

ADVO INC
Form DEFM14A
August 10, 2006
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As Filed with the Securities and Exchange Commission on August 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

ADVO, Inc.

(Name of Registrant as Specified in Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (1) Title of each class of securities to which transaction applies:
Common Stock, par value \$0.01 per share
-

- (2) Aggregate number of securities to which transaction applies:
31,754,678 shares of Common Stock as of July 5, 2006
2,569,388 options to acquire shares of Common Stock as of July 5, 2006
-

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
\$37.00 per share of Common Stock

\$18,372,967 expected to be paid upon the cancellation of outstanding options having an exercise price of less than \$37.00 per share of common stock (based upon 2,569,388 shares of common stock subject to outstanding options multiplied by approximately \$7.15 per share, which is the excess of \$37.00 over the weighted average exercise price per share of the outstanding options)

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(4) Proposed maximum aggregate value of transaction:
\$1,193,296,053.18

(5) Total fee paid:
\$ 127,682.68

x Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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One Targeting Centre

Windsor, CT 06095

Dear Fellow Stockholder:

We cordially invite you to attend a special meeting of stockholders of ADVO, Inc. to be held on September 13, 2006, at 10:00 AM, Eastern Time, at the Company's corporate headquarters, One Targeting Centre, Windsor, Connecticut. The board of directors has fixed the close of business on August 4, 2006, as the record date for the purpose of determining stockholders entitled to receive notice of and vote at the special meeting or any adjournment or postponement thereof.

On July 5, 2006, we entered into an Agreement and Plan of Merger, as it may be amended from time to time, which we refer to as the merger agreement, with Valassis Communications, Inc. and Michigan Acquisition Corporation, a wholly owned subsidiary of Valassis, which we refer to as Acquisition Sub. The merger agreement provides that Acquisition Sub will merge with and into ADVO, with ADVO surviving as a wholly owned subsidiary of Valassis. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement.

If our stockholders adopt the merger agreement and the merger is subsequently completed, you will be entitled to receive \$37.00 in cash per share, without interest, of ADVO common stock you own, unless you have properly exercised your appraisal rights. On July 5, 2006, the last full trading day prior to the public announcement of the merger agreement, the closing price of our common stock was \$24.26 per share.

Your vote is very important. We cannot complete the merger unless the holders of a majority of the issued and outstanding shares of our common stock entitled to vote at the special meeting adopt the merger agreement. Whether or not you plan to attend the special meeting in person, please submit your proxy without delay. You can vote your shares prior to the special meeting by telephone, on the internet, or by mail with a proxy card, in each case in accordance with the instructions on the proxy card. Voting by any of these methods will ensure that you are represented at the special meeting even if you are not there in person. Voting by proxy will not prevent you from voting your ADVO shares in person if you subsequently choose to attend the special meeting. If you receive more than one proxy card because you own shares that are registered separately, please vote the shares shown on each proxy card.

Our board of directors has unanimously determined that the merger agreement is advisable, fair to and in the best interests of ADVO and its stockholders and has therefore unanimously approved the merger agreement and the transactions contemplated thereby, including the merger. **Accordingly, the board of directors recommends that you vote FOR the adoption of the merger agreement at the special meeting.**

If your shares are held in street name by your bank, brokerage firm or other nominee, your bank, brokerage firm or nominee will be unable to vote your shares without instructions from you. You should instruct your bank, brokerage firm or nominee to vote your shares, following the procedures provided by your bank, brokerage firm or nominee. Failure to instruct your bank, brokerage firm or other nominee to vote your shares will have the same effect as voting against adoption of the merger agreement.

We encourage you to read the accompanying proxy statement carefully because it explains the proposed merger, the documents related to the merger and other related matters. After you have reviewed the enclosed materials, please vote as soon as possible.

Sincerely,

S. Scott Harding

Chief Executive Officer

This proxy statement is dated and will first be made available to ADVO stockholders on or about August 10, 2006.

