APAC CUSTOMER SERVICES, INC
Form PRER14A
August 15, 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. 1)

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.

þ 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 Georgeson Inc., our proxy solicitor, by calling (866) 482-5136 (toll-free) or (212) 440-9800 (banks and brokers).

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.

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 14)

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

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.

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 IV, L.P., 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. See The Merger Financing of the Merger beginning on page 34.

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 OEP Fund Guaranty 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

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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
- 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 43)

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 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 53)

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 54)

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;

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 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.

Q. What is the proposed transaction and what effects will it have on the Company?

A. The proposed transaction is the acquisition of the Company by Parent pursuant to the merger agreement. If the proposal to adopt the merger agreement is approved by our stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into the Company. Upon completion of the merger, Merger Sub will cease to exist and the Company will continue as the surviving corporation. As a result of the merger, the Company will become a wholly owned subsidiary of Parent and will no longer be a publicly held corporation, and you will no longer own any shares of capital stock of the surviving corporation or have any interest in our future earnings or growth. In addition, if the merger is completed, our common stock will be delisted from NASDAQ and deregistered under the Securities Exchange Act of 1934, as amended. As a result, we would no longer file periodic reports with the Securities and Exchange Commission on account of our common stock.

Q. What will I receive if the merger is completed?

A. Upon completion of the merger, you will be entitled to receive the per share merger consideration of $8.55 in cash, without interest, less any applicable withholding taxes, for each share of common stock that you own, unless you have properly exercised your dissenters rights under the IBCA with respect to such shares. For example, if you own 100 shares of common stock, you will receive $855.00 in cash in exchange for your shares of common stock, less any applicable withholding taxes.

Q. When do you expect the merger to be completed?

A. We are working towards completing the merger as soon as possible. If the proposal to adopt the merger agreement is approved at the special meeting then, assuming timely satisfaction of the other necessary closing conditions, we anticipate that the merger will be completed in either the third or fourth calendar quarter of 2011.

Q. What happens if the merger is not completed?

A. If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of common stock. Instead, the Company will remain an independent public company, and the common stock will continue to be listed and traded on NASDAQ. Under specified circumstances, the Company may be required to pay Parent a termination fee, as described under The Merger Agreement Termination Fee.

Q. Is the merger expected to be taxable to me?

A.

Yes. The exchange of shares of common stock for cash in the merger will generally be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, a U.S. holder whose shares of common stock are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes) and such holder s adjusted tax basis in such shares. Backup withholding may also apply to the cash payments made pursuant to the merger unless the U.S. holder or other payee provides a taxpayer identification number, certifies that such number is correct and otherwise complies with the backup withholding rules.

You should read The Merger Material U.S. Federal Income Tax Consequences of the Merger for the definition of U.S. holder and for a more detailed discussion of the U.S. federal income tax consequences of the merger. You should also consult your tax advisor with respect to the specific tax consequences to you in

connection with the merger in light of your own particular circumstances, including federal estate, gift and other non-income tax consequences, and tax consequences under state, local or foreign tax laws.

Q: How does the per share merger consideration compare to the market price of our common stock prior to announcement of the merger?

A: The per share merger consideration represents a premium of approximately 57.2% over the closing price of our common stock on July 6, 2011, the last trading day prior to the public announcement of the merger agreement, and a premium of approximately 50.2% over the Company s average closing share price for the 90 calendar day period prior to July 6, 2011.

Q: Do any of the Company s directors or officers have interests in the merger that may differ from or be in addition to my interests as a stockholder?

A: Yes. In considering the recommendation of the Board with respect to 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, the interests of our stockholders generally. 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. For a description of the interests of our directors and executive officers in the merger, see The Merger Interests of Certain Persons in the Merger.

Q. Why am I receiving this proxy statement and proxy card?

A. You are receiving this proxy statement and proxy card because you own shares of common stock. This proxy statement describes matters on which we urge you to vote and is intended to assist you in deciding how to vote your shares of common stock with respect to such matters.

Q. When and where is the special meeting?

A. The special meeting of stockholders of the Company will be held at [ ] at [ ] on [ ], 2011, local time.

Q. Who may attend the special meeting?

A. All stockholders of record at the close of business on [ ], 2011, which we refer to as the record date, or their duly appointed proxies, and our invited guests may attend the special meeting. Seating is limited and admission is on a first-come, first-served basis. Please be prepared to present valid photo identification for admission to the special meeting.

If you hold shares of common stock in street name (that is, in a brokerage account or through a bank or other nominee) and you would like to attend the special meeting, you will need to bring a valid photo identification and proof of ownership, such as a brokerage statement as of a recent date, a copy of your voting instruction form or a legal proxy from your broker, bank or other nominee. If you wish to vote in person at the special meeting, you must obtain a legal proxy from your broker, bank or other nominee.

Stockholders of record will be verified against an official list available in the registration area at the special meeting. We reserve the right to deny admittance to anyone who cannot adequately show proof of share ownership.

Q. How many votes must be present to hold the special meeting?

A. A majority of the outstanding shares of common stock entitled to vote at the special meeting, represented in person or by proxy at the special meeting, will constitute a quorum. Shares of common stock represented in person or by proxy, including abstentions and broker non-votes, if any, will be counted for purposes of determining whether a quorum is present.

Q. Who may vote?

A. You may vote if you owned common stock as of the close of business on the record date. Each share of common stock is entitled to one vote. As of the record date, there were [   ] shares of common stock outstanding and entitled to vote at the special meeting.

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Q. What am I being asked to vote on?

A. You are being asked to vote on the following:

The approval of a proposal to adopt the merger agreement, which provides for the acquisition of the Company by Parent;

The approval of a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement; and

The approval by non-binding, advisory vote, of certain compensation arrangements for our named executive officers in connection with the merger.

Q. What are the voting recommendations of the Board?

A. The Board recommends that you vote your shares of common stock **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.

Q. How do I vote?

A. If you are a stockholder of record (that is, if your shares of common stock are registered in your name with BNY Mellon Shareowner Services, our transfer agent), there are four ways to vote:

By attending the special meeting and voting in person by ballot;

By visiting the Internet at http://www.proxyvoting.com/APAC;

By calling toll-free (within the U.S. or Canada) 1-866-540-5760; or

By completing, dating, signing and returning the enclosed proxy card in the accompanying prepaid reply envelope.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of Company common stock, and to confirm that your voting instructions have been properly recorded when voting over the Internet or by telephone. Please be aware that, although there is no charge for voting your shares, if you vote over the Internet or by telephone, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Even if you plan to attend the special meeting in person, you are strongly encouraged to vote your shares of common stock by proxy. If you are a record holder or if you obtain a legal proxy to vote shares which you beneficially own, you may still vote your shares of common stock in person at the special meeting even if you have previously voted by proxy. If you are present at the special meeting and desire to vote in person, your previous vote by proxy will not be counted.

Q. What if I hold my shares of common stock in street name ?

A.

You should follow the voting directions provided by your bank, brokerage firm or other nominee. You may complete and mail a voting instruction form to your bank, brokerage firm or other nominee or, in most cases, submit voting instructions by telephone or over the Internet to your bank, brokerage firm or other nominee. If you provide specific voting instructions by mail, telephone or the Internet, your bank, brokerage firm or other nominee will vote your shares of common stock as you have directed. Please note that if you wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

Q. Can I change my mind after I vote?

A. Yes. If you are a 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

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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.

Q. Who will count the votes?

A. A representative of BNY Mellon Shareholder Services will serve as the independent inspector of elections and will count the votes.

Q. What does it mean if I receive more than one proxy card?

A. It means that you have multiple accounts with brokers or our transfer agent. Please vote all of these shares. We encourage you to register all of your shares of common stock in the same name and address. You may do this by contacting your broker or our transfer agent. Our transfer agent may be reached at 1-800-851-9677 or at the following address:

BNY Mellon Shareowner Services
P.O. Box 358015
Pittsburgh, PA 15252-8015

Q. Will my shares of common stock be voted if I do not provide my proxy?

A. If you are the stockholder of record and you do not vote or provide a proxy, your shares of common stock will not be voted.

If your shares of common stock are held in street name, they may not be voted if you do not provide the bank, brokerage firm or other nominee with voting instructions. Currently, banks, brokerage firms or other nominees have the authority to vote shares of common stock for which their customers do not provide voting instructions on certain routine matters. However, banks, brokerage firms or other nominees are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to adopt the merger agreement, the proposal to approve the adjournment of the special meeting, and the non-binding proposal regarding certain merger-related executive compensation arrangements, and, as a result, absent specific instructions from the beneficial owner of such shares of common stock, banks, brokerage firms or other nominees are not empowered to vote those shares of common stock on any of the proposals to be voted on at the special meeting.

Q. What vote is required to approve the proposal to adopt the merger agreement?

A. The adoption of the merger agreement requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock entitled to vote thereon. If you fail to grant a proxy or vote in person at the special meeting, abstain from voting, or do not provide your bank, brokerage firm or other nominee with voting instructions, this will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Pursuant to the voting agreement between Parent, Mr. Schwartz and 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. For more information, see The Merger Voting Agreement.

Q. What vote is required to approve the proposal to adjourn the special meeting?

A. Approval of the proposal to adjourn the special meeting requires the affirmative vote of the 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. Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to adjourn the special meeting. 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, but this will not have any effect on the proposal to adjourn the special meeting.

Q. What vote is required to approve the non-binding proposal regarding certain merger-related executive compensation arrangements?

A. 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. Abstaining will have the same effect as a vote **AGAINST** the non-binding proposal regarding certain merger-related executive compensation arrangements. If you fail to submit a proxy or to vote in person at the special meeting or if your shares of common stock are held through a bank, brokerage firm or other nominee and you do not provide your bank, brokerage firm or other nominee with voting instructions, as applicable, your shares of common stock will not be voted, but this will not have any effect on the non-binding proposal regarding certain merger-related executive compensation arrangements. Stockholders should note that the non-binding proposal regarding certain merger-related executive compensation arrangements is merely an advisory vote which will not be binding on APAC, the Board or Parent. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the merger is consummated, our named executive officers will be eligible to receive the various change in control payments and benefits in accordance with the terms and conditions applicable to those arrangements.

Q. Should I send in my stock certificates now?

A. No. You will be sent a letter of transmittal promptly after the completion of the merger, describing how you may surrender your shares of common stock in exchange for the per share merger consideration. If your shares of common stock are held in street name by your bank, brokerage firm or other nominee, you may receive instructions from your bank, brokerage firm or other nominee as to what action, if any, is necessary to effect the surrender of your shares of common stock in exchange for the per share merger consideration. Please do NOT return your stock certificate(s) with your proxy.

Q. Am I entitled to exercise dissenters rights instead of receiving the per share merger consideration for my shares of common stock?

A. Yes. As a holder of common stock, you are entitled to exercise dissenters rights under the IBCA in connection with the merger if you take certain actions and meet certain conditions. See Dissenters Rights and **Annex D**.

Q. Who can help answer my other questions?

A. If you have additional questions about the merger, need assistance in submitting your proxy or voting your shares of common stock, or need additional copies of the proxy statement or the enclosed proxy card, please call our proxy solicitor, Georgeson Inc., which we refer to as Georgeson, at (866) 482-5136 (toll-free) or (212) 440-9800 (banks and brokers).

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Generally, forward-looking statements include expressed expectations, estimates and projections of future events and financial performance and the assumptions on which these expressed expectations, estimates and projections are based. Statements that are not historical facts, including statements about the beliefs and expectations of the Company and its management are forward-looking statements. All forward-looking statements are inherently uncertain as they are based on various

expectations and assumptions about future events, and they are subject to known and unknown risks and uncertainties and other factors that can cause actual events and results to differ materially from historical results and those projected. Such statements are based upon the current beliefs and expectations of the Company s management. The Company intends its forward-looking statements to speak only as of the date on which they were made. The Company expressly undertakes no obligation to update or revise any forward-looking statements as a result of changed assumptions, new information, future events or otherwise.

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The following factors, among others, could cause the Company s actual results to differ from historic results or those expressed or implied in the forward-looking statements: its revenue is generated from a limited number of clients and the loss of one or more significant clients or reduction in demand for services could have a material adverse effect on the Company; the performance of its clients and general economic conditions; its financial results depend on the ability to effectively manage production capacity and workforce; the terms of its client contracts; its ability to sustain profitability; its availability of cash flows from operations and compliance with debt covenants and funding requirements under the Company s credit facility; its ability to conduct business internationally, including managing foreign currency exchange risks; its principal shareholder can exercise significant control over the Company; its ability to attract and retain qualified employees; the potential for downward pricing pressures in its industry and other competitive factors; changes to government regulations; the effect of rapid technology changes; acts of God, political instability or other events outside its control; the impact from unauthorized disclosure of sensitive or confidential client or customer data; the inability to complete the merger in a timely manner, if at all; the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to completion of the merger; the occurrence of any event, change or other circumstance that could give rise to the termination of the agreement; the possibility that competing offers will be made; the effect of a change in the Company s business relationships, operating results and business generally, diversion of management s attention from ongoing business concerns as a result of the pendency or consummation of the merger; the possibility that legal proceedings may be instituted against the Company or others relating to the merger and the outcome of such proceedings; and other risk factors listed in the Company s most recent SEC filings.

Other reasons that may cause actual results to differ from historic results or those expressed or implied in the forward-looking statements can be found in the Company s most recent annual report on Form 10-K and its quarterly reports on Form 10-Q and current reports on Form 8-K as filed with the Securities and Exchange Commission. APAC assumes no obligation to update any forward-looking information contained in this proxy statement.

PARTIES TO THE MERGER

The Company

APAC Customer Services, Inc.
2201 Waukegan Road, Suite 300
Bannockburn, Illinois 60015

APAC Customer Services, Inc. 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.

Parent

Blackhawk Acquisition Parent, LLC
c/o One Equity Partners IV, L.P.
320 Park Avenue

New York, New York 10022
(212) 270-7689

Blackhawk Acquisition Parent, LLC, is a Delaware limited liability company and a holding company that owns Blackhawk Merger Sub, Inc. 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

Blackhawk Merger Sub, Inc.
c/o One Equity Partners IV, L.P.
320 Park Avenue
New York, New York 10022
(212) 270-7689

Blackhawk Merger Sub, Inc. 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 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. NCO Group, Inc. s address is NCO Group, Inc., 507 Prudential Road, Horsham, Pennsylvania 19044 and telephone number is (215) 441-3000. 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.

THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

The special meeting will be held at [ ] on [ ], 2011 at [ ], local time. At the special meeting, holders of common stock will be asked to approve the proposal to adopt the merger agreement, to approve the proposal to adjourn the special meeting and to approve the non-binding proposal regarding certain merger-related executive compensation arrangements.

Record Date and Quorum

We have fixed the close of business on [ ], 2011 as the record date for the special meeting, and only holders of record of common stock on the record date are entitled to vote at the special meeting. 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 the record date. On the record date, there were [ ] shares of common stock outstanding and entitled to vote. Each share of common stock entitles its holder to one vote on all matters properly coming before 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. Shares of common stock represented at the special meeting but not voted, including shares of common stock for which a stockholder directs an abstention from voting, as well as broker non-votes, if any, will be counted for

purposes of establishing a quorum. A quorum is necessary to transact business at the special meeting. Once a share of common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

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Attendance

Only stockholders of record or their duly authorized proxies have the right to attend the special meeting. To gain admittance, you must present a valid photo identification, such as a driver s license or passport. If you hold shares of common stock in street name (that is, in a brokerage account or through a bank or other nominee) and you would like to attend the special meeting, you will need to bring a valid photo identification and proof of ownership, such as a brokerage statement as of a recent date, a copy of your voting instruction form or a legal proxy from your broker, bank or other nominee. If you wish to vote in person at the special meeting, you must obtain a legal proxy from your broker, bank or other nominee. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Vote Required

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of two-thirds, voting as a single class, of the outstanding shares of common stock entitled to vote thereon. Pursuant to a voting agreement between Parent, Mr. Schwartz and 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 (and in favor of any actions and proposals required, or submitted for approval in furtherance thereof).

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 shares issuable upon the exercise or conversion of stock options), 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.

