

FLOW INTERNATIONAL CORP
Form PREM14A
November 01, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ "

Check the appropriate box:

- ☒ x 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

FLOW INTERNATIONAL CORPORATION

(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.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share of Flow International Corporation ("Common Stock")

(2) Aggregate number of securities to which transaction applies:

As of November 1, 2013, 49,045,761 shares of Common Stock; and 1,195,038 shares of Common Stock issuable upon vesting and settlement of restricted stock units.

(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):

The maximum aggregate value was determined based upon the sum of: (A) 49,045,761 shares of Common Stock multiplied by \$4.05 per share; and (B) 1,195,038 restricted stock units multiplied by \$4.05 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filed fee was determined by multiplying the sum calculated in the preceding sentence by 0.0001288.

(4) Proposed maximum aggregate value of transaction:

\$203,475,235.95

(5) Total fee paid:

\$26,207.61

☐ 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:

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION

DATED NOVEMBER 1, 2013

[—], 2013

Dear Flow Shareholder:

On behalf of the Board of Directors of Flow International Corporation (“Flow”), you are cordially invited to attend a special meeting of shareholders of Flow, to be held at [—] at 10:00 a.m. local time on [—], 2013.

On September 25, 2013, Flow entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”) with Waterjet Holdings, Inc. (formerly known as AIP Waterjet Holdings, Inc.), a Delaware corporation (“Parent”), and AIP/FIC Merger Sub, Inc., a Washington corporation and wholly owned subsidiary of Parent (“Merger Sub”). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into Flow, with Flow continuing as the surviving corporation and becoming a wholly owned subsidiary of Parent (the “merger”). At the special meeting, you will be asked to consider and vote upon a proposal to approve the Merger Agreement and the merger, and certain other matters as set forth in the shareholder notice and the accompanying proxy statement, including a non-binding, advisory proposal to approve compensation that will or may become payable by Flow to its named executive officers in connection with the merger.

If the merger is completed, you will be entitled to receive \$4.05 in cash, without interest and less any applicable withholding taxes, for each share of Company Common Stock you own.

Flow’s Board of Directors, after considering factors more fully described in the accompanying proxy statement, has unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the merger, are advisable and in the best interests of Flow and its shareholders and has approved the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement. **Accordingly, the Board of Directors unanimously recommends that you vote “FOR” the proposal to approve the Merger Agreement and “FOR” the proposal to adjourn the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the special meeting to approve the Merger Agreement.**

In addition, the Board of Directors unanimously recommends that you vote “FOR” the proposal to approve, on a non-binding, advisory basis, certain compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers. Approval of the Merger Agreement and approval of the officer compensation are subject to separate votes by Flow’s shareholders. Approval of the compensation is advisory (non-binding) and is not a condition to completion of the merger.

In order for the Merger Agreement to be approved, shares of our common stock representing at least two-thirds of the votes entitled to be cast must be voted “**FOR**” the proposal to approve the Merger Agreement. In order for the adjournment proposal and the advisory proposal regarding compensation to be approved, the votes cast “**FOR**” each such proposal by the holders of our shares of common stock entitled to vote on such proposal must exceed the votes cast “**AGAINST**” such proposal by the holders of shares of our common stock entitled to vote on such proposal, in each case, provided that a quorum is present in person or represented by proxy at the special meeting. If less than a quorum is present, approval of the adjournment proposal will require the affirmative vote of a majority of the votes represented by shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote on such proposal.

Your vote is very important, regardless of the number of shares of common stock that you own. Whether you plan to attend the special meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in “street name,” you should instruct your broker how to vote in accordance with the voting instruction form you will receive from your bank, broker or other nominee.

We cannot complete the merger unless the proposal to approve the Merger Agreement is approved by holders of shares of our common stock representing at least two-thirds of the votes entitled to be cast. The failure of any shareholder to vote in person by ballot at the special meeting, to submit a signed proxy card or to grant a proxy electronically over the Internet or by telephone will have the same effect as a vote “AGAINST” the proposal to approve the Merger Agreement. If you hold your shares in “street name,” the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote “AGAINST” the proposal to approve the Merger Agreement.

The accompanying proxy statement provides detailed information about the special meeting, the Merger Agreement and the merger. A copy of the Merger Agreement is attached as *Annex A* to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the Merger Agreement and the merger. We encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety. You may also obtain more information about Flow from documents we file with the Securities and Exchange Commission from time to time.

If you have any questions or need assistance voting your shares of our common stock, please contact Alliance Advisors LLC, our proxy solicitation agent, by calling (855) 601-2248 (toll-free).