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One Targeting Centre

Windsor, CT 06095

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On September 13, 2006

NOTICE IS HEREBY GIVEN THAT a special meeting of stockholders of ADVO, Inc. will be held on September 13, 2006, at 10:00 AM Eastern Time, at the Company's corporate headquarters, One Targeting Centre, Windsor, Connecticut. The purpose of the meeting will be:

to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, as it may be amended from time to time, which we refer to as the merger agreement, by and between ADVO, Inc., which we refer to as ADVO, Valassis Communications, Inc., which we refer to as Valassis and Michigan Acquisition Corporation, a wholly owned subsidiary of Valassis, which we refer to as Acquisition Sub, pursuant to which ADVO will become a wholly owned subsidiary of Valassis;

to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Our board of directors has unanimously approved the merger agreement and has unanimously determined that the merger, the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of ADVO and its stockholders, and recommends that you vote **FOR** the adoption of the merger agreement at the special meeting. The terms of the merger agreement and the merger are more fully described in the attached proxy statement, which we urge you to read carefully and in its entirety. Our board of directors also recommends that you vote **FOR** the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. No other business is presently scheduled to come before the special meeting.

Only stockholders who held shares of record as of the close of business on the record date, August 4, 2006, are entitled to receive notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. Whether or not you plan to attend the special meeting in person, please submit your proxy or, in the event that you hold your shares through a bank, brokerage firm or other nominee, your separate voting instructions as soon as possible. You can vote your shares prior to the special meeting by telephone, on the internet, or by mail with a proxy card, in each case, in accordance with the instructions on the proxy card. Voting by any of these methods will ensure that you are represented at the special meeting even if you are not present in person. Submitting your proxy before the special meeting will not preclude you from voting in person at the special meeting should you decide to attend.

A list of stockholders entitled to vote at the special meeting will be available for examination, for any purpose relevant to the special meeting, at our main offices located at One Targeting Centre, Windsor, CT 06095, during ordinary business hours for at least ten days prior to the special meeting, as well as at the special meeting.

Your vote is very important, regardless of the number of shares of ADVO common stock you own. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the issued and outstanding shares of our common stock entitled to vote at the special meeting. The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares present in person at the special meeting or represented by proxy and entitled to vote thereon.

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If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of the adoption of the merger agreement, and in favor of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, and in accordance with the best judgment of the persons appointed as proxies on any other matters properly brought before the meeting for a vote. If you fail to return your proxy card, your shares of ADVO common stock will not be counted for the purposes of determining whether a quorum is present, and your shares will have the same effect as a vote against the adoption of the merger agreement. Not returning your proxy will have the same effect as an abstention on the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

You may revoke a proxy at any time prior to its exercise at the special meeting. You may do so by executing and returning a proxy card dated later than the previous one, by properly submitting a later proxy by telephone or on the internet, by attending the special meeting and casting your vote by ballot at the special meeting or by delivering a written revocation dated after the date of the proxy that is being revoked to ADVO, Inc., One Targeting Centre, Windsor, CT 06095, Attention: Corporate Secretary, prior to the closing of the polls for the vote at the special meeting. If you hold your shares through a bank or brokerage firm, you should follow the instructions of your bank or brokerage firm regarding revocation of proxies. If your bank or brokerage firm allows you to vote by telephone or on the internet, you may be able to change your vote by voting again by telephone or the internet.

By Order of the Board of Directors

Stephen L. Palmer

Corporate Secretary

Windsor, Connecticut

August 10, 2006

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Annex A	Agreement and Plan of Merger
Annex B	Opinion of Citigroup Global Markets Inc.
Annex C	Section 262 of the Delaware General Corporation Law

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SUMMARY TERM SHEET

This summary highlights selected information from this proxy statement about the proposed merger and may not contain all of the information that is important to you as an ADVO stockholder. Accordingly, we encourage you to read carefully this entire proxy statement, including the annexes, and the other documents to which we refer you. We have included section references to direct you to a more complete description of the topics contained in this summary.

