

ERESEARCHTECHNOLOGY INC /DE/
Form PREM14A
May 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

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

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for use of the Commission Only (as Permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to § 240.14a-12.

eResearchTechnology, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

.. No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock, par value \$0.01 per share, of eResearchTechnology, Inc. (the Common Stock).

(2) Aggregate number of securities to which transaction applies:
As of May 8, 2012, there were 49,390,241 shares of Common Stock (including shares of restricted Common Stock) outstanding and 5,372,313 shares of Common Stock subject to options outstanding.

(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 registration fee, the underlying value of the transaction was calculated based upon the *sum of* (A) 49,390,241 shares of Common Stock outstanding, *multiplied by* \$8.00 per share; and (B) 3,747,394 shares of Common Stock subject to options with exercise prices less than or equal to \$8.00 per share, *multiplied by* \$1.96 per share (which is the difference between \$8.00 per share and the weighted average exercise price per share of such options). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0001146 by the sum described in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
\$402,466,821.

(5) Total fee paid:
\$46,123, determined based upon multiplying 0.0001146 by the proposed maximum aggregate value of the transaction of \$402,466,821.

.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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eResearchTechnology, Inc.

, 2012

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of eResearchTechnology, Inc. (the **Company**) to be held on , 2012, at a.m., local time, at .

At the meeting, you will be asked to:

consider and vote on a proposal to adopt the Agreement and Plan of Merger (the **merger agreement**), dated as of April 9, 2012, by and among the Company, Explorer Holdings, Inc. (**Parent**) and Explorer Acquisition Corp., a wholly-owned subsidiary of Parent (which, along with Parent, is an affiliate of Genstar Capital Partners VI, L.P.), pursuant to which each share of our common stock outstanding at the effective time of the merger will be converted into the right to receive \$8.00 in cash and we will become a wholly-owned subsidiary of Parent (the **merger**);

consider and cast a nonbinding advisory vote on the golden parachute compensation that may be payable to our named executive officers in connection with the merger as reported on the Golden Parachute Compensation Table on page 49 of the accompanying proxy statement;

consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement; and

transact any other business that may properly come before the special meeting, or any adjournment or postponement of the special meeting, including to consider any procedural matters incident to the conduct of the special meeting.

If our stockholders adopt the merger agreement and the merger is completed, you will be entitled to receive \$8.00 in cash for each share of our common stock that you own immediately prior to completion of the merger (unless you have properly exercised your appraisal rights with respect to such shares). Upon completion of the merger, we will become a wholly-owned subsidiary of Parent.

Our board of directors, acting upon the unanimous recommendation of a special committee of independent members of our board of directors, which committee was formed for the purpose of evaluating the possible sale of the Company, has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders.

Our board of directors recommends that you vote FOR the adoption of the merger agreement, FOR approval of the nonbinding advisory proposal regarding golden parachute compensation and FOR approval of the adjournment of the special meeting to solicit additional proxies to approve the proposal to adopt the merger agreement.

Approval of the proposal to adopt the merger agreement requires the affirmative vote of a majority of the outstanding shares of our common stock entitled to vote thereon.

Your vote is very important, regardless of the number of shares you own. 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 enclosed prepaid envelope, or submit your proxy through the Internet or by telephone by following the instructions described in the enclosed proxy statement. The failure to vote your shares of our common stock will have the same effect as a vote against the proposal to adopt the merger agreement.

The enclosed proxy statement provides you with information about the special meeting, the merger agreement, the merger and other related matters to be considered by the stockholders of the Company. A copy of

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the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the proxy statement and the merger agreement carefully and in their entirety prior to voting your shares. You also may obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission by following the instructions listed in the section of the accompanying proxy statement entitled WHERE YOU CAN FIND MORE INFORMATION.

On behalf of our board of directors, I thank you for your support and urge you to vote in favor of the adoption of the merger agreement.

Sincerely,

Jeffrey S. Litwin

President and Chief Executive Officer

The accompanying proxy statement is dated _____, 2012, and is first being mailed, with the form of proxy, to our stockholders on or about _____, 2012.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE PROPOSED MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

YOUR VOTE IS IMPORTANT. PLEASE VOTE ELECTRONICALLY VIA THE INTERNET OR TELEPHONICALLY OR BY COMPLETING, SIGNING, DATING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING. PLEASE DO NOT SEND IN ANY CERTIFICATES FOR YOUR SHARES AT THIS TIME. IF THE MERGER IS APPROVED, YOU WILL RECEIVE A LETTER OF TRANSMITTAL AND RELATED INSTRUCTIONS TO SURRENDER YOUR SHARE CERTIFICATES.

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eResearchTechnology, Inc.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on , 2012

TO THE STOCKHOLDERS OF ERESEARCHTECHNOLOGY, INC.:

Notice is hereby given that a special meeting of the stockholders of eResearchTechnology, Inc., a Delaware corporation (the *Company*), will be held on , 2012, at a.m., local time, at , for the following purposes:

1. *Merger Proposal.* To consider and vote on a proposal to adopt the Agreement and Plan of Merger (the *merger agreement*), dated as of April 9, 2012, by and among the Company, Explorer Holdings, Inc. (*Parent*) and Explorer Acquisition Corp., a wholly-owned subsidiary of Parent (which, along with Parent, is an affiliate of Genstar Capital Partners VI, L.P.), pursuant to which each share of our common stock outstanding at the effective time of the merger will be converted into the right to receive \$8.00 in cash and we will become a wholly-owned subsidiary of Parent (the *merger*);
2. *Advisory Vote on Golden Parachute Compensation.* To consider and cast a nonbinding advisory vote on the golden parachute compensation that may be payable to our named executive officers in connection with the merger as reported on the Golden Parachute Compensation Table on page 49 of the accompanying proxy statement;
3. *Adjournment Proposal.* To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement; and
4. *Other Business.* To transact any other business that may properly come before the special meeting, or any adjournment or postponement of the special meeting, including to consider any procedural matter incident to the conduct of the special meeting.

The merger agreement, the merger and the golden parachute compensation arrangements are more fully described in the accompanying proxy statement, which you should read carefully in its entirety before voting.

Our board of directors has fixed the close of business on , 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, this special meeting and any adjournment or postponement thereof. Only holders of our common stock at the close of business on the record date are entitled to vote at the special meeting.

Our board of directors, acting upon the unanimous recommendation of a special committee of independent members of our board of directors, which committee was formed for the purpose of evaluating the possible sale of the Company, has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT, FOR APPROVAL OF THE GOLDEN PARACHUTE COMPENSATION AND FOR APPROVAL OF THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES TO APPROVE THE PROPOSAL TO ADOPT THE MERGER AGREEMENT.

Your vote is very important, regardless of the number of shares you own. The approval of the adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock. **If you abstain or do not vote on the adoption of the merger agreement, it will have the same effect as a vote by you against the adoption of the merger agreement.**

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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 enclosed prepaid envelope, or submit your proxy through the Internet or by telephone. Properly executed proxy cards with no instructions indicated on the proxy card will be voted **FOR** the adoption of the merger agreement, **FOR** approval of the golden parachute compensation and **FOR** approval of the adjournment of the special meeting, if necessary or appropriate to solicit additional proxies to approve the proposal to adopt the merger agreement.

If your shares are held in street name, which means through a brokerage firm, bank or other nominee, you should instruct your broker, bank or other nominee how to vote your shares using the voting instruction form furnished by your broker, bank or other nominee. If you do not instruct your broker, bank or other nominee how to vote, your shares will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker, bank or other nominee can register your shares as being present at the meeting for the purposes of determining the presence of a quorum but will not be able to vote on matters for which specific authorization is required. **If you do not instruct your broker, bank or other nominee how to vote, it will have the same effect as a vote against the adoption of the merger agreement, but it will not have an effect on the nonbinding advisory proposal regarding golden parachute compensation.**

If you attend the special meeting, you may revoke your proxy and vote in person, even if you have previously returned your proxy card or submitted your proxy through the Internet or by telephone. **Your attendance at the special meeting alone will not revoke your proxy.**

If you hold your shares in street name, you must obtain a legal proxy from your broker, bank or other nominee in order to vote in person at the special meeting. Please contact your broker, bank or other nominee for instructions on how to obtain such a legal proxy. If your shares are held by a broker, bank or other nominee, and you plan to attend the special meeting, please also bring to the special meeting this legal proxy and your statement evidencing your beneficial ownership of our common stock. Please carefully review the instructions in the enclosed proxy statement and the enclosed proxy card or the information forwarded by your broker, bank or other nominee regarding each of these options.

Stockholders who do not vote in favor of the adoption of the merger agreement have the right to demand appraisal of the fair value of their shares of our common stock, as determined by the Court of Chancery of the State of Delaware, if the merger is completed, but only if they perfect their appraisal rights and the other requirements of the Delaware General Corporation Law are satisfied. A copy of the Delaware statutory provisions relating to appraisal rights is attached as Annex C to the proxy statement, and a summary of these provisions can be found under Appraisal Rights on page 52 in the proxy statement.

The enclosed proxy statement provides you with information about the special meeting, the merger agreement, the merger and other related matters to be considered by our stockholders. A copy of the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the proxy statement and the merger agreement carefully and in their entirety prior to voting your shares. You also may obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission by following the instructions listed in the section of the accompanying proxy statement entitled WHERE YOU CAN FIND MORE INFORMATION.

You should not send any certificates representing shares of our common stock with your proxy card. Upon completion of the merger, we will send instructions to you regarding the procedure for exchanging your stock certificates for the cash merger consideration.

By order of the Board of Directors,

Jeffrey S. Litwin

President and Chief Executive Officer

Philadelphia, Pennsylvania

, 2012

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED MAY 9, 2012

PROXY STATEMENT

You are receiving this proxy statement and proxy card or voting instruction form because you own shares of our 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. The proxy statement is dated _____, 2012, and is first being mailed to stockholders of the Company on or about _____, 2012.

Throughout this proxy statement, all references to the Company, eResearch, we, us, and our refer to eResearchTechnology, Inc., unless otherwise indicated or the context otherwise requires. You are being asked to consider and approve the adoption of the merger agreement which sets forth the terms pursuant to which the merger will be effectuated. In addition to the Company, Explorer Holdings, Inc. and Explorer Acquisition Corp., which we may refer to as Parent and Merger Sub, respectively, in this proxy statement, are parties to the merger agreement. Both Parent and Merger Sub are affiliated with Genstar Capital Partners VI, L.P., which we may refer to as Genstar VI, and Genstar Capital LLC, which we may refer to as Genstar, in this proxy statement. J.P. Morgan Securities, LLC, who served as financial advisor to our board of directors, may be referred to in this proxy statement as J.P. Morgan .

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting To Be Held on _____, 2012:

the notice and proxy statement are available

at:

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SUMMARY TERM SHEET

*This summary term sheet highlights selected information from this proxy statement and may not contain all of the information that is important to you. We encourage you to read carefully the remainder of this proxy statement, including the attached annexes and the other documents to which we have referred you, because this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting of stockholders. See also *Where You Can Find More Information* on page 84 of this proxy statement. We have included references to other portions of this proxy statement to direct you to a more complete description of the topics presented in this summary.*

Parties to the Merger (page 24)

eResearchTechnology, Inc.

eResearchTechnology, Inc., a Delaware corporation, is a global technology-driven provider of services and customizable medical devices primarily to biopharmaceutical organizations and, to a lesser extent, healthcare organizations. We believe we are the market leader for centralized cardiac safety and respiratory efficacy services in drug development and we also collect, analyze and distribute electronic patient reported outcomes in multiple modalities across all phases of clinical research. For additional information, please visit www.ert.com. Our principal executive offices are located at 1818 Market Street, Philadelphia, PA 19103. Our telephone number is (215) 972-0240.