For the proposal to adopt the merger agreement, you may vote **FOR,** **AGAINST** or **ABSTAIN** . Abstentions will not be counted as votes cast in favor of the proposal to adopt the merger agreement but will count for the purpose of determining whether a quorum is present. **If you fail to submit a proxy or to vote in person at the special meeting, or abstain, it 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 broker, bank or other nominee how to vote your shares will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

Approval of the proposal to adjourn the special meeting to solicit additional proxies requires the affirmative vote of the 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. For the proposal to adjourn the special meeting, if necessary or appropriate, you may vote **FOR,** **AGAINST** or **ABSTAIN** . For purposes of this proposal, if your shares of common stock are present at the special meeting but are not voted on this proposal, or if you have given a proxy and abstained on this proposal, this will have the same effect as if you voted **AGAINST** the proposal. If you fail to submit a proxy or to vote in person at the special meeting, or if there are broker non-votes, your shares of common stock not voted will not be counted in respect of, and will not have any effect on, the proposal to adjourn the special meeting.

Approval of the non-binding, advisory vote regarding certain merger-related executive compensation arrangements requires the affirmative vote of the 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. For the non-binding proposal regarding certain merger-related executive compensation arrangements, you may vote **FOR, AGAINST** or **ABSTAIN** . For purposes of this proposal, if your shares of common stock are present at the special meeting but are not voted on this proposal, or if you have given a proxy and abstained on this proposal, this will have the same effect as if you voted **AGAINST** the proposal. If you fail to submit a proxy or vote in person at the special

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meeting, or if there are broker non-votes, your shares of common stock not voted will not be counted in respect of, and will not have any effect on, the non-binding proposal regarding certain merger-related executive compensation arrangements.

If your shares of common stock are registered directly in your name with our transfer agent, BNY Mellon Shareowner Services, you are considered, with respect to those shares of common stock, the stockholder of record. This proxy statement and proxy card have been sent directly to you by the Company.

If your shares of common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of common stock, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting.

If you are a stockholder of record, there are four ways to vote:

- By completing, dating, signing and returning the enclosed proxy card in the accompanying prepaid reply envelope;
- By visiting the Internet at http://www.proxyvoting.com/APAC;
- By calling toll-free (within the U.S. or Canada) 1-866-540-5760; or
- By attending the special meeting and voting in person by ballot.

If you are a beneficial owner of common stock held in street name, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of common stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted.

Banks, brokerage firms or other nominees who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms or other nominees are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to adopt the merger agreement, the proposal to approve the adjournment of the special meeting, and the non-binding proposal regarding certain merger-related executive compensation arrangements, and, as a result, absent specific instructions from the beneficial owner of such shares of common stock, banks, brokerage firms or other nominees are not empowered to vote those shares of common stock on any of the proposals to be voted on at the special meeting. **Broker non-votes, if any, will be counted for purposes of determining a quorum, but will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

Please note that if you are a beneficial owner of common stock and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

Please refer to the instructions on your proxy card to determine the deadlines for voting over the Internet or by telephone. If you choose to vote by mailing a proxy card, your proxy card must be received by our General Counsel and Secretary by the time the special meeting begins. **Please do not send in your stock certificates with your proxy card.** When the merger is completed, a separate letter of transmittal will be mailed to stockholders of record that will enable you to receive the per share merger consideration in exchange for your stock certificates.

If you vote by proxy, regardless of the method you choose to vote, the individuals named on the enclosed proxy card, and each of them, with full power of substitution, will vote your shares of common stock in the way that you indicate.

If you properly sign your proxy card but do not mark the boxes showing how your shares of common stock should be voted on a matter, the shares of common stock represented by your properly signed proxy will be voted **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to adjourn the special meeting and **FOR** the non-binding, advisory proposal regarding certain merger-related executive compensation arrangements.

IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR OVER THE INTERNET.

As of [ ], 2011, 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 any shares of common stock issuable upon exercise or conversion of any stock options), representing approximately [ ]% of the outstanding shares of common stock on the record date. The directors and executive officers have informed the Company that they currently intend to vote all of their shares of common stock **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

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 by your bank, brokerage firm or 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 are a stockholder of record, you have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, 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 voted 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, 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.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed, including 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 or if a quorum is not present at the special meeting. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. We may also postpone the special meeting under certain circumstances. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Anticipated Date of Completion of the Merger

We are working towards completing the merger as soon as possible. Assuming timely satisfaction of the closing conditions, including the approval by our stockholders of the proposal to adopt the merger agreement, we anticipate that the merger will be completed in the third or fourth calendar quarter of 2011. If our stockholders vote to approve the proposal to adopt the merger agreement, the merger will become effective as promptly as practicable following the satisfaction or waiver of the other conditions to the merger, subject to the terms of the merger agreement.

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Rights of Stockholders Who Seek Appraisal

Stockholders are entitled to exercise dissenters rights under the IBCA in connection with the merger if you take certain actions and meet certain conditions. 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.

Payment of Solicitation Expenses

The expenses of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne jointly by the Company and Parent. The Company may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares of common stock for their expenses in forwarding soliciting materials to beneficial owners of common stock and in obtaining voting instructions from those owners. Our directors, officers and employees may also solicit proxies by telephone, by facsimile, by email, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

The Company has engaged Georgeson to assist in the solicitation of proxies for the special meeting. The Company estimates that it will pay Georgeson a fee of approximately $10,000, plus fees for direct telephone solicitations of $6.00 per completed call (both incoming and outgoing). The Company will reimburse Georgeson for reasonable out-of-pocket expenses and will indemnify Georgeson and its affiliates against certain claims, liabilities, losses, damages and expenses.

Questions and Additional Information

If you have questions about the merger, the special meeting or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, please call Georgeson at (866) 482-5136 (toll-free) or (212) 440-9800 (banks and brokers).

THE MERGER (PROPOSAL 1)

*This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as **Annex A**. You should read the entire merger agreement carefully as it is the legal document that governs the merger.*

The Merger

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. You will not own any shares of the capital stock of the surviving corporation.

Merger Consideration

In the merger, each outstanding share of common stock (except for the excluded shares) will be automatically cancelled and converted into the right to receive the per share merger consideration of $8.55 in cash, less any applicable withholding taxes.

Background of the Merger

In the ordinary course of business, the Board and senior management review and consider various strategic alternatives available to the Company that may enhance stockholder value. In addition, from time to time over the past several years, a number of parties have approached Mr. Theodore Schwartz, our chairman of the Board and founder of the Company, who beneficially owns, directly or indirectly, shares of our common stock representing approximately 38% of total shares outstanding, and inquired about potential interest in a transaction involving the sale of the Company. The Board has also, on occasion, formed a Strategic Alternatives Committee, which we refer

to as SAC or the Committee, to evaluate potential transactions and other strategic options for the Company. However, prior to the discussions detailed below, such approaches did not proceed past such preliminary inquiries.

In January 2011, Mr. Kevin Keleghan, chief executive officer of the Company, had a conversation with the chief executive officer of Party A, another company in the customer service industry regarding a potential merger of semi-equals. Over the following month, Mr. Keleghan had several additional conversations regarding the potential merger. During this time period, Mr. Keleghan sought the financial advice of Credit Suisse, which had provided financial advice to the Company since 2007 on various merger and acquisition related matters. In February 2011, Party A informed Mr. Keleghan that it was not interested in a merger of semi-equals, but proposed instead to acquire all of APAC at $6.50 per share in cash. Mr. Keleghan communicated the non-binding oral proposal to Mr. Theodore Schwartz, in his capacity as the Chairman of the Board. Messrs. Schwartz and Keleghan discussed the proposal and also sought input from Credit Suisse. Following these discussions, Mr. Keleghan informed Party A that its non-binding proposal was not likely to be of interest to the Board. In response, Party A indicated that it was prepared to offer to acquire APAC for $7.00 per share in cash. Mr. Keleghan informed Mr. Schwartz and certain other directors of the revised offer. After such directors discussed the proposal, again with input from Credit Suisse, Mr. Keleghan communicated to Party A that its revised proposal was not of interest to the Board.

On March 4, 2011, after additional discussions between APAC and Party A, the Company received a non-binding written proposal from Party A to acquire all of APAC s common stock at a price of $7.50 per share in cash.

On March 6, 2011, the Board convened a meeting at which representatives from Credit Suisse were present to discuss the proposal from Party A as well as the Company s past contacts with entities which had expressed an interest in acquiring or combining with the Company. Mr. Keleghan and Mr. Schwartz reported on their past contacts with representatives from Party A, Party B, a company in the customer service industry and Party C, a company in the customer service industry, and representatives from Credit Suisse identified other potentially interested strategic buyers. Mr. Schwartz also reported on a past preliminary inquiry he had received from a potential private equity firm or financial buyer. After discussing the process for proceeding with these potential buyers, the Board directed Credit Suisse to acknowledge the proposal from Party A and to seek additional information on its ability to finance a transaction. The Board also instructed Credit Suisse to solicit expressions of interest from certain other parties.

On March 9, 2011, the Company retained Kirkland & Ellis LLP, which we refer to as Kirkland, as its outside legal counsel.

On March 14, 2011, the Board convened a meeting at which representatives from Credit Suisse and Kirkland were present. Credit Suisse reported on various expressions of interest it had received from certain private equity firms and certain potential strategic buyers, and updated the committee on further discussions it had had with Party A and its financial advisor. Kirkland then reviewed with the Board various legal and fiduciary considerations relevant to the discharge of its duties and responsibilities. The Board then discussed the potential process going forward. Credit Suisse proposed that it continue to have discussions with parties who had expressed interest and that it reach out to a targeted list of potential parties and invite them to submit non-binding indications of interest for the potential acquisition of the Company. A targeted list was proposed in order to create competition among the leading potential acquirers while preserving confidentiality. The parties on this list were identified by Credit Suisse as those with the greatest likelihood of interest in a possible transaction with the Company based on, among other things, their natural operational and business overlap with the Company, whether they had previously expressed interest in acquiring the Company or making acquisitions in the industry and whether they had sufficient financial resources to acquire the Company. The Board then directed Credit Suisse to contact the potential buyers that were discussed.

Beginning on March 14, 2011 and continuing through April 6, 2011, Credit Suisse contacted 10 potential buyers for APAC, instructing them to submit indications of interest based on publicly available information if they were

interested in potentially pursuing an acquisition of the Company. That group included 6 potential strategic buyers and 4 potential financial buyers. Of the 10 potential buyers contacted, 4 (3 potential strategic buyers and 1 potential financial buyer) executed confidentiality agreements with the Company between April 4 and May 4, 2011. Each confidentiality agreement executed by the 4 potential buyers contained a standstill provision that, among other

things, restricted the ability of each such potential buyer to acquire or seek to acquire the assets or securities of the Company without its consent.

Beginning on April 5, 2011, Company management made presentations to, and held diligence discussions with, each potential buyer who executed a confidentiality agreement as of that date.

On April 13, 2011, the Board convened a meeting at which Credit Suisse provided an update regarding communications with potential buyers. Representatives of Credit Suisse reviewed the verbal and written indications of interest that had been provided to date. The Company had received 3 written indications of interest and 2 verbal indications of interest, which ranged from $7.00 per share to $8.50 per share. Based on the value ranges and other proposed transaction terms included in each indication of interest, the Board determined to permit 4 of the potential buyers to proceed in the process (1 potential financial buyer, Party D, and 3 potential strategic buyers, including Party E).

On April 20, 2011, the Board by unanimous written consent re-formed the Company s Strategic Alternatives Committee. The Committee was tasked with considering potential strategic alternatives for the Company, including possible acquisitions and sales, and was authorized, among other items, to negotiate the terms of possible transactions involving the Company. All proposals recommended by the Committee were subject to final Board approval, though the Committee could reject proposals that it determined it could not recommend to the Board. Messrs. John J. Park, Theodore G. Schwartz and Samuel K. Skinner served as the Committee s members. The Committee was chaired by Mr. Park.

On April 22, 2011, the Strategic Alternatives Committee held a meeting. Company management presented an update on the process and diligence requests. The Committee also considered the amended terms of its engagement with Credit Suisse and discussed issues relating to the frequency and procedures for future meetings.

On April 29, 2011 and May 6, 2011, the Strategic Alternatives Committee held meetings at which Company management and representatives of Credit Suisse were present. Updates were provided on the process and feedback from the potential buyers, and next steps were discussed.

On May 10, 2011, the Board held a meeting at which Company management was present. Among other matters discussed, Mr. Park, as chairman of the SAC, gave an update on the process, and Mr. Keleghan provided additional information.

On May 19, 2011, the Company opened an online data room to potential buyers in order to provide additional confidential information about the Company to the continuing potential buyers in the process.

On May 23, 2011, Credit Suisse was contacted by representatives of OEP to explore the possibility of acquiring the Company. On May 25, 2011, at the Company s direction, Credit Suisse informed the representatives of OEP that OEP could join the process and sent OEP the Company s form confidentiality agreement.

On May 27, 2011, the Strategic Alternatives Committee held a meeting at which Company management and representatives of Credit Suisse and Kirkland were present. Management presented an update on the process to the SAC, including OEP s participation in the process. Credit Suisse discussed the timeline for the process and necessary next steps. A brief discussion followed regarding a draft merger agreement that had been prepared by Kirkland.

On June 3, 2011, the Strategic Alternatives Committee held a meeting at which Company management and representatives of Credit Suisse and Kirkland were present. Management presented an update on the process to the SAC. Credit Suisse discussed upcoming events and the timeline for the process. Kirkland discussed the latest versions

of the draft merger agreement. The SAC instructed Credit Suisse to contact the potential buyers to obtain definitive proposals.

On the afternoon of June 3, 2011, Credit Suisse sent final instruction letters to each of the potential buyers remaining in the process, other than OEP, which had yet to execute a confidentiality agreement. The letters directed the potential buyers to submit a definitive proposal for the acquisition of the Company no later than June 28, 2011, and advised that proposals including contingencies would be disfavored. Enclosed with each letter was a draft merger agreement prepared by Kirkland. The letters also requested written comments on the draft merger

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agreement and a list of any further approvals or other items that would need to be completed prior to entering into a definitive merger agreement.

On the morning of June 7, 2011, the Board held a meeting at which Company management was present. Among other matters, the Board discussed the current status of the process and the expected timeline for the process. Management gave an overview on the potential buyers.

On the afternoon of June 7, 2011, OEP executed a confidentiality agreement with the Company and was provided access to the data room promptly thereafter. OEP was also provided with a final instruction letter.

On June 17, 2011, the Strategic Alternatives Committee held a meeting at which Company management and representatives of Credit Suisse and Kirkland were present. Management presented an update on the process to the SAC. Credit Suisse discussed upcoming events and the timeline for the process. The SAC discussed next steps in light of the upcoming deadline.

On June 28, 2011, in response to the final instruction letters, three potential buyers submitted final written proposals ranging from $6.75 to $8.00 per share, and one potential buyer (Party C) submitted an oral proposal of $7.50 per share. Party C asked at that point if its offer at $7.50 would be sufficient to enable the Company to enter into a definitive agreement with Party C. When the Company refused to state whether or not $7.50 would be sufficient, Party C informed the Company that it was withdrawing from the process. Also, on June 28, 2011, OEP contacted Credit Suisse to inform them that it was interested in making a proposal, but was currently unable to do so due to an internal policy issue.

On June 29, 2011, OEP informed Credit Suisse that it had resolved its internal policy issue and submitted a written proposal of $8.00 per share.

On June 30, 2011, the Strategic Alternatives Committee met to review the proposals. Credit Suisse gave a presentation regarding the financial terms of the proposals and Kirkland gave a presentation regarding the proposed transaction terms. All potential buyers had indicated that contact with the Company s top customers for the purpose of conducting a due diligence review was a condition to signing a definitive merger agreement. Two potential buyers, OEP and Party E, had made proposals of $8.00 per share. OEP and Party E included in their proposals a request that Mr. Schwartz and the Schwartz trusts enter into a voting agreement in support of the merger. Following discussion, the Strategic Alternatives Committee directed Credit Suisse and Kirkland to continue to negotiate with OEP and Party E in an effort to obtain improved price and transaction terms and to set a deadline of noon CT on July 5, 2011 for them to submit revised proposals. Credit Suisse contacted representatives of OEP and Party E on the night of June 30, 2011. Credit Suisse informed each of them that only two potential buyers remained and that neither proposal was clearly superior to the other. Credit Suisse also informed each party of the new deadline to resubmit proposals.