Unless we otherwise indicate or unless the context requires otherwise: all references in this document to the company, we, our, and us refer to ADVO, Inc. and its subsidiaries; all references to Valassis refer to Valassis Communications, Inc.; and all references to Acquisition Sub refer to Michigan Acquisition Corporation, a wholly owned subsidiary of Valassis.

The Merger (page 14)

If the merger is completed, Acquisition Sub will be merged with and into ADVO, and ADVO will survive the merger and continue to exist after the merger as a wholly owned subsidiary of Valassis. As a result of the merger, you will no longer have an ownership interest in ADVO, and your shares of ADVO common stock will be converted into the right to receive the merger consideration.

Merger Consideration (page 35)

In the merger, you will receive \$37.00 in cash for each share of ADVO common stock you hold immediately prior to the merger, unless you do not vote in favor of the merger and you otherwise properly perfect your appraisal rights under Delaware law. No interest will be paid on the merger consideration.

Rights of Option Holders and Holders of Restricted Stock (page 36)

If the merger is completed, each outstanding option to purchase shares of ADVO common stock, including any options held by ADVO directors and executive officers, whether or not vested, will vest and be converted into the right to receive an amount in cash (less any applicable withholding of taxes) equal to the product of (a) the number of shares of ADVO common stock subject to the option times (b) the excess, if any, of \$37.00 over the per share exercise price of the option. At the effective time of the merger, each outstanding and unvested share of ADVO restricted stock, including those held by our directors and executive officers, will vest and no longer be subject to any restrictions.

Conditions to the Completion of the Merger (page 44)

The completion of the merger depends on a number of conditions being satisfied or waived, including adoption of the merger agreement by the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting, as well as receipt of regulatory approvals for the merger.

We currently expect to complete the merger shortly after adoption of the merger agreement at the special meeting, but we cannot be certain when or if the conditions will be satisfied or waived.

Termination of the Merger Agreement (page 45)

The merger agreement may be terminated in certain circumstances by ADVO or Valassis. If the merger agreement is terminated under certain circumstances, we will have to pay a termination fee of \$38 million either upon termination or upon the completion by ADVO of a different business combination. If the merger agreement is terminated under certain circumstances, Valassis may also be entitled to reimbursement of certain expenses which it incurred up to a maximum of \$10 million.

Board of Directors Recommendation (page 16)

Our board of directors has unanimously approved the merger agreement and has unanimously determined that the merger, the merger agreement and the transactions contemplated thereby are

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advisable, fair to and in the best interests of ADVO and its stockholders, and recommends that you vote **FOR** the adoption of the merger agreement at the special meeting. Our board of directors also recommends that you vote **FOR** the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. No other business is presently scheduled to come before the special meeting.

Opinion of Our Financial Advisor (page 18)

In connection with the merger, Citigroup Global Markets Inc., which we refer to as Citigroup, our financial advisor, delivered to our board of directors a written opinion that, as of the date of the opinion and subject to the various assumptions, qualifications and limitations set forth therein, the merger consideration to be received by holders of ADVO common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of the written opinion, dated July 5, 2006, of Citigroup, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this proxy statement and is incorporated by reference in its entirety into this proxy statement. Holders of ADVO common stock are encouraged to read the opinion carefully in its entirety. **Citigroup provided its opinion to our board of directors to assist the board of directors in its evaluation of the merger consideration from a financial point of view. The opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the merger.**

Interests of ADVO's Directors and Executive Officers in the Merger (page 28)

Some of the directors and executive officers of ADVO may have financial interests in the merger that are different from, or are in addition to, the interests of stockholders of ADVO. These interests may include rights of executive officers under employment or severance agreements with ADVO, rights under stock-based benefit programs and stock-based awards of ADVO common stock, and rights to continued indemnification and insurance coverage after the merger for acts or omissions occurring prior to the merger. The ADVO board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby. Assuming that the effective time occurs on September 29, 2006, at the effective time, the directors and executive officers will vest in respect of 658,833 stock options and 180,966 restricted shares in the aggregate.

