of Ennis. Under this scenario, Ennis shareholders will continue to hold approximately 16.6 million shares or approximately 65% of the outstanding shares of Ennis common stock after the merger.

**Matters to be Considered in Deciding How to Vote (Page 31)**

**Recommendation of the Ennis Board of Directors (Page 31)**

The Ennis board of directors believes that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Ennis and its shareholders and unanimously recommends that the Ennis shareholders vote FOR approval of the issuance of shares of Ennis common stock in connection with the merger.

**Opinion of Ennis Financial Advisor (Page 32)**

On June 24, 2004, Bernstein, Conklin & Balcombe delivered a written opinion to the Ennis board of directors that, as of such date, the merger, including the \$242 million in aggregate merger consideration to be



## **Table of Contents**

### **Index to Financial Statements**

paid in a combination of Ennis common stock and assumed liabilities was fair, from a financial point of view, to the holders of Ennis common stock. Subsequently, Bernstein, Conklin & Balcombe was provided a copy of the first amendment to the merger agreement, which provides, among other things, that between \$12,500,000 and \$20,000,000 of the merger consideration would be in the form of cash rather than the assumption of liabilities. Bernstein, Conklin & Balcombe determined that this first amendment did not affect its opinion or valuation analysis in any material way. The full text of Bernstein, Conklin & Balcombe's written opinion, dated June 24, 2004, is attached to this proxy statement/prospectus as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, and qualifications and limitations of the review undertaken. **Bernstein, Conklin & Balcombe's opinion was provided to the Ennis board of directors in connection with its consideration of the merger, and does not constitute a recommendation to any shareholder of Ennis as to whether to vote for or against the issuance of the shares of Ennis common stock in connection with the merger.**

### **Approval of Centrum's Board of Directors and Stockholders (Page 31)**

Centrum's board of directors and all of Centrum's stockholders have approved the merger, the merger agreement and the transactions and other agreements contemplated by the merger agreement. No additional approval by Centrum's board or stockholders is required to complete the merger and the other transactions contemplated by the merger agreement.

### **Material United States Federal Income Tax Consequences of the Merger (Page 36)**

It is a condition to the completion of the merger, unless waived by the parties, that each of Ennis and Centrum receives a legal opinion from their respective tax counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. For a full description of the material tax consequences of the merger, see "The Merger" Material United States Federal Income Tax Consequences of the Merger beginning on page 36.

### **Dissenters' Rights of Appraisal (Page 36)**

Holders of Ennis common stock and Centrum common stock do not have dissenters' rights of appraisal in connection with the merger.

### **Accounting Treatment (Page 36)**

The merger will be accounted for using the purchase method of accounting.

### **Regulatory Matters (Page 39)**

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We are not aware of any material governmental or regulatory approval required for completion of the merger, other than compliance with the applicable corporate laws of the State of Delaware and the State of Texas.

### **Market Price Information (Page 11)**

Ennis common stock is listed on the New York Stock Exchange and traded under the symbol EBF. On June 24, 2004, the last full trading day on the New York Stock Exchange prior to the public announcement of the proposed merger, Ennis common stock closed at \$15.66 per share. On September 27, 2004, which was the last practicable full trading day prior to the filing of this proxy statement/prospectus, Ennis common stock closed at \$20.72 per share. Market prices of Centrum common stock are not available, as it is a privately held company.

**Table of Contents**

**Index to Financial Statements**

**Material Differences in the Rights of Stockholders (Page 79)**

The rights of Centrum stockholders are governed by Delaware law and by Centrum's certificate of incorporation and bylaws. Upon completion of the merger, Centrum's stockholders' rights as shareholders of Ennis will be governed by Texas law and by Ennis' articles of incorporation and bylaws. Delaware law and Centrum's certificate of incorporation and bylaws differ from Texas law and Ennis' articles of incorporation and bylaws in some material respects.

**The Merger Agreement (Page 41)**

*The merger agreement is attached as Annex A to this proxy statement/prospectus and the first amendment to the merger agreement is attached as Annex B to this proxy statement/prospectus, and both are incorporated by reference herein. We encourage you to read the merger agreement. It is the principal document governing the merger.*

**Consideration to be Received in the Merger (Page 41)**

The merger consideration to be received by Centrum stockholders is described above under "What Centrum Stockholders Will Receive in the Merger." For a full description of the merger consideration to be received in the merger by Centrum stockholders, see "The Merger Agreement" Merger Consideration on page 41.

**Conditions to the Merger (Page 42)**

Ennis and Centrum will be obligated to complete the merger only if certain conditions are satisfied or, in some cases, waived, including the following:

approval by Ennis shareholders of the issuance of shares of Ennis common stock in connection with the merger;

the receipt of an opinion from each party's tax counsel to the effect that for federal income tax purposes the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

no law or injunction effectively prohibits the merger.

**No Solicitation of Takeover Proposals (Page 44)**

The merger agreement contains detailed provisions prohibiting Centrum from seeking an alternative transaction. These no solicitation provisions prohibit Centrum and its subsidiaries from taking any action to solicit an acquisition proposal. These provisions also prohibit Centrum from recommending, participating in discussions regarding, entering into a letter of intent or other agreement with respect to or furnishing information with respect to any takeover proposal.

**Termination of the Merger Agreement (Page 44)**

The merger agreement can be terminated in the following circumstances:

(i) Ennis and Centrum can jointly agree in writing to terminate the merger agreement at any time without completing the merger.

(ii) Either Ennis or Centrum can terminate the merger agreement if:

the merger is not completed on or before November 30, 2004, except that if either Ennis or Centrum has breached the merger agreement and the breach has caused the merger not to occur on or before November 30, 2004, then the breaching party may not exercise the right to terminate;

**Table of Contents**

**Index to Financial Statements**

the holders of a majority of the votes cast, in person or by proxy, at the special meeting are not voted in favor of the issuance of the shares of Ennis common stock in connection with the merger; or

any order, decree, or ruling by a governmental authority that permanently enjoins, restrains or otherwise prohibits the consummation of the merger has become final and nonappealable.

(iii) Ennis can terminate the merger agreement if:

a material breach by Centrum of any of its representations, warranties or covenants in the merger agreement has a material adverse effect on Centrum and is not reasonably cured;

Centrum makes certain modifications to its disclosures in the merger agreement; or

Ennis is provided with a supplemental disclosure from Amin Amdani or Rauf Gajjani, the previous stockholders of Centrum's subsidiary, under Section 2(g) of the first amendment agreement (as described under the Summary heading "Other Agreements - First Amendment Agreement").

(iv) Centrum can terminate the merger agreement if:

a material breach by Ennis of any of its representations, warranties or covenants in the merger agreement has a material adverse effect on Ennis and is not reasonably cured; or

Ennis makes certain modifications to its disclosures in the merger agreement.

**Management and Directors of Ennis After the Merger (Page 60)**

Following the merger, Ennis management will not be significantly different from the current Ennis management. Ennis has agreed, however, that as long as the former Centrum stockholders own at least 10% of the outstanding common stock of Ennis, one representative of the former Centrum stockholders will be recommended to the nominating and corporate governance committee of Ennis for nomination as a director of Ennis. In addition, at the closing Ennis will enter into an employment agreement with Roger Brown, President and Chief Executive Officer of Centrum, pursuant to which Mr. Brown will serve as President and CEO of the merged company, which will be renamed Alstyle Apparel LLC, after the merger.

**Effective Date of the Merger (Page 39)**

We expect the merger to be completed as soon as practicable after shareholder approval of the issuance of Ennis shares in connection with the merger at the special meeting has been received. We expect this to occur prior to November 30, 2004. However, we cannot predict the exact

timing because the merger is subject to the satisfaction of various conditions precedent.

**Expenses (Page 45)**

Each of Ennis and Centrum will bear their respective expenses incurred in connection with the merger.

**Other Agreements (Page 50)**

**Registration Rights Agreement (Page 56)**

At the closing of the merger, Ennis will enter into a registration rights agreement with the Centrum stockholders pursuant to which Ennis will agree to register, on a shelf registration statement on Form S-3, the Ennis common stock issued in the merger.

**Table of Contents**

**Index to Financial Statements**

**Standstill Agreement (Page 58)**

At the closing of the merger, Ennis and the Centrum stockholders will enter into a standstill agreement which will limit the actions that Centrum stockholders will be able to take for three years after the merger in their capacities as shareholders of Ennis.

**Centrum Indemnity Agreement (Page 53)**

Ennis and certain principal stockholders of Centrum entered into an indemnity agreement pursuant to which those stockholders agreed to indemnify Ennis against certain breaches by Centrum of any of Centrum's representations, warranties and covenants contained in the merger agreement and the Crabar/GBF, Inc. stock purchase agreement described below under the Summary heading Recent Developments, and against certain liabilities required to be borne by the Centrum stockholders pursuant to the indemnification provisions of the registration rights agreement. Generally, all such indemnification obligations lapse after two years from the closing date and may be satisfied only from a limited number of Ennis shares placed in escrow.

