

STANDARD REGISTER CO  
Form 8-K  
April 26, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

**DATE OF REPORT: April 21, 2007**

(Date of earliest event reported)

**THE STANDARD REGISTER COMPANY**  
(Exact name of Registrant as specified in its charter)

**OHIO**

(State or other jurisdiction of  
Incorporation or organization)

**0-01097**

(Commission File No.)

**31-0455440**

(I.R.S. Employer  
Identification No.)

**600 ALBANY STREET, DAYTON OHIO**

(Address of principal executive offices)

**45408**

(Zip Code)

**(937) 443-1000**

(Registrant's telephone number, including area code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

**ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT**

**ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS**

On April 21, 2007, The Standard Register Company (the Company ) and Exped LLC, a subsidiary of DoubleDay Acquisitions II, LLC, a Dayton-based investment firm, signed an Asset Purchase Agreement (the Agreement ) and consummated the sale of the Company s Digital Solutions business unit, including certain inventory, equipment, prepaid assets, and intellectual property for \$2.5 million in cash and the assumption of certain liabilities. The transaction is expected to result in a net gain of approximately \$1.0 million that will be recorded in the second quarter of 2007 results of operations.

The Company and Exped LLC had no prior material relationship with one another other than through the Agreement set forth above. As part of the Agreement, the Company has agreed not to compete in the digital pen and paper business for a period of four years except in certain limited circumstances. The Company will continue to supply digital paper products to Exped LLC and operate as a sales channel for Exped s digital pen and paper products and solutions. The Company does not expect revenue from these agreements to be significant.

A copy of the Agreement is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

**ITEM 7.01 REGULATION FD DISCLOSURE**

On April 23, 2007 the Company issued a press release announcing the signing of the Agreement and the consummation of the sale by Standard Register of its Digital Solutions business unit to Exped LLC. A copy of this press release is attached hereto as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(b)

Unaudited Pro Forma Financial Information

The following unaudited pro forma condensed consolidated financial statements give effect to the closing of the transaction contemplated by the Agreement. The unaudited pro forma condensed consolidated balance sheet of the Company as of December 31, 2006 has been prepared as if the Company's sale had been consummated on December 31, 2006. The unaudited pro forma condensed consolidated statement of income of the Company for the year ended December 31, 2006 is presented as if the sale pursuant to the Agreement occurred on January 1, 2006 and the effect was carried forward through December 31, 2006.

The unaudited pro forma condensed consolidated financial statements presented below are based upon available information and certain assumptions considered reasonable by management. The unaudited pro forma condensed consolidated financial statements may be subject to adjustment based on the actual carrying value of net assets sold at the date of closing, among other considerations. The unaudited pro forma condensed consolidated financial statements do not represent what the Company's financial position would have been assuming the completion of the Company's sale of the Digital Solutions business unit pursuant to the Agreement had occurred on December 31, 2006, or what the Company's results of operations would have been assuming the completion of the Company's sale of the Digital Solutions business unit, nor do they project the Company's financial position or results of operations at any future date or for any future period.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2006 as filed with the Securities and Exchange Commission.

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**THE STANDARD REGISTER COMPANY**

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

**AS OF DECEMBER 31, 2006**

**( Dollars in thousands)**

| <b>A S S E T S</b>                    | <i>As<br/>Reported</i> | <i>Adjustment<br/>for Disposition</i> |     | <i>Pro Forma</i> |
|---------------------------------------|------------------------|---------------------------------------|-----|------------------|
| <b>CURRENT ASSETS</b>                 |                        |                                       |     |                  |
| Cash and cash equivalents             | \$ 488                 | \$ 2,500                              | (a) | \$ 2,988         |
| Accounts and notes<br>receivable, net | 135,839                |                                       |     | 135,839          |
| Inventories                           | 49,242                 | (53)                                  | (b) | 49,189           |
| Deferred income taxes                 | 18,635                 |                                       |     | 18,635           |
| Prepaid expense                       | 13,566                 | (489)                                 | (b) | 13,077           |
| <br>Total current assets              | <br>217,770            | <br>1,958                             |     | <br>219,728      |
| <br><b>PLANT AND EQUIPMENT</b>        |                        |                                       |     |                  |
| Land                                  | 2,354                  |                                       |     | 2,354            |
| Buildings and improvements            | 65,408                 |                                       |     | 65,408           |
| Machinery and equipment               | 210,617                |                                       |     | 210,617          |
| Office equipment                      | 155,092                | (370)                                 | (b) | 154,722          |
| Construction in progress              | 10,297                 |                                       |     | 10,297           |
| Total                                 | 443,768                | (370)                                 |     | 443,398          |
| Less accumulated<br>depreciation      | 325,620                | (237)                                 | (b) | 325,383          |
| Plant and equipment, net              | 118,148                | (133)                                 |     | 118,015          |
| Net assets held for sale              | 1,191                  | -                                     |     | 1,191            |
|                                       | 119,339                | (133)                                 |     | 119,206          |