On July 1, 2011, Dechert LLP, which we refer to as Dechert, on behalf of OEP, discussed with Kirkland certain terms in the draft merger agreement Dechert had submitted. Also on July 1, 2011, counsel for Party E discussed certain terms in the draft merger agreement they had submitted with Kirkland.

Later that day, on July 1, 2011, OEP submitted a revised proposal that increased its price to $8.40 per share and stated that it was willing to sign a merger agreement without conducting any further customer due diligence. The proposal stated that it would expire at 5:00 p.m. CT on July 4, 2011. The revised proposal also included a revised draft merger agreement, reflecting certain changes discussed between Kirkland and Dechert.

On July 2, 2011, the Strategic Alternatives Committee held a meeting at which representatives of Credit Suisse and Kirkland were present. Credit Suisse presented a summary of the events since June 28, 2011, and OEP s revised

proposal was discussed. Following discussion, the SAC directed its advisors to contact Party E to let it know that a revised proposal had been received from the remaining potential buyer, that the Company s advisors were fully engaged with such potential buyer, and that its advisors were available to answer any questions Party E might have regarding concerns the Company had with Party E s proposal. After the SAC meeting, Credit Suisse contacted representatives of Party E, who informed Credit Suisse that they would submit a revised proposal over the weekend. The SAC also determined at this time to recommend that the entire Board review any revised proposals that were received and consider those proposals as an entire Board.

On July 3, 2011, Party E submitted a revised proposal that increased its price to $8.25 per share and shortened its estimated time for confirmatory due diligence from two weeks to five business days. Shortly after receiving the revised proposal, Credit Suisse received a call from representatives of Party E, who indicated that they were in the process of convening Party E s board of directors to discuss the proposed acquisition and could potentially increase its offer price.

On the morning of July 4, 2011, Kirkland sent revised drafts of the merger agreement to representatives of Party E. Later that morning, representatives of Party E contacted Credit Suisse and stated that Party E s board had authorized Party E to offer $8.50 per share and that the proposed price per share was their best and final offer. At approximately noon on July 4, 2011, Kirkland circulated a revised draft of the merger agreement and a markup from Katten Muchin Rosenman LLP, which we refer to as Katten, Mr. Schwartz s counsel, of the voting agreement to Dechert, acting on behalf of OEP. In the afternoon of July 4, 2011, Kirkland had conversations with the outside financial and legal advisors for Party E and with Dechert to discuss issues of concern with the potential buyers respective markups of the merger agreement.

On the night of July 4, 2011, the Board met to receive an update on the process. Credit Suisse and Kirkland provided the Board with an update on the events leading up to the submission of the competing proposals. The discussion included the price and a review of the draft merger agreements and other terms contained in the letters. The Board authorized management, Credit Suisse and Kirkland to continue discussions with both parties to attempt to improve the price and terms of the proposals.

At approximately 10:15 a.m. CT on July 5, 2011, the Company received a revised draft merger agreement from Dechert on behalf of OEP. Later that morning, representatives of OEP, Dechert, Kirkland and Credit Suisse had a telephonic meeting to discuss the Company s concerns with the latest draft. On that call, OEP indicated a willingness to adopt the Company s view on a number of issues relating to Company representations and warranties, post-signing covenants, closing conditions and termination rights.

At approximately 1:20 p.m. CT on July 5, 2011, representatives of Party E s financial advisor circulated to Credit Suisse a letter from Party E s chief executive officer addressing certain matters of concern on the merger agreement relating to, among other things, post-signing covenants and termination fee issues. The letter indicated that these issues reflected conceptual differences between the Company and Party E and expressed confidence that a deal could be reached if these differences were resolved. It did not indicate whether Party E was willing to accept any of the Company s positions, however. Party E s financial advisor had also indicated that Party E would require certain customer diligence prior to executing a definitive merger agreement.

At approximately 2:00 p.m. CT on July 5, 2011, OEP submitted a written revised offer that increased its price to $8.50 per share, along with a revised merger agreement. The offer noted that it would expire at 8:00 p.m. CT on July 5, 2011.

During the afternoon of July 5, Katten engaged in negotiations with Dechert regarding the terms of the voting agreement with respect to Mr. Schwartz and the Schwartz trusts. A revised voting agreement was circulated by Dechert to Katten later that evening.

At approximately 7:50 p.m. CT on July 5, 2011, representatives of Party E circulated a revised draft merger agreement, which noted, among other items, that the purchase price would be reduced to the extent that the Company was not debt free at closing or failed to meet certain net working capital and cash targets.

At approximately 8:00 p.m. CT on July 5, 2011, the Board convened a meeting to review the latest proposals from Party E and OEP. Credit Suisse provided an overview of the status of negotiations with Party E and OEP and noted

that the proposals were indistinguishable in price, except that Party E s proposal provided that the purchase price could be subject to reduction based on the Company s debt, net working capital and cash positions as of the closing. Kirkland then provided a review of the legal differences between the two proposals contained in the draft merger agreements that had been negotiated and the letters submitted by each party. Following a discussion of these differences and consideration of their effect upon certainty of closing, the Company s ability to consider competing new proposals, and potential issues with obtaining a signed definitive agreement, the Board, viewing the OEP proposal as superior to the Party E proposal, directed Credit Suisse and Kirkland to negotiate with OEP to determine if final terms could be reached for the Board to consider.

On the night of July 5, 2011, Credit Suisse contacted OEP as directed by the Board. Following discussions between Credit Suisse and OEP, OEP increased its proposal to $8.55 per share and made certain concessions regarding the size of the termination fee and closing conditions. Following these discussions, Kirkland continued to negotiate with Dechert on the terms of the merger agreement.

On the morning of July 6, 2011, Kirkland circulated a revised version of the merger agreement and the disclosure letter to OEP. The parties continued to negotiate terms throughout the day. During the same time period, Katten negotiated with Dechert to finalize the terms of Mr. Schwartz s voting arrangements.

On the evening of July 6, 2011, the Board convened a meeting to consider entering into a merger agreement with OEP. Credit Suisse reviewed with the Board the events that had transpired since the Board s meeting the day before. Credit Suisse also gave the Board a financial presentation regarding the proposal. A representative of Kirkland advised the Board of its fiduciary duties in the context of such a transaction and the Board discussed its fiduciary duties. Kirkland then led the Board through a review of the latest version of the draft merger agreement and other transaction documents, including the voting agreement. The Board then discussed the draft agreements in detail. The Chairman then asked Credit Suisse for its view as to the fairness of the merger consideration. Credit Suisse then rendered an oral opinion to the Board (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated July 6, 2011) that as of that date and based upon and subject to the various assumptions and qualifications stated in its opinion, the merger consideration to be received by holders of Company stock (other than the excluded persons) in the merger was fair, from a financial point of view, to such stockholders. After further discussion, the Board determined that the merger agreement and the transactions contemplated thereby were advisable and in the best interests of the Company, adopted the merger agreement and the transactions contemplated thereby, directed that the Company submit the adoption of the merger agreement to a vote at a special meeting of the shareholders to be held in accordance with the terms of the merger agreement, and resolved to recommend the merger and the merger agreement to the shareholders.

Following adjournment of the meeting, representatives of Kirkland, Dechert and Katten continued to work the night of July 6, 2011 to finalize the merger agreement, the voting agreement and all other related documentation for execution. These documents were promptly executed thereafter.

On the morning of July 7, 2011, the Company and OEP issued a joint press release announcing the execution of the merger agreement.

Reasons for the Merger; Recommendation of the Board

In evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Board consulted with our senior management, outside legal counsel and independent financial advisors. In recommending that the Company s stockholders vote their shares of common stock in favor of adoption of the merger agreement, the Board also considered a number of factors, including the following:

Financial Terms; Fairness Opinion; Certainty of Value

The historic trading ranges of the common stock and the potential trading range of the common stock absent takeover speculation.

The fact that the merger consideration of $8.55 represented a premium of approximately 56.8%, 50.6% and 47.6% over the one, three and six month volume-weighted average prices of the common stock, prior to market close on July 6, 2011, the trading day prior to the execution of the merger agreement.

The fact that the merger consideration of $8.55 represented a premium of approximately 50.2% over the average closing price of the common stock for the 90 calendar days prior to July 6, 2011; and a premium of approximately 50.3% over the average closing price of the common stock for the 52-week period prior to July 6, 2011.

Credit Suisse s presentation to the Board of certain financial analyses and its opinion that, as of July 6, 2011 and based upon and subject to the various qualifications, limitations and assumptions stated in its opinion, the consideration to be offered to the holders of the Company s common stock (other than excluded persons)

in the merger was fair, from a financial point of view, to such stockholders. See below under the heading Opinion of Credit Suisse Securities (USA) LLC and **Annex C.**

The fact that the all-cash merger consideration will provide certainty of value and liquidity to the Company s stockholders, while eliminating long-term business and execution risk.

The availability of dissenters rights to Company stockholders who comply with certain procedures under Illinois law to have the fair value of the common stock determined by an Illinois court.

Financial Condition and Prospects of the Company; Strategic Alternatives

The difficulty of predicting future prospects for the Company on a standalone basis.

The increasing challenges faced by the Company as an independent company pursuing organic growth.

The fact that the Company s ability to implement its growth strategy was dependent on identification of attractive acquisition targets and its ability to acquire them at acceptable valuations and to integrate them successfully.

The perceived risks of continuing as a standalone company or pursuing other alternatives and the range of potential benefits to the Company s stockholders of these alternatives; the assessment that no other alternatives were reasonably likely to create greater value for the Company s stockholders, taking into account risk of execution as well as business, competitive, industry and market risk, than the merger.

Market Check; Alternative Proposals

The Board s view that the merger consideration was the highest price reasonably attainable by the Company s stockholders in a sale of the Company, considering potentially interested third parties and strategic opportunities.

The Board s view that the Company, with the assistance of its advisors, negotiated the highest price per share of common stock that OEP was willing and able to cause Parent to pay.

The Board s view that the Company, with the assistance of Credit Suisse, identified and contacted a sufficient number of potential acquirors, including both strategic parties and financial parties, to obtain the best value reasonably available to the Company s stockholders.

The fact that following the March 4, 2011 offer from Party A to acquire all of APAC s stock at $7.50 per share in cash Credit Suisse contacted, and Credit Suisse or the Company were contacted by, additional strategic and financial parties regarding a potential transaction.

The fact that Credit Suisse had discussions with a total of six strategic parties and five financial parties, including those strategic and financial parties that Credit Suisse and Company management identified as likely potential acquirors.

The fact that while there were preliminary discussions and meetings with several potential third party acquirors, each of the other parties ultimately indicated that they were not interested in acquiring the Company at a price as high as or higher than $8.55 per share.

The Board s view that third parties are not likely to be unduly deterred from making a superior proposal by the provisions of the merger agreement.

The fact that the Board may furnish information or enter into discussions in connection with an acquisition proposal if it determines in good faith, after consultation with its outside counsel and financial advisor, that such acquisition proposal constitutes or would be reasonably expected to result in a superior proposal and that the failure to do so would be inconsistent with the Board s fiduciary duties.

The fact that the Board may terminate the merger agreement in order to enter into a definitive agreement with respect to a competing proposal that the Board determines, in good faith, after consultation with its

outside counsel and financial advisor, is a superior proposal, if it provides Parent prior notice and an opportunity to negotiate and pays a termination fee.

The fact that the Board may change its recommendation to the Company s stockholders if it determines in good faith after consultation with its legal and financial advisors that the failure to change its recommendation would be inconsistent with the directors duties under applicable law.

The fact that, as a condition to Parent and Merger Sub entering into the merger agreement, Mr. Schwartz and the Schwartz trusts, which collectively own approximately 38% of the outstanding common stock have agreed to enter into a voting agreement with Parent and Merger Sub to support the merger, but that such voting agreement would terminate if the merger agreement were terminated, including if the merger agreement is terminated by the Company as permitted in connection with a superior proposal or if the merger agreement is terminated by Parent as permitted in connection with a Board change in recommendation to the Company stockholders with respect to the merger.

Merger Agreement Terms

The Board s view that the merger agreement has customary terms and was the product of extensive arms-length negotiations.

The Board s view that the termination fee of $15 million, or approximately 3.2% of the aggregate equity value of the transaction, that the Company would be required to pay to Parent in certain limited circumstances, is reasonable and not preclusive of other offers.

The fact that there is no third-party consent condition, no stockholder litigation condition and no financing condition in the merger agreement.

The Board s belief that while the closing of the merger is subject to certain antitrust approvals, there were not likely to be significant antitrust or other regulatory impediments to the closing of the merger.

The fact that Parent and Merger Sub have agreed to use reasonable best efforts to take, and to cause their affiliates to take, promptly any and all steps necessary to obtain all consents under antitrust laws, including committing to divestments.

The fact that a majority of the members of the Board were independent and that no member of the Board would have an equity interest in the Company following the merger.

Likelihood of Consummation

The fact that OEP has a portfolio company in the customer care services industry, NCO Group, Inc., and the Board s belief that this gives OEP a strategic rationale for acquiring the Company and, therefore, additional motivation to complete the merger.

Financing; Remedies

The fact that the OEP Fund provided a guaranty of up to $469 million, for the full and punctual payment, performance and discharge of all the 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.

The fact that under certain circumstances, the merger agreement permits the Company to seek specific performance remedies against Parent and Merger Sub.

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Risks

The Board also considered a number of uncertainties and risks in its deliberations concerning the merger and the other transactions contemplated by the merger agreement, including the following:

The fact that receipt of the all-cash merger consideration would be taxable to the Company s stockholders that are treated as U.S. holders for U.S. federal income tax purposes.

The fact that the Company s stockholders would forego the opportunity to realize the potential long-term value of the successful execution of the Company s current strategy as an independent company.

The fact that under the terms of the merger agreement, the Company is unable to solicit other acquisition proposals during the pendency of the merger.

The fact that the termination fee could discourage other potential acquirors from making a competing offer to acquire the Company; although the Board believed that the termination fee was customary in amount and would not unduly deter any other party who might be interested in acquiring the Company.

The restrictions on the Company s conduct of business prior to completion of the merger, which could delay or prevent the Company from undertaking business opportunities that may arise or taking certain other actions with respect to its operations.

The significant costs involved in connection with entering into and completing the merger and the substantial time and effort of management required to complete the merger, which may disrupt the Company s business operations.

The fact that, while the Company expects the merger to be consummated if approved by the Company s stockholders, there can be no assurance that all conditions to the parties obligations to complete the merger will be satisfied.

The risk that the proposed merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on the trading price of the common stock.

The fact that the market price of the common stock could be affected by many factors, including: (1) the reason or reasons for which the merger agreement was terminated and whether such termination resulted from factors adversely affecting the Company; (2) the possibility that, as a result of the termination of the merger agreement, the marketplace would consider the Company to be an unattractive acquisition candidate; and (3) the possible sale of common stock by short-term investors following an announcement that the merger agreement was terminated.

The fact that the Company s business, sales operations and financial results could suffer in the event that the merger is not consummated and that the Company s stock price would likely be adversely affected.

The fact that the announcement and pendency of the merger, or failure to complete the merger, may cause substantial harm to the Company s relationships with its employees (including making it more difficult to attract and retain key personnel and the possible loss of key management, technical, sales or other personnel), vendors and customers and may divert employees attention away from the Company s day-to-day business operations.

The fact that the Company s directors and executive officers may have interests in the merger that may be different from, or in addition to, those of the Company s stockholders. For more information about such interests, see below under the heading Interests of Certain Persons in the Merger.

The Board believed that, overall, the potential benefits of the merger to the Company s stockholders outweighed the risks and uncertainties of the merger.

The foregoing discussion of factors considered by the Board is not intended to be exhaustive, but includes the material factors considered by the Board. In light of the variety of factors considered in connection with its evaluation of the merger, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. Moreover, each

member of the Board applied his or her own personal business judgment to the process and may have given different weight to different factors.

The Board unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to adjourn the special meeting and FOR the advisory vote regarding certain merger-related executive compensation arrangements.

Opinion of Credit Suisse Securities (USA) LLC

Credit Suisse acted as our financial advisor in connection with the merger. In connection with its review of the proposed merger, our board of directors requested that Credit Suisse advise it with respect to the fairness to the holders of our common stock (other than the excluded persons), from a financial point of view, of the merger consideration to be received by such stockholders in the merger. On July 6, 2011, our board of directors met to review the proposed merger and the terms of the proposed merger agreement. During this meeting, Credit Suisse reviewed with our board of directors certain financial analyses, as described below, and rendered its oral opinion to our board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) 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 the excluded persons) in the merger was fair, from a financial point of view, to such stockholders.