**Ennis Indemnity Agreement (Page 56)**

Ennis and certain principal stockholders of Centrum entered into an indemnity agreement pursuant to which those stockholders would be indemnified by Ennis against certain breaches by Ennis of any of Ennis's representations, warranties and covenants contained in the merger agreement, the Crabar/GBF stock purchase agreement and against certain liabilities required to be borne by Ennis pursuant to the indemnification provisions of the registration rights agreement. Generally, all such indemnification obligations lapse after two years from the closing date and indemnification is limited to a total of \$5 million for the two years, with the amount of this \$5 million available in year two being equal to the lesser of \$2.5 million or the amount of the \$5 million left after Ennis pays claims in year one.

**First Amendment Agreement (Page 50)**

In connection with the merger, Ennis entered into a first amendment agreement with Centrum and certain owners of Centrum's predecessor that amended the stock purchase agreement pursuant to which Centrum acquired A and G, Inc. and provides that, at the closing of the merger, Ennis will assume and prepay certain debt owed by Centrum to the predecessor owners, that the predecessor owners will recognize Ennis as Centrum's successor under the stock purchase agreement and that Ennis has the benefit of indemnification provisions that were originally for the benefit of Centrum.

**Non-Competition Agreement (Page 57)**

At the closing of the merger, Ennis and certain principal stockholders of Centrum will enter into a non-competition agreement that will prohibit those principals from competing with Ennis or its subsidiaries for a period of two years following completion of the merger.

**Stock Pledge and Escrow Agreement (Page 57)**

Upon the closing of the merger, Ennis will enter into a stock pledge and escrow agreement with the Centrum stockholders, and J.P. Morgan Trust Company, NA., as escrow agent. Under the terms of the merger agreement, 319,897 of the shares of Ennis common stock otherwise issuable to the Centrum stockholders at the closing of the merger will be placed in escrow as security for potential indemnity claims by Ennis under the merger agreement, the Crabar/GBF stock purchase agreement, the indemnity agreements and the registration rights agreement.



**Table of Contents**

**Index to Financial Statements**

**Recent Developments**

On June 30, 2004, Ennis purchased all of the outstanding common stock of Crabar/GBF, Inc. pursuant to a stock purchase agreement in a separate transaction from substantially the same shareholders who own Centrum. The purchase price was \$18 million in cash less certain debt of Crabar/GBF. Headquartered in Dayton, Ohio, Crabar/GBF designs, manufactures and markets a broad product offering of printed business forms primarily to independent distributors. Its customer focus is principally on the financial and common carrier sectors. Crabar/GBF has manufacturing facilities in Texas, Missouri, New Jersey, Ohio, California, Massachusetts and Illinois, as well as eight sales offices located in the central and eastern United States. Generally, if the merger does not close for certain reasons, including if Ennis' shareholders do not approve the merger at the special meeting, Ennis will be obligated to pay the Crabar/GBF stockholders an additional \$2 million in cash for their shares of Crabar/GBF stock, subject to Ennis' rights to seek recourse against the additional \$2 million for breaches by the Crabar/GBF stockholders of their indemnification obligations to Ennis in connection with its purchase of the Crabar/GBF shares.

**Table of Contents****Index to Financial Statements****Comparative Per Share Data****(unaudited)**

Set forth below are the basic earnings, diluted earnings, cash dividends and book value per common share data for Ennis and Centrum on a historical basis, on a pro forma combined basis, and on a pro forma equivalent basis per common share of Centrum. This information is set forth as of or for the three month period ending June 30, 2004, and as of or for the twelve months ended March 31, 2004 for Centrum and as of or for the three month period ending May 31, 2004, and as of or for the twelve months ended February 29, 2004 for Ennis.

The pro forma data was derived by combining the historical consolidated financial information of Ennis and Centrum using the purchase method of accounting for business combinations and assumes the transaction is completed as contemplated.

The Centrum pro forma equivalent share information shows the effect of the merger from the perspective of an owner of Centrum common stock. The information assumes that 8,803,583 shares of Ennis common stock will be issued in the merger and was computed by subtracting assumed cash consideration in the amount of \$15 million, \$400,000 in noncompetition payments and an assumed \$89 million in debt (the actual amount of cash consideration and debt may be higher or lower than these assumed amounts) from the \$242 million valuation and divided by \$15.63, which was the average trading price of Ennis common stock during the 30 trading days immediately preceding execution of the merger agreement.

You should read the information below together with historical financial statements and related notes and other information included and incorporated by reference in this proxy statement/prospectus. The unaudited pro forma combined data below is for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger, nor should you rely on the three-month information as being indicative of results expected for the entire year or for any future interim period.

|                              | <b>As of or for<br/>the six<br/>months ended<br/>August 31,<br/>2004</b> | <b>As of or for<br/>the twelve<br/>months ended<br/>February 29,<br/>2004</b> |
|------------------------------|--|---|
|                              | <b>(unaudited)</b>   |   |
| <b>ENNIS COMMON STOCK:</b>   |  |   |
| Earnings per share           |  |   |
| Historical (basic)           | \$ .61   | \$ 1.10   |
| Historical (diluted)         | .59  | 1.08  |
| Pro forma combined (basic)   | .59  | 0.84  |
| Pro forma combined (diluted) | .59  | 0.83  |
| Cash dividends per share     |  |   |

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|                      |       |       |
|----------------------|-------|-------|
| Historical           | .31   | 0.62  |
| Pro forma combined   | .31   | 0.62  |
| Book value per share |       |       |
| Historical           | 7.05  | 6.90  |
| Pro forma combined   | 10.74 | 14.85 |

**Table of Contents****Index to Financial Statements**

|                                | <b>As of or for<br/>the three<br/>months<br/>ended<br/>June 30,<br/>2004</b> | <b>As of or for<br/>the twelve<br/>months ended<br/>March 31, 2004</b> |
|--------------------------------|--|--|
|                                |  | <b>(unaudited)</b>   |
| <b>CENTRUM COMMON STOCK:</b>   |  |  |
| Earnings per share             |  |  |
| Historical (basic)             | \$ 10,552.50   | \$ 9,110.00  |
| Historical (diluted)           | \$ 10,552.50   | \$ 9,110.00  |
| Pro forma equivalent (basic)   | \$ 0.41  | \$ 0.41  |
| Pro forma equivalent (diluted) | \$ 0.41  | \$ 0.41  |
| Cash dividends per share       |  |  |
| Historical                     | \$ 30,000.00   | \$ 61,907.50   |
| Pro forma equivalent           | \$ 1.36  | \$ 2.81  |
| Book value per share           |  |  |
| Historical                     | \$ (14,135.00)   | \$ 9,832.50  |
| Pro forma equivalent           | \$ (0.64)  | \$ 0.45  |

**Table of Contents****Index to Financial Statements****Comparative Per Share Market Price and Dividend Information****Ennis Common Stock**

Ennis common stock is listed for trading on the New York Stock Exchange under the symbol EBF. The following table sets forth, for the periods indicated, dividends declared and the high and low sales prices per share of Ennis common stock on the New York Stock Exchange Composite Transactions Tape. For current price information, you should consult publicly available sources. Ennis intends to continue paying its regular quarterly dividend of \$0.155 per share after the merger, although all dividends are subject to approval and declaration by the Ennis board. As a result, assuming Ennis issues approximately 8.8 million shares of its common stock in the merger, the total amount of the quarterly cash dividend payment after the merger will increase by approximately \$1.36 million.

|  | <u>High</u> | <u>Low</u> | <u>Dividends</u> |
|--|-------------|------------|------------------|
| <b>Fiscal Year Ended</b>                   |             |            |                  |
| <b>February 28, 2003</b>                   |             |            |                  |
| First Quarter                              | \$ 14.18    | \$ 10.34   | \$ 0.155         |
| Second Quarter                             | \$ 14.45    | \$ 10.75   | \$ 0.155         |
| Third Quarter                              | \$ 13.28    | \$ 11.54   | \$ 0.155         |
| Fourth Quarter                             | \$ 13.23    | \$ 10.70   | \$ 0.155         |
| <b>Fiscal Year Ended</b>                   |             |            |                  |
| <b>February 29, 2004</b>                   |             |            |                  |
| First Quarter                              | \$ 13.67    | \$ 10.90   | \$ 0.155         |
| Second Quarter                             | \$ 15.40    | \$ 13.44   | \$ 0.155         |
| Third Quarter                              | \$ 14.99    | \$ 13.20   | \$ 0.155         |
| Fourth Quarter                             | \$ 17.00    | \$ 14.58   | \$ 0.155         |
| <b>Fiscal Year Ended</b>                   |             |            |                  |
| <b>February 28, 2005</b>                   |             |            |                  |
| First Quarter                              | \$ 17.11    | \$ 14.70   | \$ 0.155         |
| Second Quarter                             | \$ 19.95    | \$ 15.26   | \$ 0.155         |
| Third Quarter (through September 27, 2004) | \$ 22.23    | \$ 18.31   | \$ 0.155         |

**Centrum Common Stock**

There is no established public trading market for Centrum common stock. Centrum is not aware of any transactions in its common stock and, therefore, insufficient information exists to provide representative prices.