Explorer Holdings, Inc.

Explorer Holdings, Inc. is a Delaware corporation that was formed solely for the purpose of acquiring us and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. At the time the merger is completed, an affiliated private equity fund, Genstar Capital Partners VI, L.P., will own a majority of the equity of, and will control, Parent. If the merger is completed, Parent will own all of our outstanding capital stock and we will no longer be a publicly-traded company. Parent's address is c/o Genstar Capital LLC, Four Embarcadero Center, Suite 1900, San Francisco, CA 94111-4194. Parent's telephone number is (415) 834-2350.

Explorer Acquisition Corp.

Explorer Acquisition Corp. is a Delaware corporation and wholly-owned subsidiary of Parent that was organized solely for the purpose of completing the merger. Merger Sub has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Upon completion of the merger, if completed, Merger Sub will merge with and into us and thereby cease to exist and we will continue as the surviving corporation. Merger Sub's address is c/o Genstar Capital LLC, Four Embarcadero Center, Suite 1900, San Francisco, CA 94111-4194. Merger Sub's telephone number is (415) 834-2350.

Parent and Merger Sub are each entities currently owned, directly or indirectly, by Genstar VI, which is a private equity fund affiliated with Genstar Capital LLC, which we may refer to as Genstar. Additional investors (who may include one or more existing holders of our common stock) are expected to acquire an interest in Parent, as described under *The Merger Financing of the Merger Equity Financing* below.

J.P. Morgan, the Company's financial advisor in connection with the proposed merger, and its affiliates have had commercial or investment banking relationships with Genstar and its affiliates, as described under *The Merger Parties to the Merger*.

The Merger; Closing; Marketing Period (Page 59)

If the merger agreement is adopted by our stockholders and the other conditions to closing are satisfied or waived, Merger Sub will merge with and into us, and we will continue as the surviving corporation and wholly-owned subsidiary of Parent. Upon completion of the merger, each share of our common stock issued and

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outstanding immediately prior to the effective time of the merger, including all unvested restricted shares (other than (i) shares owned by Parent, Merger Sub or any subsidiary of Parent or us or any of our subsidiaries, (ii) certain unvested restricted shares granted to certain of our officers in 2012, including all of our named executive officers who were granted equity awards in 2012, which will be forfeited, and (iii) shares held by stockholders, if any, who have properly exercised statutory appraisal rights) will be converted into the right to receive \$8.00 in cash. This amount will be without interest and less any applicable withholding tax. In this proxy statement, we refer to the consideration to be paid per share of common stock in the merger as the merger consideration. The surviving corporation will be a privately held corporation, and you will cease to be a stockholder and cease to have any ownership interest in the surviving corporation.

Unless otherwise agreed by the parties to the merger agreement, the parties are required to complete the merger no later than the second business day after the satisfaction or waiver of the conditions described under The Merger Agreement Conditions to the Merger, subject to extension in certain circumstances to allow for completion of a 20 consecutive business day marketing period. The purpose of the marketing period is to provide Parent a reasonable and appropriate period of time for marketing and placement of the debt financing for the purposes of financing the merger.

We currently anticipate that the merger will be completed during the third calendar quarter of 2012. However, there can be no assurances that the merger will be completed at all, or if completed, that it will be completed during the third calendar quarter of 2012.

The Special Meeting (Page 20)

The special meeting of our stockholders will be held on , 2012, at a.m., local time, at . At the special meeting, our stockholders will be asked to vote on a proposal to adopt the merger agreement, a nonbinding advisory proposal to approve the golden parachute compensation that may be payable to our named executive officers in connection with the merger and, if necessary or appropriate, to approve one or more adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes to approve the proposal to adopt the merger agreement.

Treatment of Options and Other Awards (Page 60)

Stock Options

At the effective time of the merger, all outstanding and unexercised options granted under our employee benefit plans (whether vested or unvested) will be canceled and converted into the right to receive, as soon as reasonably practicable after the effective time of the merger, a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the option, multiplied by the number of shares covered by the option, less applicable withholding taxes. Options with a per share exercise price that is equal to or greater than the per share merger consideration will be canceled as of the effective time of the merger without any payment. After the effective time of the merger, all options granted under our employee benefit plans will represent only the nontransferable right to receive a cash payment, if any, determined as described above. Notwithstanding the above, the options granted in 2012 to certain of our officers, including all of our named executive officers who were granted equity awards in 2012, will be canceled without payment at the effective time of the merger.

Restricted Shares

At the effective time of the merger, all shares of restricted common stock will vest and become free of their forfeiture restrictions. At the effective time of the merger, the holders of these shares of restricted stock will be entitled to receive an amount in cash equal to the per share merger consideration with respect to each of these shares of restricted stock, less applicable withholding taxes. Notwithstanding the above, at the effective time of the merger, certain of our officers, including all of our named executive officers who were granted equity awards

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in 2012, will forfeit the restricted stock granted to them in 2012. Following the effective time of the merger, no holder of restricted shares will have any rights to acquire capital stock of us, our subsidiaries or the surviving corporation.

Recommendation of Our Board of Directors (Page 30)

After deliberation and consultation with its financial and legal advisors, and acting upon the recommendation of the Special Committee, our board of directors has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders. Our board of directors recommends that our stockholders vote **FOR** the proposal to adopt the merger agreement, **FOR** the nonbinding proposal regarding golden parachute payments to be paid or payable upon the consummation of the merger and **FOR** the adjournment proposal. See Proposal No. 1 The Merger Recommendation of our Board of Directors beginning on page 30 of this proxy statement for a more detailed discussion of the recommendation of our board of directors.

Opinion of the Financial Advisor to Our Board of Directors (Page 35)

J.P. Morgan delivered its written opinion to our board of directors that, as of April 9, 2012, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth therein, the consideration to be paid to the holders of our common stock in the proposed transaction was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan dated April 9, 2012, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken in connection with its opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. J.P. Morgan provided its opinion for the information of our board of directors in connection with and for the purposes of its evaluation of the transactions contemplated by the merger agreement. J.P. Morgan's written opinion addresses only the fairness of the consideration to be paid to the holders of our common stock in the proposed transaction and does not address any other matter.

Interests of Directors and Officers in the Merger (Page 47)

In considering the recommendation of our board of directors with respect to the merger agreement, our stockholders should be aware that our directors and executive officers have certain interests in the merger that are different from, or in addition to, the interests of stockholders generally. These interests may create potential conflicts of interest.

Each of our named executive officers (excluding John B. Sory who is no longer employed by us) has an employment agreement with us that will entitle each such officer to receive cash payments and other benefits upon certain qualifying terminations of employment, including a termination without cause within twelve months following the merger or a resignation for good reason within six months following the merger as described in more detail under Employment Agreements with Named Executive Officers below. Pursuant to the merger agreement, Parent has committed to honor employment, severance and certain other arrangements between us and our officers, directors and employees, in each case, to the extent such arrangements are legally binding on us as of the occurrence of the merger.

In addition, certain of our executive officers and directors hold certain stock options and restricted stock awards that, as a result of the merger, will vest immediately prior to the completion of the merger and be converted into a cash payment, as described in more detail under Treatment of Options and Other Awards. Notwithstanding the foregoing, at the effective time of the merger, the equity awards granted in 2012 to our named executive officers who were granted equity awards in 2012 will be canceled or forfeited without payment.

In connection with the execution of the merger agreement, we entered into a consulting agreement with a consulting firm owned by Joel Morganroth, M.D., one of our directors and executive officers, that provides that

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following the merger we will pay the consulting firm \$44,000 per month for the services that we expect the consulting firm to provide to us. The consulting agreement also provides that upon the closing of the merger, we will purchase all of the assets of Dr. Morganroth's consulting firm for \$875,000. Prior employment and consulting agreements with Dr. Morganroth and the consulting firm, respectively will terminate upon completion of the merger. Under these prior agreements, Dr. Morganroth and the consulting firm received an aggregate of \$2,488,618 for the calendar year ended December 31, 2011.

Under the merger agreement, we, as the surviving corporation in the merger, have agreed to indemnify our directors and officers from before the merger to the full extent permitted by law following the merger. We have also agreed to honor our obligations under any indemnification provisions of our certificate of incorporation and bylaws.

We will maintain for a period of six years an insurance policy covering persons who were our directors or officers prior to the merger for the actions taken by such directors and officers in their capacities as our directors and officers prior to the merger on terms with respect to coverage and amount no less favorable than those of such policy currently in effect, *provided, however*, that we will not be required to expend in excess of 200% of the current annual premium paid for such policies currently maintained by us. Alternatively, prior to effectiveness of the merger, we may obtain a six year prepaid tail policy on terms and conditions providing materially equivalent benefits as those provided under the policies of directors and officers liability insurance currently maintained by us with respect to matters arising on or before the completion of the merger.

In addition to the fees and other consideration received for being a member of our board of directors, non-employee directors who are members of the special committee of our board of directors also receive certain fees for their service on such committee.

Our board of directors was aware of and discussed and considered these interests when it approved the merger. These interests may create potential conflicts of interest.

Financing (Page 42)

The total amount of funds necessary to complete the merger and related transactions is anticipated to be approximately \$446 million, consisting of:

approximately \$402 million to pay our stockholders and holders of options and restricted shares the amounts due to them under the merger agreement, assuming a purchase price of \$8.00 per share (net of the exercise price for options) and none of our stockholders validly exercises and perfects appraisal rights;

approximately \$21 million to refinance certain existing indebtedness (including prepayment premiums); and

approximately \$23 million to pay related fees and expenses in connection with the merger.

These payments are expected to be funded by a combination of equity contributions by Genstar VI, certain of its affiliates, CDP-Genstar Mezzanine Opportunities, L.P., which we may refer to as CDP, a CDP affiliate called Caisse de dépôt et placement du Québec, and other investors in Parent and/or Merger Sub, debt financing and our existing cash, cash equivalents and marketable securities. Parent has obtained equity and debt financing commitments described below in connection with the transactions contemplated by the merger agreement.

Equity Financing

Parent has received an equity commitment letter from Genstar VI pursuant to which, subject to the conditions contained in it, Genstar VI has agreed to make or secure aggregate equity investments of up to \$110.0 million to Parent and/or Merger Sub. Parent also has received a combined debt and equity commitment letter from CDP, pursuant to which, subject to the conditions contained in it, CDP has agreed to make aggregate equity investments of \$40.0 million to Parent and/or Merger Sub.

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Debt Financing

Parent has received a debt commitment letter from arrangers and lenders to provide to Merger Sub, subject to the conditions set forth in it, \$224.0 million of senior secured credit facilities (which will consist of a six-year senior secured term loan of \$174.0 million and a five-year senior secured revolving credit facility of up to \$50.0 million). The combined debt and equity commitment letter from CDP provides that, subject to the conditions set forth therein, CDP will purchase up to \$97.4 million of unsecured senior subordinated notes, which we may refer to as the subordinated notes, from Merger Sub.