The full text of Credit Suisse s written opinion, dated July 6, 2011, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of the review undertaken by Credit Suisse in connection with its opinion, is attached as Annex C of the proxy statement and is incorporated into this proxy statement by reference in its entirety. Holders of our common stock are encouraged to read this opinion carefully in its entirety. Credit Suisse s opinion was provided to our board of directors in connection with its evaluation of the merger consideration to be received by the holders of our common stock in the merger and Credit Suisse s opinion does not constitute advice or a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the merger. Credit Suisse s opinion addresses only the fairness to the holders of our common stock (other than the excluded persons), from a financial point of view, of the merger consideration and does 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 following is a summary of the Credit Suisse opinion and is qualified in its entirety by reference to the full text of the opinion attached as Annex C, which you are encouraged to read carefully in its entirety.

In arriving at its opinion, Credit Suisse, among other things:

- reviewed a draft of the merger agreement dated July 6, 2011;
- reviewed drafts of certain related agreements;
- reviewed certain publicly available business and financial information relating to the Company;
- reviewed certain other information relating to the Company, including certain public and management financial forecasts, provided to or discussed with Credit Suisse by the Company;
- met with the Company s management to discuss the business and prospects of the Company;

considered certain financial and stock market data of the Company, and compared that data with similar data for other publicly held companies in businesses Credit Suisse deemed similar to that of the Company;

considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which had recently been effected; and

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information and assumed and relied on such information being complete and accurate in all material respects. With respect to the

financial forecasts for the Company prepared by the management of the Company, the management of the Company advised Credit Suisse, and Credit Suisse assumed, that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company s management as to the future financial performance of the Company. With respect to the publicly available financial forecasts for the Company, Credit Suisse reviewed and discussed such forecasts with the management of the Company, and Credit Suisse assumed, with the Company s consent, that such forecasts represented reasonable estimates and judgments with respect to the future financial performance of the Company. Credit Suisse also assumed, with the Company s consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Credit Suisse also assumed, with the Company s consent, that the merger agreement and certain related agreements when executed would conform to the drafts reviewed by Credit Suisse in all respects material to Credit Suisse s analyses. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company and was not furnished with any such evaluations or appraisals. Credit Suisse s opinion addressed only the fairness, from a financial point of view and as of the date of its opinion, to the holders of the Company s common stock (other than the excluded persons) of the merger consideration 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 including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration or otherwise. The issuance of Credit Suisse s opinion was approved by its authorized internal committee.

Credit Suisse s opinion was necessarily based upon information made available to it as of the date of the opinion and financial, economic, market and other conditions as they existed and could be evaluated on such date. Credit Suisse s opinion did not address the merits of the merger as compared to alternative transactions or strategies that may be available to the Company nor did it address the Company s underlying decision to proceed with the merger.

Financial Analyses

In preparing its opinion to the Company s board of directors, Credit Suisse performed a variety of analyses, including those described below. The summary of Credit Suisse s analyses described below is not a complete description of the analyses underlying Credit Suisse s opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations as to the most appropriate and relevant methods of financial, comparative and other analyses and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither a fairness opinion nor its underlying analyses are readily susceptible to partial analysis or summary description. Credit Suisse arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Credit Suisse believes that the totality of its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Credit Suisse considered financial information regarding the Company and general business, economic, industry and financial conditions and other matters as they existed on, and could be evaluated as of, the date of this written opinion, except for certain market information that Credit Suisse considered as of July 1, 2011. No company or transaction used in Credit Suisse s analyses for comparative purposes is identical to the Company or the proposed merger. An evaluation of the results of Credit Suisse s analyses is not entirely mathematical. Rather, Credit Suisse s analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or

transactions analyzed. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Credit Suisse did not make separate or quantifiable judgments regarding

individual analyses. The estimates contained in Credit Suisse s analyses and the implied reference ranges indicated by Credit Suisse s analyses are illustrative and are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of the Company and the control of Credit Suisse. Accordingly, the estimates used in, and the results derived from, Credit Suisse s analyses are inherently subject to substantial uncertainty.

Credit Suisse was not requested to, and it did not, recommend the specific consideration payable in the merger, which consideration was determined by the Company and Parent, and the decision by the Company to enter into the merger was solely that of the Company s board of directors. Credit Suisse s opinion and financial analyses were provided to the Company s board of directors in connection with its consideration of the merger and were among many factors considered by the board of directors of the Company in evaluating the merger. Neither Credit Suisse s opinion nor its financial analyses were determinative of the consideration or of the views of the Company s board of directors or the Company s management with respect to the merger.

The following is a summary of the material financial analyses performed by Credit Suisse for the Company s board of directors in connection with the preparation of Credit Suisse s opinion and reviewed with the Company s board of directors at a meeting held on July 6, 2011. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses and, in order to fully understand Credit Suisse s financial analyses, the tables must be read together with the text of each summary. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Credit Suisse s financial analyses.

Selected Companies Analysis

Credit Suisse reviewed certain financial data, multiples and ratios for the following publicly traded companies in the global customer care business process outsourcing industry:

- Teleperformance S.A.
- Convergys Corporation
- TeleTech Holdings, Inc.
- Sykes Enterprises, Incorporated
- StarTek, Inc.

Although none of the selected companies are directly comparable to the Company, the selected companies were chosen because they are publicly traded companies that operate in a similar industry as the Company and have lines of business and financial and operating characteristics similar to the Company. Credit Suisse determined, using its professional judgment, that these selected companies were the most appropriate for purposes of this analysis and, while there may have been other companies that operate in similar industries to the Company or have similar lines of business or financial or operating characteristics to the Company, Credit Suisse did not specifically identify any other companies for this purpose. Credit Suisse calculated the multiples and ratios for the selected companies using closing stock prices as of July 1, 2011 and information it obtained from public filings, publicly available research analyst estimates and other publicly available information. With respect to the selected companies, Credit Suisse compared,

among other things, enterprise value as a multiple of calendar years 2011 and 2012 estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, and stock price as a multiple of calendar years 2011 and 2012 estimated earnings per share, which we refer to as EPS. Credit Suisse then applied reference ranges of selected multiples for the selected companies to corresponding financial data of the Company, using calendar years 2011 and 2012 estimated EBITDA and EPS derived from the financial forecasts provided by the Company s management as described in the section of this proxy statement titled The Merger Certain Company Forecasts on page 32 as well as calendar years 2011 and 2012 estimated EBITDA and EPS based on publicly available research analyst estimates. This analysis indicated the following

implied equity value per share reference range for the Company s common stock as compared to the per share merger consideration:

Implied Equity Value per Share Reference Range for APAC	Per Share Merger Consideration
$4.90 $7.50	$8.55

Selected Transactions Analysis

Credit Suisse reviewed certain transaction multiples in the following selected publicly-announced transactions, which involved companies with businesses in the global customer care business process outsourcing industry:

Acquiror(s)	Target
Alcorica Inc.	PRC, LLC
Sykes Enterprises, Incorporated	ICT Group, Inc.
Stream Global Services, Inc.	eTelecare Global Solutions, Inc.
Affiliated Computer Services, Inc.	e-Services Group International
Tata Consultancy Services Ltd.	Citigroup Global Services Ltd.
Ayala Corp./Providence Equity Partners	eTelecare Global Solutions, Inc.
Aegis BPO	PeopleSupport, Inc.
Convergys Corporation	Intervoice, Inc.
WNS (Holdings) Ltd.	Aviva Global Services
Global BPO Services Corp.	Stream Holdings Corporation
Oak Hill Capital Partners	Vertex Data Science Ltd.
Diamond Castle Holdings, LLC	PRC, LLC
ClientLogic Corporation	SITEL Corporation
One Equity Partners	NCO Group, Inc.
TransWorks Information Services Ltd.	Minacs Worldwide Inc.
Thomas H. Lee Partners/Quadrangle Group	West Corporation

For the selected transactions, based on publicly available financial information with respect to the target companies and the selected transactions, Credit Suisse compared, among other things, enterprise value as a multiple of the target company s EBITDA over the last 12 months preceding the announcement of the transaction, which we refer to as LTM. Credit Suisse then applied a reference range of selected multiples for the selected transactions to corresponding financial data of the Company, using estimated LTM EBITDA of the Company as of June 30, 2011, which gave pro forma effect to the Company s acquisition of a portion of the tele-sales services business unit of SEI, LLC, which closed on April 29, 2011, as described in the section of this proxy statement titled The Merger Certain Company Forecasts on page 32. This analysis indicated the following implied equity value per share reference range for the Company s common stock as compared to the per share merger consideration:

Implied Equity Value per Share Reference Range for APAC	Per Share Merger Consideration
$7.40 $9.15	$8.55

Discounted Cash Flow Analysis

Credit Suisse performed discounted cash flow analyses to calculate the estimated present values of the unlevered, after-tax free cash flows for the Company for the six months ending December 31, 2011 and the fiscal years ending December 31, 2012 through December 31, 2015, based on estimates provided to Credit Suisse by the Company s management as described in the section of this proxy statement titled The Merger Certain Company Forecasts on page 32. Credit Suisse calculated estimated terminal values of the Company in 2015 by applying a range of assumed forward EBITDA multiples from 4.0x to 5.5x. The range of multiples was based on estimates provided to Credit Suisse by the Company s management of EBITDA for the fiscal year ending December 31, 2016. The present value of the cash flows and terminal values were then calculated using discount rates ranging from 9.5%

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to 12.5% based on the Company s weighted average cost of capital. This analysis indicated the following implied equity value per share reference range for the Company s common stock as compared to the per share merger consideration:

Implied Equity Value per Share Reference Range for APAC	Per Share Merger Consideration
$7.10 $9.55	$8.55

Miscellaneous

The Company engaged Credit Suisse based on Credit Suisse s qualifications, experience and reputation, and its familiarity with the Company and its business. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Credit Suisse will receive a fee of approximately $6.4 million for its services, $750,000 of which was payable upon delivery of its opinion and the remaining portion of which is contingent upon the consummation of the merger. In addition, the Company has agreed to reimburse Credit Suisse for its reasonable expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse and certain related parties against certain liabilities and other items, including liabilities under the federal securities laws, arising out of or relating to its engagement. Credit Suisse and its affiliates have in the past provided and are currently providing and in the future may provide, investment banking and other financial services to the Company and its affiliates, for which Credit Suisse and its affiliates have received, and would expect to receive, compensation, including having provided general financial advisory services to the Company during the two years preceding the date of Credit Suisse s opinion. Credit Suisse and its affiliates also have in the past provided investment banking and other financial services to affiliates of Parent, including having acted as financial advisor to Prodigy Health Holdings, LLC, a portfolio company of OEP, an affiliate of Parent, in connection with the sale of Prodigy Health Group, Inc. in June 2011, and in connection with OEP s acquisition of Smartrac N.V. in December 2010. Credit Suisse and its affiliates may in the future provide financial advice and services, to the Company, Parent and our and their respective affiliates for which Credit Suisse and its affiliates have received, and would expect to receive, compensation. Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of the Company, Parent and any other company that may be involved in the merger, as well as provide investment banking and other financial services to such companies.

Certain Company Forecasts

The Company does not, as a matter of course, publicly disclose projections as to its future financial performance. However, in connection with their due diligence review of our Company, we provided OEP and Parent with certain non-public financial forecasts of the Company s operating performance for fiscal years 2011 through 2015 prepared by the Company management. In addition to the financial forecasts which were provided to OEP and Parent, we provided Credit Suisse with certain non-public financial forecasts of the Company s operating performance for fiscal years 2011 through 2015 prepared by the Company s management, reflecting organic growth. Collectively, we refer to these financial forecasts as the Forecasts.

The Forecasts were not prepared with a view to public disclosure and are included in this proxy statement only because such information was made available, in whole or in part, to OEP and Parent, in connection with their due diligence review of the Company, or to Credit Suisse for use in connection with its financial analyses summarized above under Opinion of Credit Suisse Securities (USA) LLC. The Forecasts were not prepared with a view to compliance with generally accepted accounting principles as applied in the United States, which we refer to as GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Furthermore, Ernst & Young LLP, our independent auditor, has not examined, reviewed, compiled or otherwise applied procedures to the Forecasts and, accordingly, assumes no responsibility for, and expresses no opinion on,

them. The Forecasts included in this proxy statement have been prepared by, and are the responsibility of, our management. The Forecasts were prepared solely for internal use of the Company and are subjective in many respects.

In compiling the Forecasts, the Company s management took into account historical performance, combined with estimates regarding revenues, operating income, capital spending and stock-based compensation. Although the Forecasts are presented with numerical specificity, they reflect numerous assumptions and estimates as to future events made by our management that our management believed were reasonable at the time the Forecasts were prepared. However, this information is not fact and should not be relied upon as being necessarily indicative of actual future results. In addition, numerous factors, including industry performance, the market for our existing and new products and services, the competitive environment, expectations regarding future acquisitions and general business, economic, regulatory, market and financial conditions, all of which are difficult to predict and beyond the control of our management, may cause the Forecasts or the underlying assumptions not to be reflective of actual future results. In addition, the Forecasts do not take into account any circumstances or events occurring after the date that they were prepared and, accordingly, do not give effect to the merger or any changes to our operations or strategy that may be implemented after June 6, 2011 or completion of the merger. As a result, there can be no assurance that the Forecasts will be realized, and actual results may be materially better or worse than those contained in the Forecasts. The inclusion of this information should not be regarded as an indication that the Board, the Company, OEP, Parent, Merger Sub, Credit Suisse or any other recipient of this information considered, or now considers, the Forecasts to be predictive of actual future results.

The Forecasts are forward-looking statements. For information on factors that may cause the Company s future results to materially vary, see Cautionary Statement Concerning Forward-Looking Information above.

The key assumptions underlying the Forecasts include:

Revenue growth for the forecast period was assumed to run between 8.5% and 13.9% with a compound annual growth rate of 10.7%. To determine growth rates, we examined trends and prospects with specific customers, vertical markets, and geographies and we assumed that

Most accounts will grow between 0% and 5%;

A few, recently added, new accounts would grow at 10% or greater;

The SEI, LLC, which we refer to as SEI, business would grow at a faster rate than our existing business, consistent with our acquisition case;

Accounts in a certain vertical market would decline 10% due to trends in that industry;

We would continue to win business with unidentified new accounts and that they would grow between 3% and 5%; and

We would exit or lose business, at an average rate of 5% of our existing business, consistent with our past experience.

We assumed that our gross profit margins would remain consistent with the average of our 2010 actual and 2011 planned margins.

Selling, general and administrative expenses were assumed to increase at a slower rate than our revenue growth, thereby leveraging our overhead costs, consistent with our recent experience.

Our EBITDA margins were assumed to improve gradually over time from 16.0% to 16.4% as a result of the assumptions above and by maintaining our gross profit margins and leveraging our overhead.

We assumed a tax rate of 34.5% for 2011 and 36% for 2012-2015.

We assumed that our working capital requirements would increase as a result of growth and changes in our business mix and capital expenditures were assumed to run between 3.4% and 4.2% of revenue, consistent with our experience.

We assumed no that there would be no further acquisitions or stock repurchases beyond the second quarter of 2011.

Except to the extent required by applicable federal securities laws, we do not intend, and expressly disclaim any responsibility, to update or otherwise revise the Forecasts to reflect circumstances existing after the date when the Company prepared the Forecasts or to reflect the occurrence of future events, even in the event that any of the assumptions underlying the Forecasts are shown to be in error.

For purposes of the Forecasts, EBITDA means earnings before interest, taxes, depreciation and amortization.

Management Forecasts

	2010A	2011E	2012E	2013E	2014E	2015E
			($ in millions)			
Total Revenue	$ 326	$ 367	$ 418	$ 458	$ 500	$ 542
% Growth	11.2%	12.5%	13.9%	9.7%	9.1%	8.5%
Total EBITDA(1)	$ 49	$ 59	$ 67	$ 74	$ 82	$ 89
% Margin	15.1%	16.0%	16.0%	16.2%	16.3%	16.4%

(1) 2011 pro forma for acquisition of SEI, LLC, which assumes full annual EBITDA of $2.4 million.

