

ROTONICS MANUFACTURING INC/DE
Form PRER14A
December 13, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 3)

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 Pursuant to §240.14a-12

Rotonics Manufacturing Inc.

(Name of Registrant as Specified In Its Charter)

Not Applicable

(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.
- | | |
|-----|---|
| (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:
11,752,265 |
| (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):
\$3.00 per share |
| (4) | Proposed maximum aggregate value of transaction:
\$35,256,795 |
| (5) | Total fee paid:
\$3,772.48 |
- 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.
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|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |

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PRELIMINARY COPY, SUBJECT TO COMPLETION DATED _____, 2006
ROTONICS MANUFACTURING INC.
17022 SOUTH FIGUEROA STREET
GARDENA, CALIFORNIA 90248

[_____], 2006

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Rotonics Manufacturing Inc. (RMI) to be held at 10:00 a.m. (local time) on January 26, 2007, at 17022 South Figueroa Street, Gardena, California 90248.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, executed on August 29, 2006, among Rotonics Holding Corporation (Holding), RMI Minnesota Corporation (MergerCo) and RMI, as amended and restated on December 12, 2006 (the Merger Agreement). Pursuant to the Merger Agreement, MergerCo, a wholly-owned subsidiary of Holding formed for the purpose of effecting the merger, will be merged with and into RMI, with RMI remaining as the surviving corporation. Holding is a Minnesota corporation newly formed by Spell Capital Partners, LLC (Spell Capital) which, on completion of the merger, will be owned 75% by private equity funds managed by Spell Capital, and 25% by Sherman McKinniss (the Chairman and Chief Executive Officer of RMI). Upon completion of the merger, each issued and outstanding share of RMI s common stock (other than shares of RMI s common stock contributed by Mr. McKinniss to Holding immediately prior to the effective time of the merger, shares of RMI s common stock held by RMI or any of its subsidiaries and shares of RMI s common stock held by RMI s stockholders who perfect their appraisal rights under Delaware law) will be converted into the right to receive \$3.00 in cash without interest. The consideration of \$3.00 per share represents a premium of \$0.50 per share, or 20%, over the \$2.50 per share closing price on August 29, 2006, the day of the execution of the Merger Agreement, and a premium of \$ _____ per share, or _____ % over the \$ _____ closing price of RMI s stock on December _____, 2006. Following completion of the merger, RMI will continue its operations as a privately held company.

On June 25, 2006, the Board of Directors of RMI formed a Special Committee composed of three independent directors who are not officers or employees of RMI, Holding or MergerCo and who have no financial interest in the proposed merger different from RMI s stockholders generally. The Special Committee, acting with the advice and assistance of its own independent financial advisor, evaluated the merger proposal, including the terms and conditions of the Merger Agreement, with Holding and MergerCo. The Special Committee unanimously determined that the proposed merger is substantively and procedurally fair to RMI s unaffiliated public stockholders and recommended that the Board of Directors approve of the merger. Acting on the unanimous recommendation of the Special Committee, the Board of Directors of RMI, with Mr. McKinniss and Mr. Berman abstaining, has approved and declared the Merger Agreement and the transactions contemplated thereby, including the merger, advisable, substantively and procedurally fair to and in the best interests of RMI and its unaffiliated public stockholders. Mr. McKinniss has also determined that the proposed merger is substantively and procedurally fair to the unaffiliated stockholders of RMI.

THEREFORE, THE BOARD OF DIRECTORS, WITH MR. MCKINNISS and MR. BERMAN ABSTAINING, RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

In reaching their decisions, the Special Committee and the Board of Directors considered, among other things, the written presentation delivered to the Special Committee on August 14, 2006 by Duff & Phelps, LLC, the Special Committee s financial advisor, which included a summary of its fairness analysis and preliminary conclusions of fairness, and the final opinion of Duff & Phelps, dated August 29, 2006, to the effect that, based on and subject to the considerations, limitations, assumptions and qualifications set forth in the opinion, as of August 29, 2006, the \$3.00 per share cash consideration to be paid to RMI s stockholders in the proposed merger was fair, from a financial point of view, to RMI s unaffiliated public

stockholders (without giving effect to any impact of the proposed merger on any particular shareholder other than in its capacity as a shareholder). A copy of Duff & Phelps' written opinion is attached to the accompanying proxy statement as *Appendix B* and should be read in its entirety.

The enclosed proxy statement provides information about RMI, Holding, MergerCo, certain of their affiliates, the Merger Agreement, the proposed merger and the special meeting. A copy of the Merger Agreement is attached to the proxy statement as *Appendix A* for your information. You may obtain additional information about RMI from documents filed with the Securities and Exchange Commission.

