

Rocket Fuel Inc.
Form SC 14D9
August 02, 2017

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

SCHEDULE 14D-9
(Rule 14d-101)

Solicitation/Recommendation Statement
Under Section 14(d)(4) of the Securities Exchange Act of 1934

ROCKET FUEL INC.
(Name of Subject Company)

ROCKET FUEL INC.
(Name of Person Filing Statement)

Common Stock, Par Value \$0.001 Per Share
(Title of Class of Securities)

773111109
(CUSIP Number of Class of Securities)

E. Randolph Wootton III
Chief Executive Officer
Rocket Fuel Inc.
2000 Seaport Boulevard, Suite 400
Pacific Shores Center
Redwood City, CA 94063
(650) 595-1300

(Name, address and telephone number of person authorized to receive notices and communications)

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on behalf of the persons filing statement)

With copies to:

**Martin W. Korman
Rachel B. Proffitt
Douglas K. Schnell
Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, CA 94304
(650) 493-9300**

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Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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Item 1. Subject Company Information.

Name and Address.

The name of the subject company is Rocket Fuel Inc., a Delaware corporation, which is referred to as "Rocket Fuel." The address of Rocket Fuel's principal executive office is 2000 Seaport Blvd., Suite 400, Redwood City, CA 94063. The telephone number of Rocket Fuel's principal executive office is (650) 595-1300.

Securities.

The title of the class of equity securities to which this Solicitation/Recommendation Statement on Schedule 14D-9 relates is Rocket Fuel's common stock, par value \$0.001 per share, which is referred to as "Common Stock." As of July 31, 2017, there were 46,993,632 shares of Common Stock outstanding. This Solicitation/Recommendation Statement on Schedule 14D-9 is referred to, together with any exhibits, as this "Schedule 14D-9."

Item 2. Identity and Background of Filing Person.

Name and Address.

The name, address and telephone number of Rocket Fuel, which is the person filing this Schedule 14D-9 and the subject company, are set forth in this Schedule 14D-9 under the caption "Item 1. Subject Company Information Name and Address."

Tender Offer.

This Schedule 14D-9 relates to the tender offer by Sizmek Inc., a Delaware corporation, which is referred to as "Sizmek," and Fuel Acquisition Co., a Delaware corporation and a wholly owned subsidiary of Sizmek, which is referred to as "Purchaser," to purchase any and all of the outstanding shares of Common Stock at a price of \$2.60 per share, which is referred to as the "Offer Price," payable net to the sellers thereof in cash, without interest, subject to any deduction or withholding of taxes required by applicable laws, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 2, 2017, which is referred to, as amended or supplemented from time to time, as the "Offer to Purchase," and in the related Letter of Transmittal, which is referred to, together with the Offer to Purchase, as each may be amended or supplemented from time to time, as the "Offer." The Offer is described in a Tender Offer Statement on Schedule TO, which is referred to, as amended or supplemented from time to time, as the "Schedule TO," filed by Purchaser and Sizmek with the Securities and Exchange Commission, which is referred to as the "SEC," on August 2, 2017. The Offer to Purchase and Letter of Transmittal are filed as Exhibits (a)(1)(A) and (a)(1)(B), respectively, to this Schedule 14D-9 and are incorporated by reference.

Sizmek and Purchaser are affiliates of Vector Capital IV, L.P. and Vector Capital V, L.P. Vector Capital IV, L.P. is referred to as "Vector."

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of July 17, 2017, by and among, Sizmek, Purchaser and Rocket Fuel, which is referred to as the

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"Merger Agreement." Pursuant to the Merger Agreement, following the consummation of the Offer, and subject to the conditions set forth in the Merger Agreement, Purchaser will be merged with and into Rocket Fuel, which is referred to as the "Merger," whereupon the separate existence of Purchaser shall cease, and Rocket Fuel will be the surviving corporation. The Merger will be governed by and effected under Section 251(h) of the General Corporation Law of the State of Delaware, which is referred to as the "DGCL," without a vote of the stockholders of Rocket Fuel. It is also subject to the terms and conditions contained in the Merger Agreement. The parties agreed to cause the Merger to become effective as soon as practicable following the consummation of the Offer.

At the effective time of the Merger, which is referred to as the "Effective Time," all remaining outstanding shares of Common Stock not tendered in the Offer (other than shares of Common Stock held by Rocket Fuel as treasury stock, owned by Sizmek or Purchaser, or owned by any direct or indirect wholly owned subsidiary of Rocket Fuel, Sizmek or Purchaser as of immediately prior to the Effective Time, or shares of Common Stock held by stockholders who have not tendered into the Offer and properly and validly exercised their statutory rights of appraisal in respect of such shares of Common Stock in accordance with Section 262 of the DGCL) will be cancelled and extinguished and automatically converted into the right to receive the Offer Price, subject to any deduction or withholding of taxes required by applicable laws.

