APAC CUSTOMER SERVICES, INC
Form PREM14A
August 03, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

APAC CUSTOMER SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):
o No fee required.

þ 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 (the common stock)

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

51,321,416 outstanding shares of common stock (including 286,000 restricted shares) 5,556,917 shares of common stock issuable upon exercise of in the money outstanding stock options

(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):

Solely for the purpose of calculating the filing fee, the underlying value of the transaction was calculated as the sum of (1) 51,321,416 shares of common stock, *multiplied* by $8.55 per share and (2) 5,556,917 shares of common stock issuable upon exercise of stock options with an exercise price below $8.55 *multiplied* by $5.38 per option (which is the difference between $8.55 and the $3.17 weighted average exercise price of such options).

(4) Proposed maximum aggregate value of transaction: $468,694,320.26.

(5) Total fee paid: $54,415.41, calculated by *multiplying* .00011610 by the proposed maximum aggregate value of transaction of $468,694,320.26.

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Preliminary Proxy Statement Subject to Completion

APAC CUSTOMER SERVICES, INC.
2201 Waukegan Road, Suite 300
Bannockburn, Illinois 60015

[ ], 2011

Dear Stockholder:

You are cordially invited to attend a special meeting of the stockholders of APAC Customer Services, Inc., or APAC, which will be held at [ ], on [ ], 2011, at [ ] local time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 6, 2011, by and among APAC Customer Services, Inc., Blackhawk Acquisition Parent, LLC, or Parent, and Blackhawk Merger Sub, Inc., or Merger Sub, a wholly owned subsidiary of Parent, providing for the merger of Merger Sub with and into APAC, with APAC surviving the merger as a wholly-owned subsidiary of Parent. Parent and Merger Sub are affiliates of One Equity Partners. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into APAC and each outstanding share of our common stock (including restricted common stock), other than shares held in treasury, shares held by Parent and its subsidiaries, shares held by APAC s subsidiaries and dissenting shares, will automatically be converted into the right to receive $8.55 in cash. You will also be asked to approve, by non-binding, advisory vote, certain compensation arrangements for APAC s named executive officers in connection with the merger.

After careful consideration, our board of directors has unanimously approved the merger agreement and has determined that the merger is advisable and in the best interests of APAC and its stockholders. Our board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement. Our board of directors also unanimously recommends that you vote FOR the proposal regarding certain merger-related executive compensation arrangements.

The attached proxy statement contains detailed information regarding the merger and the special meeting. A copy of the merger agreement is attached as **Annex A** to the proxy statement. We encourage you to read the entire proxy statement, including the annexes, carefully and in its entirety. You may also obtain more information about APAC from documents that we have filed with the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying 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.

Your vote is very important, regardless of the number of shares that you own. We cannot consummate the merger unless the proposal to adopt the merger agreement is approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of our common stock entitled to vote thereon. The failure of any stockholder 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 adopt 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 adopt

the merger agreement.

[If you have any questions or need assistance voting your shares of our common stock, please contact [ ], our proxy solicitor, by calling [ ] (toll-free).]

Sincerely,

Kevin T. Keleghan
President and Chief Executive Officer

The merger has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of the merger or upon the adequacy of the information contained in this document or the accompanying proxy state. Any representation to the contrary is a criminal offense.

The proxy statement is dated [ ], 2011, and is first being mailed, with the form of proxy, to our stockholders on or about [ ], 2011.

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Preliminary Proxy Statement Subject to Completion

APAC CUSTOMER SERVICES INC.
2201 Waukegan Road, Suite 300
Bannockburn, Illinois 60015

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Time:	[ ], local time, on [ ], 2011
Place:	[ ]
Items of Business:	1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 6, 2011, by and among APAC Customer Services, Inc., or APAC, Blackhawk Acquisition Parent, LLC, or Parent, and Blackhawk Merger Sub, Inc., a wholly owned subsidiary of Parent, as it may be amended from time to time. 2. To consider and vote upon a proposal to adjourn the special meeting, if necessary or appropriate, to allow for the solicitation of additional proxies in favor of the proposal to adopt the merger agreement if there are insufficient votes to adopt the merger agreement. 3. To approve, by non-binding, advisory vote, certain compensation arrangements for APAC s named executive officers in connection with the merger.
Record date:	You may vote if you were a stockholder of record of APAC as of the close of business on [ ], 2011.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card, grant your proxy electronically over the Internet or by telephone or vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you are a stockholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain from the record holder a legal proxy issued in your name in order to vote in person at the special meeting.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of our common stock entitled to vote thereon is required to adopt the merger agreement. Approval of the proposal to adjourn the special meeting, and of the non-binding proposal regarding certain merger-related executive compensation arrangements require the affirmative vote of a majority of those shares of common stock present or represented by proxy at the special meeting and entitled to vote thereon. The failure of any stockholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will have the same effect as a vote AGAINST the proposal to adopt the merger agreement but will not have any effect on the adjournment proposal or the non-binding proposal regarding certain merger-related executive compensation arrangements. 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 adopt the merger agreement but will not have any effect on the adjournment proposal or the non-binding proposal regarding certain merger-related executive compensation arrangements.