Centrum has never declared or paid any cash dividends on its common stock, except in connection with the refinancing of Centrum's debt, on June 30, 2004 Centrum paid a dividend to its stockholders in an aggregate amount of \$12 million. Centrum currently intends to retain any future earnings to finance the growth and development of its business and therefore does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon Centrum's financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors may deem relevant. In connection with Centrum's acquisition of A and G on November 10, 2003, a cash dividend in the amount of \$17,000,000 and a

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non-cash dividend of \$3,600,000 in the form of undeveloped land, was declared and distributed to the selling stockholders of A and G at closing. Prior to November 10, 2003, A and G had a history of paying dividends to its stockholders to cover their personal tax liabilities that resulted from the pass-through income of A and G.

**Table of Contents****Index to Financial Statements****SELECTED HISTORICAL FINANCIAL DATA OF ENNIS**

The following table sets forth certain historical financial data concerning Ennis as of and for the six months ended August 31, 2004 and 2003 and as of and for each of the fiscal years in the five-year period ended February 29, 2004. The following selected historical financial data as of and for each of the fiscal years in the five-year period ended February 29, 2004 have been derived from Ennis' audited financial statements. The results of operations and other operating and financial data below as of and for the six months ended August 31, 2004 and 2003 are derived from unaudited financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which Ennis considers necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the six months ended August 31, 2004, are not necessarily indicative of the results that may be expected for the entire year ending February 28, 2005. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein.

(Dollars in thousands, except per share data)

|                                     | As of or for the six<br>months |            | As of or for the years ended February 28 or 29, |            |            |            |            |
|-------------------------------------|--------------------------------|------------|---|------------|------------|------------|------------|
|                                     | ended August 31,               |            |   |            |            |            |            |
|                                     | 2004                           | 2003       | 2004  | 2003       | 2002       | 2001       | 2000       |
|                                     | (unaudited)                    |            |   |            |            |            |            |
| <b>Summary Statement of Income:</b> |                                |            |   |            |            |            |            |
| Net sales                           | \$ 139,110                     | \$ 129,877 | \$ 259,360                                      | \$ 240,757 | \$ 236,923 | \$ 229,186 | \$ 176,600 |
| Net earnings                        | 9,952                          | 8,601      | 17,951  | 15,247     | 14,966     | 13,177     | 15,123     |
| <b>Per Share Information:</b>       |                                |            |   |            |            |            |            |
| Earnings                            |                                |            |   |            |            |            |            |
| Basic                               | 0.61                           | 0.53       | 1.10  | 0.94       | 0.92       | 0.81       | 0.93       |
| Diluted                             | 0.59                           | 0.52       | 1.08  | 0.93       | 0.92       | 0.81       | 0.93       |
| Dividends                           | 0.31                           | 0.31       | 0.620   | 0.620      | 0.620      | 0.620      | 0.620      |
| <b>Selected Balance Sheet Data:</b> |                                |            |   |            |            |            |            |
| Total Assets                        | \$ 175,485                     | \$ 154,043 | \$ 154,043                                      | \$ 152,537 | \$ 139,034 | \$ 142,854 | \$ 102,934 |
| Long-term Debt                      | 16,000                         | 7,800      | 7,800   | 18,135     | 9,170      | 23,555     | 462        |

**Table of Contents****Index to Financial Statements****SELECTED HISTORICAL FINANCIAL DATA OF CENTRUM**

The following table sets forth certain historical financial data concerning Centrum for the six months ended June 30, 2004 and 2003 and for each of the five fiscal years ended December 31, 2003.

(Dollars in thousands, except per share data)

|   | As of or for the six<br>months ended |            | As of or for the year ended December 31, |            |            |            |            |
|---|--------------------------------------|------------|--|------------|------------|------------|------------|
|   | June 30,<br>2004                     | 2003       | 2003                                     | 2002       | 2001       | 2000       | 1999       |
|   | (unaudited)                          |            |  |            |            |            |            |
| <b>Summary Statement of Income:</b>           |                                      |            |  |            |            |            |            |
| Net sales                                     | \$ 120,359                           | \$ 99,436  | \$ 196,850                               | \$ 195,559 | \$ 208,976 | \$ 207,483 | \$ 155,985 |
| Cost of sales                                 | 94,815                               | 74,847     | 153,689                                  | 152,681    | 173,077    | 169,499    | 128,776    |
| Gross profit                                  | 25,544                               | 24,589     | 43,161                                   | 42,878     | 35,899     | 37,984     | 27,209     |
| Selling, general & administrative<br>expenses | 15,891                               | 14,735     | 31,941                                   | 27,656     | 23,319     | 21,681     | 18,960     |
| Income from operations                        | 9,653                                | 9,854      | 11,220                                   | 15,222     | 12,580     | 16,303     | 8,249      |
| Interest expense                              | 4,650                                | 2,065      | 3,276                                    | 4,886      | 7,916      | 8,386      | 3,935      |
| Write-down of investment in land              |                                      |            |  |            | 3,301      |            |            |
| Income before provision for income<br>taxes   | 5,003                                | 7,789      | 7,944                                    | 10,336     | 1,363      | 7,917      | 4,314      |
| Provision for income taxes(1)                 | 712                                  | 84         | 565                                      | 766        | 644        | 600        | 68         |
| Net income                                    | \$ 4,291                             | 7,705      | \$ 7,379                                 | \$ 9,570   | \$ 719     | \$ 7,317   | \$ 4,246   |
| <b>Balance Sheet Data:</b>                    |                                      |            |  |            |            |            |            |
| Net Working Capital (Deficiency)              | \$ (14,279)                          | \$ (6,413) | \$ (25,572)                              | \$ 2,813   | \$ (4,833) | \$ (5,549) | \$ (1,918) |
| Total Assets                                  | \$ 142,462                           | \$ 96,367  | \$ 134,487                               | \$ 103,448 | \$ 100,320 | \$ 116,368 | \$ 76,704  |
| Long term debt                                | \$ 67,358                            | \$ 16,115  | \$ 49,217                                | \$ 20,418  | \$ 29,512  | \$ 37,169  | \$ 25,025  |
| Total debt(2)                                 | \$ 108,344                           | \$ 46,680  | \$ 106,574                               | \$ 54,832  | \$ 62,758  | \$ 69,224  | \$ 45,146  |
| Stockholders equity(3), (4)                   | \$ (5,654)                           | \$ 28,032  | \$ 3,829                                 | \$ 24,844  | \$ 17,083  | \$ 20,117  | \$ 16,420  |

(1) Centrum is a Subchapter S corporation for federal and state income taxes, and under the Internal Revenue Code. Centrum is subject to a 1.5% franchise tax, and the individual stockholders of Centrum are liable for federal and state income taxes on their own tax returns. In addition, Centrum's consolidated and combined results of operations include the results of its Mexican corporations that are subject to their respective foreign income taxes. Accordingly, the income tax provision may not bear a direct relationship to income before income taxes.

(2) Net of applicable factored receivables.

(3)



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- In connection with Centrum's acquisition of A and G on November 10, 2003, a cash dividend in the amount of \$17,000,000 and a non-cash dividend of \$3,600,000 in the form of undeveloped land, was declared and distributed to the selling stockholders of A and G at closing.
- (4) On June 30, 2004, Centrum declared and distributed a dividend in the amount of \$12,000,000 in connection with the refinancing of its credit facility. This dividend is discussed in more detail in the section entitled "Centrum's Management's Discussion and Analysis of Financial Condition and Results of Operations."

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**Table of Contents**

**Index to Financial Statements**

**UNAUDITED PRO FORMA CONDENSED COMBINED**

**FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial statements present the pro forma condensed combined balance sheet of Ennis at August 31, 2004, giving effect to the acquisition by Ennis of Centrum as if the transactions were consummated on that date. The pro forma condensed combined balance sheet combines Ennis' balance sheet as of August 31, 2004 and the balance sheets of Centrum as of June 30, 2004.

Ennis' fiscal year ends on February 28 or 29, the fiscal years of Crabar/GBF and Centrum end on December 31. The pro forma condensed combined statement of operations for the year ended February 29, 2004 combines the results of Ennis for the year then ended, Centrum's and Crabar/GBF's results for the 12 months ended March 31, 2004, as if the transaction were consummated March 1, 2003. The pro forma condensed combined statement of operations for the interim period ended August 31, 2004 combines the results of Ennis for the six months then ended, and Centrum's results for the six months ended June 30, 2004 and Crabar/GBF's results for the four months ended June 30, 2004. The Crabar/GBF results for July and August are included in the operating results of Ennis for the six months ended August 31, 2004, as if the transaction were consummated March 1, 2004.

These pro forma financial statements are based on the combined historical statements of Ennis, Crabar/GBF, and Centrum giving effect to the acquisition by Ennis of Centrum and Crabar/GBF under the purchase method of accounting, and to the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments set forth in the following unaudited pro forma condensed combined financial statements are estimates and may differ from the actual adjustments when they become known.