Purchaser's obligation to accept for payment and pay for all shares of Common Stock validly tendered and not withdrawn pursuant to the Offer is subject to certain conditions, including:

that prior to the expiration of the Offer, there is validly tendered and not withdrawn in accordance with the terms of the Offer a number of shares of Common Stock that, together with any shares of Common Stock then owned by Sizmek and Purchaser, represents in the aggregate at least one share more than 50% of the outstanding shares of Common Stock as of the expiration of the Offer (excluding shares of Common Stock tendered pursuant to guaranteed delivery procedures);

the expiration or termination of any waiting period (and extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the "HSR Act," and the German Act Against Restraints of Competition of 1958, as amended, which is referred to as the "ARC";

the absence of any law, order or injunction that would restrain, enjoin or otherwise prohibit or make illegal the consummation of the Offer or the Merger;

the accuracy of the representations and warranties of Rocket Fuel contained in the Merger Agreement, subject to customary exceptions;

Rocket Fuel's material compliance with its covenants contained in the Merger Agreement;

that a Company Material Adverse Effect (as defined in the Merger Agreement) has not occurred since the date of the Merger Agreement and is not continuing as of the expiration of the Offer; and

other customary conditions.

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The Merger Agreement contains representations, warranties and covenants of the parties as customary for transactions of this type. Rocket Fuel has also agreed to customary covenants governing the conduct of its business, including an obligation to conduct its business in the ordinary course of business through the consummation of the Offer.

The Merger Agreement permits Rocket Fuel to solicit, receive, evaluate, encourage and engage in discussions and negotiations with respect to alternative acquisition proposals for a 30 day period ending on August 16, 2017. This period is referred to as the "go-shop period."

From the end of the go-shop period until the earlier to occur of the termination of the Merger Agreement and the consummation of the Offer, Rocket Fuel will be subject to customary restrictions on its ability to solicit acquisition proposals from third parties and to provide information to, and enter into discussions or negotiations with, third parties regarding alternative acquisition proposals. However, these solicitation restrictions are subject to a customary "fiduciary out" provision that allows Rocket Fuel, under certain circumstances, to provide information relating to Rocket Fuel and its subsidiaries to, and participate or engage in discussions or negotiations with, third parties that have made or delivered to Rocket Fuel an acquisition proposal that was not solicited in breach of the solicitation restrictions if the Board of Directors of Rocket Fuel, which is referred to as the "Rocket Fuel Board," determines in good faith (after consultation with its financial advisor and outside legal counsel) that (1) such acquisition proposal either constitutes, or is reasonably likely to lead to, a superior proposal; and (2) the failure to so negotiate would be inconsistent with its fiduciary duties under applicable law.

The Merger Agreement contains certain termination rights for Rocket Fuel and Sizmek. Upon termination of the Merger Agreement under specified circumstances, Rocket Fuel will be required to pay Sizmek a termination fee of up to \$4.1 million. Specifically, if the Merger Agreement is terminated by:

Sizmek, if the Rocket Fuel Board changes its recommendation with respect to the Offer and the Merger, which right to terminate the Merger Agreement will expire on the 10th business day following the date on which such right to terminate first arose, or

Rocket Fuel, if Rocket Fuel has received a superior proposal and the Rocket Fuel Board authorizes Rocket Fuel to enter into a binding alternative acquisition agreement reflecting the key terms of the acquisition transaction contemplated by such superior proposal,

then, in each case, a termination fee of \$4.1 million will be payable by Rocket Fuel to Sizmek upon termination. However, if, during the go-shop period, the Rocket Fuel Board authorizes Rocket Fuel to enter into a binding alternative acquisition agreement reflecting the key terms of the acquisition transaction contemplated by a superior proposal and Rocket Fuel

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terminates the Merger Agreement, then the termination fee will be \$2.8 million. The termination fee of \$4.1 million will also be payable if:

the Merger Agreement is terminated by (1) either Sizmek or Rocket Fuel due to the failure of Purchaser to have accepted for payment any shares rendered pursuant to the Offer by 11:59 p.m. New York City time on January 17, 2018; (2) either Sizmek or Rocket Fuel due to the failure of a majority of the outstanding shares of Common Stock to have been tendered into the Offer; or (3) Sizmek due to (a) Rocket Fuel having breached or failed to perform in any material respect its covenants or other agreements contained in the Merger Agreement, or (b) any of the representations and warranties of Rocket Fuel set forth in the Merger Agreement having become inaccurate in any material respect, in each case such that the applicable conditions to the Offer would not be satisfied as of the date of such breach or inaccuracy and subject to Rocket Fuel's right to cure certain breaches, failures to perform or inaccuracies;

at the time of such termination the conditions to the Offer related to antitrust clearance and absence of governmental restraints are satisfied or capable of being satisfied;

following the execution of the Merger Agreement and prior to its termination, an acquisition proposal for Rocket Fuel has been publicly announced or publicly disclosed and not withdrawn or otherwise abandoned; and

Rocket Fuel subsequently consummates, or enters into a definitive agreement providing for, a transaction (1) involving the acquisition of at least 50% of Rocket Fuel's voting power, (2) involving at least 50% of the revenue, net income or consolidated assets of Rocket Fuel and its subsidiaries or any transfer of ownership of Rocket Fuel's Media Services, or (3) where the stockholders of Rocket Fuel prior to such transaction will not own at least 85% of the surviving company following such transaction, in each case within one year of such termination.