The debt financing, together with the equity financing and our existing cash, cash equivalents and marketable securities, are to be used for the purpose of financing the merger, repaying or refinancing certain of our and our subsidiaries' existing indebtedness and paying fees and expenses incurred in connection with the merger.

Parent has agreed to use commercially reasonable efforts to arrange the debt financing on the terms and conditions described in the commitments. The closing of the merger is not conditioned on the receipt of the debt financing. Parent, however, is not required to complete the merger until after the completion of the marketing period described in the merger agreement.

Regulatory Approvals (Page 47)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we may refer to as the HSR Act, and the rules promulgated thereunder by the Federal Trade Commission, which we may refer to as the FTC, the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice, which we may refer to as the DOJ, and the applicable waiting period has expired. On April 23, 2012, we and Genstar VI made the necessary filings under the HSR Act and on April 30, 2012, we were informed that early termination of the waiting period was granted.

The merger is also subject to review by the governmental authorities of Germany under the antitrust laws of that jurisdiction. Genstar VI made the required notification to the German Federal Cartel Office on April 23, 2012; the initial applicable waiting period is one month.

Material U.S. Federal Income Tax Consequences (Page 56)

Generally, the receipt of cash in exchange for our common stock pursuant to the merger will be a taxable transaction to our stockholders for U.S. federal income tax purposes. A U.S. holder of our common stock receiving cash in the merger generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received (before reduction for any applicable withholding taxes) and the holder's adjusted tax basis in the shares of our stock surrendered. A non-U.S. holder of our common stock generally will not be subject to U.S. federal income tax on the gain recognized upon the receipt of cash in exchange for our common stock pursuant to the merger unless the gain is effectively connected with the conduct of a trade or business in the United States or the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the merger and certain other conditions are met.

The tax consequences of the merger to any particular stockholder may vary depending on his, her or its particular circumstances. Due to the individual nature of tax consequences, each stockholder is urged to consult his, her or its own tax advisor as to the specific tax consequences to such stockholder of the merger, including the effects of any applicable U.S. Federal state, local, foreign, estate, gift or other tax laws.

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Conditions to the Merger (Page 69)

Conditions to Each Party's Obligations

Each party's obligation to complete the merger is subject to the satisfaction of the following conditions at or prior to the effective time of the merger, unless waived in writing by all parties:

the merger agreement will be adopted by the affirmative vote of the holders of a majority of the outstanding shares of our common stock;

no court of competent jurisdiction or other governmental authority shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits completion of the merger or the transactions contemplated by the merger agreement; and

any applicable waiting period under the HSR Act and applicable foreign competition laws will have expired or been terminated, or any approvals under foreign competition laws shall have been obtained.

Conditions to Parent's and Merger Sub's Obligations

The obligation of Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver by Parent of the following additional conditions at or prior to the effective time of the merger:

our representations and warranties:

relating to our organization and existence, our power and authority to enter into the merger agreement, the enforceability of the merger agreement against us, the vote required for our stockholders to adopt the merger agreement, capitalization, financial advisory fees and delivery by J.P. Morgan of a fairness opinion, shall in each case 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 (except in each case to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), in each case determined without giving effect to any materiality or Material Adverse Effect (as defined below in the section entitled "The Merger Agreement Representations and Warranties") qualifications contained therein; and

in Article 4 of the merger agreement other than those listed above 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 (except in each case to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on us, in each case without giving effect to any materiality or Material Adverse Effect qualifications contained therein;

we shall have performed in all material respects, all of our obligations and abided in all material respects by all the covenants required to be performed and complied with by us under the merger agreement at or prior to completion of the merger;

since the date of the merger agreement, there shall not have occurred a Material Adverse Effect on us or any event, change or effect that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on us;

we shall have provided Parent with the following documents:

a certificate, duly executed by one of our executive officers, dated the closing date of the merger, certifying as to the conditions relating to the accuracy of our representations and warranties and our compliance with our covenants and obligations;

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a certificate, duly executed by one of our officers certifying that our stock is not a United States real property interest because we are not and have not been a United States real property holding corporation for purposes of the U.S. Tax Code;

option termination agreements with a limited number of holders of our options, including some of our executive officers, which will not terminate by their own terms upon the closing of the merger;

resignation letters duly executed by the members of our board of directors; and

an executed payoff letter with respect to the repayment of our existing credit facility.

Conditions to Our Obligations

Our obligation to complete the merger is subject to the satisfaction or waiver of the following further conditions at or prior to the effective time of the merger:

the representations and warranties of Parent and Merger Sub in the merger agreement 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 (except, in each case, to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to prevent or materially delay completion of the merger;

each of Parent and Merger Sub shall have performed, in all material respects, all of its obligations and abided in all material respects by all the covenants required to be performed and complied with by it under the merger agreement at or prior to completion of the merger; and

we shall have received a certificate of an executive officer of Parent certifying that the above two conditions have been fulfilled.

Restrictions on Solicitations of Other Offers (Page 70)

The merger agreement provides that, subject to certain exceptions, until the effective time of the merger (or, if earlier, the termination of the merger agreement), we must not, and must cause our subsidiaries and representatives not to:

solicit, initiate, seek or knowingly encourage (including by way of furnishing non-public information regarding us or any of our subsidiaries) or facilitate, any inquiries, proposals or offers from any person, entity or group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, which we may refer to as the Exchange Act) (other than Parent and its subsidiaries) that constitute, or could reasonably be expected to result in an acquisition proposal (as defined below in the section entitled "The Merger Agreement - Restrictions on Solicitations of Other Offers");

participate in any discussions or negotiations (including by way of furnishing nonpublic information about us) with any third party (other than Parent, Merger Sub, their representatives and our representatives) relating to, or which could reasonably be expected to lead to an acquisition proposal; or

approve or recommend, or publicly propose to approve or recommend, an acquisition proposal, enter into any contract or agreement in principle relating to an acquisition proposal or enter into any contract or agreement in principle requiring us to abandon, terminate or fail to complete the transactions contemplated by the merger agreement or breach our obligations under the merger agreement or

propose or agree to do any of the foregoing.

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Notwithstanding these restrictions, under certain circumstances, our board of directors may respond to a bona fide unsolicited written proposal for an alternative acquisition or terminate the merger agreement and enter into an acquisition agreement with respect to a superior proposal (as defined below in the section entitled "The Merger Agreement - Restrictions on Solicitations of Other Offers"), so long as we comply with certain terms of the merger agreement described under "The Merger Agreement - Recommendation Withdrawal/Termination in Connection with a Superior Proposal," including providing Parent the opportunity to amend its proposal to acquire us prior to termination and, if required, paying a termination fee.

Termination of the Merger Agreement (Page 73)

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after stockholder approval has been obtained:

by mutual written consent of us, Parent and Merger Sub.

by either us or Parent if:

at any time after October 5, 2012, the effective time of the merger shall not have occurred on or before the close of business on such date;

there is any applicable law or order that shall have become final and non-appealable that makes completion of the merger illegal or otherwise prohibited, or enjoins us or Parent from completing the merger; or

our stockholders, at the special meeting or at any adjournment or postponement thereof at which the merger agreement was voted on, fail to adopt the merger agreement.

by us if:

subject to complying with the terms of the merger agreement, our board of directors authorizes us to enter into a binding definitive agreement in respect of a superior proposal and we substantially concurrently enter into the binding definitive agreement;

we are not in material breach of the merger agreement, either of Parent or Merger Sub is in material breach of its covenants or obligations under the merger agreement or any of their representations and warranties are untrue (without regard to materiality qualifiers), which breach or failure to be true would give rise to the failure of a condition to our obligation to complete the merger and is either incurable or not cured by Parent within 30 days after written notice (or, if earlier, October 5, 2012); or

we are not then in breach of any representation, warranty, covenant or agreement under the merger agreement that would result in the debt financing being unavailable, and:

the mutual and other conditions to Parent's obligation to complete the merger are satisfied (except those to be satisfied at completion of the merger, all of which shall be capable of being satisfied);

all of the conditions to our obligation to complete the merger have been satisfied (except those to be satisfied at completion, which shall be capable of being satisfied) or we have confirmed our willingness to waive them and have irrevocably confirmed to Parent that we are ready, willing and able to complete the merger; and

Parent and Merger Sub fail to complete the merger by the end of the third business day after October 5, 2012, and we stand ready, willing and able to complete the merger through the end of such three business day period.

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by Parent if:

either an adverse recommendation change (as described below under "The Merger Agreement - Recommendation Withdrawal/Termination in Connection with a Superior Proposal") has occurred, our board of directors has failed to publicly confirm its recommendation of the merger within four business days of a written request by Parent to do so, or we have failed to include in this proxy statement the recommendation of our board of directors or a statement to the effect that our board has determined and believes that the merger is in the best interests of our stockholders;

Parent is not in material breach of the merger agreement, we are in material breach of our covenants or obligations under the merger agreement or any of our representations and warranties is untrue (without regard to materiality qualifiers), which breach or failure to be true would give rise to the failure of a condition to Parent's obligation to complete the merger and is either incurable, or not cured by us within 30 days after written notice (or, if earlier, October 5, 2012); or

a Material Adverse Effect on us has occurred and is continuing and, if curable, it has not been cured by us within 30 days after written notice of it.

Termination Fees and Expenses (Page 74)

Payable by Us

We have agreed to reimburse Parent's out-of-pocket fees and expenses incurred in connection with the merger agreement, up to \$2.9 million, if either we or Parent terminate the merger agreement because of the failure to receive our stockholder approval at the special meeting or any adjournment or postponement thereof at which the merger agreement was voted on, or if Parent terminates the merger agreement due to a breach of our obligations under the merger agreement relating to promptly calling the stockholder meeting to approve the merger and preparing and mailing this proxy statement. We do not have to reimburse Parent's fees and expenses if they become due after, or concurrently with, our payment of the \$11 million termination fee described below.

We must pay a termination fee of \$11 million to Parent in connection with termination of the merger agreement under the following circumstances:

if Parent terminates the merger agreement as a result of an adverse recommendation change, the failure of our board of directors to publicly confirm its recommendation of the merger, or our failure to include in this proxy statement the recommendation of our board of directors or a statement to the effect that our board has determined and believes that the merger is in the best interests of our stockholders;

if we terminate the merger agreement in connection with the authorization by our board of directors for us to enter into a binding definitive agreement in respect of a superior proposal; or

if all of the following events occur:

an acquisition proposal has been publicly announced or disclosed and not terminated or withdrawn prior to termination of the merger agreement (or, in the event of termination following failure to obtain stockholder approval, not terminated or withdrawn at least five business days prior to the stockholder meeting);

either party terminates the merger agreement as a result of the merger not having been completed on or prior to October 5, 2012 or our stockholders having failed to adopt the merger agreement at a duly called stockholders meeting, or Parent

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terminates the merger agreement as a result of our failure to comply with our covenants and obligations; and

within 12 months after termination, we enter into a contract providing for the implementation of an acquisition proposal or complete an acquisition proposal.