These unaudited pro forma condensed combined financial statements are based upon the respective historical consolidated financial statements of Ennis, Centrum, and Crabar/GBF. The historical financial data of Ennis for the fiscal year ended February 29, 2004 have been derived from Ennis' audited financial statements. The results of operations and other operating and financial data below as of and for the six months ended August 31, 2004 are derived from unaudited financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which Ennis considers necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the six months ended August 31, 2004, are not necessarily indicative of the results that may be expected for the entire year ending February 28, 2005. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein. The following financial information should be read in conjunction with the historical consolidated financial statements of Ennis and Centrum, and related notes and Centrum's Management's Discussion and Analysis of Financial Conditions and Results of Operations on page 68 and, for Ennis, in the reports and other information Ennis has on file with the SEC which are incorporated by reference herein.

Table of ContentsIndex to Financial Statements

## Unaudited Pro Forma Condensed Combined Balance Sheet

as of August 31 and June 30, 2004

(in thousands)

|  | Ennis             | Centrum           | Combined<br>Entities | Centrum<br>Adj.   | Refi-<br>nancing  | Pro Forma         |
|--|-------------------|-------------------|----------------------|-------------------|-------------------|-------------------|
| Reporting Date                                   | 8/31/04           | 6/30/04           |                      | (a)               | (b)               |                   |
| Cash   | \$ 8,452          | \$ 2,865          | \$ 11,317(a)         | \$ 0(a)           | (8,317)           | \$ 3,000          |
| Accounts Receivable, Net                         | 33,684            | 1,767             | 35,451               | 0                 | 0                 | 35,451            |
| Inventories                                      | 18,742            | 53,798            | 72,540               | 0                 | 0                 | 72,540            |
| Other Current Assets                             | 10,573            | 7,599             | 18,172               | 0                 | 0                 | 18,172            |
| <b>Total Current Assets</b>                      | <b>\$ 71,451</b>  | <b>\$ 66,029</b>  | <b>\$ 137,480</b>    | <b>\$ 0</b>       | <b>\$ (8,317)</b> | <b>\$ 128,280</b> |
| Property, Plant and Equipment, Net               | 53,008            | 26,168            | 79,176               | 0                 | 0                 | 79,176            |
| Intangible Assets                                | 0                 | 18,460            | 18,460               | 0                 | 0                 | 18,460            |
| Goodwill   | 41,058            | 29,222            | 70,280(b)            | 139,310           | 0                 | 209,590           |
| Other Assets                                     | 9,587             | 2,583             | 12,170               | 0                 | 5,000             | 17,170            |
| <b>Total Assets</b>                              | <b>\$ 175,104</b> | <b>\$ 142,462</b> | <b>\$ 317,566</b>    | <b>\$ 139,310</b> | <b>\$ (3,317)</b> | <b>\$ 453,559</b> |
| Notes Payable Banks                              | 0                 | 30,718            | 30,718               | 0                 | 21,683            | 52,401            |
| Accounts Payable                                 | 10,000            | 21,170            | 31,170               | 0                 | 0                 | 31,170            |
| Accrued Expenses                                 | 17,749            | 18,602            | 36,351               | 0                 | 0                 | 36,351            |
| Current Portion of Capital Leases                | 0                 | 4,023             | 4,023                | 0                 | 0                 | 4,023             |
| Current Portion of Long-Term debt                | 6,037             | 6,245             | 12,286               | 0                 | 0                 | 12,282            |
| <b>Total Current Liabilities</b>                 | <b>\$ 33,786</b>  | <b>\$ 80,758</b>  | <b>\$ 114,544</b>    | <b>\$ 0</b>       | <b>\$ 21,683</b>  | <b>\$ 136,227</b> |
| Other Long-Term Liabilities                      | 9,635             | 0                 | 9,635                | 0                 | 0                 | 9,635             |
| Long Term Debt, net of current portion           | 15,800            | 32,358            | 48,158               | 0                 | 0                 | 48,158            |
| Subordinated Debt, net of Current Portion        | 0                 | 35,000            | 35,000               | 0                 | (25,000)          | 10,000            |
| <b>Total Liabilities</b>                         | <b>\$ 59,221</b>  | <b>\$ 148,116</b> | <b>\$ 207,337</b>    | <b>\$ 0</b>       | <b>\$ (3,317)</b> | <b>\$ 204,020</b> |
| Shareholders Equity (Deficit)                    | 115,883           | (5,654)           | 110,224(d)           | 139,310           | 0                 | 249,539           |
| <b>Total Liabilities and Shareholders Equity</b> | <b>\$ 175,104</b> | <b>\$ 142,462</b> | <b>\$ 317,566</b>    | <b>\$ 139,310</b> | <b>\$ (3,317)</b> | <b>\$ 453,559</b> |

The accompanying notes are an integral part of the unaudited pro forma

condensed combined financial information.



**Table of Contents****Index to Financial Statements****Unaudited Pro Forma Condensed Combined Statement of Operations****for the Year Ended February 29 and March 31, 2004****(in thousands)**

|  | <u>Ennis</u>    | <u>Crabar/<br/>GBF</u> | <u>Centrum</u> | <u>Total</u> | <u>Crabar/<br/>GBF<br/>Adj.</u> | <u>Centrum<br/>Adj.</u> | <u>Refi-<br/>nancing</u> | <u>Pro Forma</u> |
|--|-----------------|------------------------|----------------|--------------|---------------------------------|-------------------------|--------------------------|------------------|
|  | <u>02/29/04</u> | <u>3/31/04</u>         | <u>3/31/04</u> |              |                                 |                         |                          |                  |
| Net Sales                              | \$ 259,360      | \$ 72,314              | \$ 205,039     | \$ 536,713   | \$ 0                            | \$ 0                    | \$ 0                     | \$ 536,713       |
| Cost of Sales                          | 190,812         | 66,281                 | 163,397        | 420,490      | 0                               | 0                       | 0                        | 420,490          |
| Selling, General and<br>Administrative | 38,521          | 5,482                  | 32,666         | 76,669       | 0                               | 0(b)                    | 400(b)                   | 77,069           |
| Earnings from Operations               | \$ 30,027       | \$ 551                 | \$ 8,976       | \$ 39,554    | \$ 0                            | \$ 0                    | \$ (400)                 | \$ 39,154        |
| Investment Income                      | (29)            | 0                      | 0              | (29)         | 0                               | 0                       | 0                        | (20)             |
| Interest Expense                       | 830             | 1,046                  | 4,557          | 6,433        | 0                               | 0(c)                    | (1,876)(c)               | 4,557            |
| Other                                  | 336             | 0                      | 0              | 336          | 0                               | 0                       | 0                        | 336              |
| Earnings Before Income<br>Taxes        | \$ 28,890       | \$ (494)               | \$ 4,419       | \$ 32,815    | \$ 0                            | \$ 0                    | \$ 1,476                 | \$ 34,281        |
| Provision for Income Taxes             | 10,939          | 0                      | 775            | 11,714       | (193)                           | 948                     | 576                      | 13,045           |
| Net Earnings                           | \$ 17,951       | \$ (494)               | \$ 3,644       | \$ 21,101    | \$ 193                          | \$ (948)                | \$ 900                   | \$ 21,236        |
| Earnings per share (g):                |                 |                        |                |              |                                 |                         |                          |                  |
| Basic                                  | \$ 1.10         |                        |                |              |                                 |                         |                          | \$ .84           |
| Fully diluted                          | \$ 1.08         |                        |                |              |                                 |                         |                          | \$ .83           |

**Unaudited Pro Forma Condensed Combined Statement of Operations****for the Six Months Ended August 31, 2004 for Ennis and Six Months Ended****June 30, 2004 for Centrum and Four Months Ended June 30, 2004 for Crabar/GBF**

|  | <u>Ennis</u>   | <u>Crabar/<br/>GBF</u> | <u>Centrum</u> | <u>Total</u> | <u>Crabar/<br/>GBF<br/>Adj.</u> | <u>Centrum<br/>Adj.</u> | <u>Refi-<br/>nancing</u> | <u>Pro Forma</u> |
|--|----------------|------------------------|----------------|--------------|---------------------------------|-------------------------|--------------------------|------------------|
| <b>Reporting Date</b>                  | <b>8/31/04</b> | <b>6/30/04</b>         | <b>6/30/04</b> |              |                                 |                         |                          |                  |
| Net Sales                              | \$ 139,110     | \$ 21,781              | \$ 120,359     | \$ 281,250   | \$ 704                          | \$ 0                    | \$ 0                     | \$ 280,546       |
| Cost of Sales                          | 102,698        | 20,062                 | 94,815         | 217,575      | (1,481)                         | 0                       | 0                        | 216,094          |
| Selling, General and<br>Administrative | 20,199         | 1,637                  | 15,891         | 37,727       | (342)                           | 0                       | 200(b)                   | 37,585           |