The Merger Agreement also provides that Rocket Fuel, on one hand, or Sizmek and Purchaser, on the other hand, may specifically enforce the others' obligations under the Merger Agreement.

The Merger Agreement is summarized in the Offer to Purchase in Section 11 under the caption "The Merger Agreement." The summary of the Merger Agreement set forth in the Offer to Purchase and any summary of provisions of the Merger Agreement set forth in this Schedule 14D-9 do not purport to be complete and each is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as Exhibit (e)(1) to this Schedule 14D-9 and is incorporated by reference. The expiration date of the Offer is 12:00 midnight, New York City time, at the end of August 29, 2017, subject to extension in certain circumstances set forth in the Merger Agreement and described in the Offer to Purchase.

The Rocket Fuel Board unanimously (1) determined that it is in the best interests of Rocket Fuel and its stockholders, and declared it advisable, to enter into the Merger Agreement and consummate the Offer and the Merger upon the terms and subject to the conditions set forth in the Merger Agreement; (2) approved the Merger Agreement and the execution and delivery of the Merger Agreement by Rocket Fuel, the performance by Rocket

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Fuel of its covenants and other obligations in the Merger Agreement, and the consummation of the Offer and the Merger in accordance with the DGCL upon the terms and subject to the conditions set forth in the Merger Agreement; and (3) resolved to recommend that stockholders of Rocket Fuel accept the Offer and tender their shares of Common Stock to Purchaser pursuant to the Offer.

Sizmek formed Purchaser for the purpose of effecting the Offer and the Merger. The Offer to Purchase states that the principal executive offices of Sizmek and Purchaser are located at 500 W. 5th Street, Suite 900, Austin, Texas 78701. The telephone number at this location is 512-469-5900.

Rocket Fuel has made information relating to the Offer available online at www.rocketfuel.com. Rocket Fuel has filed this Schedule 14D-9 and Purchaser and Sizmek have filed the Schedule TO with the SEC, and these documents are available free of charge at the website maintained by the SEC at www.sec.gov.

Item 3. Past Contacts, Transactions, Negotiations and Agreements.

Except as described in this Schedule 14D-9, including documents incorporated by reference, to the knowledge of Rocket Fuel, as of the date of this Schedule 14D-9, there are no material agreements, arrangements or understandings, nor any actual or potential conflict of interest between Rocket Fuel or its affiliates, on the one hand, and (1) Rocket Fuel, its executive officers, directors or affiliates or (2) Sizmek, Purchaser or their respective executive officers, directors or affiliates, on the other hand.

Arrangements with Purchaser and Sizmek.

Merger Agreement

The Merger Agreement governs the contractual rights among Rocket Fuel, Sizmek, and Purchaser in relation to the Offer, the Merger and the transactions contemplated by the Merger Agreement. The Merger Agreement is not intended to provide any other factual information about Rocket Fuel, Sizmek or Purchaser. The Merger Agreement has been filed as Exhibit (e)(1) to this Schedule 14D-9 and is incorporated by reference to provide Rocket Fuel stockholders with information regarding the terms of the Merger Agreement and is not intended to modify or supplement any factual disclosures about Rocket Fuel, Sizmek, or Purchaser found in Rocket Fuel's public reports filed with the SEC. In particular, the assertions embodied in the representations, warranties and covenants contained in the Merger Agreement (1) were made only for purposes of the Merger Agreement and as of the dates specified therein; (2) were solely for the benefit of the parties to the Merger Agreement; and (3) are subject to limitations agreed upon by the parties to the Merger Agreement, including being qualified by confidential disclosure schedules provided by Rocket Fuel to Sizmek and Purchaser in connection with the execution and delivery of the Merger Agreement. These disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement.

Moreover, the representations and warranties in the Merger Agreement were the product of negotiations among Rocket Fuel, Sizmek and Purchaser. Certain representations and warranties in the Merger Agreement have been made for the purposes of allocating risk

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among the parties to the Merger Agreement instead of establishing matters of fact. Accordingly, the representations and warranties in the Merger Agreement may not constitute the actual state of facts about Rocket Fuel, Sizmek or Purchaser. The representations and warranties set forth in the Merger Agreement may also be subject to a contractual standard of materiality or material adverse effect different from that generally applicable under federal securities laws. Investors are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties or covenants, or any descriptions thereof, as characterizations of the actual state of facts or the actual condition of Rocket Fuel, Sizmek, Purchaser or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of such representations and warranties, which do not purport to be accurate as of the date of this Schedule 14D-9, may have changed since the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the parties' public disclosures.