On behalf of the Board of Directors of Flow, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Jerry L. Calhoun
Chairman of the Board

The accompanying proxy statement is dated [—], 2013 and, together with the enclosed form of proxy card, is first being mailed to shareholders of Flow on or about [—], 2013.

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION

DATED NOVEMBER 1, 2013

FLOW INTERNATIONAL CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [—], 2013

YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY.

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Flow International Corporation (“Flow”) will be held at [—] at 10:00 a.m. local time on [—], 2013 for the following purposes:

1. To consider and vote on the proposal to approve the Agreement and Plan of Merger, dated as of September 25, 2013, as it may be amended from time to time (the “Merger Agreement”) by and among Flow, Waterjet Holdings, Inc. (formerly known as AIP Waterjet Holdings, Inc.), a Delaware corporation (“Parent”), and AIP/FIC Merger Sub, Inc., a Washington corporation and wholly owned subsidiary of Parent (“Merger Sub”), providing for the acquisition of Flow by Parent. Pursuant to the Merger Agreement, Merger Sub will merge with and into Flow, with Flow continuing as the surviving corporation and becoming a wholly owned subsidiary of Parent (the “merger”). A copy of the Merger Agreement is attached as *Annex A* to the proxy statement accompanying this notice;
2. To consider and vote on the proposal to adjourn the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the special meeting to approve the Merger Agreement;
3. To consider and vote on the proposal to approve, on a non-binding, advisory basis, certain compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers; and
4. To transact any other business that may properly come before the special meeting or any adjournment of the special meeting.

The Flow Board of Directors has fixed the close of business on [—], 2013 as the record date for determining shareholders entitled to notice of, and to vote at, the special meeting or any adjournment thereof.

In order for the Merger Agreement to be approved, shares of our common stock representing at least two-thirds of the votes entitled to be cast must be voted “**FOR**” the proposal to approve the Merger Agreement. In order for the adjournment proposal and the advisory proposal regarding compensation to be approved, the votes cast “**FOR**” each such proposal by the holders of our shares of common stock entitled to vote on such proposal must exceed the votes cast “**AGAINST**” such proposal by the holders of shares of our common stock entitled to vote on such proposal, in each case, provided that a quorum is present in person or represented by proxy at the special meeting. If less than a quorum is present, approval of the adjournment proposal will require the affirmative vote of a majority of the votes represented by shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote on such proposal.

Your vote is very important, regardless of the number of shares of common stock that you own. Whether you plan to attend the special meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in “street name,” you should instruct your broker how to vote in accordance with the voting instruction form you will receive from your bank, broker or other nominee.

We cannot complete the merger unless the proposal to approve the Merger Agreement is approved by holders of shares of our common stock representing at least two-thirds of the votes entitled to be cast. The failure of any shareholder to vote in person by ballot at the special meeting, to submit a signed proxy card or to grant a proxy electronically over the internet or by telephone will have the same effect as a vote “AGAINST” the proposal to approve the Merger Agreement. If you hold your shares in “street name,” the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote “AGAINST” the proposal to approve the Merger Agreement.

Flow’s Board of Directors, after considering factors more fully described in this proxy statement, has unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the merger, are advisable and in the best interests of Flow and its shareholders, and has approved the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement, including the merger. **Accordingly, the Board of Directors unanimously recommends that you vote “FOR” the proposal to approve the Merger Agreement and “FOR” the proposal to adjourn the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the special meeting to approve the Merger Agreement.**

In addition, the Board of Directors unanimously recommends that you vote “FOR” the proposal to approve, on a non-binding, advisory basis, certain compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers. Approval of the Merger Agreement and approval of the officer compensation are subject to separate votes by Flow’s shareholders. Approval of the compensation is advisory (non-binding) and is not a condition to completion of the merger.

Shareholders may be entitled to assert dissenters’ rights with respect to the merger under Chapter 23B.13 of the Washington Business Corporation Act. A copy of Chapter 23B.13 is attached as *Annex C* to the accompanying proxy statement.