Financing of the Merger

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, 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 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. The receipt of funding by Parent is not a condition to the obligations of either party to complete the merger under the terms of the merger agreement.

OEP Fund Guaranty

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 full and punctual payment, performance and discharge of all the 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.

Subject to certain exceptions, the OEP Fund guaranty will terminate upon the earliest to occur of:

the effective time (as defined in the merger agreement);

the termination of the merger agreement by mutual written consent of the parties; and

sixty days after the termination of the merger agreement in accordance with its terms (other than by mutual written consent of the parties) except to the extent that the Company has presented a claim for payment of any of the obligations to Parent or the OEP Fund.

Closing and Effective Time of Merger

The closing of the merger will take place on a date to be specified by the parties to the merger agreement, but no later than the second business day after the satisfaction or waiver of waiver of all of the conditions to closing of the merger (described below under The Merger Agreement Merger Closing Conditions) (other than those conditions which are not capable of being satisfied until the closing). On the closing date, the parties will file articles of merger with the Secretary of State for the State of Illinois in accordance with the IBCA. The merger will become

effective upon the filing of the articles of merger, or at such later time as is agreed by the parties and specified in the articles of merger.

We are working towards completing the merger as soon as possible. If the proposal to adopt the merger agreement is approved at the special meeting then, assuming timely satisfaction of the other necessary closing conditions, we anticipate that the merger will be completed either in the third or fourth calendar quarter of 2011. The effective time of the merger will occur concurrently with the closing of the merger agreement upon the filing of articles of merger with the Secretary of State of the State of Illinois (or at such later time as we and Parent may agree and specify in the articles of merger).

Interests of Certain Persons in the Merger

In considering the recommendation of the Board with respect to the merger, APAC stockholders should be aware that the executive officers and directors of the Company may have certain interests in the merger that may be different from, or in addition to, the interests of APAC stockholders generally. The Board was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger and making the recommendation that stockholders approve the proposal to adopt the merger agreement. These interests are described below.

Indemnification and Exculpation of Directors and Officers

Section 8.75 of the IBCA provides that an Illinois corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of such corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of such corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful. A corporation may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of such corporation, provided that no indemnification shall be made with respect to any claim, issue, or matter as to which such person has been adjudged to have been liable to the corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Expenses (including attorney s fees) incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by such corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the

corporation as authorized by Section 8.75 of the IBCA. Such expenses (including attorneys fees) incurred by former directors and officers or other employees and agents may be so paid on such terms and conditions, if any, as such corporation deems appropriate.

In the merger agreement, Parent and Merger Sub agreed that all rights to exculpation and indemnification for acts or omissions occurring at or prior to the effective time of the merger now existing in favor of the current or

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former directors, officers or employees of the Company or the Company s subsidiaries as provided in their respective employers certificates of incorporation or bylaws or other organizational documents or in any agreement will survive the merger and will continue in full force and effect and will not be, for a period of six years from the effective time of the merger, modified in any manner that would adversely affect the rights thereunder of any individuals who at the effective time of the merger were current or former directors, officers or employees of the Company.

In addition, for a six-year period, Parent, the Company and its subsidiaries and affiliates will, to the fullest extent permitted by law, indemnify and hold harmless, and advance expenses of, each officer, director or employee against and from any costs or expenses, judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation to the extent such claim, action, suit, proceeding or investigation arises out of or pertains to: any action or omission or alleged action or omission in such person s capacity as a director, officer or employee of the Company or any of its subsidiaries; or the merger, the merger agreement and any transactions contemplated thereby.

The merger agreement requires Parent to maintain the Company s current directors and officers insurance policies (or substitute insurance of at least the same coverage and amounts with terms that are at least as favorable to the indemnified parties) for six years following the effective time. However, Parent will not be required to pay premiums which on an annual basis exceed 300% of the annual premiums currently paid by the Company; however, Parent must obtain the greatest coverage available at such cost.

Treatment of Outstanding Equity Awards

Under the terms of the merger agreement, APAC equity awards held by our executive officers and directors that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment.

> *Director Options.* At the effective time of the merger, each of the 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 Employee Options 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 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 share, 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.

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Summary Tables

The following table shows, for each executive officer and each director, as applicable, as of September 30, 2011, (1) the number of shares subject to vested options held by him or her, (2) the cash consideration that he or she will receive for such vested options upon completion of the merger, (3) the number of shares subject to unvested options that will accelerate upon completion of the merger held by him or her, (4) the cash consideration that he or she will receive for such options upon completion of the merger, (5) the number of shares subject to unvested options that will continue to vest over time after the completion of the merger held by him or her and (6) the cash consideration that he or she will receive for options after the completion of the merger.

Name	Number of Shares Subject to Vested Options (#)	Cash-Out Payment for Vested Options ($)	Number of Shares Subject to Unvested Options which Accelerate (#)	Cash-Out Payment for Unvested Options which Accelerate ($)	Number of Shares Subject to Unvested Options which Continue to Vest over Time (#)	Cash-Out Payment for Shares of Options which Continue to Vest over Time ($)
Executive Officers						
Kevin T. Keleghan	158,301	520,855	316,604	1,041,715	300,000	996,000
Arthur D. DiBari	260,000	1,648,400	145,000	737,300	145,000	737,300
Andrew B. Szafran	276,000	2,031,420	102,000	710,340	102,000	710,340
Robert B. Nachwalter	62,000	448,840	49,000	344,930	49,000	344,930
Mark E. McDermott	278,040	1,918,530				
Michael V. Hoehne	65,000	403,000	22,500	137,838	22,500	137,838
Gregory M. Carr			53,000	143,100	53,000	143,100
Joseph R. Doolan	95,000	634,150	7,500	52,950	7,500	52,950
Directors						
Theodore G. Schwartz	174,168	1,002,610	51,428	184,910		
Katherine Andreasen	8,301	22,855	28,530	77,080		
John J. Park	228,352	1,406,452	51,428	184,910		
Samuel K. Skinner	56,057	300,085	51,428	184,910		
John L. Workman	56,057	300,085	51,428	184,910		

The following table shows, for each executive officer holding shares of restricted stock as of September 30, 2011, (1) the number of shares subject to restricted stock held by him and (2) the cash consideration that he will receive for such shares of restricted stock upon completion of the merger.

	Number of	Cash-Out Payment

Name	Shares of Restricted Stock (#)	for Shares of Restricted Stock ($)
Executive Officers		
Kevin T. Keleghan	200,000	1,710,000
Gregory M. Carr	36,000	307,800

Management Incentive Plan 2011

For fiscal year 2011, all executive officers, including the named executive officers, are eligible to receive cash bonus payments on either an annual or a quarterly basis based on us achieving certain financial performance goals established by the Company s compensation committee, which we refer to as the Compensation Committee. Each executive officer is eligible for a bonus ranging from 0% to 200% of his or her base salary. For all executive officers, other than our Senior Vice President, Sales who does not participate in the Management Incentive Plan, which we refer to as the 2011 MIP, but instead participates in the Business Development Sales Commission, the 2011 MIP is based 40% on us achieving the threshold or maximum revenue amounts established by the Compensation Committee and 60% on us achieving the threshold or maximum PTP, which is pre-tax profits or earnings-

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before-taxes amounts established by the Compensation Committee. An estimate of the bonus payments which would be required upon a change in control is included in the tabular disclosure in the section entitled Golden Parachutes below.

Severance Arrangements

Each of the Company s executive officers is party to an Employment Security Agreement with the Company which establishes a double trigger severance plan that provides certain payments and benefits if the executive officer s employment is terminated in connection with a change in control. Specifically, if an executive is terminated by the Company without cause or by the executive for good reason (as defined below), in either case, within one year after a change of control, or in the case of Mr. Keleghan, not more than six months before and in anticipation of, or within twelve months after, a change in control, such executive would be entitled to the severance benefits set forth in the section entitled Golden Parachutes below.

As a condition to receiving benefits provided for in the Employment Security Agreement, each named executive officer will be required to execute a document releasing and waiving all claims relating to his employment. After termination of employment, each named executive officer is also subject to restrictive covenants, which provide that each named executive officer will not disclose confidential information, will not solicit clients of the Company for a period of one year (two years in the case of Mr. Keleghan), and will not compete with the Company during the greater of the period of time for which each is receiving severance benefits or one year (two years in the case of Mr. Keleghan).

Good reason as defined in the Employment Security Agreements and the relevant stock option and restricted stock award agreements generally means:

the executive s principal place of work is moved more than fifty miles;

the executive s duties and responsibilities are materially reduced or diminished; provided that such reduction is not, other than, in the case of Mr. Keleghan, solely as a result of the Company s acquisition and existence as a subsidiary of another entity;

the executive s base salary is reduced or, in the case of Mr. Keleghan, either his base salary or his target bonus opportunity is reduced;

the executive determines in good faith that, as a result of a change of control, he or she is unable to carry out his or her job responsibilities, except for Mr. Keleghan;

there is a material violation of his or her employment agreement or Employment Security Agreement; or

the Company consummates a liquidation, dissolution or merger or transfer of all or substantially all of the Company s assets and such executive s Employment Security Agreement is not assumed by the surviving entity.

Golden Parachutes

The following table sets forth the estimated amounts of compensation that each named executive officer could receive that are based on or otherwise related to the merger. These amounts have been calculated assuming the merger is consummated on September 30, 2011 and, where applicable, that each named executive officer experiences a qualifying termination of employment as of September 30, 2011. To the extent applicable, calculations of cash severance are based on the named executive officer s current base salary and average incentive compensation earned

over the Company s 2008-2010 fiscal years. Certain of the amounts payable may vary depending on the actual date of completion of the merger and any qualifying termination.

Please keep in mind when reviewing this information that the named executive officers are not entitled to receive all amounts reported in the table below solely as a result of the merger. Instead, certain amounts are payable only if a termination of employment occurs within a certain period of time before or after the merger. As a result,

only the amounts reported in footnote 5 to the table below as being single trigger are payable solely as a result of the merger.

Golden Parachute Compensation

Named Executive Officer	Cash ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Tax Reimbursement ($)(4)	Total ($)(5)
Kevin T. Keleghan	2,000,000	4,268,570	14,148	1,279,373	7,562,091
Andrew B. Szafran	731,250	3,452,100	14,148		4,197,498
Arthur D. DiBari	731,250	3,123,000	10,350		3,864,600
Mark E. McDermott	528,612	1,918,530	10,350		2,457,492
Robert B. Nachwalter	599,625	1,138,700	14,148		1,752,473
Michael P. Marrow		(6)			

(1) *Cash.* Amounts reported in this column represent the estimated value of the severance benefits payable to the named executive officers under the Executive Security Agreements in the event the executive s employment is terminated without cause or for good reason, in either case, within one year after the merger (or in the case of Mr. Keleghan, within six months prior to, or one year following, a change of control).

The amounts reported in this column with respect to Mr. Keleghan represent a lump sum severance payment equal to 24 months of base salary ($1,000,000) and an amount equal to two times his target bonus under the Management Incentive Plan ($1,000,000).

The amounts reported in this column with respect to Mr. Szafran represent a lump sum severance payment equal to 18 months of base salary ($487,500) and an amount equal to one and one-half times his target bonus under the Management Incentive Plan ($243,750).

The amounts reported in this column with respect to Mr. DiBari represent a lump sum severance payment equal to 18 months of base salary ($487,500) and an amount equal to one and one-half times his target bonus under the Management Incentive Plan ($243,750).

The amounts reported in this column with respect to Mr. McDermott represent a lump sum severance payment equal to 18 months of base salary ($377,580) and an amount equal to one and one-half times his target bonus under the Management Incentive Plan ($151,032).

The amounts reported in this column with respect to Mr. Nachwalter represent a lump sum severance payment equal to 18 months of base salary ($399,750) and an amount equal to one and one-half times his target bonus under the Management Incentive Plan ($199,875).

The amounts reported in this column are double trigger in nature (i.e., eligibility to receive these amounts requires both the occurrence of the merger and a qualifying termination of employment).

(2) *Equity.* Amounts reported in this column represent the estimated aggregate payments to be made to the named executive officers in respect of their unvested options and shares of unvested restricted stock in connection with

the merger, based on a price-per share of common stock of $8.55.

With respect to Mr. Keleghan, $520,855 of this amount represents payments in respect of vested options, $1,041,715 of this amount represents payments in respect of his unvested options to be made upon the consummation of the merger, $1,710,000 of this amount represents payments to be made in respect of unvested restricted stock awards upon the consummation of the merger and $996,000 of this amount represents payments to be made in respect of unvested options in the event that his employment is terminated without cause or for good reason, in either case, within six months prior to, or within one year after, the merger. Accordingly, $3,272,570 of the amount reported in this column with respect to Mr. Keleghan is single-trigger in nature (i.e., eligibility to receive the amount requires only the occurrence of the merger) and $996,000 of the amount is double-trigger in nature.

With respect to Mr. Szafran, $2,031,420 of this amount represents payments in respect of vested options, $710,340 of this amount represents payments in respect of his unvested options to be made upon the consummation of the merger and $710,340 of this amount represents payments to be made in respect of

unvested options in the event that his employment is terminated without cause or for good reason, in either case, within one year after the merger. Accordingly, $2,741,760 of the amount reported in this column with respect to Mr. Szafran is single-trigger in nature and $710,340 of the amount is double-trigger in nature.

With respect to Mr. DiBari, $1,648,400 of this amount represents payments in respect of vested options, $737,300 of this amount represents payments in respect of his unvested options to be made upon the consummation of the merger and $737,300 of this amount represents payments to be made in respect of unvested options in the event that his employment is terminated without cause or for good reason, in either case, within one year after the merger. Accordingly, $2,385,700 of the amount reported in this column with respect to Mr. DiBari is single-trigger in nature and $737,300 of the amount is double-trigger in nature.

With respect to Mr. McDermott, $1,918,530 of this amount represents payments in respect of vested options. Accordingly, $1,918,530 of the amount reported in this column with respect to Mr. McDermott is single-trigger in nature.

With respect to Mr. Nachwalter, $448,840 of this amount represents payments in respect of vested options, $344,930 of this amount represents payments in respect of his unvested options to be made upon the consummation of the merger and $344,930 of this amount represents payments to be made in respect of unvested options in the event that his employment is terminated without cause or for good reason, in either case, within one year after the merger. Accordingly, $793,770 of the amount reported in this column with respect to Mr. Nachwalter is single-trigger in nature and $344,930 of the amount is double-trigger in nature.

(3) *Perquisites/Benefits.* Amounts reported in this column represent the estimated amount to continue medical, dental, life, and disability coverage for each of the named executive officer, his spouse and beneficiary (if applicable) for a period of 18 months as each would be entitled to receive under the Executive Security Agreements in the event the executive s employment is terminated without cause or for good reason, in either case, within one year after the merger (or in the case of Mr. Keleghan, within six months prior to, or one year following, a change of control).

The amounts reported in this column are double-trigger in nature (i.e., eligibility to receive these amounts requires both the occurrence of the merger and a qualifying termination of employment).

(4) *Tax Reimbursement.* Amounts reported in this column represent the estimated amount the named executive officers would be entitled to receive for reimbursement of any excise tax imposed under Section 4999 of the Code. These amounts are single-trigger in nature.

(5) *Total.* Amounts reported in this column represent the total estimated amounts of compensation that each named executive officer could receive that are based on or otherwise related to the merger. With respect to Mr. Keleghan, $4,551,943 of this amount is single-trigger in nature and $3,010,148 of this amount is double-trigger in nature. With respect to Mr. Szafran, $3,473,010 of this amount is single-trigger in nature and $724,488 of this amount is double-trigger in nature. With respect to Mr. DiBari, $2,384,700 of this amount is single-trigger in nature and $1,478,900 of this amount is double-trigger in nature. With respect to Mr. McDermott, $1,918,530 of this amount is single-trigger in nature and $538,962 of this amount is double-trigger in nature. With respect to Mr. Nachwalter, $793,770 of this amount is single-trigger in nature and $958,703 of this amount is double-trigger in nature.

(6) Mr. Marrow s employment terminated on September 12, 2010, but he is included in the table consistent with the requirements of Instruction 1 to Item 402(t)(2) of Regulation S-K.