Our board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting and FOR the non-binding proposal regarding certain merger-related executive compensation arrangements.

In connection with the execution of the merger agreement, certain stockholders, including Theodore G. Schwartz, chairman and director of the Company, who, as of the date of this proxy statement collectively own

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approximately 38% of our outstanding common stock, entered into a voting agreement agreeing to vote in favor of the adoption of the merger agreement.

Your vote is important. Properly executed proxy cards with no instructions indicated on the proxy card will be voted FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting and FOR the non-binding proposal regarding certain merger-related executive compensation arrangements. Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone. Your attendance at the special meeting will not, by itself, revoke your proxy; you must vote in person at the special meeting to revoke your proxy. If you attend the special meeting, you may revoke your proxy and vote in person by ballot if you wish, even if you have previously returned your proxy card or granted your proxy electronically over the Internet or by telephone. 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. Your prompt cooperation is greatly appreciated.

Under Illinois law, if the merger is completed, holders of APAC s common stock who do not vote in favor of adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of common stock but only if they perfect their appraisal right by complying with the required procedures under Illinois law, which are summarized in the accompanying proxy statement.

By Order of the Board of Directors,

Robert B. Nachwalter
Corporate Secretary

Bannockburn, Illinois
[ ], 2011

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SUMMARY

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, including the annexes. Each item in this summary includes a page reference directing you to a more complete description of that topic. 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 62.

Parties to the Merger (Page 15)

APAC Customer Services, Inc., which we refer to as APAC, the Company, we, our, or us, was founded and incorporated in 1973. APAC is a leading provider of customer care services and solutions to market leaders in the healthcare, communications, business services, media & publishing, travel & entertainment, technology and financial services industries. We deliver highly customized customer care services and solutions that involve communicating with customers and managing situations that are unique to each core industry. We provide service through multiple communication channels, including telephone, internet, on-line chat, email, fax, mail correspondence and automated response generated through technology. We operate seventeen customer care centers: eight domestic centers, two domestic client-owned facilities, five international centers located in the Philippines, one international center located in the Dominican Republic and one international center located in Uruguay. Additionally, we provide services to one of our clients through a co-location arrangement at one of the client s domestic facilities.

Blackhawk Acquisition Parent, LLC, which we refer to as Parent, is a Delaware limited liability company and a holding company that owns Blackhawk Merger Sub, Inc., which we refer to as Merger Sub. To date, Parent has not carried on any activities other than those related to its formation, completing the transactions contemplated by the merger agreement, arranging the related financing and owning Merger Sub.

Merger Sub is an Illinois corporation and a wholly owned subsidiary of Parent that was formed by Parent solely for the purpose of facilitating the acquisition of the Company. To date, Merger Sub has not carried on any activities other than those related to its formation, completing the transactions contemplated by the merger agreement and arranging the related financing. Upon completion of the merger, Merger Sub will cease to exist.

Each of Parent and Merger Sub are affiliates of One Equity Partners, which we refer to as OEP. OEP is the private investment arm of JPMorgan Chase & Co. and manages over $10.5 billion in commitments and investments solely for the bank. OEP enters into long-term partnerships with companies to create sustainable value through long-term growth driven both organically and inorganically.

Pursuant to the terms of the merger agreement, Parent has reserved the right to assign its rights and obligations thereunder, including its right to acquire the Company, to an affiliate of OEP, including NCO Group, Inc. NCO Group, Inc. is a leading global provider of business process outsourcing services and a majority owned subsidiary of OEP. Parent will remain jointly and severally liable for its obligations under the merger agreement following any such assignment of Parent s rights and obligations under the merger agreement.

In this proxy statement, we refer to the Agreement and Plan of Merger, dated July 6, 2011, by and among the Company, Parent and Merger Sub, as it may be amended from time to time, as the merger agreement, and the merger of Merger Sub with and into the Company, as the merger.