The accompanying proxy statement provides detailed information about the special meeting, the Merger Agreement and the merger. A copy of the Merger Agreement is attached as *Annex A* to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the Merger Agreement and the merger. We encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety. You may also obtain more information about Flow from documents we file with the Securities and Exchange Commission from time to time. If you have any questions concerning the merger or the accompanying proxy statement, would like additional copies of the proxy statement or need help voting your shares of common stock, please contact our proxy solicitation agent using the following contact information:

Alliance Advisors LLC

200 Broadacres Drive, 3rd Fl.

Bloomfield, NJ 07003

Toll-Free: (855) 601-2248

E-mail: flow@allianceadvisorsllc.com

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [—], 2013

The Notice of Special Meeting of Shareholders, the proxy statement and the 2013 Annual Report to Shareholders are available at: <http://shareowner.mobular.net/shareowner/flow>

By order of the Board of Directors,

John S. Leness
Secretary

Dated: [—], 2013

Kent, Washington

TABLE OF CONTENTS

	Page
SUMMARY	1
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER	10
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	17
THE SPECIAL MEETING	18
Date, Time and Place	18
Purpose of the Special Meeting	18
Record Date; Shares Entitled to Vote; Quorum	18
Vote Required; Abstentions and Broker Non-Votes	18
Shares Held by Flow's Directors and Executive Officers	19
Voting of Proxies	19
Revocability of Proxies	19
Recommendation of the Flow Board	20
Solicitation of Proxies	20
Anticipated Date of Completion of the Merger	20
Dissenters' Rights	20
Other Matters	21
Householding of Special Meeting Materials	21
THE MERGER	22
Parties Involved in the Merger	22
Effect of the Merger	22

Edgar Filing: FLOW INTERNATIONAL CORP - Form PREM14A

Effect on Flow if the Merger is Not Completed	23
Merger Consideration	23
Background of the Merger	23
Recommendation of Our Board of Directors	28
Reasons for the Merger	29
Opinion of UBS Securities LLC	32
Certain Company Projections	36
Interests of the Directors and Executive Officers of Flow in the Merger	39
Financing of the Merger	43
Closing and Effective Time	44
Accounting Treatment	44
Certain Material U.S. Federal Income Tax Consequences of the Merger	44
Regulatory Approvals Required for the Merger	47
Legal Proceedings Regarding the Merger	47
PROPOSAL 1: APPROVAL OF THE MERGER AGREEMENT	48
Explanatory Note Regarding the Merger Agreement	48
Effects of the Merger; Directors and Officers; Articles of Incorporation; Bylaws	49

Closing and Effective Time	49
Marketing Period	49
Merger Consideration	50
Exchange and Payment Procedures	50
Representations and Warranties	50
Conduct of Business Pending the Merger	53
Restrictions on Solicitations of Other Offers	54
Recommendation of the Flow Board; Change in Recommendation	55
Financing Efforts	55
Employee Benefits	56
Efforts to Close the Merger	57
Indemnification and Insurance	57
Other Covenants	57
Conditions to the Closing of the Merger	57
Termination of the Merger Agreement	58
Termination Fees and Expense Reimbursement	59
Specific Performance	60
Fees and Expenses	60
Amendment	60
Governing Law	60
PROPOSAL 2: ADJOURNMENT OF THE SPECIAL MEETING	61
The Adjournment Proposal	61
Vote Required and Board Recommendation	61
PROPOSAL 3: ADVISORY VOTE ON MERGER-RELATED EXECUTIVE COMPENSATION ARRANGEMENTS	62
	12

The Non-Binding Advisory Proposal	62
Vote Required and Board Recommendation	62
MARKET PRICES	63
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	64
DISSENTERS' RIGHTS	65
FUTURE SHAREHOLDER PROPOSALS	68
WHERE YOU CAN FIND MORE INFORMATION	69
MISCELLANEOUS	70

Annexes

Annex A	Agreement and Plan of Merger	A-1
Annex B	Opinion of UBS Securities LLC	B-1
Annex C	Chapter 23B.13 of the Washington Business Corporation Act	C-1

This proxy statement and the enclosed proxy card are first being mailed on or about [—], 2013 to shareholders of Flow International Corporation who owned shares of its common stock, par value \$0.01 per share, which we refer to as the “Company Common Stock,” as of the close of business on [—], 2013.

SUMMARY

The following summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. Accordingly, we encourage you to read this entire proxy statement, the annexes to this proxy statement and the documents we refer to in this proxy statement carefully and in its entirety. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under “Where You Can Find More Information” beginning on page [—] of this proxy statement.

Except as otherwise specifically noted in this proxy statement, “Flow,” “we,” “our,” “us” and similar words in this proxy statement refer to Flow International Corporation, including, in certain cases, our subsidiaries, and the term “Flow Board” refers to the board of directors of Flow. We refer to Waterjet Holdings, Inc. (formerly known as AIP Waterjet Holdings, Inc.) as “Parent” or “Waterjet Holdings” and AIP/FIC Merger Sub, Inc. as “Merger Sub.” We refer to American Industrial Partners as “AIP”. In addition, we refer to the Agreement and Plan of Merger, dated as of September 25, 2013, as it may be amended from time to time, by and among Flow, Parent and Merger Sub as the “Merger Agreement” and the merger contemplated by the Merger Agreement as the “merger.” Flow, following the completion of the merger, is sometimes referred to in this proxy statement as the “surviving corporation.”