Total plant and equipment,  
net

**OTHER ASSETS**

|                        |            |          |     |            |
|------------------------|------------|----------|-----|------------|
| Goodwill               | 6,557      |          |     | 6,557      |
| Intangible assets, net | 1,611      |          |     | 1,611      |
| Deferred tax asset     | 86,710     | (652)    | (d) | 86,058     |
| Other                  | 20,092     |          |     | 20,092     |
| Total other assets     | 114,970    | (652)    |     | 114,318    |
| Total assets           | \$ 452,079 | \$ 1,173 |     | \$ 453,252 |

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

**THE STANDARD REGISTER COMPANY**

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

**AS OF DECEMBER 31, 2006**

**( Dollars in thousands)**

| <b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> | <i>As<br/>Reported</i> | <i>Adjustment<br/>for Disposition</i> |     | <i>Pro Forma</i> |
|---|------------------------|---------------------------------------|-----|------------------|
| <b>CURRENT LIABILITIES</b>                      |                        |                                       |     |                  |
| Current portion of long-term debt               | \$ 358                 |                                       |     | \$ 358           |
| Accounts payable                                | 36,254                 |                                       |     | 36,254           |
| Accrued compensation                            | 28,050                 |                                       |     | 28,050           |
| Deferred revenue                                | 1,725                  |                                       |     | 1,725            |
| Other current liabilities                       | 34,927                 | (36)                                  | (b) | 35,147           |
|   |                        | 256                                   | (c) |                  |
| Total current liabilities                       | 101,314                | 220                                   |     | 101,534          |
| <b>LONG-TERM LIABILITIES</b>                    |                        |                                       |     |                  |
| Long-term debt                                  | 41,021                 |                                       |     | 41,021           |
| Pension benefit obligation                      | 153,953                |                                       |     | 153,953          |
| Retiree health care obligation                  | 20,398                 |                                       |     | 20,398           |
| Deferred compensation                           | 17,190                 |                                       |     | 17,190           |
| Other long-term liabilities                     | 36                     | (36)                                  | (b) | -                |
| Total long-term liabilities                     | 232,598                | (36)                                  |     | 232,562          |
| <b>SHAREHOLDERS' EQUITY</b>                     |                        |                                       |     |                  |
| Common stock, \$1.00 par value:                 |                        |                                       |     |                  |
| Authorized 101,000,000 shares                   |                        |                                       |     |                  |
| Issued 2006 - 25,845,304; 2005 -<br>26,032,701  | 25,846                 |                                       |     | 25,846           |

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|  |            |          |     |            |
|--|------------|----------|-----|------------|
| Class A stock, \$1.00 par value:           |            |          |     |            |
| Authorized 9,450,000 shares                |            |          |     |            |
| Issued - 4,725,000                         | 4,725      |          |     | 4,725      |
| Capital in excess of par value             | 60,321     |          |     | 60,321     |
| Accumulated other comprehensive losses     | (141,302)  |          |     | (141,302)  |
| Retained earnings                          | 218,278    | 989      | (d) | 219,267    |
| Treasury stock at cost:                    |            |          |     |            |
| 1,949,200 and 1,923,762 shares             | (49,701)   |          |     | (49,701)   |
| Total shareholders' equity                 | 118,167    | 989      |     | 119,156    |
| <br>                                       |            |          |     |            |
| Total liabilities and shareholders' equity | \$ 452,079 | \$ 1,173 |     | \$ 453,252 |

See accompanying notes to unaudited pro forma condensed consolidated financial statements.