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As used above, acquisition proposal has the same meaning set forth in The Merger Agreement Restrictions on Solicitation and Other Offers, except that references to 20% will be deemed references to 50%.

Payable by Parent

Parent must pay us a breakup fee of \$20 million if we terminate the merger agreement under either of the following circumstances:

where both of the following have occurred:

Parent has failed to perform its obligations to obtain debt and equity financing, or its representations and warranties relating to financing are or become untrue, in each case under circumstances which give us the right to terminate the merger agreement; and

at the time we terminate the merger agreement, there are no facts or circumstances that would reasonably be expected to cause the mutual conditions to closing not to be satisfied, or the conditions to Parent's obligation to close relating to performance of our covenants and obligations, the truthfulness of our representations and warranties or the absence of a Material Adverse Effect on us not to be satisfied, in each case by October 5, 2012; or

the conditions to Parent's obligation to complete the merger have been satisfied (except those to be satisfied at completion, which shall be capable of being satisfied), the conditions to our obligation to complete the merger have been satisfied or waived, Parent and Merger Sub fail to complete the merger by the end of the third business day after October 5, 2012, and we stand ready, willing and able to complete the merger through the end of such three business day period.

Liability Limitation (Page 76)

In no event will we be entitled to aggregate monetary damages from Parent and Merger Sub in excess of \$20 million for all losses and damages arising from or in connection with breaches by Parent and Merger Sub of their obligations under the merger agreement or arising from any other claim or cause of action under the merger agreement.

Specific Performance (Page 77)

Parent and Merger Sub are generally entitled to seek specific performance of the terms of the merger agreement, however, we are only entitled to seek specific performance to require Parent and Merger Sub to fund the merger consideration or complete the merger if:

the marketing period has ended and all mutual and other conditions to Parent's obligation to complete the merger have been satisfied (except those to be satisfied at completion of the merger, all of which shall be capable of being satisfied) at the time provided for the closing in the merger agreement;

the debt financing has been funded or will be funded upon completion of the merger; and

we have irrevocably confirmed that if specific performance is granted and the debt financing is funded, then we will take such actions required of us under the merger agreement to cause the merger to be completed.

Limited Guaranty (Page 47)

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In connection with the merger agreement, Genstar VI has agreed to guaranty the due and punctual performance and discharge of certain of the payment obligations of Parent under the merger agreement, up to a maximum amount of \$20 million. The guaranty, which we may refer to as the Limited Guaranty, will remain in

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full force and effect until the earliest to occur of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms by mutual consent of the parties thereto or in circumstances where the Parent termination fee is finally determined not to be payable and there are no unpaid guaranteed obligations, and (iii) January 5, 2013 (unless, in the case of (ii) and (iii), we have commenced litigation against Genstar VI under and pursuant to the Limited Guaranty prior to such termination, in which case the Limited Guaranty will terminate upon the final non-appealable resolutions of such action and satisfaction by Genstar VI of any obligations finally determined or agreed to be owed by it, consistent with the terms of the Limited Guaranty). The Limited Guaranty is our sole recourse against Genstar VI; however the Limited Guaranty does not limit our rights against Parent and Merger Sub described under The Merger Agreement Specific Performance.

Appraisal Rights (Page 52)

If the merger is completed, under Delaware law, holders of common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares of common stock as determined by the Court of Chancery of the State of Delaware, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the merger consideration. Any holder of common stock intending to exercise such holder's appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights.

Litigation Related to the Merger (Page 52)

On April 11, 2012, a purported class action complaint was filed in the Court of Chancery of the State of Delaware, naming the Company, the members of our board of directors, Genstar, Parent and Merger Sub as defendants. Two similar complaints were filed in that Court on April 13, 2012, and the Court consolidated those three cases on April 16, 2012. The operative complaint in the consolidated action generally alleges that, in connection with approving the merger, our directors breached their fiduciary duties owed to our stockholders, and that Genstar, Parent and Merger Sub knowingly aided and abetted our directors' breaches of their fiduciary duties. The operative complaint in the consolidated action seeks, among other things, certification of the case as a class action, an injunction against the consummation of the transaction, a judgment against the defendants for damages, and an award of fees, expenses and costs to plaintiffs and their attorneys. Two other actions were filed, one in the Court of Common Pleas of Philadelphia in the First Judicial District of the Commonwealth of Pennsylvania, and the other in the Court of Chancery of the State of Delaware, on April 13, 2012 and April 17, 2012 respectively, making similar claims and seeking similar relief. On May 8, 2012, the defendants in the case currently pending in the Court of Common Pleas of Philadelphia, filed a motion seeking to stay the action in favor of the materially identical, previously-filed and consolidated actions pending in the Court of Chancery of the State of Delaware. It is unclear at this time when and how the Court of Common Pleas of Philadelphia will rule on this motion.

We believe these lawsuits are without merit and intend to defend against them vigorously.

Approval of Golden Parachute Compensation (Page 81)

In accordance with Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to cast a nonbinding advisory vote on the compensation that may be payable to our named executive officers in connection with the merger, as reported on the Golden Parachute Compensation Table on page 49 of

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this proxy statement. Our board of directors recommends that you vote **FOR** the proposal to approve on an advisory basis the golden parachute compensation payable in connection with the merger.

Adoption on an advisory basis of the golden parachute compensation to be paid or payable in connection with the merger requires the approval of a majority of the votes represented by the shares of our outstanding common stock present and entitled to vote thereon. Approval of the golden parachute compensation is not a condition to completion of the merger, and the vote related thereto is advisory only and will not be binding on us. Therefore, if the merger is approved by the holders of our common stock and is completed but a majority of stockholders do not approve the golden parachute compensation, we will note the outcome of the vote but nonetheless will be contractually bound to pay the golden parachute compensation to our named executive officers.

Market Price of Common Stock (Page 78)

The closing price of our common stock on the Global Select Market of The NASDAQ Stock Market, LLC, which we may refer to as the NASDAQ Global Select Market, on April 9, 2012, the last trading day prior to the public announcement of the merger agreement, was \$7.84. The \$8.00 that will be paid to holders of our common stock in exchange for each share of our common stock they hold represents a premium of approximately 38% to the average closing share price of our common stock for the 90 days ended on April 9, 2012 and a premium of approximately 42% to the average price of our common stock during the 52 weeks prior to April 9, 2012.

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QUESTIONS & ANSWERS ABOUT THE MERGER AND RELATED MATTERS

The following questions and answers are intended to address briefly some commonly asked questions about the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that are important to you as a stockholder of eResearchTechnology, Inc. Please refer to the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, including in its annexes, all of which you should read carefully. See also Where You Can Find More Information beginning on page 84.

Q: Why am I receiving this proxy statement?

A: We have agreed to merge under the terms of a merger agreement that is described in this proxy statement. A copy of the merger agreement is attached to this proxy statement as Annex A. You should carefully read this proxy statement in its entirety.

In order for the merger to be completed, our stockholders holding a majority of the outstanding shares of our common stock must vote to adopt the merger agreement. You are receiving this proxy statement and proxy card or voting instruction form because you own shares of our 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.

We will hold a special meeting of stockholders in order to seek approval of the proposal to adopt the merger agreement and other related matters on which we urge you to vote. This proxy statement contains important information about these matters as well as the special meeting of stockholders. The enclosed voting materials allow you to vote your shares of our common stock without attending the special meeting of stockholders.

Your vote is important. We encourage you to vote your shares of common stock as soon as possible.

Q: What is the purpose of the special meeting?

A: At the special meeting, the holders of our common stock will act upon the matters outlined in this proxy statement, including a proposal to adopt the merger agreement, a nonbinding advisory vote to approve golden parachute compensation payable under existing agreements that our named executive officers may receive in connection with the merger, a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement, and in the discretion of the proxy holders, on any other proposals to be voted on at the special meeting.

For specific information regarding the merger agreement, golden parachute compensation and adjournment, see Proposal No. 1 The Merger beginning on page 24, Proposal No. 2 Advisory Vote on Golden Parachute Compensation on page 81 and Proposal No. 3 Adjournment of the Special Meeting on page 82, respectively.

Q: Where and when is the special meeting?

A: The special meeting of our stockholders will be held on , 2012, at a.m., local time, at .

Q: Why is the Company merging?

A:

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After deliberation and consultation with its financial and legal advisors as well as a special committee of independent members of the board of directors, which committee was formed for the purpose of evaluating the possible sale of the Company, our board of directors has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders.

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Q: How does the board of directors recommend that I vote?

A: Our board of directors recommends that our stockholders vote **FOR** the proposal to adopt the merger agreement; **FOR** the proposal to approve, on a nonbinding advisory basis, the golden parachute compensation received by our named executive officers in connection with the merger; and **FOR** the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement. See Proposal No. 1 The Merger Recommendations of our Board of Directors beginning on page 31 of this proxy statement for a more detailed discussion of the recommendation of our board of directors;

Q: What will happen if the merger is not completed?

A: If the merger agreement is not adopted by our stockholders or if the merger is not completed for any other reason, our stockholders will not receive any payment for their shares of our common stock in connection with the merger. Instead, we will remain an independent public company, our common stock will continue to be listed and traded on the NASDAQ Global Select Market and registered under the Exchange Act, and we will continue to file periodic reports with the Securities and Exchange Commission, which we may refer to as the SEC, on account of our common stock. Under specified circumstances, we may be required to pay to Parent, or may be entitled to receive from Parent, a fee with respect to the termination of the merger agreement, as described under The Merger Agreement Termination Fees and Expenses beginning on page 74.

Q: What will happen in the merger?

A: We and our businesses will be acquired by Parent in a cash merger transaction. At the completion of the merger, we will become a wholly-owned subsidiary of Parent, an affiliate of Genstar. As a result, shares of our common stock will no longer be listed on any stock exchange, including the NASDAQ Global Select Market, or quotation system, and will be deregistered under the Exchange Act.

Q: What will a stockholder of the Company receive if the merger is completed?

A: In exchange for each share of our common stock owned and outstanding at the effective time of the merger, each stockholder will receive a cash payment per share of \$8.00 unless such stockholder properly exercises and does not withdraw its appraisal rights under the Delaware General Corporation Law, which we may refer to as the DGCL, with respect to such shares (as described below). For example, if a stockholder owns 100 shares of common stock, such stockholder will receive \$800.00 in cash in exchange for the shares of common stock. You will not own any shares of the capital stock in the Company following completion of the merger.

Q: What will a holder of the Company's stock options receive if the merger is completed?

A: At the effective time of the merger, all outstanding and unexercised options granted under our employee benefit plans (whether vested or unvested) will be canceled and converted into the right to receive, as soon as reasonably practicable after the effective time of the merger, a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the option, multiplied by the number of shares covered by the option, less applicable withholding taxes. Options with a per share exercise price that is equal to or greater than the per share merger consideration will be canceled as of the effective time of the merger without any payment. After the effective time of the merger, all options granted under our employee benefit plans will represent only the nontransferable right to receive a cash payment, if any, determined as described above. Notwithstanding the above, the options granted in 2012 to certain of our officers, including all of our named executive officers will be canceled without payment at the effective time of the merger.

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Q: What will a holder of the Company's restricted stock awards receive if the merger is completed?