Voting Agreement

Concurrently with the execution of the merger agreement, Mr. Schwartz and the Schwartz trusts entered into a voting agreement with Parent to vote, subject to certain exceptions, all shares of common stock owned by them in favor of the proposal to adopt the merger agreement (and in favor of any actions and proposals required, or submitted for approval in furtherance thereof). As of the date of this proxy statement, Mr. Schwartz and the Schwartz trusts collectively owned approximately 38% of the outstanding common stock.

Pursuant to the voting agreement, each of Mr. Schwartz and the Schwartz trusts has agreed not to:

- subject to certain exceptions, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of his or its shares of Company common stock;

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acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any material assets of the Company or any subsidiary or division thereof;

make, or in any way participate in, directly or indirectly, any solicitation of proxies to vote, or otherwise take any action intended to advise or influence any person with respect to the voting of, any voting securities of the Company, other than in support of the merger and the merger agreement;

make any public announcement with respect to, or submit a proposal for, or offer for (with or without conditions) any extraordinary transaction involving the Company or its securities or material assets;

form, join or in any way participate in a group (as defined in Section 13(d)(3) under the Exchange Act) in connection with any of the foregoing matters;

seek, in any way which may be reasonably likely to require, involve or trigger public disclosure of such request pursuant to applicable law, to have the foregoing restrictions amended, modified or waived;

otherwise take, directly or indirectly, any actions with the purpose of avoiding or circumventing any of the foregoing restrictions or which would reasonably be expected to have the effect of preventing, impeding, interfering with or adversely affecting the consummation of the transactions contemplated by the merger agreement or its ability to perform the shareholder s obligations under this agreement; or

exercise any rights of appraisal or rights to dissent from the merger available under applicable law.

In addition, each of Mr. Schwartz and the Schwartz trusts have agreed that until the expiration or termination of the voting agreement in accordance with its terms, such individual or trust will vote his or its respective shares of Company common stock:

in favor of the adoption and approval of the merger agreement and all of the transactions contemplated by the merger agreement, including the merger (and in favor of any actions and proposal required, or submitted for approval at any meeting of the Company s shareholders, in furtherance thereof);

against any proposal presented to the Company s shareholders for approval at any meeting of the Company s shareholders, or any written consent in lieu thereof, if the action, transaction or agreement proposed would reasonably be expected, directly or indirectly, to result in a breach by the Company of any covenant, representation, warranty or other obligations of the Company set forth in the merger agreement;

against the following actions (other than the transactions contemplated by the merger agreement):

any competing proposal;

any nominee for election to the Company s Board other than (x) a person nominated by the Company s Board or any committee thereof and/or (y) Theodore G. Schwartz; or

any other action or proposal to be voted upon by the Company s shareholders at any meeting of the Company s shareholders, or any written consent in lieu thereof, if such action or proposal would reasonably be expected, to prevent, impede, interfere with, delay, postpone or adversely affect the transactions contemplated by the merger agreement; and

not to enter into any agreement or commitment with any person the effect of which would violate or be inconsistent with the provisions and agreements set forth in the foregoing bullets above.

Each of Mr. Schwartz and the Schwartz trusts have also agreed to grant Parent (or its designee) an irrevocable proxy regarding the matters addressed in the voting agreement if Mr. Schwartz or any of the Schwartz trusts fails for any reason to be counted as present or to vote (including by written consent, if applicable) their respective shares in accordance with the voting agreement.

Each of Mr. Schwartz and the Schwartz trusts is a party to the voting agreement solely in his or its capacity as a shareholder of the Company (and not in any capacity as an officer or director of the Company) and nothing in the voting agreement shall limit or affect Mr. Schwartz in acting in his capacity as a director of the Company.

The voting agreement will terminate upon the earliest of (1) the termination of the voting agreement by mutual written consent, (2) the termination of the merger agreement in accordance with its terms, (3) February 29, 2012, (4) any reduction in or change in the form of merger consideration and (5) the effective time of the merger.

Accounting Treatment

The merger will be accounted for as a purchase transaction for financial accounting purposes.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a summary of certain material U.S. federal income tax consequences of the merger that are relevant to U.S. holders (as defined below) of the Company s common stock whose shares will be converted to cash in the merger and who will not own (actually or constructively) any shares of the Company s common stock after the merger. The following discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to beneficial holders of the Company s common stock. The discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, the regulations promulgated under the Code, and rulings, administrative pronouncements, and judicial decisions as in effect on the date of this proxy statement, changes to which could materially affect the tax consequences described below and could be made on a retroactive basis. This discussion does not address the tax consequences applicable to stockholders of the Company who are not U.S. holders. The discussion applies only to U.S. holders of the Company s common stock in whose hands the shares are capital assets within the meaning of Section 1221 of the Code and may not apply to U.S. holders who acquired their shares pursuant to the exercise of stock options or other compensation arrangements with the Company or who hold their shares as part of a hedge, straddle, conversion or other risk reduction transaction or who are subject to special tax treatment under the Code (such as dealers in securities or foreign currency, traders in securities that elect to use mark-to-market accounting methods, insurance companies, other financial institutions, regulated investment companies, tax-exempt entities, former citizens or long-term residents of the United States, S corporations, partnerships and investors in S corporations and partnerships, U.S. persons whose functional currency is not the U.S. dollar and taxpayers subject to the alternative minimum tax). In addition, this discussion does not consider any aspects of U.S. federal tax law other than U.S. federal income tax law and does not consider the effect of any state, local or foreign tax laws.

If a partnership (or other entity taxed as a partnership for U.S. federal income tax purposes) holds shares of the Company s common stock, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Accordingly, partnerships that hold shares of the Company s common stock and partners in such partnerships are urged to consult their tax advisors regarding the specific U.S. federal income tax consequences to them of the merger.

For purposes of this discussion, the term U.S. holder means a beneficial owner of the Company s common stock that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created in or under the laws of the United States or of any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or a trust that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

Tax Consequences to U.S. Holders

The receipt of cash in exchange for the Company s common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder who receives cash in exchange for shares pursuant to the merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received and the U.S. holder s adjusted tax basis in the shares surrendered for cash pursuant to the merger. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same price per share in a single transaction) surrendered for cash pursuant to the merger. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder s holding period for such shares is

more than one year at the time of closing date of the merger. For non-corporate taxpayers, long-term capital gains are generally taxable at a reduced rate. Deduction of capital losses may be subject to certain limitations.

Information Reporting and Backup Withholding

Cash payments made pursuant to the merger will be reported to the recipients and the Internal Revenue Service to the extent required by the Code and applicable U.S. Treasury Regulations. In addition, certain non-corporate U.S. holders may be subject to backup withholding at a 28% rate on cash payments received in connection with the merger. Backup withholding will not apply, however, to a U.S. holder who (1) furnishes a correct taxpayer identification number and certifies that he, she or it is not subject to backup withholding on the Form W-9 or successor form or (2) is otherwise exempt from backup withholding and when required, establishes his, her or its exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

The discussion set forth above is included for general information only. Each beneficial owner of shares of the Company s common stock should consult his, her or its own tax advisor with respect to the specific tax consequences of the merger to him, her or it, including the application and effect of state, local and foreign tax laws.

Regulatory Approvals and Notices

U.S. Antitrust Approval

Under the terms of the merger agreement, the merger cannot be completed until the waiting period applicable to the consummation of the merger under the HSR Act has expired or been terminated.

Under the HSR Act and the rules promulgated thereunder by the FTC, the merger cannot be completed until each of the Company and Parent files a notification and report form with the FTC and the Antitrust Division of the DOJ under the HSR Act and the applicable waiting period has expired or been terminated. Parent filed a notification and report form with the FTC and the Antitrust Division of the DOJ relating to its proposed acquisition of the Company on July 20, 2011. We also submitted our Pre-merger Notification and Report Form with the FTC and the Antitrust Division of the DOJ on July 20, 2011. On July 29, 2011, we received early termination of the HSR Act waiting period.

At any time before or after consummation of the merger, notwithstanding the termination of the waiting period under the HSR Act, the Antitrust Division of the DOJ or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger, seeking divestiture of substantial assets of the Company or Parent requiring the Company or Parent to license, or hold separate, assets or terminate existing relationships and contractual rights. At any time before or after the completion of the merger, and notwithstanding the termination of the waiting period under the HSR Act, any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of the Company or Parent. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

Litigation Relating to the Merger

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.

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THE MERGER AGREEMENT

This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled, Where You Can Find More Information.

Explanatory Note Regarding the Merger Agreement

The merger agreement is included to provide you with information regarding its terms. Factual disclosures about the Company contained in this proxy statement or in the Company s public reports filed with the SEC may supplement, update or modify the representations and warranties made by the Company contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by the Company, Parent and Merger Sub were qualified and subject to important limitations agreed to by the Company, Parent and Merger Sub in negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the merger agreement may have the right not to consummate the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to reports and documents filed with the SEC and in some cases were qualified by the matters contained in the disclosure letter that the Company delivered in connection with the merger agreement, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the merger agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this proxy statement.

Effects of the Merger; Directors and Officers; Articles of Incorporation; By-laws

The merger agreement provides that, subject to the terms and conditions of the merger agreement, and in accordance with the IBCA, at the effective time of the merger, Merger Sub will be merged with and into the Company with the Company surviving the merger and becoming a wholly owned subsidiary of Parent. At the effective time, all of the properties, rights, privileges, powers and franchises of the Company and Merger Sub will vest in the Company, which will continue as the surviving corporation, and all of the debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the surviving corporation.

From and after the effective time, the board of directors of the surviving corporation will consist of the directors of Merger Sub, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the articles of incorporation and by-laws of the surviving corporation. From and after the effective time, the officers of the Company immediately prior to the effective time will be the officers of the surviving corporation, until their successors have been duly elected or appointed and qualified in accordance with applicable law. At the effective time, the articles of incorporation and bylaws of the surviving corporation will be the articles of incorporation and bylaws of Merger Sub (except with respect to the name of the company), until amended

in accordance with their terms or by applicable law.

Closing and Effective Time of the Merger

The closing of the merger will take place on a date to be specified by the parties to the merger agreement, but no later than the second business day after the satisfaction or waiver of waiver of all of the conditions to closing of the merger (described below under Merger Closing Conditions) (other than those conditions which are not

capable of being satisfied until the closing). On the closing date, the parties will file articles of merger with the Secretary of State for the State of Illinois in accordance with the IBCA. The merger will become effective upon the filing of the articles of merger, or at such later time as is agreed by the parties and specified in the articles of merger.

Merger Consideration

Common Stock

At the effective time, each share of common stock issued and outstanding immediately prior to the effective time, other than (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 IBCA, will be converted into the right to receive $8.55 per share in cash, without interest and less any applicable withholding taxes. All shares converted into the right to receive the per share merger consideration will automatically be canceled.

Outstanding Equity Awards

APAC s equity awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment at the effective time of the merger:

> *Director Options.* At the effective time of the merger, each Director Option 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 Employee Options, 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 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.

Exchange and Payment Procedures

Before the merger, Parent will designate a bank or trust company reasonably satisfactory to the Company to make payment of the per share merger consideration, which we refer to as the paying agent. At or prior to the closing of the merger, Parent will deposit with the paying agent cash sufficient to pay the aggregate per share merger consideration to the stockholders.

Promptly (but no later than five business days) after the effective time, the paying agent will send to each holder of common stock a letter of transmittal and instructions advising stockholders how to surrender stock certificates and book-entry shares in exchange for the per share merger consideration. The paying agent will pay the per share merger consideration to the stockholders, without interest upon receipt of (1) surrendered certificates or book-entry shares representing the shares of common stock and (2) a signed letter of transmittal and such other documents as may be required pursuant to such instructions. The surviving corporation may reduce the amount of any per share merger consideration paid to the stockholders by any applicable withholding taxes.

If any cash deposited with the paying agent is not claimed within one hundred eighty days following the effective time, such cash will be returned to the Parent, upon demand, and any holders of common stock who have not theretofore complied with the share certificate exchange procedures in the merger agreement shall thereafter look only to Parent for payment of their claims for the per share merger consideration, without any interest thereon.

The letter of transmittal will include instructions if a stockholder has lost a share certificate or if it has been stolen or destroyed. If a stockholder has lost a certificate, or if it has been stolen or destroyed, then before such stockholder will be entitled to receive the merger consideration, such stockholder will have to make an affidavit of the loss, theft or destruction, and if requested by the Company, post a bond in a reasonable amount as the Company may so direct.

The per share merger consideration in respect of all stock options and restricted stock shall be paid directly by the surviving corporation.

Representations and Warranties

The merger agreement contains representations and warranties of the Company, Parent and Merger Sub.

Some of the representations and warranties in the merger agreement made by the Company are qualified as to materiality or Material Adverse Effect. For purposes of the merger agreement, Material Adverse Effect means a material adverse effect on (1) the business, results of operations or financial condition of the Company and its subsidiaries taken as a whole, or (2) the ability of the Company to timely perform its obligations under and consummate the merger and the other transactions contemplated by the merger agreement. For purposes of clause (1) above, the determination of whether there has been a Material Adverse Effect shall not take into account any effect to the extent resulting from:

- changes (including worsening of existing events) in general economic or political conditions or financial, credit or securities markets in general (including changes in interest or exchange rates) in any country or region in which the Company or any of its subsidiaries conducts business;

- events, circumstances, changes or effects (including worsening of existing events) generally affecting the industries in which the Company and its subsidiaries operate;

- changes in laws applicable to the Company or any of its subsidiaries or any of their respective properties or assets or changes in GAAP;

- acts of war, armed hostilities, sabotage or terrorism or any escalation or worsening of any acts of war, armed hostilities, sabotage or terrorism;

- the announcement or existence of, or any action taken that is expressly required to be taken by, the merger agreement (including the demonstrable impact thereof on relationships, contractual or otherwise, with customers, suppliers and vendors) or any action taken by the Company at the written request of or with the written consent of Parent;

- changes in the market price or trading volume of shares of common stock of the Company or any failure to meet internal or published projections, forecasts or revenue or earnings predictions for any period ending after July 6, 2011 (however, the facts, circumstances, events, changes effects, developments or occurrences giving rise or contributing to a decrease in the market price or trading volume of the shares of common stock of the Company may be taken into account whether there has been a Material Adverse Effect; or

any litigation arising from allegations of a breach of fiduciary duty or other violation of applicable law relating to the merger agreement or the transactions contemplated by the merger agreement.

However, the changes set forth in the first four bullets above may be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur under clause (1) of this definition if and to the extent such changes have a disproportionate impact on the Company and its subsidiaries relative to other participants in the industries in which the Company and/or its subsidiaries operate.

In the merger agreement, the Company has made customary representations and warranties to Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement. These representations and warranties relate to, among other things:

- due organization, qualification to conduct business and corporate standing and power with respect to the Company and its subsidiaries;
- articles of incorporation and by-laws of the Company;
- capital structure of the Company and the Company s ownership of its subsidiaries;
- the Company s corporate authority to enter into and perform the merger agreement and the enforceability of the merger agreement;
- the absence of conflicts with laws, the Company s organizational documents and the Company s contracts;
- required consents and regulatory filings in connection with the merger agreement;
- the Company s compliance with laws and the Company s possession of necessary permits;
- the accuracy of the Company s SEC filings and financial statements;
- the Company s internal controls;
- the conduct of the Company s business in the ordinary course of business consistent with past practice, there not having occurred a Material Adverse Effect and the absence of certain other changes, in each case since January 3, 2011;
- the absence of certain undisclosed liabilities;
- the absence of litigation, investigations and orders;
- employee benefit plans;
- change of control payments;
- labor and employment matters;
- intellectual property matters;
- tax matters;
- existence and enforceability of material contracts;
- Credit Suisse s fairness opinion to the Board;
- required vote of the stockholders;
- absence of fees to brokers in connection with the merger agreement;

real property matters;

insurance matters;

environmental matters;

title to assets;

customer and vendors;

confidentiality obligations and data privacy;

transactions with affiliates;

compliance with Foreign Corrupt Practices Act; and

disclaimer of other representations and warranties.