Parties Involved in the Merger (page [—])

Flow International Corporation

Flow is a global technology-based manufacturing company that provides technological leadership and exceptional waterjet performance to a wide-ranging customer base. We provide ultrahigh-pressure water pumps that generate pressures from 40,000 to over 94,000 pounds per square inch (psi) and power waterjet systems that are used to cut materials, remove coatings, and prepare surfaces for coating. Waterjet cutting and cleaning is a fast-growing alternative to traditional methods, such as lasers, saws, knives, shears, plasma, electrical discharge machining, routers, drills, soda blasting and abrasive blasting techniques, and has uses in many applications from food and paper products to steel and carbon fiber composites.

The Company Common Stock is currently listed on the NASDAQ Stock Market under the symbol “FLOW.”

Waterjet Holdings, Inc.

Parent is a Delaware corporation and a portfolio company of American Industrial Partners (“AIP”). In August 2013, Parent acquired the KMT group, a designer and manufacturer of products utilizing ultrahigh-pressure pump technology in industrial manufacturing, surface preparation, and food processing applications. Upon completion of the merger, Flow and the KMT group will be subsidiaries of Parent.

AIP/FIC Merger Sub, Inc.

Merger Sub is a Washington corporation and a wholly owned subsidiary of Parent, formed solely for the purpose of entering into the Merger Agreement and completing the transactions contemplated by the Merger Agreement and the related financing transactions. Merger Sub has not conducted any business operations except in furtherance of this purpose and activities incident to its formation. Upon completion of the merger, Merger Sub will cease to exist.

Effect of the Merger (page [—])

Upon the terms and subject to the conditions of the Merger Agreement, Merger Sub will merge with and into Flow, with Flow continuing as the surviving corporation and a wholly owned subsidiary of Parent. As a result of the merger, Flow will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation. Your shares of Flow will be converted into the right to receive the Merger Consideration, unless you properly exercise your appraisal rights as briefly described below and elsewhere in this Proxy Statement.

The time at which the merger will become effective, which we refer to as the “Effective Time,” will occur upon the filing of articles of merger with the Secretary of State of the State of Washington (or at such later time as Flow, Parent and Merger Sub may agree and specify in the articles of merger).

Effect on Flow if the Merger is Not Completed (page [—])

If the Merger Agreement is not approved by Flow shareholders or if the merger is not completed for any other reason, Flow shareholders will not receive any payment for their shares of Company Common Stock. Instead, Flow will remain an independent public company, the Company Common Stock will continue to be listed and traded on the NASDAQ Stock Market and registered under the Securities Exchange Act of 1934, as amended, which we refer to as the “Exchange Act,” and we will continue to file periodic reports with the Securities and Exchange Commission, which we refer to as the “SEC.” Under specified circumstances, we may be required to reimburse Parent’s expenses or pay Parent a termination fee, or may be entitled to receive a reverse termination fee from Parent, upon the termination of the Merger Agreement, as described under “Approval of the Merger Agreement — Termination Fees and Expense Reimbursement” beginning on page [—].

Merger Consideration (page [—])

At the Effective Time, each outstanding share of the Company Common Stock (other than any share held by (i) Flow, Parent or Merger Sub or any of their respective subsidiaries or (ii) any person who has perfected dissenters’ rights in accordance with Chapter 23B.13 of the Washington Business Corporation Act, which we refer to as the “WBCA,” will be converted into the right to receive \$4.05 in cash, without interest and less any applicable withholding taxes, which amount we refer to as the “Merger Consideration.” At or immediately prior to the Effective Time, Parent will deposit sufficient funds to pay the aggregate Merger Consideration with a designated paying agent. Once a shareholder has provided the paying agent with his or her stock certificates and the other items specified by the paying agent, the paying agent will promptly pay the shareholder the Merger Consideration.

After the merger is completed, under the terms of the Merger Agreement, you will have the right to receive the Merger Consideration, but you will no longer have any rights as a Flow shareholder as a result of the merger (except that shareholders who properly exercise their dissenters’ rights will have the right to receive a payment for the “fair value” of their shares as determined in accordance with the WBCA), as described under “The Special Meeting — Dissenters’ Rights” beginning on page [—].