A: At the effective time of the merger, all shares of restricted common stock will vest and become free of their forfeiture restrictions. At the effective time of the merger, the holders of these restricted shares will be entitled to receive an amount in cash equal to the per share merger consideration with respect to each of these shares of restricted stock, less applicable withholding taxes. Notwithstanding the above, at the effective time of the merger, certain of our officers, including all of our named executive officers who were granted equity awards in 2012, will forfeit the stock granted to them in 2012. Following the effective time of the merger, no holder of restricted shares will have any rights to acquire capital stock of us, our subsidiaries or the surviving corporation.

Q: Will I have appraisal rights if I dissent from the merger?

A: Yes. Under the DGCL, you have the right to seek appraisal of the fair value of your shares of our common stock, as determined by the Court of Chancery of the State of Delaware, if the merger is completed, but only if (a) you do not vote in favor of adoption of the merger agreement, (b) you deliver a written demand before the vote (as described elsewhere in this proxy statement), (c) you continuously hold through the effective time of the merger the shares for which you demand appraisal and (d) meet the other requirements of the DGCL. See Proposal No. 1. The Merger Appraisal Rights beginning on page 52 of this proxy statement for a more detailed discussion of appraisal rights and the text of DGCL Section 262 attached as Annex C to this proxy statement. Failure to follow the procedures set forth in Section 262 of the DGCL will result in the loss of appraisal rights.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed you will receive written instructions from the exchange agent on how to exchange your stock certificates for the cash merger consideration. **Please do not send in your stock certificates with your proxy.**

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

A: We are working toward completing the merger as quickly as practicable after the special meeting of stockholders and currently anticipate that the merger will be completed during the third calendar quarter of 2012. However, there can be no assurances that the merger will be completed at all, or if completed, that it will be completed during the third calendar quarter of 2012.

Q: Who is entitled to vote at the special meeting?

A: Our board of directors has fixed the close of business on _____, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of our common stock at the close of business on the record date are entitled to vote at the special meeting.

Q: What is a quorum for the special meeting?

A: There must be a quorum for the special meeting of stockholders to be held. The holders of a majority of the issued and outstanding shares of our common stock entitled to vote, present in person or represented by a properly executed and delivered proxy, will constitute a quorum for the purpose of transacting business at the special meeting of stockholders. Only holders of record of our common stock on the record date will be entitled to vote at the special meeting of stockholders. All shares of our common stock represented at the special meeting of stockholders, but not voting, including abstentions, will be counted as present for determining the presence or absence of a

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quorum. On the record date, there were _____ shares of common stock outstanding and entitled to vote. Thus, _____ shares of common stock must be represented by proxy or by stockholders present and entitled to vote at the special meeting to have a quorum.

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Q: What vote of the Company's stockholders is required to adopt the merger agreement?

A: Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding as of the record date.

Q: Why am I being asked to cast a nonbinding advisory vote to approve golden parachute compensation that our named executive officers will receive in connection with the merger?

A: Certain rules of the Securities and Exchange Commission, which we may refer to as the SEC, require us to seek a nonbinding advisory vote with respect to certain payments that will be made to our named executive officers in connection with the merger, which we may refer to as golden parachute compensation.

Q: What will happen if stockholders do not approve the golden parachute compensation at the special meeting?

A: Approval of golden parachute compensation payable under existing agreements that our named executive officers may receive in connection with the merger is not a condition to completion of the merger. The vote with respect to golden parachute compensation is an advisory vote and will not be binding on the Company. Therefore, if the merger is approved by our stockholders and completed, we will note the outcome of the vote on the golden parachute compensation, but nonetheless will be contractually bound to pay the golden parachute compensation to our named executive officers.

Q: What vote of the Company's stockholders is required to adopt the proposal regarding golden parachute compensation and the proposal to adjourn the special meeting, if necessary or appropriate to solicit additional proxies to approve the proposal to adopt the merger agreement?

A: Approval of the proposals regarding golden parachute compensation and adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement require the approval of a majority of the votes represented by the shares of our common stock present and entitled to vote thereon.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes, and consider how the merger will affect you. If you are a stockholder of record, you can ensure your shares are voted at the special meeting by completing, dating, signing and returning the enclosed proxy card in the enclosed prepaid envelope or by voting through the Internet or by telephone. If you hold your shares in street name, you can ensure that your shares are voted at the special meeting by instructing your broker, bank or other nominee how to vote, as discussed below. **Please do not send in your stock certificates with your proxy.**

Q: How do I cast my vote?

A: If you are the record owner of your shares, you may vote by:

Internet using the Internet voting instructions printed on your proxy card;

telephone using the telephone number printed on your proxy card;

signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope; or

attending the special meeting and voting in person, as more fully described below.

If you hold your shares in street name, you should follow the procedures provided by your broker, bank or other nominee.

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If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the adoption of the merger agreement, **FOR** the proposal to approve, on a nonbinding advisory basis, the golden parachute payments to be paid in connection with the merger and **FOR** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Q: If my broker holds my shares in street name, will my broker vote my shares?

A: Yes, but only if you instruct your broker, bank or other nominee how to vote your shares. You should follow the procedures provided by your broker, bank or other nominee regarding the voting of your shares. If you do not provide instruction on how to vote your shares, your shares will not be voted on the merger proposal or the proposal regarding golden parachute compensation and the effect will be the same as a vote by you against the adoption of the merger agreement, but will not have an effect on the proposal regarding golden parachute compensation payable to our named executive officers. We urge you to contact your broker, bank or other nominee promptly to ensure that your vote is counted.

Q: May I attend the special meeting and vote in person?

A: Yes. All stockholders as of the record date may attend the special meeting and holders of our common stock may vote in person. If your shares of our common stock are held in street name, you must obtain a legal proxy from your broker, bank or other nominee and bring your statement evidencing your beneficial ownership of our common stock in order to attend the special meeting and vote in person.

Whether or not you plan to attend the special meeting, and unless you hold your shares in street name, please submit your proxy through the Internet or by telephone or complete, date, sign and return, as promptly as possible, the enclosed proxy card in the enclosed prepaid envelope.

Q: Can I change my vote after I have delivered my proxy?

A: If you submit your proxy through the Internet or by telephone or mail, you may revoke your proxy at any time before the vote is taken at the special meeting in any of the following ways:

granting a proxy through the Internet or by telephone after the date of your original proxy and before the deadlines for voting included on your proxy card;

submitting a later-dated proxy by mail to our secretary at 1818 Market Street, Philadelphia, PA 19103, that is actually received before your earlier-dated proxy is voted at the special meeting;

giving written notice of the revocation of your proxy to our secretary at 1818 Market Street, Philadelphia, PA 19103, that is actually received by our secretary prior to the special meeting; or

voting in person at the special meeting.

If you have instructed your broker, bank or other nominee to vote your shares, the above-described options for revoking your proxy do not apply. Instead, you must follow the directions provided by your broker, bank or other nominee to change your vote.

Your attendance at the special meeting alone does not automatically revoke your proxy.

Q: What do I do if I receive more than one proxy or set of voting instructions?

A: If you hold shares of our common stock in street name and also directly as a record holder or otherwise, you may receive more than one proxy and/or set of voting instructions relating to the special meeting. Each of these should be voted and returned separately in accordance with the instructions provided in this proxy statement in order to ensure that all of your shares of our common stock are voted.

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Q: What happens if I sell my shares of the Company's common stock before the special meeting?

A: The record date for stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the consummation of the proposed merger. If you transfer your shares of our common stock after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies us in writing of such special arrangements, you will retain your right to vote such shares at the special meeting but will transfer the right to receive the per share merger consideration to the person to whom you transfer your shares.

Q: Will a proxy solicitor be used?

A: This solicitation is made on behalf of our board of directors. Our board of directors has authorized the use of a proxy solicitor to assist our officers, directors and employees in the solicitation of proxies.

Q: Who can help answer my questions?

A: If you have additional questions about the matters described in this proxy statement or how to submit your proxy, or if you need additional copies of this proxy statement, you should contact:

eResearchTechnology, Inc.

1818 Market Street, Philadelphia, PA 19103

Attention: *Secretary*

Telephone: (215) 972-0420

You may also obtain additional information about us from documents filed with the SEC by following the instructions in the section entitled "Where You Can Find More Information" on page 84 of this proxy statement.

Neither the SEC nor any state securities regulatory commission has approved or disapproved of the merger, passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the proposed merger, or passed upon the adequacy or accuracy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, that reflect our current views as to future events and financial performance with respect to our operations, the expected completion and timing of the merger and other information relating to the merger. These statements can be identified by the fact that they do not relate strictly to historical or current facts. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Summary Term Sheet, Questions & Answers About the Merger and Related Matters, Proposal No. 1 The Merger, Proposal No. 1 The Merger Opinion of the Financial Advisor to our board of directors and in statements containing words such as anticipate, estimate, expect, will be, will continue, likely to become, intend, plan, believe, similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on our business or operations or on the merger and related transactions. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise, except as required by law. In addition to other factors and matters contained in or incorporated by reference in this proxy statement, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

the outcome of any litigation and judicial actions that have been or may be instituted against the Company and others relating to the merger agreement and the merger;

Parent's failure to obtain the necessary equity and debt financing set forth in the commitment letters received in connection with the merger, or alternative financing, or the failure of any such financing to be sufficient to complete the merger and the transactions contemplated thereby;

the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;

the failure of the merger to close for any other reason;

the effect of the announcement of the merger on our client and customer relationships, operating results and business generally;

the risk that the proposed merger disrupts current plans and operations and our inability to respond effectively to competitive pressures, industry developments and future opportunities;

diversion of management's attention from ongoing business concerns;

the amount of the costs, fees, expenses and charges related to the merger; and

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other risks detailed in our filings with the SEC, including our most recent filings on Forms 10-K, 10-Q and 8-K. You can obtain copies of our Forms 10-K, 10-Q and 8-K and other filings for free at the SEC website at www.sec.gov or from commercial document retrieval services. See [Where You Can Find More Information](#) on page 84 of this proxy statement.

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SPECIAL MEETING OF STOCKHOLDERS OF ERESEARCHTECHNOLOGY, INC.

Date, Time and Place of Meeting

The accompanying proxy is solicited by our board of directors for use at the special meeting of stockholders to be held on , 2012, at a.m., local time, at .

These proxy solicitation materials were mailed on or about , 2012 to all stockholders entitled to vote at the meeting.

Record Date; Shares Entitled to Vote; Outstanding Shares

Our board of directors has fixed the close of business on , 2012 as the record date for determining the holders of our common stock entitled to notice of, and to vote at, the special meeting of stockholders or any adjournment or postponement thereof. Only holders of record of our common stock at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting of stockholders or any adjournments or postponements thereof. Our common stockholders will have one vote for each share of our common stock that they owned on the record date.

At the close of business on the record date, there were shares of our common stock issued and outstanding and entitled to vote at the special meeting of our stockholders.

Purpose of the Special Meeting of Stockholders

At the special meeting of stockholders, holders of our common stock will be asked to:

1. *Merger Proposal.* Consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 9, 2012, by and among eResearchTechnology, Inc., Explorer Holdings, Inc. (or Parent) and Explorer Acquisition Corp., a wholly-owned subsidiary of Parent, pursuant to which each share of our common stock outstanding at the effective time of the merger will be converted into the right to receive \$8.00 in cash and we will become a wholly-owned subsidiary of Parent.
2. *Advisory Vote on Golden Parachute Compensation.* Consider and cast a nonbinding advisory vote on the golden parachute compensation that may be payable to our named executive officers in connection with the merger as reported on the Golden Parachute Compensation table on page 49.
3. *Adjournment Proposal.* Consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.
4. *Other Business.* To transact any other business that may properly come before the special meeting, or any adjournment or postponement of the special meeting, by or at the direction of our board of directors.