A summary of the Merger Agreement is contained in Section 11 of the Offer to Purchase under the caption "The Merger Agreement," which summary is incorporated by reference. The summary is qualified in its entirety by reference to the Merger Agreement, which is the actual legal document governing the Merger and the parties' respective rights and obligations with respect thereto. A copy of the Merger Agreement is filed as Exhibit (e)(1) to this Schedule 14D-9 and is incorporated by reference.

Confidentiality Agreement

On March 22, 2017, Rocket Fuel and Vector Capital Management, L.P., which is referred to as "Vector Capital," entered into a non-disclosure agreement, which is referred to as the "Confidentiality Agreement," pursuant to which, among other things, Vector Capital agreed, subject to certain exceptions, to keep confidential certain non-public information about Rocket Fuel in connection with the consideration of a possible negotiated transaction between the parties.

The foregoing description of the Confidentiality Agreement does not purport to be complete and is qualified in its entirety by reference to the Confidentiality Agreement, which is filed as Exhibit e(2) to this Schedule 14D-9 and is incorporated by reference.

Exclusivity Agreement and Exclusivity Extension Agreements

On June 6, 2017, Rocket Fuel and Sizmek entered into an exclusivity agreement, which is referred to as the "Exclusivity Agreement," pursuant to which, among other things, Rocket Fuel agreed, for a period commencing on June 6, 2017, and lasting through June 20, 2017, which period is referred to as the "Exclusivity Period," that Rocket Fuel and its subsidiaries, directors and officers would not solicit or knowingly encourage proposals for, or enter into any agreement with respect to, or negotiate with any person or entity with respect to, any alternative acquisition transaction. The Exclusivity Period was subsequently extended to June 27, 2017.

On July 7, 2017, Rocket Fuel and Sizmek entered into an exclusivity extension agreement, which is referred to as the "Exclusivity Extension," to renew the Exclusivity Period. As renewed, it ran from July 7, 2017 through July 13, 2017. The Exclusivity Period was subsequently extended to July 16, 2017. On July 16, 2017, Rocket Fuel and Sizmek entered

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into a second exclusivity extension agreement, which is referred to as the "Second Exclusivity Extension," to extend the Exclusivity Period until the Merger Agreement was signed on July 17, 2017.

The foregoing description of the Exclusivity Agreement, Exclusivity Extension and Second Exclusivity Extension does not purport to be complete and is qualified in its entirety by reference to the Exclusivity Agreement, Exclusivity Extension and Second Exclusivity Extension, which are filed as Exhibit e(3), e(4) and e(5) to this Schedule 14D-9 and is incorporated by reference.

Equity Commitment Letter

On July 17, 2017, Vector and Sizmek entered into an equity commitment letter, which is referred to as the "Equity Commitment Letter," pursuant to which Vector has committed to contribute to Sizmek, immediately prior to the earlier of the closing of the Offer or the closing of the Merger, \$125.5 million in cash in immediately available funds to be used solely for the purposes of payment for shares of Common Stock in the Offer and the Merger, pursuant to and in accordance with the terms of the Merger Agreement and subject to customary exceptions.

The foregoing description of the Equity Commitment Letter does not purport to be complete and is qualified in its entirety by reference to the Equity Commitment Letter, which is filed as Exhibit e(7) to this Schedule 14D-9 and is incorporated by reference.

Tender and Support Agreement

Concurrently with the execution of the Merger Agreement, two stockholders of Rocket Fuel, MDV IX, L.P. and Martha M. Conway & Richard A. Frankel TR UA 03/13/09 Conway Frankel Family Trust, entered into a Tender and Support Agreement, which is referred to as the "Tender and Support Agreement," with Sizmek and Purchaser pursuant to which such stockholders agreed, among other things, to tender all shares of Common Stock held by them into the Offer. The shares of Common Stock subject to the Tender and Support Agreement represent approximately 24% of the outstanding shares of Common Stock. The Tender and Support Agreement terminates in certain circumstances, including upon termination of the Merger Agreement or the withdrawal of the Rocket Fuel Board's recommendation that stockholders of Rocket Fuel accept the Offer and tender their shares of Common Stock to Purchaser pursuant to the Offer.

The foregoing description of the Tender and Support Agreement does not purport to be complete and is qualified in its entirety by reference to the Tender and Support Agreement, which is filed as Exhibit e(8) to this Schedule 14D-9 and is incorporated by reference.

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Arrangements with Current Executive Officers and Directors of Rocket Fuel.