Material U.S. Federal Income Tax Consequences (page 26)

The receipt of cash for shares of our common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes (and may also be a taxable transaction under applicable state, local or foreign income or other tax laws). For U.S. federal income tax purposes, a holder of shares of our common stock generally will recognize gain or loss equal to the difference between (1) the amount of cash received in exchange for such shares and (2) the holder's adjusted tax basis in such shares. Stockholders are urged to consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of the merger.

Appraisal Rights (page 29)

Under Section 262 of the Delaware General Corporation Law, which we refer to as the DGCL, in the event the merger is completed and you do not vote to adopt the merger agreement and you comply with the other statutory requirements of the DGCL (including making a written demand for appraisal in compliance with the DGCL **before** the vote on the proposal to adopt the merger agreement at the special meeting), you may elect to receive, in cash, the judicially determined fair value of your shares of our common stock, with interest, in lieu of the merger consideration. The fair value of your shares of ADVO common stock as determined in accordance with Delaware law may be more or less than or the

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same as the merger consideration to be paid to stockholders in the merger. Annex C to this proxy statement contains the full text of Section 262 of the DGCL, which relates to appraisal rights. We encourage you to read Annex C carefully and in its entirety. Failure to follow all of the steps required by Section 262 of the DGCL will result in the loss of your appraisal rights.

Regulatory and Other Governmental Approvals (page 27)

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and related rules (the HSR Act) provide that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice (Antitrust Division) and certain waiting period requirements have been satisfied. We and Valassis filed our respective Notification and Report Forms with the Antitrust Division and the Federal Trade Commission on July 19, 2006, and accordingly, the waiting period will expire on August 18, 2006, unless a request is made for additional information or documentary material.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Q. Why am I receiving this proxy statement?

A. You are receiving this proxy statement because you are a stockholder of ADVO, Inc., which we also refer to as ADVO. On July 5, 2006, ADVO entered into a merger agreement with Valassis Communications, Inc., which we refer to as Valassis, and Michigan Acquisition Corporation, a wholly owned subsidiary of Valassis, which we refer to as Acquisition Sub. The merger agreement provides for the acquisition of ADVO by Valassis by means of the merger of Acquisition Sub with and into ADVO. If the merger is completed, ADVO will become a wholly owned subsidiary of Valassis. A copy of the merger agreement, as it may be amended from time to time, is attached to this proxy statement as Annex A.

In order to complete the merger, among other things, our stockholders must vote to adopt and approve the merger agreement. We are holding a special meeting of stockholders to obtain this approval.

Q. When and where is the special meeting of our stockholders?

A. The special meeting of stockholders will take place on September 13, 2006, at 10:00 AM Eastern Time, at the Company's corporate headquarters, One Targeting Centre, Windsor, Connecticut.

Q. What matters will I be asked to vote on at the special meeting?

A. At the special meeting, you will be asked:

to consider and vote upon a proposal to adopt the merger agreement;

to approve the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Q. How does the board of directors of ADVO recommend that I vote on the proposals?

A. Our board of directors recommends that you vote:

FOR the proposal to adopt the merger agreement; and

FOR the adjournment or postponement of the meeting, if necessary, to solicit additional proxies.

Q. What will I receive in exchange for my shares of ADVO common stock?

- A. If we complete the merger, you will have the right to receive \$37.00 in cash for every share of our common stock that you own unless you do not vote in favor of the merger and you properly perfect your appraisal rights under Delaware law. No interest will be paid on the merger consideration.

Q. What is a quorum?

- A. A quorum of the holders of the issued and outstanding shares of ADVO common stock must be present for the special meeting to be held. A quorum is present if the holders of one-third of our issued and outstanding shares of common stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions are counted as present for the purpose of determining whether a quorum is present.

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Q. What vote is required to adopt the merger agreement?