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In the merger agreement, Parent and Merger Sub have made customary representations and warranties to the Company that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement. These representations and warranties relate to, among other things:

- corporate existence, qualification to conduct business and corporate standing and power;
- corporate authority to enter into and perform the merger agreement and enforceability of the merger agreement;
- articles of incorporation, by-laws and organizational documents of Parent and Merger Sub;
- the absence of conflicts with laws, organizational documents and contracts;
- required consents and regulatory filings in connection with the merger agreement;
- the absence of litigation, investigations and orders;
- enforceability of the guaranty provided by the OEP Fund;
- Parent s ownership of Merger Sub and capital structure of Merger Sub;
- absence of fees to brokers in connection with the merger agreement;
- solvency of Parent and the surviving corporation following the consummation of the merger and the transactions contemplated by the merger agreement;
- the absence of interested shareholder status under the IBCA of Parent, the OEP Fund and each of their respective subsidiaries with respect to the Company; and
- acknowledgement and disclaimer of other representations and warranties.

None of the representations and warranties contained in the merger agreement survive the consummation of the merger.

Conduct of Business of the Company

The merger agreement provides that, except as may be required by law or as may be agreed to in writing by Parent (such consent not to be unreasonably withheld, delayed or conditioned) prior to the effective time, the Company and its subsidiaries shall:

- conduct their business in the ordinary course consistent with past practice; and
- use their reasonable efforts to preserve substantially intact the Company s business organization, maintain existing relations and goodwill with governmental entities, customers, suppliers, and business associates and to keep available the services of those of their current officers, employees and consultants who are integral to the operation of their businesses as currently conducted.

In addition, except (1) as may be required by law, (2) as may be agreed to in writing by Parent (such consent not to be unreasonably withheld, delayed or conditioned), (3) as may be expressly required, expressly contemplated or

expressly permitted by this Agreement or (4) as set forth in the Company disclosure letter the Company shall not, subject to certain thresholds and exceptions specified in the merger agreement:

- amend its organizational documents;
- merge or consolidate the Company or any of its subsidiaries, except for among wholly owned subsidiaries of the Company, or restructure, reorganize or completely or partially liquidate the Company or any of its subsidiaries;
- split, combine, subdivide, reclassify, purchase, redeem or otherwise acquire, issue, sell, pledge, dispose, encumber or grant any shares of its or its subsidiaries capital stock;
- enter into any amendment of any term of any of its outstanding securities;

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accelerate the vesting of any options, warrants or other rights of any kind to acquire shares of capital stock;

declare dividends;

increase the compensation or other benefits payable or to become payable to directors or officers of the Company or its subsidiaries, grant any severance or termination pay to, or enter into any severance agreement with any director or officer of the Company or any of its subsidiaries, enter into or amend any employment agreement with any officer of the Company (except to the extent necessary to replace a departing employee), or establish, adopt, enter into, amend or terminate any collective bargaining agreement;

grant, confer or award options or other rights to acquire any of the Company s or its subsidiaries capital stock, except as required under Company benefit plans, or take any action to cause to be exercisable any otherwise unexercisable option, except as provided by the merger agreement;

make acquisition transactions, except for acquisitions with a collective purchase price not exceeding $5,000,000, in the aggregate;

incur indebtedness in excess of $10,000,000 in the aggregate, except for indebtedness incurred under the Company s existing credit facilities or for borrowed money incurred pursuant to agreements in effect prior to the execution of the merger agreement;

modify, amend or terminate certain agreements;

change accounting practices;

sell, lease, license, transfer, exchange or swap, divest, cancel, abandon or allow to lapse or expire, mortgage or otherwise encumber any material portion of its properties or assets of the Company and its wholly owned subsidiaries;

make loans or investments in other persons or entities other than cash management or investment portfolio activities or employee advances, in each case in the ordinary course;

make capital expenditures in excess of $5,000,000 in the aggregate;

settle litigation or claims against the Company for over $1,000,000 in the aggregate for claims involving customers, and for over $2,500,000 in the aggregate for all other claims;

change tax accounting, elections and practices;

open any material new offices or facilities or relocate or close any material existing offices or facilities; or

enter into a new line of business.

Restrictions on Solicitations of Other Offers

Until the effective time of the merger, the Company and its subsidiaries shall not, and shall use their reasonable best efforts to cause its and their representatives not to:

solicit, initiate or knowingly facilitate or encourage (including by providing information) any inquiries, proposals or offers that constitute or may reasonably be expected to lead to, any competing proposal;

participate in any negotiations regarding, or furnish to any person any nonpublic information with respect to any competing proposal;

engage in discussions with any persons with respect to a competing proposal;

approve or recommend a competing proposal;

enter into any letter of intent, memorandum of understanding or similar document or any agreement or commitment relating to any competing proposal;

enter into any agreement or agreement in principle requiring, directly or indirectly, the Company to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or breach of the Company s obligations under the merger agreement; or

publicly propose or agree to do any of the foregoing.

Notwithstanding the restrictions above, at any time prior to the stockholder approval, the Company may, if it receives an unsolicited written competing proposal which the board of directors of the Company determines in good faith after consultation with the Company s legal and financial advisors constitutes or would reasonably be expected to result in, after taking the actions described below, a superior proposal:

furnish nonpublic information to the third party making such competing proposal, if, and only if, prior to so furnishing such information, the Company receives from the third party an executed confidentiality agreement (which confidentiality agreement shall contain terms (including a standstill) no less favorable to the Company than those set forth in the confidentiality agreement with the OEP Fund) and substantially concurrently furnishes such nonpublic information to Parent to the extent such information was not previously furnished to Parent; and

engage in discussions or negotiations with the third party with respect to the competing proposal in each case only to the extent that the Board concludes in good faith (after receiving the advice of its outside counsel) that failure to take such actions would be inconsistent with the directors exercise of their fiduciary duties under applicable law.

For purposes of the merger agreement:

Competing proposal shall mean any bona fide proposal (other than a proposal or offer by Parent or any of its subsidiaries) relating to any direct or indirect (1) merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving the Company or any of its subsidiaries, whose assets individually or in the aggregate, constitute fifteen percent (15%) or more of the consolidated assets of the Company and its subsidiaries as determined on a book-value basis; (2) the acquisition by any person of fifteen percent (15%) or more of the assets of the Company and its subsidiaries, taken as a whole as determined on a book-value basis; (3) the acquisition by any person of fifteen percent (15%) or more of the issued and outstanding shares of the Company s common stock or (4) any purchase, acquisition, tender offer or exchange offer that if consummated would result in any person beneficially owning fifteen percent (15%) or more of the Company s common stock or any class of equity or voting securities of its subsidiaries whose assets, individually or in the aggregate, constitute fifteen percent (15%) or more of the consolidated assets of the Company and its subsidiaries as determined on a book-value basis.

Superior proposal shall mean a written competing proposal (with all percentages in the definition of competing proposal increased to fifty (50%)) on terms that the Board determines in good faith, after consultation with the Company s financial and legal advisors, and taking into account all the terms of the competing proposal (including the conditionality and the timing), are more favorable from a financial point of view to the Company s stockholders than the transactions contemplated by this Agreement (taking into account any revised proposal by Parent to amend the terms of this merger agreement).

The Board s Recommendation; Adverse Recommendation Changes

As described above, and subject to the provisions described below, the Board has made the recommendation that the holders of the shares of common stock adopt the merger agreement and approve the merger, which we refer to as the Company recommendation. The merger agreement provides that the Board shall not withdraw, qualify or modify or publicly propose to withdraw, qualify or modify, in any manner, the Company recommendation, which we refer to as a change of recommendation. However, the Board may effect a change of recommendation as described below.

The Board is entitled to make a change of recommendation prior to receipt of the stockholder approval if the Board has concluded in good faith after consultation with the Company s legal and financial advisors that the failure

of the Board to effect a change of recommendation would be inconsistent with the directors exercise of their fiduciary duties under applicable law.

Before making such change of recommendation, however, (1) the Company shall have first provided three business days prior written notice to Parent of its intention to make a change of recommendation and the basis therefor (which notice, if provided because of a superior proposal, shall be accompanied by a copy of the relevant proposed transaction agreements with the party making such superior proposal (and any other related material documents)), (2) if requested by Parent, the Company shall have negotiated, and caused its financial and legal advisors to negotiate, in good faith with Parent for a period of three business days since the delivery of such notice to amend the terms of the merger agreement to address the reasons for the proposed change of recommendation, and (3) if Parent delivers a written and binding offer to alter the terms of the merger agreement during such three business day period, the Board shall have concluded in good faith after consultation with the Company s legal and financial advisors that the failure of the board of directors to effect a change of recommendation would still be inconsistent with the directors exercise of their fiduciary duties under applicable law.

The merger agreement does not prohibit the Company from (1) complying with Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act, though such rules will not eliminate or modify the effect any action taken pursuant to such rules would otherwise have under the merger agreement, or (2) making any stop-look-and-listen communication to the Company s stockholders pursuant to Section 14d-9(f) under the Exchange Act.

The Company must keep Parent reasonably informed on a current basis (within no more than 24 hours) of any material developments in the status of any competing proposal or inquiry.

Employee Matters

During the one-year period commencing after the effective time, Parent has agreed to provide Company employees with compensation and benefits that are in the aggregate no less favorable than the compensation and benefits (other than equity-based benefits) provided to Company employees immediately prior to the effective time of the merger. Base compensation for Company employees shall not be reduced during this one-year period so long as such employee remains employed. Parent shall cause the surviving corporation to provide to Company employees who experience a termination of employment severance benefits that are, in the aggregate, no less favorable than the severance benefits provided immediately prior to the effective time of the merger.

In general, Parent has agreed to give the Company s employees credit for their service with the Company prior to the merger for purposes of accrual of vacation and other paid time off and severance benefits under any employee benefit plan provided to Company employees after closing.

For purposes of any employee benefit plan providing medical, dental, pharmaceutical and/or vision benefits to employees of the Company as of the closing date of the merger, Parent will cause all pre-existing condition exclusions, evidence of insurability requirements and actively-at-work requirements to be waived. In addition, Company employees shall be immediately eligible to participate in such new plans, to the extent coverage under such plans replaces coverage under a comparable employee benefit offered by the Company prior to closing and will receive credit under such new plan (for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements for the applicable plan year) for any eligible expenses incurred under the Company plans during the portion of the relevant plan year prior to such employee s participation in such new plans.

Financing Efforts

Obtaining financing is not a condition to the closing of the merger. If any financing (or alternative financing) has not been obtained, Parent and Merger Sub will continue to be obligated, subject to the satisfaction or waiver of the conditions to the closing of the merger specified described below under Merger Closing Conditions, to consummate the merger.

The Company has agreed to use its commercially reasonable efforts to provide such cooperation (at Parent s sole expense) as Parent may reasonably request in connection with the arrangement of any debt financing Parent may raise in connection with the transactions contemplated by the merger agreement (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company and its subsidiaries),

including (1) agreeing to enter into such agreements, and to use reasonable best efforts to deliver such officer s certificates, as are customary in financings of such type and as are, in the good faith determination of the persons executing such officer s certificates, accurate, and agreeing to pledge, grant security interests in, and otherwise grant liens on, the Company s assets pursuant to such agreements as may be reasonably requested and otherwise facilitating the pledging of collateral, provided that no obligation of the Company under any such agreement, pledge or grant shall be effective until the effective time, (2) subject to recipients of any such information entering into customary arrangements for confidentiality that are substantially similar to the provisions in the OEP Fund confidentiality agreement or reasonably acceptable to the Company, providing financial and other information regarding the Company and its subsidiaries as may be reasonably requested, making the Company s senior officers available to assist the Parent in raising debt financing in connection with the transactions contemplated the merger agreement, including (A) participating in meetings, presentations, road shows, due diligence sessions and sessions with ratings agencies and (B) assisting with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents necessary, proper of advisable in connection with arranging such debt financing, and (3) otherwise reasonably cooperating in connection with the arranging and consummation of any debt financing that Parent may raise in connection with the transactions contemplated by the merger agreement.

Parent shall promptly reimburse the Company for any expenses and costs incurred assisting in the financing process and Parent has agreed to indemnify the Company and its subsidiaries, or any of their respective directors, officers, employees, agents and other representatives from and against all losses, damages, claims, costs or expenses suffered (other than (1) arising from information provided by the Company or any of its subsidiaries, or any of their respective directors, officers, employees, agents and other representatives or (2) as the result of the gross negligence or willful misconduct of the Company or any of its subsidiaries, or any of their respective directors, officers, employees, agents and other representatives).

Indemnification and Insurance

In the merger agreement, Parent and Merger Sub agreed that all rights to exculpation and indemnification for acts or omissions occurring at or prior to the effective time of the merger now existing in favor of the current or former directors, officers or employees of the Company or the Company s subsidiaries as provided in their respective employers certificates of incorporation or bylaws or other organizational documents or in any agreement will survive the merger and will continue in full force and effect and will not be, for a period of six years from the effective time of the merger, modified in any manner that would adversely affect the rights thereunder of any individuals who at the effective time of the merger were current or former directors, officers or employees of the Company.

In addition, for a six-year period, Parent, the Company and its subsidiaries and affiliates will, to the fullest extent permitted by law, indemnify and hold harmless, and advance expenses of, each officer, director or employee against and from any costs or expenses, judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation to the extent such claim, action, suit, proceeding or investigation arises out of or pertains to: any action or omission or alleged action or omission in such person s capacity as a director, officer or employee of the Company or any of its subsidiaries; or the merger, the merger agreement and any transactions contemplated thereby.

The merger agreement requires Parent to maintain the Company s current directors and officers insurance policies (or substitute insurance of at least the same coverage and amounts with terms that are at least as favorable to the indemnified parties) for six years following the effective time. However, Parent will not be required to pay premiums which on an annual basis exceed 300% of the annual premiums currently paid by the Company; however, Parent must obtain the greatest coverage available at such cost.

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Other Covenants

Stockholders Meeting

The Company has agreed to duly call, give notice of and hold the special meeting as promptly as practicable following the date of the merger agreement. At the meeting, unless the Company has made a change of recommendation, the Company will recommend the adoption of the merger agreement and approval of the merger.

Stockholder Litigation; Litigation Generally

The Company and Parent will keep each other reasonably informed regarding, among other things, actions, suits, claims, investigations or proceedings relating to the merger agreement. However, in the merger agreement, the Company has agreed not to compromise or settle any such litigation without Parent s written consent (which may not be unreasonably withheld, conditioned or delayed) compromise, settle or agree to settle any suit, action, claim, proceeding or investigation (including any suit, action, claim, proceeding or investigation relating to the merger agreement or the transactions contemplated by the merger agreement) or pay, discharge or satisfy or agree to pay, discharge or satisfy any claim, liability or obligation (absolute or accrued, asserted or unasserted, contingent or otherwise) other than the compromise, settlement, payment, discharge or satisfaction of claims, liabilities or obligations in the ordinary course of business consistent with past practice which in any event does not exceed (1) with respect to compromises, settlements, payments, discharges and satisfactions of claims, liabilities or obligations with or involving customers of the Company or any of its subsidiaries, $1,000,000 in the aggregate, and (2) with respect to all other compromises, settlements, payments, discharges and satisfactions of claims (including in regards to any suit, action, claim, proceeding or investigation relating to this Agreement or the transactions contemplated hereby), liabilities or obligations, $2,500,000 in the aggregate.

Appropriate Action; Consents; Filings

The Company, Parent and Merger Sub will use their respective reasonable best efforts to consummate and make effective the transactions contemplated by the merger agreement and to cause the conditions to the merger summarized in Merger Closing Conditions below to be satisfied, including (1) the obtaining and maintaining of all necessary actions or nonactions, consents and approvals from governmental authorities, (2) the defending of any lawsuits or other legal proceedings challenging the merger and (3) the execution and delivery of any additional instruments necessary to consummate the merger and other transactions contemplated by the merger agreement.

Parent and Merger Sub agree to use their reasonable best efforts to take (and to cause their affiliates to take) promptly any and all steps necessary to avoid or eliminate each and every impediment and obtain all consents under any antitrust laws, including committing to or effecting the sale or disposition of such assets or businesses as are required to be divested in order to avoid any order that would otherwise have the effect of preventing or materially delaying the consummation of the merger and the other transactions contemplated by the merger agreement.

Parent and the Company shall cooperate with one another to determine any notices that need to be provided to third parties, and the Company shall use its reasonable best efforts to obtain any third party consents not covered that are necessary, proper or advisable to consummate the merger as reasonably determined by Parent; provided that the Company and its subsidiaries shall not seek any such consent of their respective customers without the prior consent of Parent, which consent shall not be unreasonably withheld, delayed or conditioned. Each of the parties will furnish to the other such necessary information and reasonable assistance as the other may request in connection with the preparation of any governmental filings or submissions and will cooperate in responding to any inquiry from or

material communication with a governmental authority.