Rocket Fuel's directors and executive officers may have interests in the Offer, the Merger and the other transactions contemplated by the Merger Agreement that are different from, or in addition to, the interests of other Rocket Fuel stockholders. These interests may create potential conflicts of interest. The Rocket Fuel Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement, as more fully discussed in this Schedule 14D-9 under the caption "Item 4. The Solicitation or Recommendation Recommendation of the Rocket Fuel Board."

For further information with respect to the arrangements between Rocket Fuel and its named executive officers, see the information in this Schedule 14D-9 under the caption "Item 8. Additional Information Named Executive Officer Golden Parachute Compensation," which is incorporated into this Item 3 by reference.

Effect of the Offer and the Merger on Shares of Common Stock and Equity Awards.

Cash Consideration for Shares of Common Stock. If Rocket Fuel's directors and executive officers were to tender any shares of Common Stock that they own for purchase pursuant to the Offer, they would receive the same cash consideration on the same terms and conditions as the other stockholders of Rocket Fuel. As of July 28, 2017, Rocket Fuel's directors and executive officers (and affiliates and affiliated investment entities) owned 11,445,553 shares of Common Stock in the aggregate. If the directors and executive officers (and affiliates and affiliated investment entities) were to tender all of their shares of Common Stock for purchase pursuant to the Offer and those shares of Common Stock were accepted for purchase and purchased by Purchaser, the directors and executive officers (and affiliates and affiliated investment entities) would receive an aggregate of approximately \$29,758,438 in cash. For a description of the treatment of outstanding options to purchase shares of Common Stock, which are referred to as "Rocket Fuel Options," and outstanding restricted stock units, which are referred to as "Rocket Fuel RSUs," held by the directors and executive officers of Rocket Fuel, see below under the caption " Effect of the Merger on Stock Awards."

The following table sets forth, as of July 28, 2017, the cash consideration that each director and executive officer (and affiliates and affiliated investment entities) would be entitled to receive in respect of outstanding shares of Common Stock beneficially owned by him or her (and affiliates and affiliated investment entities), assuming such individual were to tender all of his or her outstanding shares of Common Stock (and shares of Common Stock held by affiliates and affiliated investment entities) pursuant to the Offer and those shares of Common Stock were accepted for purchase and purchased by Purchaser. These amounts do

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not include the value of any Rocket Fuel Options or Rocket Fuel RSUs held by each director or executive officer (or affiliates and affiliated investment entities).

Name	Number of Shares of Common Stock Owned ⁽¹⁾	Cash Consideration for Owned Shares of Common Stock ⁽²⁾
Directors		
Susan Bostrom	13,905	\$ 36,153
Ronald Codd	113,905	\$ 296,153
William Ericson ⁽³⁾	9,309,860	\$ 24,205,636
Richard Frankel ^{(4)*}	1,795,888	\$ 4,669,309
Clark Kokich	105,505	\$ 274,313
John Lewis	0	\$ 0
Monte Zweben	27,718	\$ 72,067
Executive Officers		
E. Randolph Wootton III**	67,651	\$ 175,893
Stephen Snyder	0	\$ 0
David Gosen	3,000	\$ 7,800
Richard Pittenger	3,000	\$ 7,800
Richard Song	5,121	\$ 13,315

*
Mr. Frankel is also an employee of Rocket Fuel.

**
Mr. Wootton also serves as a director.

(1)
Based on the number of shares of Common Stock owned as of July 28, 2017.

(2)
The stated amount equals (1) the individual's owned shares of Common Stock, multiplied by (2) the Offer Price.

(3)
Includes 9,295,955 shares of Common Stock held by MDV IX, L.P.

(4)
Consists of 1,795,888 shares of Common Stock held by the Martha M. Conway & Richard A. Frankel TR UA 03/13/09 Conway Frankel Family Trust.

Effect of the Merger on Stock Awards

Consideration for Rocket Fuel Options. As of July 28, 2017, Rocket Fuel's directors and executive officers held Rocket Fuel Options, all of which were granted under one or more of Rocket Fuel's 2013 Equity Incentive Plan, 2016 Inducement Equity Incentive Plan, or 2008 Equity Incentive Plan, which, together, are referred to as the "Rocket Fuel Stock Plans." Of the directors' and executive officers' Rocket Fuel Options outstanding as of July 28, 2017, 1,892,999 have an exercise price per share less than the Offer Price, and 842,074 of such Rocket Fuel Options were vested and exercisable as of that date, with exercise prices ranging from \$0.16 to \$2.41 per share.