A. In order to adopt the merger agreement, holders of a majority of the issued and outstanding shares of our common stock entitled to vote at the special meeting must vote **FOR** such proposal. Each share of our common stock is entitled to one vote.

Q. What vote is required to adjourn or postpone the special meeting, if necessary, to solicit additional proxies at the special meeting?

A. In order to approve the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, holders of a majority of the shares of our common stock that are present at the special meeting and that are voted and do not abstain must vote **FOR** the proposal to adjourn or postpone the special meeting.

Q. How are votes counted?

A. For the proposal relating to the adoption of the merger agreement, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions will have the same effect as votes cast **AGAINST** the proposal relating to adoption of the merger agreement, and will count for the purpose of determining whether a quorum is present. Stockholders as of the close of business on the record date holding at least a majority of the issued and outstanding shares of our common stock must vote **FOR** the adoption of the merger agreement for us to complete the merger. For the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions will not count as votes cast on the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, but will count for the purpose of determining whether a quorum is present. The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of holders representing a majority of the votes of our shares of common stock that are present at the special meeting and entitled to vote and that are voted and do not abstain. As a result, if you **ABSTAIN**, it will have no effect on the vote for the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies.

If you sign your proxy card without indicating your vote, your shares will be voted **FOR** the adoption of the merger agreement, **FOR** adjournment or postponement of the special meeting, if necessary, to solicit additional proxies, and in accordance with the best judgment of the persons appointed as proxies on any other matters properly brought before the meeting for a vote. No other business is presently scheduled to come before the special meeting.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes count for the purpose of determining whether a quorum is present, but will **NOT** count as votes cast on a proposal. As a result, broker non-votes will have the effect of a vote **AGAINST** the adoption of the merger agreement. Broker non-votes will have no effect on the vote for the adjournment or postponement of the meeting, if necessary, to solicit additional proxies.

Q. Who may vote at the special meeting?

A. Owners of our common stock at the close of business on August 4, 2006, the record date for the special meeting, are entitled to vote. This includes shares you held on that date (1) directly in your name as the stockholder of record and (2) through a broker, bank or other holder of record where the shares were held for you as the beneficial owner. A list of stockholders of record entitled to vote at the special meeting will be available at our offices located at One Targeting Centre, Windsor, Connecticut, during ordinary business hours for ten days prior to the special meeting, as well as at the special meeting.

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Q. How many shares can vote?

- A. On the record date for the special meeting, there were 31,784,280 shares of our common stock outstanding, with each share entitled to one vote for each matter to be voted on at the special meeting.

Q. How do I vote?

- A. Since many stockholders are unable to attend the special meeting in person, we send proxy cards to all stockholders of record to enable them to direct the voting of their shares. Brokers, banks and nominees generally solicit voting instructions from the beneficial owners of shares held by them and typically offer telephonic or electronic means by which these instructions can be given, in addition to the traditional mailed voting instruction cards. If you beneficially own shares held through a broker, bank or other nominee, you may submit voting instructions by telephone or on the internet if the firm holding your shares offers these voting methods. Please refer to the voting instructions provided by your broker, bank or nominee for information.

Q. What does it mean if I get more than one proxy card?

- A. If you have shares of our common stock that are registered separately and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that **ALL** of your shares are voted.

Q. How will my proxy vote my shares?

- A. The designated proxy holders will vote according to the instructions you submit on your proxy card. If you sign and return your card but do not indicate your voting instructions on one or more of the matters listed, the proxy holders will vote all uninstructed shares **FOR** the adoption of the merger agreement, **FOR** the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, and in accordance with the judgment of the designated proxy holders on any other matters properly brought before the special meeting for a vote. No other business is presently scheduled to come before the special meeting.

Q. If my shares are held in street name by my bank, brokerage firm or other nominee, will my bank, broker or nominee automatically vote my shares for me?

- A. No. Your bank, brokerage firm or nominee cannot vote your shares without instructions from you. You should instruct your bank, brokerage firm or nominee as to how to vote your shares, following the instructions contained in the voting instruction card that your bank, broker or nominee provides to you. Failing to instruct your bank, brokerage firm or nominee to vote your shares will have the same effect as a vote **AGAINST** the merger.