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|                                     |                 |                 |                 |                 |                 |                   |                 |                  |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|------------------|
| Earnings from Operations            | \$ 16,213       | \$ 82           | \$ 9,653        | \$ 25,948       | \$ 1,119        | \$ 0              | \$ (200)        | \$ 26,867        |
| Investment Income                   | (142)           | 0               | 0               | (142)           | 0               | 0                 | 0               | (142)            |
| Interest Expense                    | 301             | 274             | 4,650           | 5,225           | 0               | 0(a)              | (2,688)(c)      | 2,537            |
| Other                               | 2               | (2,092)         | 0               | (2,090)         | 2,092           | 0(b)              | 0               | 2                |
| <b>Earnings Before Income Taxes</b> |                 |                 |                 |                 |                 |                   |                 |                  |
| Taxes                               | \$ 16,052       | \$ 1,900        | \$ 5,003        | \$ 22,955       | \$ (973)        | \$ 0              | \$ 2,488        | \$ 24,470        |
| Provision for Income Taxes          | 6,100           | 0               | 712             | 6,812           | (362)(c)        | 1,673(e)          | (1,420)(f)      | 9,543            |
| <b>Net Earnings</b>                 | <b>\$ 9,952</b> | <b>\$ 1,900</b> | <b>\$ 4,291</b> | <b>\$ 6,143</b> | <b>\$ (611)</b> | <b>\$ (1,673)</b> | <b>\$ 1,068</b> | <b>\$ 14,927</b> |
| <b>Earnings per share (g):</b>      |                 |                 |                 |                 |                 |                   |                 |                  |
| Basic                               | \$ .61          |                 |                 |                 |                 |                   |                 | \$ .59           |
| Fully diluted                       | \$ .59          |                 |                 |                 |                 |                   |                 | \$ .59           |

The accompanying notes are an integral part of the unaudited pro forma

condensed combined financial information.

**Table of Contents****Index to Financial Statements****Notes to Unaudited Pro Forma Condensed Combined Financial Information**

(in thousands)

**1. Basis of Presentation**

The pro forma financial information for Centrum presents the combination using the purchase method of accounting and assumes that debt assumed and cash consideration paid equals approximately \$108 million and that 8.57 million shares of Ennis stock are utilized to consummate the transaction at the average price per share over the 30 trading days prior to executing the Agreement. The shares are valued at \$15.63 per share. That would generate an enterprise value of \$242 million less debt and cash of \$108 million for an equity acquisition price of \$134 million. For balance sheet purposes, the transaction is assumed to occur as of the balance sheet date. Ennis will be deemed the acquirer since Ennis shareholders will constitute a majority of the pro forma number of outstanding shares.

For accounting purposes in these pro forma financial statements, the fair value (new basis) of the assets of Centrum is assumed to be the balance as recorded at the interim balance sheet date. These values will be adjusted in the financial statements once the Company has appraised all of the assets and adjusted the values. Accordingly, the assets of Centrum are to be recorded at fair value as of the acquisition date and for purposes of the pro forma balance sheets, existing book values are assumed to be fair value due to the proximity of the valuation of those assets when Centrum acquired A&G, Inc. on November 10, 2003.

The assumed fair values of the Centrum assets are as follows:

|   | <b>December 31,<br/>2003</b> | <b>June 30,<br/>2004</b> |
|---|------------------------------|--------------------------|
|   | <u>          </u>            | <u>          </u>        |
| Current Assets less accounts payable & accrued expenses | \$ 31,784                    | \$ 26,257                |
| Property, Plant & Equipment (Net)                       | 27,578                       | 26,168                   |
| Intangibles (Net)                                       | 19,406                       | 18,460                   |
| Other Assets  | 2,583                        | 2,583                    |
| Goodwill  | 161,920                      | 168,532                  |
|   | <u>          </u>            | <u>          </u>        |
| Total Consideration Paid                                | <u>\$ 242,000</u>            | <u>\$ 242,000</u>        |

Ennis amended its existing credit facility and increased it to \$30 million to acquire Crabar/GBF on June 25, 2004. Ennis has entered into a committed facility with Lasalle Business Credit to borrow up to \$100 million in revolving credit and up to \$50 million in Term Credit. For purposes of these Pro Forma Condensed Combined Financial Statements \$20 million in Term Credit is assumed with a five-year life and equal principal payments over the five-year period. The interest rates are indexed to leverage and trailing EBITDA calculations with various spreads to LIBOR and Base Rate. The new facility is considerably less expensive than the credit facilities of either Crabar/GBF or Centrum.

**Table of Contents****Index to Financial Statements****2. Pro Forma Balance Sheet Adjustments:***Interim Period Balance Sheet Adjustments*

(a) To record the incremental goodwill in the Centrum Acquisitions and reset equity to the post acquisition balances.

**Centrum Goodwill Calculation:**

|                                      |            |
|--------------------------------------|------------|
| Purchase Price Paid                  | \$ 242,000 |
| Outstanding Debt                     | 108,344    |
|                                      | <hr/>      |
| Net Asset Value                      | \$ 133,656 |
| Shareholder's Deficit                | (5,654)    |
|                                      | <hr/>      |
| Incremental Non Amortizable Goodwill | \$ 139,310 |
|                                      | <hr/>      |

(b) The Company believes it will consistently, on a consolidated basis, maintain \$3 million in cash. As a result, the following adjustment applies the excess cash at the balance sheet date to the reduction of the line of credit.

|                                    |           |
|------------------------------------|-----------|
| Total Subordinated Debt Refinanced | \$ 25,000 |
| Transaction Costs                  | 5,000     |
| Minus: Cash                        | 8,317     |
| Minus: Revolver                    | 21,683    |



**Table of Contents****Index to Financial Statements****3. Pro Forma Condensed Combined Statements of Operations**

Year Ended March 31, 2004

(a) The Statement of Operations shown are the fiscal period ending March 31, 2004 for both Centrum and Crabar/GBF as shown below:

***Centrum***

| <b>Reporting Date</b>               | <b>Three Months Ended March 31, 2003</b> | <b>Year Ended December 31, 2003</b> | <b>Three Months Ended March 31, 2004</b> | <b>Last Twelve Months</b> |
|-------------------------------------|--|-------------------------------------|--|---------------------------|
| Net Sales                           | \$ 48,155                                | \$ 196,850                          | \$ 56,344                                | \$ 205,039                |
| Cost of Sales                       | 36,188                                   | 153,689                             | 45,896                                   | 163,397                   |
| Selling, General and Administrative | 7,060                                    | 31,941                              | 7,785                                    | 32,666                    |
| Earnings from Operations            | \$ 4,907                                 | \$ 11,220                           | \$ 2,663                                 | \$ 8,976                  |
| Interest Expense                    | 1,054                                    | 3,276                               | 2,335                                    | 4,557                     |
| Other                               | 0  | 0                                   | 0  | 0                         |
| Earnings Before Income Taxes        | \$ 3,853                                 | \$ 7,944                            | \$ 328                                   | \$ 4,419                  |
| Provision for Income Taxes          | 48                                       | 565                                 | 258                                      | 775                       |
| Net Earnings                        | \$ 3,805                                 | \$ 7,379                            | \$ 70                                    | \$ 3,644                  |

***Crabar/GBF***

| <b>Reporting Date</b>               | <b>Three Months Ended March 31, 2003</b> | <b>Year Ended December 31, 2003</b> | <b>Three Months Ended March 31, 2004</b> | <b>Last Twelve Months</b> |
|-------------------------------------|--|-------------------------------------|--|---------------------------|
| Net Sales                           | \$ 14,767                                | \$ 68,992                           | \$ 18,089                                | \$ 72,314                 |
| Cost of Sales                       | 13,225                                   | 63,189                              | 16,317                                   | 66,281                    |
| Selling, General and Administrative | 1,271                                    | 5,544                               | 1,209                                    | 5,482                     |
| Earnings from Operations            | \$ 271                                   | \$ 259                              | \$ 563                                   | \$ 551                    |
| Interest Expense                    | 238                                      | 1,033                               | 251                                      | 1,046                     |
| Other                               | 0  | 0                                   | 0  | 0                         |
| Earnings Before Income Taxes        | \$ 33                                    | \$ (774)                            | \$ 312                                   | \$ (494)                  |
| Provision for Income Taxes          | 0  | 0                                   | 0  | 0                         |

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|              |       |          |        |          |
|--------------|-------|----------|--------|----------|
| Net Earnings | \$ 33 | \$ (774) | \$ 312 | \$ (494) |
|--------------|-------|----------|--------|----------|

- (b) To adjust SG&A for amortization of financing costs of \$2 million over 5 year period.
- (c) To adjust the weighted interest rates in each of the periods presented to reflect the lower interest rates in the Company's new financing.
- (d) To record a tax expense at 39% effective tax rate for the operating earnings of Centrum and loss of Crabar/GBF.
- (e) To record the additional tax expense for increased amortization of intangibles and financing costs, reduced by the decrease in interest expense deduction.