Immediately prior to the Effective Time and in accordance with the existing terms of the Rocket Fuel Stock Plans, (1) each Rocket Fuel Option (or portion thereof) that is outstanding and vested as of immediately prior to the Effective Time (including any Rocket Fuel Option that vests as of or immediately prior to the Effective Time pursuant to a Management Retention Agreement, which is referred to as an "MRA," as the result of the holder's qualifying termination of employment prior to the Effective Time), which is each referred to as a "Vested Rocket Fuel Option," will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, automatically be cancelled and converted into

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the right to receive an amount in cash, without interest, equal to (A) the amount of the Offer Price (less the exercise price per share attributable to such Vested Rocket Fuel Option), multiplied by (B) the total number of shares of Common Stock issuable upon exercise in full of such Vested Rocket Fuel Option, which is referred to as the "Vested Option Consideration," which Vested Option Consideration will be paid, less applicable withholding for all required taxes, in accordance with the Merger Agreement; (2) each outstanding Rocket Fuel Option (or portion thereof) that is not a Vested Rocket Fuel Option or a time-based equity award eligible for acceleration of vesting under an MRA, which is referred to as an "MRA Award," will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, vest with respect to an additional 25% of the total number of shares of Common Stock originally subject to such Rocket Fuel Option (except that in no event will the vesting of a Rocket Fuel Option accelerate as to more than 100% of such Rocket Fuel Option), which is referred to as an "Accelerated Rocket Fuel Option," and automatically be cancelled and converted into the right to receive the Vested Option Consideration, and any remaining unvested portion of such Rocket Fuel Option will be cancelled for no consideration without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof; and (3) each outstanding Rocket Fuel Option (or portion thereof) that is an MRA Award and that is not a Vested Rocket Fuel Option, which is each referred to as an "Unvested MRA Option," will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, automatically be assumed and converted into the right to receive an amount in cash, without interest, equal to (A) the amount of the Offer Price (less the exercise price per share attributable to such Unvested MRA Option), multiplied by (B) the total number of shares of Common Stock issuable upon exercise in full of such Unvested MRA Option, which is referred to as the "Unvested MRA Option Consideration," with payment of such Unvested MRA Option Consideration to be made less applicable withholding for all required taxes. Each payment of Unvested MRA Option Consideration will continue to be governed by the same terms and conditions, including the vesting schedule applicable to such Unvested MRA Option as of immediately prior to the Effective Time and any applicable vesting acceleration provisions under the applicable holder's MRA, except as modified by the following sentence, provided that, Unvested MRA Consideration payments will be made on the last business day of the calendar quarter in which the Unvested MRA Option to which an Unvested MRA Option Consideration payment is attributable would have vested pursuant to the original vesting schedule. On the date that is one year and one day following the Effective Time, which is referred to as the "MRA Award Termination Date," any Unvested MRA Option Consideration that remains unvested as of the MRA Award Termination Date (and has not previously been forfeited) will immediately be forfeited for no consideration, except that if as of immediately prior to the MRA Award Termination Date, the MRA Award holder remains in service to the surviving corporation or its affiliates but has not received the amount of Unvested MRA Consideration that such MRA Award holder would have received had the vesting of the Rocket Fuel Option pursuant to which the related Unvested MRA Option was granted accelerated as of immediately prior to the Effective Time as to 25% of the total number of shares of Common Stock originally subject to such Rocket Fuel Option (or, if less, the total number of shares of Common Stock that remained unvested as of the Effective Time), the portion of the Unvested MRA Option Consideration necessary to reach such amount shall vest and become payable immediately prior to the MRA Award Termination Date. If a holder of an Unvested MRA Option fails to vest in any portion of his or her Unvested MRA Option Consideration (including upon the MRA Award Termination Date), such amounts will be retained by Sizmek and forfeited by such holder for no consideration.

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Any Rocket Fuel Option with an exercise price per share of Common Stock greater than or equal to the Offer Price will be cancelled for no consideration immediately prior to the Effective Time, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof.

The table below sets forth information, as of July 28, 2017, regarding the outstanding Rocket Fuel Options held by each director and executive officer with an exercise price per share less than the Offer Price. The values in the table below reflect only those Rocket Fuel Options with an exercise price per share below the Offer Price as Rocket Fuel Options with an exercise price per share greater than or equal to the Offer Price will be cancelled for no consideration. Depending on when the Merger is completed, certain outstanding and unvested Rocket Fuel Options shown in the table below may become vested in accordance with their terms without regard to the Merger and/or vested Rocket Fuel Options may be exercised by the executive officer or director, in each case, prior to the Effective Time.