The Special Meeting (Page 15)

Time, Place and Purpose of the Special Meeting (Page 15)

The special meeting will be held at [ ] on [ ], 2011 at [ ], local time. We refer to the special meeting and any adjournments or postponements thereof as the special meeting.

At the special meeting, holders of common stock of the Company, par value $0.01 per share, which we refer to as the common stock, will be asked to approve the proposal to adopt the merger agreement, to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement and to

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approve, by non-binding, advisory vote certain compensation arrangements for the Company s named executive officers in connection with the merger.

Record Date and Quorum (Page 15)

You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of common stock at the close of business on [ ], 2011, which the Company has set as the record date for the special meeting and which we refer to as the record date. You will have one vote for each share of common stock that you owned on the record date. As of the record date, there were [ ] shares of common stock outstanding and entitled to vote at the special meeting. A majority of the shares of common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum for the purposes of the special meeting.

Vote Required (Page 16)

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of outstanding common stock, voting together as a single class, representing at least two-thirds of all of the outstanding shares of common stock. Abstentions and broker non-votes will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, requires the affirmative vote of holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the matter at the special meeting. Abstentions and broker non-votes will not have any effect on the adjournment proposal.

Approval of the non-binding proposal regarding certain merger-related executive compensation arrangements requires the affirmative vote of holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the matter at the special meeting. Abstentions and broker non-votes will not have any effect on the non-binding proposal regarding certain merger-related executive compensation arrangements.

Pursuant to the voting agreement, dated as of July 6, 2011, between Parent and Theodore G. Schwartz, who we refer to as Mr. Schwartz, chairman and director of the Company, Trust Four Hundred Thirty, Trust Seven Hundred Thirty, Trust 3080, Trust 3081, LTHS Revocable Trust Dated April 4, 1986 and CAPA Partners, L.P., which we refer to collectively as the Schwartz trusts, Mr. Schwartz and the Schwartz trusts have agreed to vote, subject to certain exceptions, all shares of common stock owned by them in favor of the proposal to adopt the merger agreement. As of the date of this proxy statement, Mr. Schwartz and the Schwartz trusts collectively owned approximately 38% of the outstanding common stock. The voting agreement is described in additional detail in the section entitled The Merger Voting Agreement beginning on page 40. The summary of the voting agreement in this proxy statement is qualified in its entirety by reference to the full text of the voting agreement, which is included as **Annex B** to this proxy statement.

As of the record date, the directors and executive officers of the Company (including Mr. Schwartz and the Schwartz trusts) beneficially owned and were entitled to vote, in the aggregate, [ ] shares of common stock (excluding (1) shares issuable upon the exercise or conversion of options to purchase common stock, which we refer to as stock options, and (2) shares issuable upon vesting of Company restricted stock) collectively representing [ ]% of the outstanding shares of common stock on the record date). Each of our directors and executive officers has informed the Company that he or she currently intends to vote all of such holder s shares of common stock (other than shares of common stock as to which such holder does not have discretionary authority) **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting and **FOR** the non-binding proposal regarding certain merger-related executive compensation arrangements.

Proxies and Revocation (Page 18)

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet or by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person at the special meeting. If your shares of common stock are held in street name through a bank, brokerage firm or

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other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, and your shares of common stock will not be voted on, and will not have any effect on the proposal to adjourn the special meeting or the non-binding proposal regarding certain merger-related executive compensation arrangements.

If you are the stockholder 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 by telephone or over the Internet 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 (your attendance at the special meeting will not, by itself, revoke your proxy; you must vote in person at the special meeting to revoke your proxy).

If you hold your shares of common stock in street name, you should contact your bank, brokerage firm 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 legal proxy from your bank, brokerage firm or other nominee.

The Merger (Page 19)

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger and will continue to do business following the merger. As a result of the merger, the Company 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.

The effective time of the merger will occur as soon as practicable following the closing of the merger upon the filing of articles of merger with the Secretary of State of the State of Illinois (or at such later date as we and Parent may agree and specify in the articles of merger).

Merger Consideration (Page 19)

In the merger, each outstanding share of common stock (except for (1) any shares of common stock held by Parent or Merger Sub or by the Company in its treasury, (2) any shares of common stock owned by any wholly-owned subsidiary of Parent or the Company and (3) any shares of common stock held by stockholders who have perfected and not withdrawn a demand for appraisal rights pursuant to Sections 11.65 and 11.70 of the Illinois Business Corporations Act of 1983, which we refer to collectively as the excluded shares) will be converted into the right to receive $8.55 in cash, without interest, which amount we refer to as the per share merger consideration, less any applicable withholding taxes.