The Special Meeting (page [—])

Date, Time and Place

The special meeting of our shareholders will be held at [—], at 10:00 a.m. local time on [—], 2013.

Record Date; Shares Entitled to Vote

You are entitled to vote at the special meeting if you owned shares of Company Common Stock at the close of business on [—], 2013, the record date for the special meeting. You will have one vote at the special meeting for each share of Company Common Stock you owned at the close of business on the record date.

Purpose

At the special meeting, we will ask our shareholders of record as of the record date to vote on proposals (i) to approve the Merger Agreement, (ii) to approve the adjournment of the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Agreement, and (iii) to approve on a non-binding, advisory basis, compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers.

Quorum

As of the close of business on the record date, there were [—] shares of Company Common Stock outstanding and entitled to be voted at the special meeting. The holders of a majority of the shares of Company Common Stock issued and outstanding on the close of business on the record date and entitled to vote at the special meeting, present either in person or represented by proxy, will constitute a quorum at the special meeting. As a result, [—] shares must be represented by proxy or by shareholders present and entitled to vote at the special meeting to have a quorum.

Required Vote

The affirmative vote of the holders of shares of Company Common Stock representing at least two-thirds of the votes entitled to be cast is required to approve the Merger Agreement. Approval of the proposal to adjourn the special meeting, whether or not a quorum is present, requires the affirmative vote of the majority of the voting power of the shares of Company Common Stock represented either in person or by proxy. Approval, by non-binding, advisory vote, of compensation that will or may become payable by Flow to its named executive officers in connection with the merger requires the affirmative vote of a majority of those shares of Company Common Stock represented in person or by proxy and voting upon on the proposal.

Share Ownership of Our Directors and Executive Officers

As of [—], 2013, the record date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [—] shares of Company Common Stock, representing approximately [—]% of the outstanding shares of the Company Common Stock. Our directors and executive officers have informed us that they currently intend to vote all of their shares of Company Common Stock “**FOR**” the proposal to approve of the Merger Agreement, “**FOR**” the proposal to adjourn the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the special meeting to approve the Merger Agreement and “**FOR**” the proposal to approve, on a non-binding, advisory basis, certain compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers.

Voting and Proxies

Any Flow shareholder of record entitled to vote may submit a proxy by returning a signed proxy card by mail or voting electronically over the Internet or by telephone, or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of Company Common Stock in “street name” through a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of Company Common Stock using the instructions provided by your broker, bank or other nominee. Under applicable rules, brokers, banks or other nominees have the discretion to vote on routine matters. The proposals in this proxy statement are non-routine matters, and brokers, banks and other nominees cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or nominee on how you wish to vote your shares.

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy, signing another proxy card with a later date and returning it to us prior to the special meeting or attending the special meeting and voting in person. If you hold your shares of common stock in “street name,” you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the special meeting if you obtain a valid proxy from your bank, broker or other nominee.

Recommendation of the Flow Board and Reasons for the Merger (page [—])

The Flow Board, after considering various factors described in the section entitled “The Merger — Recommendation of our Board of Directors and Reasons for the Merger” beginning on page [—], has unanimously determined that the Merger

Agreement and the transactions contemplated by the Merger Agreement, including the merger, are advisable and in the best interests of Flow and our shareholders and approved the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement. The Flow Board recommends that you vote **“FOR”** the proposal to approve of the Merger Agreement, **“FOR”** the proposal to adjourn the special meeting, if necessary or advisable, to solicit additional proxies if there are insufficient votes at the special meeting to approve the Merger Agreement and **“FOR”** the proposal to approve, on a non-binding, advisory basis, certain compensation that will or may become payable by Flow to its named executive officers in connection with the completion of the merger under existing arrangements between Flow and such officers.

Opinion of UBS Securities LLC (page [—])

On September 24, 2013, at a meeting of the Flow Board held to evaluate the proposed merger, UBS Securities LLC, which we refer to as “UBS,” delivered to the Flow Board an oral opinion, which opinion was confirmed by delivery of a written opinion, dated September 24, 2013, to the effect that, as of that date and based on and subject to various assumptions made, matters considered and limitations described in its opinion, that the Merger Consideration to be received by the holders of shares of Company Common Stock was fair, from a financial point of view, to such holders.