Name	Number of Vested Rocket Fuel Options	Value of Vested Rocket Fuel Options ⁽¹⁾	Number of Unvested Rocket Fuel Options	Value of Unvested Rocket Fuel Options ⁽²⁾	Total Value of Vested and Unvested Rocket Fuel Options
Directors					
Susan Bostrom	67,060	\$ 24,142	0	\$ 0	\$ 24,142
Ronald Codd	67,060	\$ 24,142	0	\$ 0	\$ 24,142
William Ericson	67,060	\$ 24,142	0	\$ 0	\$ 24,142
Richard Frankel*	130,288	\$ 48,207	230,508	\$ 85,288	\$ 133,495
Clark Kokich	67,060	\$ 24,142	0	\$ 0	\$ 24,142
John Lewis	67,060	\$ 24,142	0	\$ 0	\$ 24,142
Monte Zweben	349,403	\$ 387,595	0	\$ 0	\$ 387,595
Executive Officers					
E. Randolph Wootton III**					
	0	\$ 0	230,000	\$ 66,700	\$ 66,700
Stephen Snyder	0	\$ 0	380,000	\$ 296,400	\$ 296,400
David Gosen	27,083	\$ 5,146	147,917	\$ 35,604	\$ 40,750
Richard Pittenger	0	\$ 0	62,500	\$ 18,125	\$ 18,125
Richard Song	0	\$ 0	0	\$ 0	\$ 0

* Mr. Frankel is also an employee of Rocket Fuel.

** Mr. Wootton also serves as a director.

(1) The stated amount equals (1) the individual's outstanding Vested Rocket Fuel Options with an exercise price per share below the Offer Price, multiplied by (2) the difference between the Offer Price and the exercise price per share of the applicable Vested Rocket Fuel Option.

(2) The stated amount equals (1) the individual's outstanding unvested Rocket Fuel Options with an exercise price per share below the Offer Price, multiplied by (2) the difference between the Offer Price and the exercise price per share of the applicable unvested Rocket Fuel Option. Each executive officer has an MRA with Rocket Fuel. The unvested Rocket Fuel Options held by each executive officer are Unvested MRA Options and, as discussed above, will be cancelled in exchange for the Unvested MRA Consideration (assuming that the executive officer remains employed with Rocket Fuel through the Effective Time).

Consideration for Rocket Fuel Restricted Stock. As of July 28, 2017, none of Rocket Fuel's directors or executive officers held any restricted shares of Common Stock.

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Consideration for Rocket Fuel RSUs. As of July 28, 2017, Rocket Fuel's directors and executive officers held Rocket Fuel RSUs outstanding under the applicable Rocket Fuel Stock Plans, covering 437,500 shares of Common Stock in the aggregate, assuming target performance is achieved with respect to shares of Common Stock subject to performance-based vesting.

Immediately prior to the Effective Time and in accordance with the existing terms of the Rocket Fuel Stock Plans, (1) each Rocket Fuel RSU (or portion thereof) that is outstanding and vested as of immediately prior to the Effective Time (including any Rocket Fuel RSU that vests as of or immediately prior to the Effective Time (x) pursuant to an MRA, as the result of the holder's qualifying termination of employment prior to the Effective Time, or (y) with respect to any Rocket Fuel RSU that was subject to performance-based vesting conditions as of the date of grant but is now subject to time-based vesting conditions only, pursuant to the applicable Rocket Fuel RSU agreement), which is each referred to as a "Vested RSU," will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, automatically be cancelled and converted into the right to receive an amount in cash, without interest, equal to (A) the Offer Price, multiplied by (B) the number of shares of Common Stock subject to such Vested RSU immediately prior to the Effective Time, which is referred to as the "Vested RSU Consideration," which Vested RSU Consideration will be paid less applicable withholding for all required taxes, in accordance with the Merger Agreement, and to the extent a Rocket Fuel RSU remains subject to performance conditions, the number of shares of Common Stock subject to such Vested RSU will be determined based on actual performance in accordance with the existing terms of the applicable Rocket Fuel RSU agreement, and any Rocket Fuel RSUs for which the performance conditions are not satisfied as of immediately prior to the Effective Time (after taking into account any acceleration that would occur immediately prior to or upon the Effective Time) will be cancelled for no consideration, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, and, for the avoidance of doubt, will not accelerate as set forth in the following clause (2); (2) each outstanding Rocket Fuel RSU (or portion thereof) that is not a Vested RSU or an MRA Award will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, vest with respect to an additional 25% of the total number of shares of Common Stock originally subject to such Rocket Fuel RSU (except that in no event will the vesting of a Rocket Fuel RSU accelerate as to more than 100% of such Rocket Fuel RSU), which is referred to as an "Accelerated RSU," and automatically be cancelled and converted into the right to receive the Vested RSU Consideration, and any remaining unvested portion of such Rocket Fuel RSU will be cancelled for no consideration, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof; and (3) each outstanding Rocket Fuel RSU (or portion thereof) that is an MRA Award and that is not a Vested RSU, which is referred to as an "MRA Unvested RSU," will, without any action on the part of Sizmek, Purchaser, Rocket Fuel or the holder thereof, automatically be assumed and converted into the right to receive an amount in cash, without interest, equal to (A) the Offer Price, multiplied by (B) the number of shares of Common Stock subject to such MRA Unvested RSU immediately prior to the Effective Time, which is referred to as the "MRA Unvested RSU Consideration," with payment of such MRA Unvested RSU Consideration to be made less applicable withholding for all required taxes. Each payment of MRA Unvested RSU Consideration will continue to be governed by the same terms and conditions, including the vesting schedule applicable to such MRA Unvested RSU as of immediately prior to the Effective Time and any applicable