Quorum; Abstentions; Broker Non-Votes

There must be a quorum for the special meeting of stockholders to be held. The holders of a majority of our issued and outstanding common stock entitled to vote, present in person or represented by a properly executed and delivered proxy, will constitute a quorum for the purpose of transacting business at the special meeting of stockholders.

Only holders of record of our common stock on the record date will be entitled to vote at the special meeting of stockholders. All shares of our common stock represented at the special meeting of stockholders, but not

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voting, including abstentions, will be counted as present for determining the presence or absence of a quorum. Consequently, if you abstain from voting, it will have the same effect as a vote against the merger proposal, the proposal regarding golden parachute compensation payable to our named executive officers and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Broker non-votes result from shares held of record by brokers, banks or nominees that are present in person or represented at the meeting, but are not voted due to the failure of the beneficial owners of those shares to provide voting instructions as to certain non-routine matters, such as a merger proposal or proposals relating to compensation matters, as to which such brokers, banks or nominees may not vote on a discretionary basis. Broker non-votes will have the same effect as a vote against the merger proposal but will not have any effect on the proposal regarding golden parachute compensation payable to our named executive officers.

Votes Required

Approval of the proposal for adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of our common stock. **The merger will not be completed unless holders of a majority of the outstanding shares of our common stock approve the proposal to adopt the merger agreement.** Our board of directors has unanimously adopted and approved the merger agreement and unanimously recommends that our stockholders vote **FOR** the adoption of the merger agreement.

Approval of the nonbinding proposal regarding golden parachute compensation that may be payable to our named executive officers in connection with the merger requires the approval of a majority of the votes represented by the shares of our common stock present and entitled to vote thereon. Our board of directors recommends that our stockholders vote **FOR** the approval of the golden parachute compensation payable to our named executive officers in connection with the merger.

The approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement, requires the approval of a majority of the votes represented by the shares of our common stock present and entitled to vote thereon. Our board of directors recommends that our stockholders vote **FOR** this proposal.

Solicitation of Proxies

This solicitation is made on behalf of our board of directors, and we will pay the costs of soliciting and obtaining the proxies, including the cost of reimbursing banks, brokers and other custodians, nominees and fiduciaries, for forwarding proxy materials to their principals. Our stockholders may be solicited, without extra compensation, by our officers, directors and employees by mail, telephone, fax, personal interviews or other methods of communication.

Our board of directors has authorized the use of a proxy solicitor to assist our officers, directors and employees in the solicitation of proxies. We have not yet engaged a proxy solicitor, but if one is engaged, we will bear the costs of such proxy solicitor and expect the terms of such engagement to be customary for a transaction such as the merger.

Voting; Proxies and Revocation

You may vote in person or by proxy at the special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that, if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote in person at the special meeting, you must bring to the special meeting (a) a legal proxy from the record holder of the shares (your broker, bank or nominee) authorizing you to vote at the special meeting and

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(b) your statement evidencing your beneficial ownership of our common stock. 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 enclosed prepaid envelope, or submit your proxy through the Internet or by telephone, or return the enclosed voting instruction form, if applicable, in accordance with the instructions contained thereon.

If you do not wish to attend the special meeting and you are a record holder, you may submit your proxy by completing, dating, signing and returning the enclosed proxy card in the enclosed postage-paid envelope or otherwise mail it to us. In addition, you may submit your proxy by telephone by calling or through the Internet at . You must have the enclosed proxy card available, and follow the instructions on the proxy card in order to submit a proxy by the Internet or telephone. If you submit a proxy through the Internet, by telephone or by returning a signed proxy card by mail, your shares will be voted at the special meeting as you indicate on your proxy card or by such other method. If you sign your proxy card without indicating your vote, your shares will be voted **FOR** the adoption of the merger agreement, **FOR** the golden parachute compensation to be paid or payable in connection with the consummation of the merger and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

If you do not wish to attend the special meeting and your shares are held in street name, you should instruct your broker, bank or other nominee how to vote your shares using the voting instruction form furnished by your broker, bank or other nominee. The merger proposal and the proposal regarding golden parachute compensation to be presented at the special meeting are considered non-routine matters. Therefore, if your shares are held in street name by a broker, your broker cannot vote your shares on these proposals unless it receives specific voting instructions from you.

Proxies received at any time before the special meeting and not revoked or superseded before being voted will be voted at the special meeting. **Your attendance at the special meeting does not alone automatically revoke your proxy.** If you submit your proxy through the Internet, by telephone or by mail, you may revoke your proxy at any time before the vote is taken at the special meeting in any of the following ways:

granting a proxy through the Internet or by telephone after the date of your original proxy and before the deadlines for voting included on your proxy card;

submitting a later-dated proxy by mail to our secretary at 1818 Market Street, Philadelphia, PA 19103, that is actually received before your earlier-dated proxy is voted at the special meeting;

giving written notice of the revocation of your proxy to our Corporate Secretary at secretary at 1818 Market Street, Philadelphia, PA 19103, that is actually received by our secretary prior to the special meeting; or

voting in person at the special meeting.

If you have instructed your broker, bank or other nominee how to vote your shares, the above-described options for revoking your proxy do not apply. Instead, you must follow the directions provided by your broker, bank or other nominee to change your vote.

If other matters do properly come before the special meeting, or at any adjournment or postponement thereof, we intend that shares of our common stock represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. In addition, the grant of a proxy will confer discretionary authority on the persons named as proxies on the proxy card to vote in accordance with their best judgment on procedural matters incidental to the conduct of the special meeting, such as a motion to adjourn or postpone in the absence of a quorum or a motion to adjourn or postpone for other reasons.

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Recommendations of our Board of Directors

After deliberation and consultation with its financial and legal advisors as well as the special committee of independent members of our board of directors, which committee was formed for the purpose of evaluating the possible sale of the Company, our board of directors has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders. Our board of directors recommends that our stockholders vote **FOR** the proposal to adopt the merger agreement, **FOR** the golden parachute payments to be paid or payable in connection with the consummation of the merger and **FOR** the adjournment proposal. See Proposal No. 1 The Merger Recommendation of Our Board of Directors beginning on page 30 of this proxy statement for a more detailed discussion of the recommendation of our board of directors.

YOUR VOTE IS IMPORTANT. PLEASE VOTE ELECTRONICALLY VIA THE INTERNET OR TELEPHONICALLY OR BY COMPLETING, SIGNING, DATING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING. PLEASE DO NOT SEND IN ANY CERTIFICATES FOR YOUR SHARES AT THIS TIME. IF THE MERGER IS APPROVED, YOU WILL RECEIVE A LETTER OF TRANSMITTAL AND RELATED INSTRUCTIONS TO SURRENDER YOUR SHARE CERTIFICATES.

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PROPOSAL NO. 1 THE MERGER

This section of the proxy statement describes the principal aspects of the proposed merger. While we believe that this description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to eResearch stockholders. You can obtain a more complete understanding of the merger by reading the merger agreement, a copy of which is attached to this proxy statement as Annex A. You are encouraged to read the merger agreement and the other annexes to this proxy statement carefully and in their entirety.

Parties to the Merger

eResearchTechnology, Inc.

eResearchTechnology, Inc., a Delaware corporation, is a global technology-driven provider of services and customizable medical devices primarily to biopharmaceutical organizations and, to a lesser extent, healthcare organizations. We believe we are the market leader for centralized cardiac safety and respiratory efficacy services in drug development and we also collect, analyze and distribute electronic patient reported outcomes in multiple modalities across all phases of clinical research. For additional information, please visit www.ert.com. Our principal executive offices are located at 1818 Market Street, Philadelphia, PA 19103. Our telephone number is (215) 972-0240.

Explorer Holdings, Inc.

Explorer Holdings, Inc. is a Delaware corporation that was formed solely for the purpose of acquiring us and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. At the time the merger is completed, an affiliated private equity fund, Genstar Capital Partners VI, L.P., will own a majority of the equity of, and will control, Parent. If the merger is completed, Parent will own all of our outstanding capital stock and we will no longer be a publicly-traded company. Parent's address is c/o Genstar Capital LLC, Four Embarcadero Center, Suite 1900, San Francisco, CA 94111-4194. Parent's telephone number is (415) 834-2350.

Explorer Acquisition Corp.

Explorer Acquisition Corp. is a Delaware corporation and wholly-owned subsidiary of Parent that was organized solely for the purpose of completing the merger. Merger Sub has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Upon completion of the merger, if completed, Merger Sub will merge with and into us and thereby cease to exist and we will continue as the surviving corporation. Merger Sub's address is c/o Genstar Capital LLC, Four Embarcadero Center, Suite 1900, San Francisco, CA 94111-4194. Merger Sub's telephone number is (415) 834-2350.

Parent and Merger Sub are each entities currently owned, directly or indirectly, by Genstar VI, which is a private equity fund affiliated with Genstar. Additional investors (who may include one or more existing holders of our common stock) are expected to acquire an interest in Parent, as described under "The Merger Financing of the Merger Equity Financing" below.

J.P. Morgan, the Company's financial advisor in connection with the proposed merger, and its affiliates have had commercial or investment banking relationships with Genstar and its affiliates, for which J.P. Morgan and its affiliates have received or expect to receive customary compensation. Such services have included acting as financial advisor to Genstar in connection with an ongoing sale process unrelated to the proposed transaction, for which Genstar has advised that customary fees comparable in amount to those payable by the Company in connection with the merger may become due if the ongoing sale process is completed. Such services also include acting as lead arranger for the amendment of certain senior secured credit facilities of Catalent Pharma Solutions Inc. in June 2011, for which customary fees were paid. Affiliates of Genstar indirectly hold less than 10% of the

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equity interests in Catalent Pharma Solutions Inc. Genstar has also indicated that certain investment management affiliates of J.P. Morgan, which invest on behalf of third parties, are limited partners or manage assets of other limited partners with commitments of less than 10% of the aggregate capital commitments in each of Genstar VI and two prior Genstar funds, and has had and may have in the future the opportunity to make co-investments in various transactions by these funds.

Background of the Merger

As part of the ongoing evaluation of our business, our board of directors and management regularly consider a variety of strategic alternatives for the Company. As part of this process, our board of directors and management have evaluated, independently and with financial advisors, various alternatives to enhance stockholder value, including improving the Company's competitive position through focusing on its core business, pursuing growth through acquisitions, and considering the advisability of entering into a merger or sale of the Company.

As part of ordinary course discussions with industry participants, the Company met Genstar, Company A and several other private equity firms in January 2011 at an industry investor conference. Subsequent to that initial meeting, Joel Morganroth, M.D., a director and our chief executive officer at that time, met with Genstar to further discuss the Company. When Genstar inquired about the possibility of an acquisition transaction, it was informed that although our board of directors has not made a decision to pursue a sale transaction, it would be the board's duty to evaluate any proposal that was made.