The full text of UBS’ opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. The opinion is attached to this proxy statement as *Annex B* and is incorporated into this proxy statement by reference. **Holders of Company Common Stock are encouraged to read UBS’ opinion carefully in its entirety. UBS’ opinion was provided for the benefit of the Flow Board (in its capacity as such) in connection with, and for the purpose of, its evaluation of the Merger Consideration, from a financial point of view, and does not address any other aspect of the merger. UBS’ opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to Flow or Flow’s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger.**

Financing of the Merger (page [—])

The merger is not conditioned on Parent obtaining the proceeds of any financing. We anticipate that total funds of approximately \$[—] million will be needed to purchase all of the issued and outstanding shares of Company Common Stock, to make payments in respect of Flow's outstanding equity-based awards pursuant to the Merger Agreement, and to complete the merger and the other transactions contemplated by the Merger Agreement, and to pay related fees and expenses. This amount will be funded through a combination of:

- equity financing of up to an aggregate of \$120 million to be provided to Parent immediately prior to the closing of the merger by American Industrial Partners Capital Fund V, L.P. and American Industrial Partners Capital Fund IV, L.P., private equity funds, which we refer to as the "AIP Funds", pursuant to an equity commitment letter;

- borrowings under a \$210 million senior secured first lien term loan facility and a \$20 million senior secured first lien revolving credit facility, which we refer to collectively as the "Debt Financing"; and

- the proceeds obtained pursuant to a note or other debt financing obtained in lieu of the Debt Financing.

In connection with the financing of the merger, Parent has entered into (i) an equity commitment letter, dated as of September 25, 2013, with the AIP Funds and Flow and (ii) a debt commitment letter, dated as of September 25, 2013, with Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. We refer to the equity and debt commitment letters collectively as the "Financing Commitments." See "Financing of the Merger — Debt Financing" beginning on page [—]. We believe the amounts committed under the Financing Commitments will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the Financing Commitments fails to fund the committed amounts in breach of such Financing Commitments or if the conditions to such Financing Commitments are not met. Although obtaining the proceeds of any financing, including the financing under the Financing Commitments is not a condition to the completion of the merger, the failure of Parent and Merger Sub to obtain any portion of the committed financing (or alternative financing) is likely to result in the failure of the merger to be completed. In that case, Parent may be obligated to pay Flow a fee of \$12.238 million, as described under "Approval of the Merger Agreement — Termination Fees and Expense Reimbursement" beginning on page [—].

The funding under the Financing Commitments is subject to conditions, including conditions that do not relate directly to the conditions to closing in the Merger Agreement. See "Financing of the Merger — Debt Financing" beginning on page [—].

While the obligation of Parent and Merger Sub to consummate the merger is not subject to any financing condition, the Merger Agreement provides that, without Parent's agreement, the merger will not close before the third business day immediately following the final day of the Marketing Period, a term that is defined in the Merger Agreement to be the first 25 consecutive business days throughout which (i) Parent has received certain information regarding Flow required in connection with Parent obtaining debt financing, and (ii) certain conditions to the closing of the merger have been satisfied throughout such 25 business day period (subject to certain exceptions); provided that the Marketing Period will not begin earlier than December 26, 2013. See "Approval of the Merger Agreement — Marketing Period" beginning on page [—].

Treatment of Options, Restricted Stock Rights (page [—])

The Merger Agreement provides that Flow's equity awards that are outstanding immediately prior to the Effective Time will be subject to the following treatment at the Effective Time:

Options

Each option to purchase shares of Company Common Stock, whether vested or unvested, will be fully vested and converted into the right to receive an amount in cash equal to (i) the excess, if any, of the Merger Consideration over the applicable exercise price per share of such stock option, multiplied by (ii) the number of shares of Company Common Stock subject to such stock option, without interest, less any applicable withholding for taxes. There are no outstanding options with exercise prices that are higher than the Merger Consideration and, as a result, no payments will be made to optionholders in respect of their options in connection with the merger.

Restricted Stock Rights

Each outstanding restricted stock right, phantom share right and restricted stock unit (each such award is referred to as a "Restricted Stock Right") issued by Flow that is subject to time-based vesting conditions will be fully vested and converted into the right to receive an amount in cash equal to the Merger Consideration multiplied by the number of shares of Common Stock subject to such Restricted Stock Right, in each case without interest, less any applicable withholding for taxes. Each Restricted Stock Right that is subject to performance-based vesting conditions that have not been satisfied as of the Effective Time will be canceled and no consideration will be payable with respect thereto.

Employee Benefits (page [—])

Parent has agreed to cause the surviving corporation to give credit for service with Flow to each employee who continues as an employee of Flow or Parent for the purposes of determining eligibility to participate, vesting, level of benefits and entitlement to benefits where length of service is relevant under any benefit plan of Parent, the surviving corporation or any of their respective subsidiaries. In addition, each such continuing employee will be immediately eligible to participate without any waiting period or satisfaction of other eligibility requirements, in any and all such benefits plans of Parent, the surviving corporation or their respective subsidiaries. For more information about the employee benefits covenants affecting continuing employees, see “Approval of the Merger Agreement — Employee Benefits” beginning on page [—].