**Table of Contents****Index to Financial Statements**

(g) The following table sets forth the number of shares used in calculating the basic and fully-diluted earnings per share numbers for the historical and pro-forma net earnings.

|                                    | <u>Year</u> | <u>Interim Period</u> |
|------------------------------------|-------------|-----------------------|
| <b>Shares used in computation:</b> |             |                       |
| Historical                         |             |                       |
| Basic                              | 16,358      | 16,417                |
| Fully-diluted                      | 16,602      | 16,716                |
| <b>Pro Forma</b>                   |             |                       |
| Basic                              | 25,158      | 25,217                |
| Fully-diluted                      | 25,402      | 25,516                |

The difference between historical and pro-forma is the 8,800 shares expected to be issued in the merger.

**4. Interim Period Statement of Operations**

(a) To record the reduction in interest expense due to the more favorable terms under the La Salle facility, as well as the offset of cash against the stated balances.

(b) To record the quarterly amortization of financing costs of \$2 million amortized over five years.

(c) To record Federal income tax expense on Centrum's earnings and Crabar/GBF as a Subchapter C entity at a 39% effective tax rate. Centrum already recorded state income taxes on their financials for the period.

(d) To record the additional taxes due to the reduced interest expense deduction offset by the tax impact of the quarterly financing charge amortization.

(e) For each 0.0125% change in interest rates, interest expense on the additional \$27,500 million of refinanced subordinated debt will change \$342 thousand.

**Table of Contents**

**Index to Financial Statements**

**RISK FACTORS**

*In addition to the matters addressed in **Cautionary Statement Concerning Forward-Looking Statements** on page 100, the information included in this proxy statement/prospectus and the other documents referred to or incorporated by reference in this proxy statement/prospectus, you should consider the following risk factors carefully in determining whether to vote in favor of the proposal described herein.*

**Risks Related to the Merger**

**Ennis may fail to realize the anticipated benefits of the merger.**

In determining that the merger is in the best interests of Ennis, the board of directors of Ennis considered that enhanced earnings may result from the consummation of the merger, including the reduction of duplicate costs, improved efficiency and cross-marketing opportunities. However, there can be no assurance that any enhanced earnings will result from the merger.

**Future results of the combined companies may materially differ from the pro forma financial information presented in this proxy statement/prospectus.**

Future results of the combined company may be materially different from those shown in the pro forma financial statements that only show a combination of the historical results of Ennis and Centrum. We have estimated that the combined company will record approximately \$3 million of merger-related charges. The charges may be higher or lower than we have estimated, depending upon how costly or difficult it is to integrate the two companies. Furthermore, these charges may decrease the capital of the combined company that could be used for profitable, income-earning investments in the future.

**The concentration of share ownership in the former Centrum stockholders as a result of the completion of the merger will allow them to control or substantially influence the outcome of matters requiring shareholder approval.**

Immediately upon completion of the merger, four of the former Centrum stockholders and their affiliates will beneficially own up to approximately 35% of Ennis' outstanding common stock. At the closing of the merger, Ennis and the Centrum stockholders will enter into a standstill agreement that will provide, among other things, that for a period of three years the Centrum stockholders will not act in concert in voting their Ennis shares, enter into a voting agreement with respect to the voting of their shares or take any other action to acquire or affect control of Ennis. Even without violating the standstill agreement, the Centrum stockholders may still be able to control, by separately voting for the same proposal or nominees by virtue of cumulative voting or otherwise, and they can substantially influence, the outcome of matters requiring approval by Ennis shareholders, including the election of directors, and approval or disapproval of significant corporate transactions.

**Ennis may be required to write down goodwill and other intangible assets in the future, causing its financial condition and results of operations to be negatively affected in the future.**

When Ennis acquires a business, a portion of the purchase price of the acquisition is allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. At August 31, 2004, Ennis' goodwill was approximately \$42.6 million. As a result of the merger, Ennis expects, based upon pro forma information, that it will acquire approximately \$139.3 million of additional goodwill. Under current accounting standards, if Ennis determines goodwill or intangible assets are impaired, it would be required to write down the value of these assets. Ennis conducts an annual review to determine whether goodwill and other identifiable intangible assets are impaired. Ennis completed such an impairment analysis for its fiscal year ended February 29, 2004, and concluded that no impairment charge was necessary for the that year. Ennis

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**Table of Contents**

**Index to Financial Statements**

cannot provide assurance that it will not be required to take an impairment charge in the future, especially with the additional goodwill that the merger is expected to generate. Any impairment charge would have a negative effect on its shareholders' equity and financial results and may cause a decline in Ennis' stock price.

**Sales of substantial amounts of Ennis shares by the former Centrum stockholders could cause the market price of our shares to decline.**

Upon completion of the merger, Ennis will issue to the former Centrum stockholders up to approximately 8.8 million shares of Ennis common stock. This represents approximately 35% of Ennis' shares that will be outstanding immediately upon completion of the merger. Within 15 days after completion of the merger, Ennis has agreed to file a shelf registration statement with the Securities and Exchange Commission to register for resale the shares it issues to the former Centrum stockholders in the merger. Sales of substantial amounts of these shares at any one time or from time to time, or even the availability of these shares for sale, could adversely affect the market price of Ennis' shares.

**Ennis may encounter integration difficulties.**

Ennis and Centrum may not be able to effectively integrate their operations and manage their businesses without encountering difficulties, including the loss of key employees or customers, an interruption, or loss of momentum, of their respective existing businesses or the inability to implement appropriate operational, financial and management systems and controls.

**Risks Related to Centrum's Business**

**Centrum obtains its raw materials from a limited number of suppliers and any disruption in its relationships with these suppliers, or any substantial increase in the price of raw materials, could have a material adverse effect on Centrum.**

Cotton yarn is the primary raw material used in Centrum's manufacturing processes. Cotton accounts for approximately 40% of the manufactured product cost. Centrum acquires its yarn from five major sources that meet stringent quality and on-time delivery requirements. The largest supplier provides over 50% of Centrum's yarn requirements and has an entire yarn mill dedicated to Centrum's production. Centrum is evaluating an investment in its own knitting mill although the company has no commitments to do so. The other major raw material components used in Centrum's manufacturing processes are chemicals used to treat the fabric during the dyeing process. Centrum sole-sources the supply of these chemicals from one supplier. If Centrum's relations with its suppliers are disrupted, Centrum may not be able to enter into arrangements with substitute suppliers on terms as favorable as its current terms and Centrum's results of operations could be materially adversely affected.

Centrum generally acquires its cotton yarn under short-term purchase orders with its suppliers, and has exposure to swings in cotton market prices. Centrum does not use derivatives, including cotton option contracts, to manage its exposure to movements in cotton market prices. Centrum may use such derivatives in the future. While Centrum believes that it will be competitive with other companies in the United States apparel industry in negotiating the price of cotton purchased for future production use, any significant increase in the price of cotton could have a material adverse effect on Centrum's results of operations.

**Centrum faces intense competition to gain market share, which may lead some competitors to sell substantial amounts of goods at prices against which Centrum cannot profitably compete.**

Demand for Centrum's products is dependent on the general demand for T-shirts and the availability of alternative sources of supply. Centrum's strategy in this market environment is to be a low cost producer and to differentiate itself by providing quality service to its customers. Even if this strategy is successful, its results may be offset by reductions in demand or price declines.

**Table of Contents**

**Index to Financial Statements**

**Apparel industry cyclicality.**

The United States apparel industry is sensitive to the business cycle of the national economy. Moreover, the popularity, supply and demand for particular apparel products can change significantly from year to year. Centrum may be unable to compete successfully in any industry downturn due to excess capacity.

**Foreign political and economic risk.**

Centrum operates cutting and sewing facilities in Mexico, and sources certain product manufacturing in El Salvador, Pakistan, China and Southeast Asia. Centrum's foreign operations could be subject to unexpected changes in regulatory requirements, tariffs and other market barriers and political and economic instability in the countries where it operates. The impact of any such events that may occur in the future could subject Centrum to additional costs or loss of sales, which could adversely affect its operating results. In particular, Centrum operates its facilities in Mexico pursuant to the maquiladora duty-free program established by the Mexican and United States governments. This program enables Centrum to take advantage of generally lower costs in Mexico, without paying duty on inventory shipped into or out of Mexico. There can be no assurance that the government of Mexico will continue the program currently in place or that Centrum will continue to be able to benefit from this program. The loss of these benefits could have an adverse effect on Centrum's business.

**Centrum's products are subject to foreign competition, which in the past has been faced with significant U.S. government import restrictions.**

Foreign producers of apparel often have significant labor cost advantages. Given the number of these foreign producers, the substantial elimination of import protections that protect domestic apparel producers could materially adversely affect Centrum's business. The extent of import protection afforded to domestic apparel producers has been, and is likely to remain, subject to considerable political considerations.

The North American Free Trade Agreement (NAFTA) became effective on January 1, 1994 and has created a free-trade zone among Canada, Mexico and the United States. NAFTA contains a rule of origin requirement that products be produced in one of the three countries in order to benefit from the agreement. NAFTA has phased out all trade restrictions and tariffs among the three countries on apparel products competitive with those of Centrum. Centrum performs substantially all of its cutting and sewing in five plants located in Mexico in order to take advantage of the NAFTA benefits. Subsequent repeal or alteration of NAFTA could seriously adversely affect Centrum's business.