Q. Can I change my vote?

- A. You may revoke your proxy at any time before it is voted at the special meeting. If you are the holder of record of your shares, you may revoke your proxy prior to the vote at the special meeting in any of three ways:

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by delivering a written revocation dated after the date of the proxy that is being revoked to ADVO, Inc., One Targeting Centre, Windsor, Connecticut, Attention: Corporate Secretary;

by delivering a proxy dated later than your original proxy relating to the same shares to our Corporate Secretary by mail, telephone or on the internet; or

by attending the special meeting and voting in person by ballot.

However, if you hold your shares in street name, simply attending the special meeting may not constitute revocation of a proxy. If your shares are held in street name, you should follow the instructions of your

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broker, bank or other nominee regarding revocation or change of proxies. If your broker, bank or other nominee allows you to submit a proxy by telephone or through the internet, you may be able to change your vote by submitting a new proxy by telephone or through the internet.

Q. Can I vote in person at the special meeting?

A. If you submit a proxy or voting instructions you do not need to vote at the special meeting. However, we will pass out written ballots to any stockholder of record or authorized representative of a stockholder of record who wants to vote in person at the special meeting rather than by proxy. Voting in person will revoke any proxy previously given if you are a stockholder of record. If you hold your shares through a broker, bank or nominee, you must obtain a proxy from your broker, bank or nominee to vote in person.

Q. Who can attend the special meeting?

A. All stockholders of record on the record date for the special meeting can attend. In order to be admitted to the meeting, you will need to bring proof of identification. Please note that if you hold shares in street name (that is, through a broker, bank or other nominee) and would like to attend the special meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of our common stock as of the close of business on August 4, 2006. Alternatively, in order to vote, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the special meeting.

Q. Should I send in my stock certificates now?

A. *No. Please do not send any stock certificates with your proxy card.* After we complete the merger, you will receive written instructions for returning your ADVO stock certificates. These instructions will tell you how and where to send your ADVO stock certificates in order to receive the merger consideration.

Q. When do you expect to complete the merger?

A. We currently expect to complete the merger shortly after adoption of the merger agreement at the special meeting, but we cannot be certain when or if the conditions will be satisfied or waived.

Q. Who can help answer my questions about the special meeting or the merger?

A. If you have questions about the special meeting or the merger after reading this proxy statement, you should contact our proxy solicitor, Mellon Investor Services LLC, at 1-866-768-4962.

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FORWARD-LOOKING STATEMENTS

This proxy statement contains statements that are not historical facts and that are considered forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Typically, we identify these forward-looking statements with words like expect, intend, may, might, should, believe, anticipate, expect, estimate, or similar expressions. We and our representatives may also make similar forward-looking statements from time to time orally or in writing.

These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. They are based on currently available information and current expectations and projections about future events. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to the following:

we may be unable to obtain the required stockholder approval for the merger at the special meeting;

we may be unable to obtain the necessary regulatory approvals for the merger in a timely matter or at all, or we may be able to obtain such approvals only by agreeing to conditions that would not be acceptable to Valassis;

the conditions to the closing of the merger may not be satisfied, or the merger agreement may be terminated prior to closing;

disruptions and uncertainty resulting from our proposed merger may make it more difficult for us to maintain relationships with other customers, employees or suppliers, and as a result our business may suffer;

the restrictions on our conduct prior to closing contained in the merger agreement may have a negative effect on our flexibility and our business operations;

governmental regulation or legislation affecting aspects of ADVO's business may be enacted;

general changes in customer demand and pricing may occur;

the retail sector may experience further consolidation;

economic and political conditions may impact advertising spending and ADVO's distribution system, postal and paper prices;

the efficiencies expected from technology upgrades may not be achieved;

interest rates and other general economic factors may fluctuate;

the merger may involve unexpected costs or unexpected liabilities; and

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additional factors discussed in our Annual Report on Form 10-K for the fiscal year ended September 24, 2005, under the headings Management's Discussion and Analysis of Financial Conditions and Results of Operations and Quantitative and Qualitative Discussions About Market Risk.