Reasons for the Merger; Recommendation of the Board (Page 24)

After careful consideration of various factors described in the section entitled The Merger Reasons for the Merger; Recommendation of the Board, the board of directors of the Company, which we refer to as the Board, unanimously adopted the merger agreement, the merger and the other transactions contemplated by the merger agreement and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, on

the terms and subject to the conditions set forth therein, are advisable and in the best interests of APAC and its stockholders.

The board of directors recommends that you vote **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting and **FOR** the non-binding proposal regarding certain merger-related executive compensation arrangements.

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Opinion of Credit Suisse Securities (USA) LLC (Page 28)

On July 6, 2011, Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse, rendered its oral opinion to the Board (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) to the effect that, as of July 6, 2011 and based upon and subject to the various assumptions and qualifications stated in its opinion, the merger consideration to be received by the holders of our common stock (other than Mr. Schwartz and the Schwartz trusts which we collectively refer to as excluded persons) in the merger was fair, from a financial point of view, to such stockholders.

Credit Suisse s opinion was directed to our Board and only addressed the fairness from a financial point of view of the consideration to be received by the holders of our common stock (other than the excluded persons) in the merger and did not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise. The summary of Credit Suisse s opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as **Annex C** to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse s written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to the merger. See The Merger Opinion of Credit Suisse Securities (USA) LLC beginning on page 28.

Financing of the Merger (Page 34)

We anticipate that the total funds needed to complete the merger, including the funds needed to pay our stockholders (and holders of our other equity-based interests) the amounts due to them under the merger agreement and the related expenses, which, based upon the shares of common stock (and our other equity-based interests) outstanding as of July 6, 2011, would be approximately $468.5 million.

This amount will be funded through a combination of equity and/or debt financing to be provided by One Equity Partners L.P., IV, managed by OEP, which we refer to as the OEP Fund, debt financing that may be arranged by OEP and/or (if the merger agreement is assigned to NCO Group, Inc.) NCO Group, Inc., and the Company s freely available cash. The receipt of financing by Parent is not a condition to the obligations of either party to complete the merger under the terms of the merger agreement.

In connection with the financing of the merger, the OEP Fund has delivered a guaranty, which we refer to as the OEP Fund guaranty. See The Merger Financing of the Merger beginning on page 34.

OEP Fund Guaranty (Page 34)

Pursuant to and subject to the terms and conditions of the OEP Fund guaranty, delivered by the OEP Fund in favor of the Company, dated July 6, 2011, the OEP Fund agreed to guarantee, up to $469 million, the payment obligations of, and all liabilities and damages payable by, Parent and Merger Sub, under the merger agreement, including the obligation to pay the merger consideration if, as and when due. However, the liability of the OEP Fund pursuant to the OEP Fund guaranty may not exceed $469 million. For more information about the OEP Fund guaranty, see The Merger Agreement OEP Fund Guaranty beginning on page 34.

Interests of Certain Persons in the Merger (Page 35)

When considering the recommendation of the Board that you vote to approve the proposal to adopt 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 stockholder. The Board was aware of and considered these interests, among other matters, in approving the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. These interests include the following:

- accelerated vesting of equity awards held by our directors and employees, including our executive officers, simultaneously with the time at which the merger becomes effective, which we refer to as the effective time of the merger, and the settlement of such awards in exchange for cash; and

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the entitlement of our executive officers to receive payments and benefits under the executive officers employment agreements upon certain types of involuntarily termination of employment, or if the executives voluntarily terminate their employment for good reason following the effective time of the merger.

If the proposal to adopt the merger agreement is approved by our stockholders, the shares of common stock held by our directors and executive officers will be treated in the same manner as outstanding shares of common stock held by all other stockholders of the Company.

Material U.S. Federal Income Tax Consequences of the Merger (Page 42)

For U.S. federal income tax purposes, your receipt of cash in exchange for your shares of common stock in the merger generally will result in your recognizing gain or loss measured by the difference, if any, between the cash you receive in the merger and your tax basis in your shares of common stock. **You should consult your tax advisor for a complete analysis of the effect of the merger on your U.S. federal, state, local and/or foreign taxes.**

Regulatory Approvals and Notices (Page 43)

Under the terms of the merger agreement, the merger cannot be completed until the waiting periods applicable to the consummation of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act, have expired or been terminated. On July 29, 2011, we received early termination of the HSR Act waiting period.