PLEASE READ THE ENTIRE PROXY STATEMENT CAREFULLY, INCLUDING THE APPENDICES. IN PARTICULAR, BEFORE VOTING, YOU SHOULD CAREFULLY CONSIDER THE DISCUSSION IN THE SECTION OF THE PROXY STATEMENT ENTITLED SPECIAL FACTORS .

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. THE MERGER CANNOT BE COMPLETED UNLESS THE HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES OF RMI'S COMMON STOCK ENTITLED TO VOTE ADOPT THE MERGER AGREEMENT. In addition, the holders of a majority of the Company's common stock not owned directly by Mr. McKinniss that are present IN PERSON OR REPRESENTED BY A PROXY and voting at the Special Meeting must vote in favor of the adoption of the Merger Agreement.

Whether or not you plan to attend the special meeting, please complete, date, sign and return the enclosed proxy card. If you complete, date, sign and return your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the adoption of the Merger Agreement. If you fail to return your proxy card and fail to vote at the special meeting, the effect will be the same as a vote against the adoption of the Merger Agreement and the merger. Returning the proxy card does not deprive you of your right to attend the special meeting and vote your shares in person.

Sincerely,
/s/ PAUL TONKOVICH
Paul Tonkovich
Secretary and Director
Gardena, California

The accompanying proxy statement is dated December , 2006 and is first being mailed to stockholders of RMI on or about December , 2006.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THIS TRANSACTION, PASSED UPON THE MERITS OR FAIRNESS OF THIS TRANSACTION OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRELIMINARY COPY, SUBJECT TO COMPLETION DATED _____, 2006

ROTONICS MANUFACTURING INC.

17022 SOUTH FIGUEROA STREET

GARDENA, CALIFORNIA 90248

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 26, 2007

To the Stockholders of

Rotonics Manufacturing Inc:

Notice is hereby given that a special meeting of stockholders of Rotonics Manufacturing Inc., a Delaware corporation (RMI), will be held at 17022 South Figueroa Street, Gardena, California 90248, at 10:00 a.m. (local time) on January 26, 2007, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger executed on August 29, 2006, as amended and restated on December 12, 2006 among Rotonics Holding Corporation (Holding), RMI Minnesota Corporation (MergerCo) and RMI, and to approve the merger contemplated by the Merger Agreement. Pursuant to the Merger Agreement, MergerCo, a wholly-owned subsidiary of Holding formed for the purpose of effecting the merger, will be merged with and into RMI, with RMI remaining as the surviving corporation. Holding is a Minnesota corporation, newly formed by Spell Capital Partners, LLC (Spell Capital) which, on completion of the merger, will be owned 75% by private equity funds managed by Spell Capital and 25% by Sherman McKinniss (the Chairman and Chief Executive Officer of RMI). Upon completion of the merger, each issued and outstanding share of RMI s common stock (other than shares of RMI s common stock contributed by Mr. McKinniss to Holding immediately prior to the effective time of the merger, shares of RMI s common stock held by RMI or any of its subsidiaries and shares of RMI s common stock held by RMI s stockholders who perfect their appraisal rights under Delaware law) will be converted into the right to receive \$3.00 in cash, without interest.
2. To consider and vote upon approval of any adjournment of the special meeting, if necessary, solely for the purpose of soliciting additional proxies in favor of proposal 1.
3. To transact such other business as may properly come before the special meeting.

Only holders of record of RMI s common stock at the close of business on December 15, 2006, the record date, are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements thereof.

THE SPECIAL COMMITTEE, COMPOSED OF INDEPENDENT DIRECTORS WHO ARE NOT OFFICERS OR EMPLOYEES OF RMI, HOLDING OR MERGERCO AND WHO HAVE NO FINANCIAL INTEREST IN THE PROPOSED MERGER DIFFERENT FROM RMI S STOCKHOLDERS GENERALLY, UNANIMOUSLY DETERMINED THAT THE PROPOSED MERGER IS SUBSTANTIVELY AND PROCEDURALLY FAIR TO RMI S UNAFFILIATED PUBLIC STOCKHOLDERS AND RECOMMENDED THAT THE BOARD OF DIRECTORS OF RMI APPROVE OF THE MERGER. ACTING ON THE UNANIMOUS RECOMMENDATION OF THE SPECIAL COMMITTEE, THE BOARD OF DIRECTORS OF RMI, WITH MR. MCKINNISS AND MR. BERMAN ABSTAINING, HAS APPROVED AND DECLARED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE MERGER, ADVISABLE, SUBSTANTIVELY AND PROCEDURALLY FAIR TO AND IN THE BEST INTERESTS OF RMI AND ITS UNAFFILIATED PUBLIC STOCKHOLDERS.