These factors may not be all of the factors that could cause actual results to differ materially from those discussed in any forward-looking statements. Our company operates in a continually changing business environment and new factors emerge from time to time. We cannot predict all such factors nor can we assess the impact, if any, of such factors on our financial position or our results of operations. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results.

The forward-looking statements in this proxy statement speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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THE COMPANIES

ADVO, Inc.

ADVO, Inc. is a direct mail media company primarily engaged in soliciting and processing printed advertising from retailers, manufacturers and service companies for targeted distribution by both shared and solo mail, as well as private carrier delivery, to consumer households in the United States and Canada on a national, regional and local basis. ADVO's network reaches over 114 million households with its ShopWise® shared mail advertising and the ADVO National Network Extension (A.N.N.E.) program.

ADVO satisfies clients of all types and sizes with customized targeting solutions for their marketing communication needs. Founded in 1929 as a hand delivery company, ADVO entered the direct mail industry as a solo mailer in 1946 and began its shared mail program in 1980. ADVO currently is the largest commercial user of standard mail (formerly third-class mail) in the United States.

ADVO competes primarily with newspapers, direct mail companies, periodicals and other local distribution entities for retail advertising expenditures. ADVO believes that its insert advertising programs, targeting technology and logistics capabilities enable advertisers seeking superior return on investment to target advertisements to specific customers or geographic areas and deliver their printed advertising directly to consumers most likely to respond.

ADVO distributes the Have you Seen Me® missing child card with each ShopWise® package. This public service program has been responsible for safely recovering 142 children. The program was created in partnership with the National Center for Missing and Exploited Children and the U.S. Postal Service in 1985.

ADVO's principal executive offices are located at One Targeting Centre, Windsor, Connecticut 06095, and its telephone number is (860) 285-6100.

Valassis Communications, Inc.

Valassis Communications, Inc. offers a wide range of marketing services to consumer packaged goods manufacturers, retailers, technology companies and other customers with operations in the United States, Europe, Mexico and Canada. Valassis' products and services portfolio includes: newspaper-delivered promotions and advertisements such as inserts, sampling, polybags and on-page advertisements; direct-to-door advertising and sampling; direct mail; Internet-delivered marketing; loyalty marketing software; coupon and promotion clearing; and promotion planning and analytic services. Valassis is committed to providing innovative marketing solutions to maximize the efficiency and effectiveness of promotions for its customers.

Valassis' principal executive offices are located at 19975 Victor Parkway, Livonia, Michigan 48152, and its telephone number is (734) 591-3000.

Michigan Acquisition Corporation

Michigan Acquisition Corporation, which we refer to as Acquisition Sub, is a wholly owned subsidiary of Valassis organized under the laws of Delaware. It was formed solely for the purposes of effecting the merger, has no assets, and has conducted no business operations.

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THE SPECIAL MEETING

This proxy statement is being furnished to ADVO stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held at 10:00 AM, Eastern Time, on September 13, 2006, at the Company's corporate headquarters, One Targeting Centre, Windsor, Connecticut.

Matters To Be Considered

The purpose of the special meeting will be:

to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, as it may be amended from time to time, which we refer to as the merger agreement, by and between ADVO, Inc., which we refer to as ADVO, Valassis Communications, Inc., which we refer to as Valassis and Michigan Acquisition Corporation, a wholly owned subsidiary of Valassis, which we refer to as Acquisition Sub, pursuant to which ADVO will become a wholly owned subsidiary of Valassis;

to consider and vote upon a proposal to approve the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and

to transact any other business that may properly come before the special meeting of stockholders or any adjournment or postponement thereof. No other business is presently scheduled to come before the special meeting.