Litigation Relating to the Merger (Page 44)

Following the July 6, 2011 announcement of the merger agreement, on or about July 15, 2011, a purported class action complaint was filed against the Company. The complaint was filed in the Circuit Court of the Nineteenth Judicial Circuit, Lake County, Illinois against the Company, all of its directors and OEP, Parent and Merger Sub. The complaint alleges that the Board breached its fiduciary duties as it relates to the merger. The complaint also alleges that OEP, Parent and Merger Sub aided and abetted the Board in breaching its fiduciary duties. The Company believes that the complaint is wholly without merit and intends to vigorously defend this action.

The Merger Agreement (Page 44)

Treatment of Outstanding Equity Awards (Page 36):

Common Stock. At the effective time of the merger, each share of common stock issued and outstanding (except for the excluded shares) will automatically be cancelled and converted into the right to receive the per share merger consideration of $8.55 in cash, without interest, less any applicable withholding taxes.

Director Options. At the effective time of the merger, each outstanding and unexercised option held by a non-employee director of the Company, which we refer to as Director Options, to purchase shares of common stock will vest in full and will entitle the holder to receive at closing an amount in cash equal to the product of the total number of shares of common stock subject to such option multiplied by the amount, if any, by which $8.55 exceeds the exercise price per share of such option, less any applicable withholding taxes.

Employee Options at the Effective Time. At the effective time of the merger, one-half of the unvested portion of each outstanding and unexercised option to purchase shares of common stock other than a Director Option, which we refer to as an Employee Option, will vest and will entitle the holder to receive at closing an amount

in cash equal to the product of the total number of shares of common stock subject to such option multiplied by the amount, if any, by which $8.55 exceeds the exercise price per share of such option, less any applicable withholding taxes. The Employee Options that remain unvested immediately following the effective time of the merger shall remain outstanding and will continue to vest in accordance with the terms set forth in the applicable governing plan and option agreements. After the effective time of the merger, at such time or times as an unvested Employee Option shall vest, whether in the ordinary course of business or upon an event triggering acceleration under the applicable option agreement, the holder of such

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Employee Option shall receive an amount in cash equal to the product of the total number of shares of common stock underlying the portion of the Employee Option then becoming vested multiplied by the amount, if any, by which $8.55 exceeds the exercise price per share of such option, less any applicable withholding taxes.

Restricted Stock. At the effective time of the merger, each outstanding share of restricted stock, whether vested or unvested, will automatically be cancelled and converted into the right to receive an amount in cash equal to $8.55, less any applicable withholding taxes.

Restrictions on Solicitations of Other Offers (Page 49)

Until the effective time of the merger or, if earlier, the termination of the merger agreement, we are not permitted to solicit any inquiry or the making of any acquisition proposals or engage in any discussions or negotiations with any person relating to an acquisition proposal. Notwithstanding these restrictions, under certain circumstances, we may, prior to the time our stockholders adopt the merger agreement, respond to a written acquisition proposal or engage in discussions or negotiations with the person making such an acquisition proposal. At any time before the merger agreement is adopted by our stockholders, if the Board determines that an acquisition proposal is a superior proposal (for a description of what constitutes a superior proposal see The Merger Agreement Restrictions on Solicitation of Other Offers beginning on page 49), we may terminate the merger agreement and enter into an alternative acquisition, merger or similar agreement, which we refer to as an acquisition agreement, with respect to such superior proposal, so long as we comply with certain terms of the merger agreement, including paying a termination fee to Parent. See The Merger Agreement Termination Fee beginning on page 55.

Merger Closing Conditions (Page 54)

The respective obligations of the Company, Parent and Merger Sub to consummate the merger are subject to the satisfaction or waiver of certain customary conditions, including:

the adoption of the merger agreement by our stockholders;

receipt of required antitrust approvals; and

the accuracy of the representations and warranties of the parties and compliance by the parties with their respective obligations under the merger agreement.