The Central American Free Trade Agreement (CAFTA) became effective May 28, 2004 and retroactive to January 1, 2004 for textiles and apparel. It creates a free trade zone similar to NAFTA by and between the United States and Central American countries (El Salvador, Honduras, Costa Rica, Nicaragua and Dominican Republic.) Textiles and apparel will be duty-free and quota-free immediately if they meet the agreement's rule of origin, promoting new opportunities for U.S. and Central American fiber, yarn, fabric and apparel manufacturing. The agreement will also give duty-free benefits to some apparel made in Central America that contains certain fabrics from NAFTA partners Mexico and Canada. Centrum sources approximately 5% of its sewing to a contract manufacturer in El Salvador, and does not anticipate that this will have a material effect on its operations.



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The World Trade Organization (WTO), a multilateral trade organization, was formed in January 1995 and is the successor to the General Agreement on Tariffs and Trade (GATT). This multilateral trade organization has set forth mechanisms by which world trade in clothing is being progressively liberalized by phasing-out quotas and reducing duties over a period of time that began in January of 1995. As it implements the WTO mechanisms, the U.S. government is negotiating bilateral trade agreements with developing countries (which are generally exporters of textile and apparel products) that are members of the WTO to get them to reduce their tariffs on imports of textiles and apparel in exchange for reductions by the United States in tariffs on imports of textiles and apparel.

**Table of Contents**

**Index to Financial Statements**

In January 2005, United States import quotas are to be removed on knitted shirts from China. The elimination of quotas and the reduction of tariffs under the WTO may result in increased imports of certain apparel products into North America. These factors could make Centrum's products less competitive against low cost imports from developing countries.

**Environmental regulations.**

Centrum is subject to extensive and changing federal, state and foreign laws and regulations establishing health and environmental quality standards, and may be subject to liability or penalties for violations of those standards. Centrum is also subject to laws and regulations governing remediation of contamination at facilities currently or formerly owned or operated by Centrum or to which it has sent hazardous substances or wastes for treatment, recycling or disposal. Centrum may be subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, Centrum may have liabilities or obligations in the future if it discovers any environmental contamination or liability at any of our facilities, or at facilities it may acquire.

**Centrum depends upon the talents and contributions of a limited number of individuals, many of who would be difficult to replace.**

The loss or interruption of the services of these executives could have a material adverse effect on Centrum's business, financial condition and results of operations. Although Centrum maintains employment agreements with certain members of key management, it cannot be assured that the services of such personnel will continue.

**Centrum's total assets include substantial intangible assets and the write-off of a significant portion of unamortized intangible assets would negatively affect Centrum's results of operations.**

At December 31, 2003, goodwill and identified intangibles, net, represented approximately 36% of total assets. Intangible assets consist of goodwill and other identified intangible assets associated with the Centrum acquisition of A and G, representing the excess of cost over the fair value of tangible assets acquired. Centrum may not be able to realize the value of these assets. Goodwill and other intangible assets with indefinite lives are not amortized, but are reviewed at least annually for impairment. Acquired intangible assets with definite lives are amortized over their individual useful lives. On at least an annual basis, Centrum assesses whether there has been impairment in the value of goodwill and other intangible assets with indefinite lives. If the carrying value of the asset exceeds the estimated fair value of the related business, impairment is deemed to have occurred. In this event, the amount is written down accordingly. Under current accounting rules, this would result in a charge to operating earnings. Any determination requiring the write-off of a significant portion of unamortized goodwill and identified intangible assets would negatively affect Centrum's results of operations and total capitalization, which could be material.

**Recent Health Insurance Legislation.**

On October 5, 2003, the Health Insurance Act of 2003 was signed into law in the State of California (the Health Insurance Act). The Health Insurance Act is a "pay or play" law requiring employers to pay a fee to the state to provide health insurance for each worker, and in some cases their dependents, unless the employer provides coverage directly, in which case the fee is waived. The result of the Health Insurance Act is that it makes health coverage a requirement by law versus elective by California employers. Employers with 200 or more persons working in

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California, such as Centrum, must comply by January 1, 2006. The Health Insurance Act requires that employers and employees share the costs of coverage. Employers are required to contribute at least 80% and employees the remaining amount; however, employee contributions are capped at 5% of wages for low income workers (as defined in the Health Insurance Act). Unless repealed or amended, Centrum believes that the Health Insurance Act could have an adverse effect on the future results of its operations.

**Table of Contents**

**Index to Financial Statements**

**THE SPECIAL MEETING**

Ennis is furnishing this proxy statement/prospectus to its shareholders in connection with the solicitation of proxies by the Ennis board of directors for use at the special meeting of its shareholders.

*The board of directors of Ennis unanimously:*

*(i) has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Ennis and its shareholders;*

*(ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and*

*(iii) recommends that the shareholders of Ennis vote FOR approval of the issuance of shares of Ennis common stock in connection with the merger.*

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

The special meeting will be held on November 4, 2004, at 10 a.m., local time, the Midlothian Community Center, One Community Center, Midlothian, Texas.

**Purpose of the Special Meeting**

The purpose of the special meeting is to consider and vote upon the issuance of shares of Ennis common stock in connection with the merger pursuant to the merger agreement, and such other matters as may be appropriate for consideration at the special meeting. Approval of this proposal is a condition to the consummation of the merger. Unless Ennis shareholders approve this proposal, the merger will not be completed and the merger agreement will be terminated.

**Reasons for the Special Meeting**

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Ennis common stock is listed on The New York Stock Exchange or NYSE. The rules governing companies with securities listed on the NYSE require shareholder approval in connection with the issuance of common stock (or securities convertible into or exercisable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance (other than a public offering for cash or in private financings not involving an issuance of common stock for less than the greater of book or market value of the stock). This requirement is set forth in §312.03(c) of the Listed Company Manual of the NYSE. In addition, shareholder approval is required under §312.03(d) of the Listed Company Manual of the NYSE in connection with the issuance of securities that would result in a change of control of an issuer.

Because the merger involves the issuance by Ennis of common stock that would represent more than 20% of the currently outstanding common stock and voting power of Ennis, and because it also involves issuances to the former Centrum stockholders that could also potentially result in a change of control of Ennis for NYSE purposes, shareholder approval of the issuance of Ennis common stock in connection with the merger is required to maintain Ennis listing on the NYSE.

### **Record Date; Stock Entitled to Vote; Quorum**

Owners of record of shares of common stock of Ennis at the close of business on October 1, 2004, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. Ennis common stock is the only class of voting securities of Ennis. As of September 15, 2004, approximately 16,430,658 shares of common stock were issued and outstanding and entitled to vote at the special meeting.

Owners of record of Ennis common stock on the record date are each entitled to one vote per share with respect to the issuance of shares of Ennis common stock pursuant to the merger agreement.

**Table of Contents**

**Index to Financial Statements**

A quorum of Ennis shareholders is necessary to have a valid meeting of shareholders. The holders of at least a majority of the shares of Ennis common stock issued and outstanding and entitled to vote at the Ennis special meeting must be represented in person or by proxy at the special meeting in order for a quorum to be established. Both abstentions and broker non-votes count as present for establishing a quorum. An abstention occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

**Vote Required**

The affirmative vote of a majority of the votes cast in person or by proxy at the special meeting is required to approve the issuance of the shares of Ennis common stock in connection with the merger. Abstentions may be specified with respect to the proposal by properly marking the **ABSTAIN** box on the proxy for such proposal. Abstentions will have the effect of a vote against the share issuance. Broker non-votes and failures to vote will not affect the outcome of the vote, since they will not be counted as votes cast either for or against the proposal.

**Beneficial Ownership of Ennis Officers, Directors and Affiliates**

On September 15, 2004, the directors, executive officers and affiliates of Ennis owned or controlled the vote of 201,575 shares of Ennis common stock, constituting approximately 1% of the outstanding shares of Ennis common stock. Ennis believes that each of its directors and executive officers intends to vote **FOR** the approval of the issuance of shares of Ennis common stock in connection with the merger.

**Voting of Proxies**

Shares of Ennis common stock represented by properly executed proxies and received prior to the special meeting will be voted at the special meeting in the manner specified on such proxies. Proxies that are properly executed and timely submitted but which do not contain specific voting instructions will be voted **FOR** approval of the issuance of Ennis common stock in connection with the merger at the special meeting.

Ennis shareholders whose shares are held in **street name** (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the special meeting.

**Revocation of Proxies**

An Ennis shareholder may revoke a proxy at any time prior to the time the proxy is to be voted at the special meeting by:

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delivering, prior to the special meeting, to Ennis, Inc., Attn: Corporate Secretary, at 2441 Presidential Pkwy., Midlothian, Texas 76065, a written notice of revocation bearing a later date or time than the revoked proxy;

completing and submitting a new, later-dated proxy card; or

attending the special meeting and voting in person.