A copy of the merger agreement is attached as Annex A to this proxy statement.

Record Date; Stock Entitled to Vote; Quorum

The holders of record of our common stock as of the close of business on the record date for the special meeting, which was August 4, 2006, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were 31,784,280 shares of our common stock outstanding. Each share of common stock outstanding on the record date is entitled to one vote for each matter to be voted on at the special meeting.

The holders of one-third of the shares of our common stock that were outstanding on the record date, present in person or represented by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Any shares of our common stock held in treasury by us or by any of our subsidiaries are not considered to be outstanding for purposes of determining a quorum, and may not vote at the special meeting. In accordance with Delaware law, abstentions and properly executed broker non-votes will be counted as shares present and entitled to vote for the purposes of determining a quorum.

Required Vote

Each share of our common stock that was outstanding on the record date for the special meeting entitles the holder to one vote at the special meeting. Completion of the merger requires the adoption of the merger agreement by the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting. **Because the vote is based on the number of shares of our outstanding common stock rather than on the number of votes cast, failure to vote your shares, and votes to abstain, will have the same effect as votes against adoption of the merger agreement. Accordingly, the ADVO board of directors urges you to complete, date, sign and return the enclosed proxy card, or to submit your proxy by telephone or the internet, as outlined on the enclosed proxy card, or, in the event that you hold your shares through a bank, broker or other nominee, to vote by following the separate voting instructions received from your bank, broker or nominee.**

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Voting By Proxy; Revocability of Proxy

Each copy of this document mailed to our stockholders is accompanied by a proxy card and a self-addressed envelope.

If you are a registered stockholder, that is, if you are a holder of record, you may submit your proxy in any of the following three ways:

by completing, dating, signing and returning the enclosed proxy card by mail;

by appointing a proxy to vote your shares by telephone or on the internet, as outlined on the enclosed proxy card; or

by appearing and voting in person by ballot at the special meeting.

Regardless of whether you plan to attend the special meeting, you should submit your proxy as described above as promptly as possible. Submitting your proxy before the special meeting will not preclude you from voting in person at the special meeting should you decide to attend.

If you hold your shares of ADVO common stock in a stock brokerage account or through a bank, brokerage firm or nominee, or in other words in street name, you must vote in accordance with the instructions on the voting instruction card that your bank, brokerage firm or nominee provides to you. You should instruct your bank, brokerage firm or nominee as to how to vote your shares, following the directions contained in the voting instruction card. If you hold shares in street name, you may submit voting instructions by telephone or on the internet if the firm holding your shares offers these voting methods. Please refer to the voting instructions provided by your bank, brokerage firm or nominee for information.

If you vote your shares of our common stock by signing a proxy, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your signed proxy card, your shares of our common stock will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement, and in accordance with the best judgment of the persons appointed as proxies on any other matters properly brought before the meeting for a vote. If you submit your proxy by internet or telephone, your shares will be voted at the special meeting as instructed.

You may revoke your proxy at any time before the proxy is voted at the special meeting. If you are a holder of record, you may revoke your proxy prior to the vote at the special meeting in any of three ways:

by delivering a written revocation dated after the date of the proxy that is being revoked to ADVO, Inc., One Targeting Centre, Windsor, CT 06095, Attention: Corporate Secretary;

by delivering a proxy dated later than your original proxy relating to the same shares to our Corporate Secretary by mail, telephone or on the internet; or

by attending the special meeting and voting in person by ballot.

However, if you hold your shares in street name, simply attending the special meeting may not constitute revocation of a proxy. If your shares are held in street name by your bank, brokerage firm, or other nominee, you should follow the instructions of your bank, brokerage firm or other nominee regarding revocation or change of voting instructions. If your bank, brokerage firm or other nominee allows you to submit voting instructions by telephone or through the internet, you may be able to change your vote by telephone or through the internet.

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Abstaining from Voting

If you abstain from voting, it will have the following effects:

Your shares will be counted as present for determining whether or not there is a quorum at the special meeting.