On February 22, 2011, the Company received a non-binding proposal from Genstar for an acquisition of the Company for cash in the amount of \$8.00 to 10.00 per share, subject to the completion of due diligence and other customary conditions.

At a meeting held on February 24, 2011, our board of directors considered the February 22 proposal and determined not to pursue the proposed transaction in light of its proposed price and because our board of directors had not then determined that a sale of the Company would be in the best interests of the Company's stockholders at that time. In a February 25, 2011 letter to Genstar, the Company indicated our board's position.

On March 8, 2011, Genstar requested that the Company provide it with certain financial information so that it would be in a position to develop its non-binding proposal further, and indicated that it would be willing to execute a confidentiality and standstill agreement. On March 14, 2011, our board of directors met to consider Genstar's request and determined again not to pursue the proposed transaction and therefore not to enter into the requested agreement. Our board of directors' determination was communicated to Genstar on March 15, 2011.

On March 8, 2011, Company A indicated to J.P. Morgan, a financial advisor with which the Company has historically had a relationship having advised the Company on the acquisition of CareFusion Research Services in 2010, that it would be interested in considering an acquisition of the Company if the Company were interested in considering such a transaction.

On May 17, 2011, at Company A's invitation, Dr. Morganroth met with a representative of Company A to participate in a general discussion of the Company's industry. Company A decided not to submit a proposal to the Company.

On June 16, 2011, at Genstar's request, Jeffrey Litwin, M.D., a director and the Company's chief executive officer, Keith Schneck, the Company's chief financial officer, and certain other members of our senior management met with Genstar in Philadelphia where they were further introduced, discussed Genstar's prior related investments, industry experience and interest in the possible acquisition of the Company. Following the meeting with Genstar, management indicated to our board of directors management's belief that our board of directors should consider a proposal from Genstar should one be received.

On June 24, 2011, Company B contacted a member of our board of directors to indicate that it would like to explore the possibility of acquiring the Company.

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On June 27, 2011, Genstar submitted a non-binding proposal to acquire the Company for cash in the amount of \$9.00 to 11.00 per share, subject to the completion of due diligence and other customary conditions. Dr. Litwin forwarded the letter to the members of our board of directors. Elam Hitchner, the chairman of our board of directors, had various conversations with the other board members regarding the appropriate action to take regarding Genstar's non-binding proposal. A consensus was reached that Mr. Hitchner, Dr. Litwin and Mr. Schneck should discuss the proposal with J.P. Morgan and Pepper Hamilton LLP, which we may refer to as Pepper Hamilton, legal counsel to the Company and our board of directors for transactional matters, and that it was the preliminary view of the board members that the Company should complete its reporting on the fiscal quarter ended June 30, 2011 before considering the proposal.

On July 1, 2011, Mr. Hitchner, Dr. Litwin, Mr. Schneck and representatives of J.P. Morgan and Pepper Hamilton discussed Genstar's proposal. A decision was made, in accordance with the preference of the members of our board of directors, to delay consideration of the proposal and any further discussions with companies that may have an interest in acquiring the company until after the Company had completed its reporting on the fiscal quarter ended June 30, 2011. Our board's view was communicated to Genstar in a letter dated July 5, 2011.

On July 20, 2011, representatives from Company B met with Dr. Litwin and Mr. Schneck in Philadelphia to discuss the possibility of an acquisition of the Company. On August 2, 2011, Company B submitted a non-binding proposal to acquire the Company for cash in the amount of \$9.00 to \$10.50 per share, subject to the completion of due diligence and other customary conditions.

On August 4 and 5, 2011, the Company entered into customary confidentiality and standstill agreements with each of Genstar and Company B, respectively. Following the execution of the confidentiality and standstill agreements, the Company provided limited due diligence material, including financial projections, to Genstar and Company B.

On August 18, 2011, Company C contacted the Company to discuss the possibility of an acquisition of the Company. On September 12, 2011, representatives of Company C met with Dr. Litwin and Mr. Schneck to further discuss the Company and the acquisition possibility.

On September 28, 2011, Genstar submitted a revised non-binding proposal to acquire the Company for cash in the amount of \$9.00 per share, subject to the completion of due diligence and other customary conditions.

In late September 2011, a representative of Company B informed a representative of J.P. Morgan that Company B did not believe the value of the Company was greater than \$8.00 per share based on the Company's current financial forecast and Company B was not willing to submit a proposal.

On October 3, 2011, a representative of Company C informed Dr. Litwin by telephone that Company C was interested in considering an acquisition of the Company for a purchase price of \$8.50 to \$9.00 per share. Dr. Litwin directed the representative to discuss any proposal it may have with J.P. Morgan. Company C contacted J.P. Morgan to reiterate its interest in considering an acquisition of the Company's common stock for a purchase price of \$8.50 to \$9.00 per share and in beginning a due diligence process.

On October 24 and 25, 2011, our board of directors held a meeting at which Dr. Litwin and Mr. Schneck reviewed the Company's financial projections for 2011 and 2012. Following a discussion of the projections and the challenges and opportunities facing the Company, J.P. Morgan updated our board of directors on the various proposals from third parties, including Genstar, to acquire the Company. In light of its prior deliberations regarding the challenges and opportunities facing the Company and given the interest in the Company expressed by third parties, our board of directors determined that further information should be obtained regarding the possibility of a sale of the Company. Our board of directors formed a special committee of independent directors, which we may also refer to as the Special Committee, to conduct an evaluation process to (i) determine whether the sale of the Company would be in the best interests of the Company's stockholders and (ii) recommend the transaction by which such a sale, if determined to be in the best interests of the Company's stockholders, would occur. The Special Committee consisted of Mr. Hitchner (as chair), Gerald Faich, Stephen Philips and Stephen

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Scheppmann. The Special Committee was authorized to retain its own legal and financial advisors to assist with respect to the evaluation, and to take such action, at the Company's expense, as it determined was necessary, proper or advisable in its sole discretion.

On October 25, 2011, the Special Committee met telephonically and unanimously decided to formally engage, on behalf of the Company, J.P. Morgan and Pepper Hamilton to advise the Special Committee with respect to the evaluation process. The Special Committee also directed Mr. Hitchner to review with J.P. Morgan a plan for conducting the process by which the Special Committee would explore and evaluate acquisition proposals.

At the request of the Special Committee, from October 28, 2011 to November 7, 2011, J.P. Morgan confidentially contacted five strategic parties to determine whether they had interest in an acquisition of the Company. None of the strategic parties indicated any interest in pursuing a transaction with the Company citing their views as to the Company's limited potential for revenue growth, industry dynamics, and potential conflicts of interest with the Company's client base.

At the request of the Special Committee, from November 16, 2011 to November 21, 2011, J.P. Morgan confidentially contacted nine financial sponsors (including Company C) in addition to Genstar regarding a possible acquisition of the Company. The financial sponsors contacted were selected based on (i) their fund size and target investment size, (ii) the capital available to them and (iii) their industry focus based on prior investments or a stated interest in the Company's industry. Of the nine parties initially contacted, eight indicated interest and subsequently entered into customary confidentiality and standstill agreements with the Company. Following execution of confidentiality and standstill agreements, the parties were provided with financial projections for the Company through 2013 and asked to submit indications of interest by December 7, 2011. Genstar was provided with the same projections, which were changed from those previously provided to Genstar, principally as a result of higher capital expenditure costs and a shift to lower margin revenue streams.

In early December 2011, Mr. Hitchner received a telephone call from a representative of one of our significant stockholders, Blum Capital Partners, L.P., which we may refer to as Blum Capital. The representative expressed Blum Capital's interest in liquidating its investment in the Company and suggested that the Company should consider a liquidity transaction. Mr. Hitchner did not confirm that the Company was considering the possibility of a sale of the Company.

Of the eight parties that entered into confidentiality and standstill agreements, on December 7, 2011, only two, Company C and Company D, submitted non-binding proposals to acquire the Company. Company C's and Company D's proposals were for cash in the amount of \$8.00 to 9.00 per share and \$7.50 to 8.00 per share, respectively, in each case subject to the completion of due diligence and other customary conditions. The six parties that declined to submit a proposal cited the following reasons for their decision: (i) the ongoing capital intensity of the Company's business; (ii) cash flow limitations on the ability of the Company to incur indebtedness to pursue a transaction; (iii) the maturity of the Company's current markets and lack of long-term growth prospects; and (iv) the Company's lack of differentiation from its competitors.

On December 7, 2011, representatives of Genstar met with Dr. Litwin and Mr. Schneck and other members of the Company's senior management in Philadelphia in order to conduct preliminary due diligence on the Company. Following the meeting, Genstar was granted access to a virtual dataroom established by the Company, containing additional due diligence information about the Company. On December 19, 2011, Genstar submitted a revised non-binding proposal to acquire the Company for cash in the amount of \$7.60 per share, subject to the completion of due diligence and other customary conditions, indicating that the lower per share price compared to its prior proposals reflected changes in management's financial projections and Genstar's concerns regarding the Company's ability to repatriate offshore cash balances.

On January 19, 2012, an article appeared in a financial publication indicating that the Company was a possible acquisition target. Neither the Company nor J.P. Morgan made any public comment regarding the article.

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On January 20, 2012, the Special Committee met telephonically. J.P. Morgan updated the Special Committee on the evaluation process and indicated that, as required by their respective confidentiality and standstill agreements, Genstar, Company C and Company D had requested the Company's consent to disclose information regarding the Company and the possible transaction to debt financing sources. The Special Committee authorized Mr. Hitchner to provide the necessary consents after consultation with J.P. Morgan.

After communicating an unsolicited interest in a transaction with the Company, a new financial sponsor, Company E, was admitted to the evaluation process after executing a confidentiality and standstill agreement with the Company on January 23, 2012.

Company C and Company D met with Dr. Litwin and Mr. Schneck and other members of the Company's senior management in Philadelphia on January 26, 2012 and January 27, 2012, respectively, in order to conduct some preliminary due diligence on the Company. Following their respective meetings, Company C and Company D were given access to the virtual dataroom.

On February 7, 2012, Genstar's debt financing sources met with Dr. Litwin and Mr. Schneck and other members of the Company's senior management in Philadelphia in order to conduct preliminary due diligence on the Company.

On February 9, 2012, the Special Committee met telephonically to consider the status of discussions with the four interested parties. J.P. Morgan informed the Special Committee that Genstar had indicated that it would require the Company to agree to exclusivity with it and/or to reimburse it for certain out-of-pocket expenses incurred in the process in order for Genstar to continue to evaluate a transaction with the Company. J.P. Morgan also indicated that Company C, Company D and Company E had either elected to not continue with the evaluation process or were inactive and likely to not continue.

On February 16, 2012, Genstar submitted a revised non-binding proposal to acquire the Company for cash in the amount of \$8.00 per share, subject to the completion of due diligence and other customary conditions. In addition to the revised proposal, Genstar also included a form of exclusivity and expense reimbursement agreement and draft commitment letters from debt financing sources. After receipt of Genstar's February 16 proposal, the Special Committee met telephonically on February 16, 2012. J.P. Morgan confirmed to the Special Committee that Company C and Company E were no longer considering a transaction with the Company for reasons similar to those cited by the parties which had previously decided not to submit an initial proposal, and that Company D had not been actively engaged in the process. J.P. Morgan summarized Genstar's February 16 proposal, including its key assumptions, and discussed the requested exclusivity period and expense reimbursement terms. The Special Committee authorized Pepper Hamilton and J.P. Morgan to negotiate with Genstar and its counsel, Latham & Watkins LLP, which we may refer to as Latham, regarding the terms of an exclusivity and expense reimbursement agreement.