Merger Closing Conditions

The obligations of Parent and Merger Sub, on the one hand, and the Company, on the other hand, to complete the merger are each subject to the satisfaction or the waiver of the following conditions:

- the affirmative vote of holders of at least two-thirds of the outstanding shares of common stock entitled to vote thereon in accordance with the IBCA and the rules and regulations of NASDAQ adopting the merger agreement, which we refer to as the stockholder approval, having been obtained;

any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated and any required action or non-action, consent or approval from any governmental authority pursuant to any other antitrust law shall have been obtained; and

no governmental authority shall have enacted, issued, promulgated, enforced or entered any law or order which is then in effect and has the effect of making the merger illegal or otherwise restraining or enjoining or prohibiting the consummation of the merger.

The obligations of Parent and Merger Sub to complete the merger are also subject to the satisfaction or waiver by Parent of the following conditions:

the representations and warranties of the Company:

regarding the Company s corporate authority shall be true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger with the same effect as though made as of July 6, 2011;

regarding the Company s (1) capitalization (subject to deviations that would not result in the sum of (a) the aggregate merger consideration and (b) the aggregate option cash payments for unvested stock options at the effective time of the merger being in excess of $4,000,000 more than such amount in the absence of any deviations), and (2) absence of a Material Adverse Effect since January 3, 2011 shall be true and correct in all respects as of the date of the merger agreement and as of the effective time of the merger with the same effect as though made as of such date, and

other than those described in the two bullets immediately above, being true and correct (without giving effect to any materiality or Material Adverse Effect qualifications set forth therein) as of the date of the merger agreement and as of the closing date of the merger as though made on such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect;

the Company having complied in all material respects with all material agreements and covenants required by it in the merger agreement; and

Parent s receipt of a certificate of an executive officer of the Company confirming the satisfaction of the foregoing two conditions.

The obligations of the Company to complete the merger are also subject to the satisfaction or waiver of the following conditions:

each of the representations and warranties of Parent and Merger Sub contained in the merger agreement, without giving effect to any materiality or Parent Material Adverse Effect qualifications therein, shall be true and correct as though made on and as of such date (except to the extent expressly made as of an earlier date, in which case as of such date) except for such failures to be true and correct as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect (as such term is defined in the merger agreement);

Parent and Merger Sub each having complied in all material respects with all material agreements and covenants required by it in the merger agreement; and

the Company s receipt of a certificate of an executive officer of Parent confirming the satisfaction of the foregoing two conditions.

Termination of the Merger Agreement

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:

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 for 3 business days 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;

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 stockholders meeting or at any adjournment or postponement thereof at which the merger agreement has been voted upon;

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; 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

If the merger agreement is terminated in certain circumstances, the Company may be required to pay a termination fee. 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 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 also in breach of its own obligations such that the Company is not obligated to consummate the merger; (2) at the time of such termination, any person has made publicly an acquisition proposal (which is not withdrawn at the time of termination or the stockholders meeting); 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.

Expenses

All expenses incurred in connection with the merger agreement and transactions contemplated by the merger agreement shall be paid by the party incurring such expenses, except that Parent and the Company shall each pay, whether or not the merger is consummated, fifty percent of the expenses incurred in connection with:

- the preparation, printing, filing and mailing of the proxy statement and all SEC and other regulatory filing fees incurred in connection with the proxy statement;
- the solicitation of stockholder approvals;
- engaging the services of the paying agent; and
- obtaining third party consents.

Parent shall pay, whether or not the merger or any other transaction is consummated, the expenses incurred in connection with the filing of any required notices under the HSR Act or other antitrust laws and any filing with, and obtaining of any necessary action or non-action, consent or approval from, any governmental authority pursuant to any antitrust law.

Assignment

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., 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.

Specific Performance

Parent, Merger Sub and the Company may seek specific performance to enforce the terms of the merger agreement in the state court of the State of Illinois located in Cook County, Illinois or Federal court sitting in Cook County in the State of Illinois. 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.

Governing Law

The merger agreement is governed by Illinois law.

ADJOURNMENT OF THE SPECIAL MEETING (PROPOSAL 2)

The Adjournment Proposal

If the number of shares of common stock present in person or represented by proxy at the special meeting voting in favor of the proposal to adopt the merger agreement is insufficient to approve such proposal at the time of the special meeting, the Board intends to adjourn the special meeting in order to enable the Board to solicit additional proxies in respect of the proposal to adopt the merger agreement.

We are asking you to approve a proposal to grant discretionary authority to the presiding officer of the special meeting to adjourn the special meeting for the purpose of soliciting additional proxies in respect of the proposal to adopt the merger agreement. If our stockholders approve the adjournment proposal, we could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously returned properly executed proxies voting against adoption of the merger agreement. Among other things, approval of the adjournment proposal could mean that, even if we had received proxies representing a sufficient number of votes against adoption of the merger agreement such that the proposal to adopt the merger agreement would be defeated, we could adjourn the special meeting without a vote on the adoption of the merger and seek to convince the holders of those shares to change their

votes to votes in favor of adoption of the merger agreement. Additionally, we may seek to adjourn the special meeting if a quorum is not present at the special meeting.

Vote Required and Board Recommendation

Approval of the proposal to adjourn the special meeting requires the affirmative vote of a majority of the shares of common stock present or represented by proxy at the special meeting and entitled to vote on the proposal, assuming a quorum is present.

The Board believes that if the number of shares of common stock present in person or represented by proxy at the special meeting voting in favor of the proposal to adopt the merger agreement is not a sufficient number of shares to adopt the merger agreement, it is in the best interests of the Company and its stockholders to enable the Board to continue to seek to obtain a sufficient number of additional votes in favor of the proposal to adopt the merger agreement.

The Board recommends that you vote **FOR** adjournment of the special meeting.

MERGER-RELATED EXECUTIVE COMPENSATION ARRANGEMENTS (PROPOSAL 3)

The Merger-Related Executive Compensation Arrangements Proposal

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the golden parachute compensation arrangements for our named executive officers, as disclosed in the section of this proxy statement entitled The Merger Interests of Certain Persons in the Merger Golden Parachutes.

We are asking our stockholders to indicate their approval of the various change in control payments which our named executive officers will or may be eligible to receive in connection with the merger. These payments are set forth in the table entitled Golden Parachute Compensation on page 39 of this proxy statement and the accompanying footnotes. The various plans and arrangements pursuant to which these compensation payments may be made have historically formed part of the Company s overall compensation program for its named executive officers, which has been disclosed to our stockholders as part of the Compensation Discussion and Analysis and related sections of our annual proxy statements. These historical arrangements were adopted and approved by the Compensation Committee of the Board, which is composed solely of non-management directors, and are believed to be reasonable and in line with marketplace norms.

Stockholders should note that this proposal is merely an advisory vote which will not be binding on the Company, the Board, Parent or the surviving corporation. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger is consummated, our named executive officers will be eligible to receive the various change in control payments in accordance with the terms and conditions applicable to those payments.

Vote Required and Board Recommendation

The non-binding, advisory proposal regarding certain merger-related executive compensation arrangements requires the affirmative vote of the 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.

The Board believes that it is in the best interests of the Company and its stockholders to approve the non-binding, advisory proposal regarding certain merger-related executive compensation arrangements.

The Board recommends that you vote **FOR** the non-binding proposal (set forth in the resolution immediately below) regarding certain merger-related executive compensation arrangements.

RESOLVED, that the stockholders of APAC approve, solely on a non-binding, advisory basis, the golden parachute compensation which may be paid to the Company s named executive officers in connection with the

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merger, as disclosed pursuant to Item 402(t) of Regulation S-K in the section entitled The Merger Interests of Certain Persons in the Merger Golden Parachutes in the Company s proxy statement for the special meeting.

MARKET PRICE OF COMMON STOCK

Our common stock is traded on The NASDAQ Global Select Market under the ticker symbol APAC. The following table sets forth, for the indicated calendar periods, the reported high and low sale prices per share of our common stock as reported by Bloomberg L.P.

	High	Low
Fiscal Year Ending January 1, 2012		
Third Quarter (through August 12, 2011)	$ 8.49	$ 5.31
Second Quarter	6.00	5.32
First Quarter	6.21	5.51
Fiscal Year Ending January 2, 2011		
Fourth Quarter	6.48	5.27
Third Quarter	5.89	4.65
Second Quarter	6.56	5.55
First Quarter	6.20	5.14
Fiscal Year Ended January 3, 2010		
Fourth Quarter	6.97	5.09
Third Quarter	6.08	4.83
Second Quarter	6.27	3.47
First Quarter	3.56	1.15
Fiscal Year Ended December 28, 2008		
Fourth Quarter	2.15	0.97
Third Quarter	2.33	1.20

The Company did not pay any dividends during any of the periods set forth in the table above. Under the terms of the merger agreement, the Company cannot establish a record date for, declare, set aside for payment or pay any dividend with respect to any share of its common stock.

The $8.55 merger consideration represents a premium of approximately 57.2% over the closing price of the common stock on July 6, 2011, the last trading day prior to entering into the merger agreement, a premium of approximately 50.2% over the Company s average closing share price for the 90 calendar days prior to July 6, 2011, and a premium of approximately 50.3% over the Company s average closing share price for the 52-week period prior to July 6, 2011. You are encouraged to obtain current market quotations for our common stock.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information about the number of shares of our common stock beneficially owned as of July 22, 2011, by the Company s directors and named executive officers, as well as all directors and executive officers as a group, and each person known to us who beneficially owned more than 5% of the outstanding shares of our common stock:

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Theodore G. Schwartz	15,043,386(2)(3)(4)	28.4%
Wellington Management Company, LLP	5,316,947(5)	10.0%
Trust Four Hundred Thirty U/A/D 4/2/94	2,040,000(2)(6)	3.8%
Trust Seven Hundred Thirty U/A/D 4/2/94	2,040,000(2)(6)	3.8%
Trust 3080	500,000(2)(6)	*
Trust 3081	379,000(2)(6)	*
Katherine Andreasen	8,301(4)	*
Kevin T. Keleghan	453,301(4)	*
John J. Park	261,798(4)	*
Samuel K. Skinner	83,359(4)	*
John L. Workman	111,057(4)	*
Arthur D. DiBari	260,000(4)	*
Mark E. McDermott	287,816(4)	*
Robert Nachwalter	62,000(4)	*
Andrew B. Szafran	576,000(4)	1.1%
All directors, nominees and executive officers as a group (13 persons)	17,400,518(4)	32.8%

* Less than 1%.

(1) The business address for all directors and executive officers is Bannockburn Lake Office, 2201 Waukegan Road, Suite 300, Bannockburn, Illinois 60015. Unless otherwise indicated, the individuals listed in the table have sole voting and investment power with respect to the shares owned by them, and such shares are not subject to any pledge. Beneficial ownership is shown on this table in accordance with the rules of the Securities and Exchange Commission. Under those rules, if a person holds options to purchase shares of common stock that are exercisable or will be exercisable within 60 days after July 22, 2011, those shares are included in that person s reported holdings and in calculating the percentages of shares of common stock beneficially owned. The percentages of Common Shares beneficially owned are based on 53,038,692 shares of common stock, which includes 51,321,416 Common Shares outstanding as of July 22, 2011, plus 1,717,276 shares of common stock subject to options that will be exercisable within 60 days of July 22, as detailed in Note 4 below.

(2) In connection with entering into the voting agreement with Mr. Schwartz and the Schwartz trusts, OEP may be deemed to be the beneficial owner of the shares held by Mr. Schwartz and the Schwartz trusts, based solely upon information provided in the Schedule 13D filed on July 18, 2011 by Blackhawk Acquisition Parent, LLC, One

Equity Partners IV, L.P., OEP General Partner IV, L.P. and OEP Parent, which we refer to collectively as the OEP Reporting Persons. The OEP Reporting Persons have no sole voting power over the shares of common stock, shared voting power over 19,993,429 shares of common stock as a result of and pursuant to the Voting Agreement between Parent, Mr. Schwartz and the Schwartz trusts and no shared dispositive power of the shares of common stock. The address of the OEP Reporting Persons is 320 Park Avenue, New York, New York, 10022.

(3) Includes 5,011,218 shares of common stock as to which Mr. Schwartz has sole voting and investment power, and 9,858,000 shares of common stock held by a limited partnership, as to which Mr. Schwartz disclaims beneficial ownership except to the extent of his pecuniary interest therein. Mr. Schwartz s address is 1 North Wacker Drive, Suite 4775, Chicago, Illinois 60606.

(4) Includes shares of common stock which may be acquired pursuant to options exercisable as of July 22, 2011, or within 60 days thereafter, as follows: Mr. Schwartz (174,168 shares); Ms. Andreasen (8,301 shares); Mr. Keleghan (158,301 shares); Mr. Park (228,352 shares); Mr. Skinner (56,057 shares); Mr. Workman (56,057 shares); Mr. DiBari (260,000 shares); Mr. McDermott (278,040 shares); Mr. Nachwalter (62,000 shares); Mr. Szafran (276,000 shares); and all directors, nominees and executive officers (as of July 22, 2011) as a group (1,717,276).

(5) Based solely upon information provided in the Schedule 13G/A filed on February 10, 2011 by Wellington Management Company, LLP. Wellington Management Company, LLP has no sole voting power over the shares of common stock, shared voting power over 4,995,147 shares of common stock and dispositive power over 5,316,947 shares of common stock. The address of Wellington Management Company, LLP is 280 Congress Street, Boston, Massachusetts 02210.

(6) Tracy D. Schwartz and Scott Mordell serve as general trustees of Trust Four Hundred Thirty U/A/D 4/2/94 and Trust 3080, and Todd G. Schwartz and Scott Mordell serve as general trustees of Trust Seven Hundred Thirty U/A/D 4/2/94 and Trust 3081 (collectively, the Trusts). All decisions regarding the voting and disposition of Common Shares held by the Trusts must be made by a majority of the general trustees and, as a result, each of the general trustees disclaims beneficial ownership. M. Christine Schwartz, who is married to Mr. Theodore G. Schwartz, serves as a special trustee of the Trusts and has limited powers to designate successors to the general trustees at the conclusion of their terms, but has no responsibilities or powers regarding the voting or disposition of the Common Shares owned by the Trusts and accordingly disclaims beneficial ownership of such shares. The address of each of the Trusts is: 1 North Wacker Drive, Suite 4775, Chicago, Illinois 60606.

DISSENTERS RIGHTS

This section is intended as a brief summary of the material provisions of the Illinois statutory procedures that a shareholder must follow in order to seek and perfect appraisal rights, referred to as dissenters rights in the IBCA. This summary, however, is not a complete statement of all applicable requirements, and it is qualified in its entirety by reference to Sections 11.65 and 11.70 of the IBCA, the full text of which appears in **Annex D** to this proxy statement. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that shareholders exercise their appraisal rights under Sections 11.65 and 11.70.

The rights of the Company shareholders who choose to dissent from the merger are governed by the provisions of Illinois law. An excerpt of the Illinois law (Sections 11.65 and 11.70) governing appraisal rights is attached hereto as **Annex D**.

Pursuant to Section 11.70 of Illinois law, a shareholder may assert dissenters rights only if the shareholder delivers to the Company prior to the vote taken with respect to the merger at the special meeting a written demand for payment for his or her common shares of the Company if the merger is consummated and the shareholder does not vote in favor of the merger.

Within 10 days after the closing of the merger, or 30 days after the shareholder delivers to the Company a written demand for payment, whichever is later, the Company will send each shareholder who has delivered a written demand for payment a statement setting forth the opinion of the Company as to the estimated fair value of its common shares, the Company s balance sheet as of the most recently completed fiscal year ending not earlier than 16 months prior to delivery of the statement, together with the statement of income for that year and the latest available interim financial statements, and either:

a commitment to pay the estimated fair value for the common shares of the dissenting shareholder upon transmittal to the Company of the certificates, or other evidence of ownership, with respect to such shares of the Company, or

instructions to the dissenting shareholder to sell the shares within 10 days after delivery of the Company s statement to the shareholder. The Company may instruct the shareholder to sell only if there is a public market for the shares at which the shares may be readily sold.