Termination of the Merger Agreement (Page 55)

The merger agreement may be terminated and the merger abandoned at any time prior to the effective time of the merger, whether before or after the adoption of the merger agreement by our stockholders (except as indicated below):

by the mutual written consent of Parent and the Company;

by the Company or Parent, if the merger has not occurred by February 29, 2012, which we refer to as the end date, unless the terminating party s breach of the merger agreement is the primary cause of the failure to consummate the merger by the end date;

by the Company or Parent, if any governmental entity has enjoined or otherwise prohibited the merger in a final and nonappealable order or any other action, unless the terminating party failed to comply with its obligations to use its reasonable best efforts to remove such order or other action or if the issuance of such

final, nonappealable order was primarily due to the breach of such party (and in the case of Parent, including Merger Sub) of its obligations under the merger agreement;

by the Company or Parent, if the Company s stockholders fail to approve the adoption of the merger agreement at the special meeting or at any adjournment or postponement thereof at which the merger agreement has been voted upon;

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by the Company or Parent, if the other party has breached or failed to comply in any material respect (and not cured within 30 days after the breaching party receives written notice of the breach) with the terms of the merger agreement in such a way as to give rise to a failure of the conditions to the merger relating to the accuracy of such party s representations and warranties or such party s compliance with its covenants, unless the terminating party is similarly in breach of its own obligations;

by the Company, prior to the stockholders adopting the merger agreement, if (1) the Board has authorized the Company to enter into an alternative acquisition agreement with respect to a superior proposal that did not result from a breach of its obligation not to solicit acquisition proposals, (2) the Company has given Parent notice of the superior proposal and, if requested by Parent, the opportunity to negotiate to amend the terms of the merger agreement, (3) in the event Parent delivers a binding offer to alter the terms of the merger agreement, the Board concludes that the alternative acquisition remains a superior proposal, (4) the Company enters into an alternative acquisition agreement with respect to such superior proposal and (5) the Company pays the termination fee (as described below) to Parent; or

by Parent, if the Company withdraws, qualifies or modifies or publicly proposes to withdraw, qualify or modify, in any manner, the Company s recommendation to its stockholders to adopt and approve the merger agreement.

Termination Fee (Page 55)

Parent would be entitled to receive a termination fee from the Company equal to $15 million if the merger agreement is terminated:

(1) by the Company or Parent because the closing has not occurred by the end date to the merger agreement or the Company s stockholders fail to adopt the merger agreement, or by Parent because the Company has breached the merger agreement in such a way as to give rise to a failure of the conditions to the merger relating to the accuracy of the Company s representations and warranties or the Company s compliance with its covenants, unless the Parent is similarly in breach of its own obligations at the time of termination or the stockholders meeting such that the Company is not obligated to consummate the merger; (2) any person has publicly made an acquisition proposal (which is not withdrawn); and (3) the Company consummates any acquisition proposal within 12 months of such termination;

by the Company, if the Company has entered into an alternative acquisition agreement with respect to a superior proposal; and

by Parent, if the Board has adversely changed its recommendation to stockholders to adopt the merger agreement.

Specific Performance (Page 56)

The Company and Parent are each entitled to equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms of the merger agreement in addition to any other remedy to which it is entitled.

Market Price of Common Stock (Page 58)

Our common stock is traded on the NASDAQ Global Select Market under the ticker symbol APAC. The closing price of our common stock on July 6, 2011, the last trading day prior to the public announcement of the execution of the

merger agreement was $5.44 per share. On [ ], 2011, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price for our common stock was $[ ] per share. You are encouraged to obtain current market quotations for our common stock in connection with voting you shares of common stock.

Dissenters Rights (Page 60)

Stockholders are entitled to dissenters rights under the Illinois Business Corporation Act of 1983, as amended, which we refer to as the IBCA, in connection with the merger, if such stockholders meet all of the conditions set

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forth in Sections 11.65 and 11.70 of the IBCA. This means that you are entitled to have the fair value of your shares of common stock determined by the Illinois Circuit Court and to receive payment based on that valuation. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the merger agreement.

To exercise your dissenters rights, you must submit a written demand for appraisal to the Company before the vote is taken on the merger agreement and you must not submit a proxy, or otherwise vote, in favor of the proposal to adopt the merger agreement. Your failure to follow exactly the procedures specified under the IBCA will result in the loss of your dissenters rights. See Dissenters Rights beginning on page 60 and the text of the Illinois dissenters rights statute reproduced in its entirety as **Annex D** to this proxy statement. If you hold your shares of common stock through a bank, brokerage firm or other nominee and you wish to exercise dissenters rights, you should consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such bank, brokerage firm or nominee. In view of the complexity of the IBCA, stockholders who may wish to pursue dissenters rights should consult their legal and financial advisors promptly.

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QUESTIONS AND ANSWERS ABOUT THE STOCKHOLDERS MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the stockholders meeting. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the Summary and the more detailed information contained elsewhere in this proxy statement, including the annexes to this proxy statement, which you should read carefully and in their 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.