**THE STANDARD REGISTER COMPANY**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

(Dollars in thousands, except per share amounts)

|  | <i>As<br/>Reported</i> | <i>Adjustment<br/>for Disposition</i> | <i>Pro Forma</i> |
|--|------------------------|---------------------------------------|------------------|
| <b>REVENUE</b>   |                        |                                       |                  |
| Products   | \$ 827,302             | \$ (195) (e)                          | \$ 827,107       |
| Services   | 67,602                 | (418) (e)                             | 67,184           |
| Total revenue  | 894,904                | (613)                                 | 894,291          |
| <b>COST OF SALES</b>   |                        |                                       |                  |
| Products   | 546,543                | (131) (e)                             | 546,412          |
| Services   | 41,169                 | (44) (e)                              | 41,125           |
| Total cost of sales  | 587,712                | (175)                                 | 587,537          |
| <b>GROSS MARGIN</b>  | 307,192                | (438)                                 | 306,754          |
| <b>OPERATING EXPENSES</b>  |                        |                                       |                  |
| Selling, general and administrative                              | 268,311                | (4,392) (e)<br>(486) (f)              | 263,433          |
| Depreciation and amortization                                    | 28,786                 | (658) (e)                             | 28,128           |
| Asset impairments  | 2,738                  |                                       | 2,738            |
| Restructuring charges  | 2,671                  |                                       | 2,671            |
| Total operating expenses   | 302,506                | (5,536)                               | 296,970          |
| <b>INCOME FROM CONTINUING OPERATIONS</b>                         | 4,686                  | 5,098                                 | 9,784            |
| <b>OTHER INCOME (EXPENSE)</b>                                    |                        |                                       |                  |
| Interest expense   | (2,285)                |                                       | (2,285)          |
| Investment and other income (expense)                            | 228                    |                                       | 228              |
| Total other expense  | (2,057)                | -                                     | (2,057)          |
| <b>INCOME FROM CONTINUING OPERATIONS<br/>BEFORE INCOME TAXES</b> | 2,629                  | 5,098                                 | 7,727            |
| <b>INCOME TAX EXPENSE</b>  | 2,475                  | 2,024 (e)                             | 4,499            |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>                     | \$ 154                 | \$ 3,074                              | \$ 3,228         |



**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Thousands)**

**BALANCE SHEET**

- (a) To reflect \$2,500 in cash proceeds in consideration for the sale of assets of Digital Solutions.
- (b) To eliminate the assets and liabilities of the disposed business that were sold or written off.
- (c) To reflect the accrual of estimated transaction costs.
- (d) To reflect the estimated after-tax gain on sale of net assets of Digital Solutions.

**STATEMENT OF INCOME**

- (e) To reflect the adjustment required to eliminate the results of operations of Digital Solutions for the period indicated.
- (f) To remove executive shared-based compensation recorded by the Parent Company.

The unaudited pro forma condensed consolidated statements of income for the twelve months ended December 31, 2006 do not reflect the estimated gain of \$989 on the sale of Digital Solutions that will be recorded in the second quarter 2007 results of operations

The following exhibits are filed with this Current Report on Form 8-K:

(d) Exhibits.

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>   |
|---------------------------|---|
| 99.1                      | Asset Purchase Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC.                  |
| 99.2                      | Press Release, dated April 23, 2007   |
| 99.3                      | Transition Services Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC.             |
| 99.4                      | Print Services Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC.                  |
| 99.5                      | Unique Pattern Print Assistance Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC. |
| 99.6                      | Channel Partner and Referral Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC.    |
| 99.7                      | Assignment and Assumption Agreement dated April 21, 2007 between The Standard Register Company and Exped LLC.       |
| 99.8                      | General Assignment and Bill of Sale dated April 21, 2007 between The Standard Register Company and Exped LLC.       |
| 99.9                      | Assignment of Intellectual Property dated April 21, 2007 between The Standard Register Company and Exped LLC.       |
| 99.10                     | Assignment of Copyrights dated April 21, 2007 between The Standard Register Company and Exped LLC.                  |
| 99.11                     | Domain Names and Website Assignment dated April 21, 2007 between The Standard Register Company and Exped LLC.       |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REGISTRANT

THE STANDARD REGISTER COMPANY

Date: April 26, 2007

/s/ KATHRYN A. LAMME

By: Kathryn A. Lamme

Senior Vice President, General Counsel &

Secretary