Interests of Certain Persons in the Merger (page [—])

When considering the recommendation of the Flow Board that you vote to approve the proposal to approve the Merger Agreement, you should be aware that our directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as a shareholder. The Flow Board was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and negotiating the Merger Agreement, in approving the Merger Agreement and the merger and in recommending that the Merger Agreement be approved by the shareholders of Flow. These interests include the following:

- continued indemnification and directors’ and officers’ liability insurance to be provided by the surviving corporation;
- accelerated vesting of certain equity-based awards simultaneously with the Effective Time, and the settlement of such awards in exchange for cash; and
- the entitlement of certain executive officers to receive payments and benefits under agreements with Flow in connection with an involuntary termination of employment other than for “cause,” or if the executive officer voluntarily terminates his or her employment for “good reason,” following the Effective Time.

If the proposal to approve the Merger Agreement is approved by our shareholders, the shares of Company Common Stock held by our directors and executive officers will be treated in the same manner as outstanding shares of Company Common Stock held by all other shareholders of Flow entitled to receive the Merger Consideration.

Certain Material U.S. Federal Income Tax Consequences of the Merger (page [—])

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under “Financing of the Merger — Certain Material U.S. Federal Income Tax Consequences of the Merger” beginning on page [—]) in exchange for such U.S. Holder’s shares of Company Common Stock in the merger generally will result in the recognition of gain or loss in an amount measured by the difference, if any, between the cash such U.S. Holder receives in the merger (determined before any withholding tax) and such U.S. Holder’s adjusted tax basis in the shares of Company Common Stock surrendered in the merger. **Shareholders should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction.**

Regulatory Approvals Required for the Merger (page [—])

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the “HSR Act” in this proxy statement, the merger may not be completed until the expiration of a thirty-calendar day waiting period after Flow and Parent submit a Premerger Notification and Report Form under the HSR Act with the Federal Trade Commission, which we refer to as the “FTC” in this proxy statement, and the Antitrust Division of the Department of Justice, which we refer to as the “Antitrust Division” in this proxy statement, unless such waiting period is earlier terminated by the FTC and the Antitrust Division, or unless extended by a Request for Additional Information. Flow and Parent each filed a Premerger Notification and Report Form under the HSR Act with the FTC and the Antitrust Division in connection with the merger on October 28, 2013.

Legal Proceedings Regarding the Merger (page [—])

Between September 27, 2013 and October 16, 2013, six purported class action lawsuits on behalf of Flow's shareholders were filed in the Superior Court of Washington for King County. On October 23, 2013, the court consolidated all six actions. The lawsuits allege, among other things, that the Flow Board breached its fiduciary duties to shareholders by failing to take steps to maximize shareholder value or to engage in a fair sale process before approving the merger. Specifically, the lawsuits allege that the Merger Consideration is grossly inadequate in light of Flow's recent performance. The lawsuits also allege that the process was designed to ensure that Parent and Merger Sub had the only opportunity to acquire Flow because certain deal protection mechanisms precluded Flow from seeking out or listening to competing offers. The lawsuits allege that the Flow Board was aided and abetted in its breaches of fiduciary duty by Flow and AIP, Merger Sub, and American Industrial Partners. The plaintiffs in these various actions seek relief that includes, among other things, an injunction prohibiting the consummation of the merger, rescission to the extent the merger terms have already been implemented, unspecified damages, and the payment of plaintiffs' attorneys' fees and costs.

Flow and the Flow Board believe the lawsuits are without merit and intend to defend against them vigorously. There can be no assurance, however, with regard to the outcome. Additional lawsuits arising out of or relating to the Merger Agreement or the merger may be filed in the future.

Restrictions on Solicitations of Other Offers (page [—])

Under the Merger Agreement, neither Flow nor any of its subsidiaries may (i) solicit, initiate or facilitate any inquiries regarding any proposal, which we refer to as an "Acquisition Proposal," or offer that constitutes or would reasonably be expected to lead to such a proposal to acquire, directly or indirectly, in one transaction or a series of transactions, either beneficial ownership of 20% or more of any class of Flow's stock or assets or businesses of Flow that constitute 20% or more of the revenues or assets of Flow and its subsidiaries, taken as a whole, or (ii) engage in any negotiations or substantive discussions regarding, or provide any non-public information to, any person relating to, or that would reasonably be expected to lead to, any Acquisition Proposal.