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vesting acceleration provisions under the applicable holder's MRA, except as modified by the following sentence, provided that MRA Unvested RSU Consideration payments will be made on the last business day of the calendar quarter in which the MRA Unvested RSUs to which an MRA Unvested RSU Consideration payment is attributable would have vested pursuant to the original vesting schedule. On the MRA Award Termination Date, any MRA Unvested RSU Consideration that remains unvested as of the MRA Award Termination Date (and has not previously been forfeited) will immediately be forfeited for no consideration, except that if as of immediately prior to the MRA Award Termination Date, the MRA Award holder remains in service to the surviving corporation or its affiliates but has not received the amount of MRA Unvested RSU Consideration that such MRA Award holder would have received had the vesting of the Rocket Fuel RSU award pursuant to which the related MRA Unvested RSU was granted accelerated as of immediately prior to the Effective Time as to 25% of the total number of shares of Common Stock subject to such Rocket Fuel RSU award (or, if less, the total number of shares of Common Stock that remained unvested as of the Effective Time), the portion of the MRA Unvested RSU Consideration necessary to reach such amount shall vest and become payable immediately prior to the MRA Award Termination Date. If a holder of an MRA Unvested RSU fails to vest in any portion of his or her MRA Unvested RSU Consideration (including upon the MRA Award Termination Date), such amounts shall be retained by Sizmek and forfeited by such holder for no consideration.

CEO Performance RSUs. On February 7, 2017, the Rocket Fuel Board approved a grant of 230,000 performance-based Rocket Fuel RSUs, which are referred to as the "CEO PSUs," to Mr. Wootton, pursuant to Rocket Fuel's 2013 Equity Incentive Plan. The CEO PSUs performance vest based upon achievement of certain performance goals within a three-year period ending in February 2020 and, once performance vested, become subject to time-based vesting requirements. One-half of the CEO PSUs (or 115,000 CEO PSUs), which are referred to as the "Tranche 1 CEO PSUs," performance vested upon achievement of increases in the average closing trading price of Common Stock to \$4.00 per share over a 30-day period and are scheduled to fully vest on the 18-month anniversary of the date they performance vested, subject to Mr. Wootton's continued service with Rocket Fuel through such date. On June 14, 2017, Rocket Fuel's Compensation Committee acknowledged that the Tranche 1 CEO PSUs performance vested and became subject to time-based vesting. The remaining CEO PSUs (or 115,000 CEO PSUs), which are referred to as the "Tranche 2 CEO PSUs," remain subject to a performance goal relating to achievement of an increase in the average closing trading price of Common Stock to \$6.00 per share over a 30-day period. The Tranche 2 CEO PSUs could have been earned if, during the relevant performance period, a change in control occurred in which the transaction price was \$6.00 per share of Common Stock. Because the Offer Price is \$2.60, the Tranche 2 CEO PSUs will not be earned. Sizmek is not assuming the CEO PSUs in connection with the Merger, and under the terms of both the agreement pursuant to which the CEO PSUs were granted and the Merger Agreement, the Tranche 1 CEO PSUs will vest immediately prior to the Effective Time, will be treated as Vested RSUs and will be cancelled in exchange for the Vested RSU Consideration, and the unvested Tranche 2 CEO PSUs will be cancelled at the Effective Time for no consideration.

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The table below sets forth information regarding the outstanding Rocket Fuel RSUs held by each director and executive officer as of July 28, 2017 (including the Tranche 1 CEO PSUs, but excluding the Tranche 2 CEO PSUs held by Mr. Wootton). Depending on when the Merger is completed, certain Rocket Fuel RSUs shown in the table below may become vested in accordance with their terms prior to the Effective Time, without regard to the Merger.

Name	Number of Outstanding Rocket Fuel RSUs	Value of Outstanding Rocket Fuel RSUs ⁽¹⁾
<i>Directors</i>		
Susan Bostrom	0	\$ 0
Ronald Codd	0	\$ 0
William Ericson	0	\$ 0
Richard Frankel*	0	\$ 0
Clark Kokich	0	\$ 0
John Lewis	0	\$ 0
Monte Zweben	0	\$ 0
<i>Executive Officers</i>		
E. Randolph Wootton III**	298,125 ⁽²⁾	\$ 775,125 ⁽²⁾
Stephen Snyder	0	\$ 0
David Gosen	0	\$ 0
Richard Pittenger	0	\$ 0
Richard Song	24,375	\$ 63,375

*
Mr. Frankel is also an employee of Rocket Fuel.

**
Mr. Wootton also serves as a director.

(1)
The stated amount equals (1) the number of outstanding Rocket Fuel RSUs, multiplied by (2) the Offer Price