THEREFORE, THE BOARD OF DIRECTORS, WITH MR. MCKINNISS AND MR. BERMAN ABSTAINING, RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

Stockholders of RMI who do not vote in favor of the adoption of the Merger Agreement will have the right to seek appraisal of the fair value of their shares of RMI s common stock if the merger is completed,

but only if they submit a written demand for an appraisal before the vote is taken on the Merger Agreement and otherwise comply with Delaware law as explained in the accompanying proxy statement.

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. THE MERGER CANNOT BE COMPLETED UNLESS THE HOLDERS OF AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF RMI'S COMMON STOCK ENTITLED TO VOTE ADOPT THE MERGER AGREEMENT. In addition, the holders of a majority of the Company's common stock not owned directly by Mr. McKinniss that are present IN PERSON OR REPRESENTED BY A PROXY and voting at the Special Meeting must vote in favor of the adoption of the Merger Agreement.

Whether or not you plan to attend the special meeting, please complete, date, sign and return the enclosed proxy card. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. If you complete, date, sign and return your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the adoption of the Merger Agreement. If you fail to return your proxy card and fail to vote at the special meeting, the effect will be the same as a vote against the adoption of the Merger Agreement. Returning the proxy card does not deprive you of your right to attend the special meeting and vote your shares in person. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must obtain from the record holder a proxy issued in your name.

The Merger Agreement is described in the accompanying proxy statement, which you are urged to read carefully. A copy of the Merger Agreement is attached to the accompanying proxy statement as *Appendix A* for your information.

**By Order of the Board of
Directors,
/s/ PAUL TONKOVICH
Paul Tonkovich
Secretary**

Gardena, California
[], 2006

TABLE OF CONTENTS

	Page
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS	
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	5
<u>The Merger: Conversion Of Common Stock</u>	5
<u>Recommendation of the Board of Directors and the Special Committee</u>	5
<u>Position of Sherman McKinniss as to the Fairness of the Merger</u>	6
<u>Opinion of Financial Advisor to the Special Committee</u>	6
<u>Interests of RMI s Directors and Officers in the Merger</u>	6
<u>Merger Financing</u>	7
<u>The Special Meeting</u>	8
<u>Appraisal Rights</u>	8
<u>The Merger Agreement</u>	9
<u>Conditions to Completing the Merger</u>	9
<u>Limitation on Considering Other Acquisition Proposals</u>	9
<u>Termination</u>	10
<u>Termination Fee: Expense Reimbursement</u>	11
<u>Certain Effects of the Merger</u>	11
<u>Material U.S. Federal Income Tax Consequences</u>	11
<u>Litigation Challenging the Merger</u>	11
<u>SPECIAL FACTORS</u>	13
<u>Background of the Merger</u>	13
<u>Reasons for the Recommendation of the Special Committee and the Board of Directors</u>	18
<u>Recommendation of the Special Committee and the Board of Directors</u>	22
<u>Position of Mr. McKinniss as to the Fairness of the Merger</u>	23
<u>Projected Financial Information</u>	26
<u>Opinion of Financial Advisor to the Special Committee</u>	27
<u>Purpose and Structure of the Merger</u>	38
<u>Effects of the Merger: Plans or Proposals after the Merger</u>	38
<u>Risks that the Merger Will Not Be Completed</u>	39
<u>Interests of RMI s Directors and Officers in the Merger</u>	39
<u>Merger Financing</u>	43
<u>Estimated Fees and Expenses of the Merger</u>	46
<u>Material U.S. Federal Income Tax Consequences</u>	47
<u>Litigation Challenging the Merger</u>	48
<u>Appraisal Rights</u>	49
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION</u>	53
<u>RMI S SELECTED HISTORICAL FINANCIAL DATA</u>	54
<u>TRADING MARKETS AND MARKET PRICE</u>	55
<u>THE SPECIAL MEETING</u>	56
<u>General</u>	56
<u>Record Date and Voting Information</u>	56
<u>Proxies: Revocation</u>	57
<u>Expenses of Proxy Solicitation</u>	57
<u>Adjournments</u>	57
<u>THE PARTICIPANTS</u>	58
<u>THE MERGER AGREEMENT</u>	60
<u>The Merger</u>	60

	Page
<u>Effective Time of the Merger</u>	60
<u>Certificate of Incorporation, By-Laws and Directors and Officers of RMI as the Surviving Corporation</u>	60
<u>Conversion of Common Stock</u>	60
<u>Transfer and Payment for Shares</u>	61
<u>Representations and Warranties</u>	61
<u>Conduct of Business Pending the Merger</u>	63
<u>Access to Information; Notification</u>	64