Flow may, however, prior to the approval of the Merger Agreement by the Flow shareholders, provide information in response to a request and engage or participate in negotiations or substantive discussions with a person regarding a written, unsolicited bona fide Acquisition Proposal, if the Flow Board determines in good faith after consultation with its outside legal counsel and financial advisor that failure to take such actions would be inconsistent with the fiduciary duties of the Flow Board and such proposal could reasonably be expected to result in a "Superior Proposal." For the purposes of the Merger Agreement, a Superior Proposal is a proposal for either beneficial ownership of 50% or more of any class of Flow's stock or assets or businesses of Flow that constitute 50% or more of the revenues or assets of

Flow and its subsidiaries, taken as a whole, that the Flow Board considers, in good faith after consultation with its outside legal counsel and financial advisor, to be more favorable to Flow's shareholders from a financial point of view than the transactions contemplated by the Merger Agreement (including any changes to the terms of the transactions contemplated by the Merger Agreement agreed to by AIP).

Flow is not, however, entitled to terminate the Merger Agreement to enter into an agreement for a Superior Proposal unless it complies with certain procedures in the Merger Agreement, including negotiating with Parent in good faith over a three business day period so that such Superior Proposal no longer constitutes a Superior Proposal.

Changes in Board Recommendation (page [—])

Prior to the approval of the Merger Agreement by the Flow shareholders, the Flow Board may under certain circumstances withdraw its recommendation that the shareholders approve the Merger Agreement if it determines in good faith after consultation with its outside legal counsel and financial advisor that failure to do so would be reasonably likely to be inconsistent with the Flow Board's fiduciary duties to the shareholders under applicable law.

The Flow Board cannot, however, make an adverse recommendation change unless it complies with certain procedures in the Merger Agreement, including negotiating with Parent in good faith over a three business day period and nonetheless determining that a failure to withdraw its recommendation would be reasonably likely to be inconsistent with the Flow Board's fiduciary duties.

Conditions to the Closing of the Merger (page [—])

The following conditions must be satisfied or waived, where legally permissible, before the merger can be completed:

the approval of the Merger Agreement by the requisite affirmative vote of Flow's shareholders;

the expiration or termination of the applicable waiting period under the HSR Act and the receipt of any applicable approvals thereunder (see "Financing of the Merger — Regulatory Approvals Required for the Merger" beginning on page [—]);

the completion of the merger not being rendered illegal, enjoined, prevented or otherwise prohibited by any law or order of any governmental authority;

the accuracy of the representations and warranties of Flow, Parent and Merger Sub in the Merger Agreement, subject in some cases to materiality qualifiers, as of the Effective Date or, with respect to certain representations and warranties, the date in respect of which such representation or warranty was specifically made;

the performance in all material respects by Flow, on the one hand, and Parent and Merger Sub, on the other hand, of their respective obligations required to be performed by them under the Merger Agreement at or prior to the Effective Time;

dissenters' rights having been properly demanded and not withdrawn by the holders of no more than 7.5% of the outstanding shares of the Company Common Stock;

no effect, event, or occurrence having occurred that has had or would be reasonably expected to have a material adverse effect on Flow; and

- receipt of certificates by the chief executive officer and chief financial officer of Flow, on the one hand, and Parent, on the other hand, to the effect that certain conditions have been satisfied.

Termination of the Merger Agreement (page [—])

In general, the Merger Agreement may be terminated at any time prior to the Effective Time in the following ways:

by mutual written consent of Parent and Flow;

by either Parent or Flow if:

the merger has not been consummated on or before March 31, 2014 (which we refer to as the "Outside Date"); provided, if, as of such initial Outside Date, (i) the condition to closing relating to antitrust approval has not been satisfied or waived or if there is an injunction or restraint related to antitrust law prohibiting the merger, or (ii) the Marketing Period has not been completed by the date that is three business days prior to the Outside Date, but in each case, all other conditions to the merger have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the merger), at the option of Flow or Parent, in the case of (i) above, the Outside Date may

be extended to May 31, 2014, and in the case of (ii) above, the Outside Date may be extended to the earlier of May 31, 2014 or three business days after completion of the Marketing Period; provided that the right to terminate the Merger Agreement as a result of the occurrence of the Outside Date will not be available to any party if the failure of such party to fulfill its obligations under the Merger Agreement has materially contributed to the failure of the closing of the merger to have occurred on or before such date;

- a governmental entity has, by law or order, permanently restrained, enjoined, prohibited or rendered illegal the merger and such law or order has become final or nonappealable; provided that the r