Attending the special meeting will not by itself constitute revocation of a proxy; to do so, a shareholder must vote in person at the meeting. If a broker has been instructed to vote a shareholder's shares, the shareholder must follow directions received from the broker in order to change the shareholder's vote.

### **Expenses of Solicitation**

Ennis will bear the costs of printing and mailing this proxy statement/prospectus to its shareholders and the costs of soliciting proxies from its shareholders. In addition to soliciting proxies by mail, directors, officers and

**Table of Contents**

**Index to Financial Statements**

employees of Ennis, without receiving additional compensation therefor, may solicit proxies by telephone, by e-mail, by facsimile or in person. Arrangements may also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by such persons, and Ennis will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out of pocket expenses incurred by them.

In addition, Ennis has retained Georgeson Shareholder to assist in the solicitation of proxies by Ennis for a fee of \$7,500 plus reasonable out-of-pocket costs and expenses. For questions or requests regarding proxies or related materials, banks and brokers should call (212) 440-9800 and all others should call toll free (877) 255-0125.

**Miscellaneous**

In the event that a quorum is not present at the time the special meeting is convened, the special meeting may be adjourned by a vote of the shareholders present in person or by proxy. If Ennis proposes to adjourn the meeting, the persons named in the enclosed form of proxy will vote all shares of Ennis common stock for which they have voting authority in favor of an adjournment. However, proxies voted against the proposal relating to the issuance of Ennis common stock in connection with the merger will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional proxies.

It is not expected that any matter not referred to in this proxy statement/prospectus will be presented for action at the special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies will have discretion to vote on such matters according to their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxy as proxy appointees to vote in accordance with their best judgment on matters incidental to the conduct of the special meeting.



**Table of Contents**

**Index to Financial Statements**

**THE MERGER**

*The following discussion summarizes certain terms and provisions of the merger and the merger agreement and is qualified in its entirety by reference to the provisions of the merger agreement and first amendment to the merger agreement, which are attached to this proxy statement/prospectus as Annex A and Annex B, respectively, and are incorporated into this proxy statement/prospectus by reference. You are strongly encouraged to read the merger agreement in its entirety. Unless the context otherwise requires, all references to the merger agreement in this proxy statement/prospectus refer to the merger agreement as amended.*

**General**

Ennis, its wholly-owned subsidiary, Midlothian Holdings LLC, and Centrum have entered into a merger agreement pursuant to which Ennis will acquire Centrum through the merger of Centrum with and into Midlothian Holdings LLC. Midlothian Holdings LLC will be the surviving entity in the merger and, after the effective time of the merger, will continue as a wholly-owned subsidiary of Ennis. After the merger, the name of Midlothian Holdings LLC will be changed to Alstyle Apparel LLC.

**Background of the Merger**

Ennis' management and board of directors have discussed from time to time the benefits of acquiring new products or facilities in new markets. Over the previous five years, Ennis has acquired five companies that have contributed to its growth in sales and net income. The management and board of directors of Centrum have also from time to time discussed the benefits of potential business combination transactions as part of Centrum's strategic business plan to maximize value to the Centrum stockholders.

At a dinner meeting with Roger Brown, President and CEO of Centrum, on May 13, 2004 in Asheville, North Carolina, held at the invitation of Keith Walters, Chairman, CEO and President of Ennis, Mr. Walters indicated his interest in combining Centrum and Ennis. Mr. Walters believed that with most of the Ennis distribution channel moving toward a larger share of promotional products as its primary sales platform, Ennis would be well served to add activewear to its manufacturing capabilities. Mr. Walters also noted that Ennis would like to buy the Crabar/GBF printing facilities in a separate transaction. Mr. Brown indicated that he was not prepared to discuss terms on the Centrum combination but would respond shortly. Mr. Brown and Mr. Walters had several conversations over the next four days to discuss the valuation of Centrum and the form of consideration to be received in exchange for the stock of Centrum. Mr. Brown also consulted with his board of directors.

Mr. Walters discussed the proposals with his management team on May 17, 2004 to elicit their comments or concerns. With the support of management, Mr. Walters invited Mr. Brown to DeSoto, Texas on May 18 and 19 to discuss the proposals in more detail. Mr. Brown had discussed the topic with his board of directors and voting stockholders over the weekend of May 15 and 16 to determine whether there was interest in further discussions. His board instructed him to pursue the matter further.

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At the May 19 meeting in DeSoto, Texas, Mr. Walters and Mr. Brown established a target price of \$240 million as the valuation for the Centrum combination. A timetable was established for Ennis to seek board approval, firm commitment financing, and orchestrate due diligence required of a transaction of this magnitude. Mr. Brown would seek approval from the Centrum board of directors and arrange for due diligence on his part, with the signing of a definitive agreement targeted for June 25, 2004. On a telephone call with Mr. Walters and Michael Magill on May 20, Mr. Brown indicated that a large amount of capital expenditures were being currently committed by Centrum and believed that Ennis should share in the cost of those expenditures. It was agreed that the target valuation for Centrum would be increased by \$2 million with a resulting \$242 million enterprise valuation for Centrum. It was separately agreed that the valuation of Crabar/GBF would be in the \$18 to \$20 million range. During the period from May 20 through May 28, Mr. Walters contacted most members of the board of directors to update them as to the potential of the acquisition of Crabar/GBF and the combination of Centrum with Ennis. All members contacted indicated that the proposal merited consideration by the full board of directors.

**Table of Contents**

**Index to Financial Statements**

On the evening of May 24, Mr. Brown flew to Dallas and the next morning joined Mr. Walters, Mr. Magill and David Erickson, another member of Ennis management, to discuss progress with the respective boards of directors. Mr. Walters indicated that in the event one or both of the transactions closed, Ennis would need non-compete agreements with Mr. Brown and his partners, as well as standstill agreements. Later on the morning of May 25, Messrs. Walters, Magill, Erickson and Brown met with Lawrence Ashkin, Arthur Slaven, and John McLinden, the other directors of Centrum, at a local airport and then flew to Anaheim, California to see the Centrum facilities. During the flight, Mr. Walters explained why he thought the combination made sense from the Ennis perspective and why Ennis management believed a definitive agreement could be executed by June 25, 2004. Arriving in Anaheim, Messrs. Walters, Magill and Erickson toured the corporate offices and distribution center and viewed the knitting, dyeing and drying facility. The next morning, May 26, Messrs. Brown and McLinden, from Centrum, and Messrs. Walters and Magill from Ennis took a tour of the cutting and sewing facilities in Mexico. The parties then flew back to Anaheim and met with Lawrence Ashkin and Arthur Slaven who, along with Roger Brown and John McLinden comprised the board of Centrum.

On June 1, 2004, Mr. Magill met with Bernstein, Conklin & Balcombe to discuss its role in providing the board of directors of Ennis with a fairness opinion on the combination with Centrum. After receiving a proposal from Bernstein, Conklin & Balcombe, Mr. Magill received approval from members of the Ennis audit committee to engage Bernstein, Conklin & Balcombe to begin the process of reviewing the terms and economics of the combination. Bernstein, Conklin & Balcombe was retained on June 4 and its representatives were in Anaheim on June 7 for a meeting with management of Centrum and a tour of its facilities. On June 8, several members of Ennis management flew to Anaheim to begin due diligence on the Centrum facilities. In addition, on that date certain other members of Ennis management flew to Dayton, Ohio to begin due diligence on the Crabar/GBF acquisition. Centrum began its due diligence on Ennis on June 8 as well and engaged the Keystone Consulting Group to review the financial condition of Ennis and its operational methodology. Ennis retained Eclipse Ventures LLC to prepare pro forma financial analyses and market studies and financial modeling. Counsel to Centrum and Ennis also began legal due diligence with counsel to Ennis conducting on-site due diligence on Centrum from June 8 to June 11 and counsel to Centrum conducting on-site due diligence on Ennis from June 15 to June 17. Ennis requested that Battelle and Battelle, LLP and Moss Adams, LLP perform procedures related to the acquisition of Crabar/GBF and Centrum, respectively.

On June 11, Ennis held a board meeting (with some members attending by telephone) to discuss the status of negotiations. Each board member had previously been provided with a packet of materials or updated by phone as to the nature of the potential transactions. At the meeting, management reviewed the terms of the transactions, the status of due diligence, and the proposed timeline to completion. Later that day Messrs. Magill and Cathey met with BankOne and Compass Bank to discuss the possible acquisition of Crabar/GBF and of the combination with Centrum. A syndicated Revolver/Term Credit Facility of approximately \$150 million was also discussed with BankOne. On June 14, Messrs. Magill and Cathey flew to Chicago to meet with LaSalle Business Credit to also discuss financing the acquisition and combination.

On June 17, Ennis held a meeting of its board of directors at which management further updated the board on the progress of due diligence and the status of the fairness opinion and financing alternatives. The board discussed the contemplated merger proposal with management and then invited Roger Brown to join the board meeting to give his view of the transactions. On June 18, all non-management board members met by telephone to discuss the status and merits of the proposals.

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