From February 16 through February 19, 2012, representatives of Pepper Hamilton and Latham engaged in negotiations of the terms and conditions of an exclusivity and expense reimbursement agreement.

On February 19, 2012, our board of directors and the Special Committee held a joint meeting and received an update on Genstar's February 16 proposal and the exclusivity and expense reimbursement agreement negotiations. The Special Committee recommended that the Company should enter into the exclusivity and expense reimbursement agreement and, based on such recommendation, our board of directors authorized management to enter into the exclusivity and expense reimbursement agreement on behalf of the Company.

The exclusivity and expense reimbursement agreement was executed on February 20, 2012 and provided that from February 21 until March 27, 2012, which period we may refer to as the exclusivity period, neither the Company nor any of its representatives may (i) solicit any new parties interested in a transaction with the Company, (ii) continue negotiations or discussion with any parties that had previously indicated interest in a transaction with the Company, or (iii) enter into any agreements or understandings with another party with respect to a sale transaction. The exclusivity and expense reimbursement agreement also provided that in the

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event the Company terminated negotiations with Genstar prior to the end of the exclusivity period it would reimburse Genstar for up to \$950,000 of the expenses Genstar incurred during the exclusivity period. In addition, the Company agreed to reimburse Genstar (up to \$950,000) for 50% of the expenses Genstar incurred during the exclusivity period if Genstar delivered a form of definitive merger agreement on reasonably customary terms and conditions (including fully-committed financing) to acquire the Company for \$8.00 per share by the end of the exclusivity period and our board of directors did not approve such agreement by April 1, 2012.

Pepper Hamilton forwarded an initial draft merger agreement to Latham on February 24, 2012. Due diligence and negotiation of the merger agreement continued through April 9, 2012.

On March 12, 2012, the Special Committee met telephonically to review the status of negotiations with Genstar and consider Genstar's request to discuss with Dr. Morganroth, who was no longer our chief executive officer but remained a director and executive officer of the Company, matters regarding his services with the Company following the consummation of the proposed transaction. The Special Committee determined that it should grant Genstar's request.

On March 23, 2012, a representative of Genstar called a representative of J.P. Morgan to advise that Genstar would require an extension to the exclusivity period in order to complete its due diligence and complete negotiation of definitive documentation. Representatives of Latham and Pepper Hamilton negotiated an extension letter for consideration by the Special Committee.

On March 25, 2012, the Special Committee met telephonically to receive an update on the transaction process. With respect to the discussions between Dr. Morganroth and Genstar, the Special Committee determined that the proposed terms regarding the termination of Dr. Morganroth's and his consulting firm's existing consulting and employment agreements, Dr. Morganroth's new consulting agreement with the Company and the Company's acquisition of his consulting business upon the closing of the transaction with Genstar were reasonable. The members of the Special Committee expressed a preference that the arrangements should not involve any investment by Dr. Morganroth in the surviving company or Parent. At the direction of the Special Committee, Pepper Hamilton communicated this preference to Latham following the meeting.

On March 26, 2012, the Special Committee met telephonically to discuss Genstar's request to extend the exclusivity period. The request was granted and on March 26, 2012, the Company and Genstar agreed to extend the exclusivity period to April 3, 2012, and the date by which our board of directors must approve a definitive merger agreement to April 9, 2012. Later that day, representatives of Pepper Hamilton forwarded a revised draft merger agreement to representatives of Latham that reflected the Special Committee's position with regard to outstanding issues, including various representations and warranties, the scope of the Company's obligations not to solicit alternative transactions, and the circumstances under which the termination fee and expenses would be payable following termination of the merger agreement. The final dollar amounts of the proposed termination fee, reverse termination fee and expense reimbursement remained unresolved at that time. Representatives of Latham and Pepper Hamilton continued negotiation of the outstanding items during the following few days, during the course of which Genstar offered to lower (from \$4 million to \$3 million) the expense reimbursement to which it would be entitled following termination of the merger agreement if our stockholders did not adopt the merger agreement. Pepper Hamilton informed Latham that the Special Committee was still not willing to provide expense reimbursement under these circumstances.

On or about March 28, 2012, a representative of Genstar contacted a representative of J.P. Morgan to inform him that Genstar required Blum Capital to sign a voting agreement in favor of the transaction.

On or about March 30, 2012, Mr. Hitchner and a representative of Pepper Hamilton contacted Blum Capital to inquire confidentially as to whether Blum Capital would engage in a discussion with Genstar regarding a potential liquidity transaction. Blum Capital indicated that it would be willing to have such a discussion on a confidential basis, but it was not inclined to sign a voting agreement in support of any transaction. A representative of Pepper Hamilton relayed this information to a representative of Latham. Following this time, and until shortly prior to announcement of the definitive agreement on April 10, 2012, representatives of Genstar

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and Latham had multiple confidential conversations with representatives of Blum Capital, who indicated that they were not prepared to enter into a voting agreement, but that they were prepared to publicly state their support for the proposed transaction.

On or about April 1, 2012, a representative of Genstar contacted a representative of J.P. Morgan to request an additional extension of the exclusivity period, in order to provide sufficient time to resolve the issues that remained outstanding, including the amount of the termination fee and the circumstances under which expenses would be reimbursable following termination of the merger agreement, as well as various outstanding due diligence items.

On or about the same date, Genstar proposed reducing the size of the termination fee from 3% to approximately 2.75% of the aggregate value of the transaction, or \$11 million, if the Special Committee would approve Genstar's proposal that it be entitled to expense reimbursement of up to \$3 million upon termination of the merger agreement if our stockholders did not adopt the merger agreement.

On April 2, 2012, the Company and Genstar agreed to a second amendment of the exclusivity and expense reimbursement agreement which extended the exclusivity period to April 9, 2012.

On April 5, 2012, our board of directors held a meeting in the offices of Pepper Hamilton (with Mr. Scheppmann and Klaus Besier participating by telephone) at which Mr. Schneck, Pepper Hamilton and J.P. Morgan were present. Prior to the meeting, the members of our board of directors received the draft merger agreement and copies of the Genstar debt and equity commitment letters. At the meeting, our board of directors considered the terms and conditions of the proposed transaction with Genstar. A representative of Pepper Hamilton reviewed the transaction documents (including the documents related to Dr. Morganroth's post-transaction consulting and the acquisition of certain assets of his consulting business upon closing of the transaction with Genstar) and the fiduciary duties of our board of directors in considering the proposed transaction. Dr. Morganroth confirmed that there existed no current agreement, understanding, arrangement or intention by him to make or maintain an investment in the surviving company or Parent following the merger, but reserved the right to consider such an investment following the merger. Representatives of J.P. Morgan presented a financial analysis of the proposed transaction with Genstar to our board of directors. In the ensuing discussion, the board of directors requested that J.P. Morgan and the Company's management prepare additional information relating to the Company's projections and the historical trading levels of the Company's common stock.

On April 7, 2012, our board of directors, along with Mr. Schneck, Pepper Hamilton and J.P. Morgan, met telephonically to discuss the additional information requested at the meeting on April 5 and analyze the financial information provided regarding the Company and the proposed transaction with Genstar. On April 8, 2012, the Special Committee, along with Pepper Hamilton and J.P. Morgan met telephonically to further discuss the information and consider the transaction.

On April 9, 2012, the Special Committee, along with Pepper Hamilton and J.P. Morgan met telephonically and unanimously determined that the sale of the Company was in the best interests of the Company's stockholders and decided to recommend that our board of directors (i) approve and declare advisable the merger agreement and the transactions contemplated by the merger agreement, including the merger, and (ii) recommend that the Company's stockholders adopt the merger agreement.

Following the Special Committee meeting, our board of directors met telephonically on April 9, 2012. J.P. Morgan delivered its oral opinion, which was subsequently confirmed in writing, that as of April 9, 2012, and based on and subject to the various factors, assumptions, matters, procedures, limitations and qualifications set forth in such written opinion, the merger consideration to be paid to holders of the Company's common stock in the Genstar transaction was fair, from a financial point of view, to such holders. See "The Merger" Opinion of Financial Advisor to Our Board of Directors beginning on page 35 of this proxy statement and a copy of the opinion attached as Annex B to this proxy statement. Following the presentation of J.P. Morgan, our board of directors unanimously approved the merger agreement, the merger and the other transactions contemplated by

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the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders.

On April 9, 2012, in order to resolve the final outstanding issues, Genstar agreed to further reduce (to \$2.9 million) the maximum expense reimbursement to which it would be entitled upon termination of the merger agreement if our stockholders did not adopt the merger agreement. Later that day, the merger agreement was finalized and the Company and affiliates of Genstar executed the merger agreement. On April 10, 2012, the Company publicly announced the transaction through the issuance of a press release.

Recommendation of Our Board of Directors

After deliberation and consultation with its financial and legal advisors, and acting upon the recommendation of the Special Committee, our board of directors has determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders. Our board of directors recommends that our stockholders vote **FOR** the proposal to adopt the merger agreement, **FOR** the nonbinding proposal regarding golden parachute payments to be paid or payable in connection with the merger and **FOR** the adjournment proposal.

In considering the recommendation of our board of directors with respect to the merger agreement, you should be aware that certain of our directors and executive officers have interests in the merger that are different from, or are in addition to, the interests of our stockholders. Please see the section entitled Proposal No. 1 The Merger Interests of Our Directors and Executive Officers in the Merger beginning on page 47 of this proxy statement.

Reasons for the Merger and Recommendation of Our Board of Directors

At a meeting held on April 9, 2012, our board of directors, acting upon the unanimous recommendation of the Special Committee, unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable to, and in the best interests of, our stockholders, approved the execution and delivery by the Company of the merger agreement and the consummation of the merger transactions, resolved that the merger agreement be submitted for consideration by the stockholders at the special meeting and recommended that our stockholders vote **FOR** adopting the merger agreement.

In making its recommendation, our board of directors considered the recommendation of the Special Committee. In addition, our board of directors and the Special Committee consulted with our outside legal and financial advisors and our senior management team at various times, and considered a number of factors, including the following principal factors:

our directors' knowledge of the Company's business, financial condition, and historical results of operations as well as their views about the prospective financial performance of the Company, the current state of the industry in which the Company operates, the ongoing capital intensity of the Company's business, and the Company's challenges in attracting and retaining executive talent;

the results of the Special Committee's and our board of director's review of possible alternatives to a sale to Parent, including a sale to another purchaser, acquisitions by the Company of third parties, a recapitalization of the Company, and the Company continuing as a public company without any current transaction;

our directors' concern that the recent trading levels of our common stock may have been impacted by rumors about a potential acquisition of the Company and may not be sustainable; in connection with this factor, the Special Committee, our board of directors and J.P. Morgan considered the lower historical valuation multiples of our common stock in the public equity markets, the reasons for such

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lower historical valuation multiples, and the Company's intrinsic valuation on a discounted cash flow basis, and discussed whether the reasons for such lower historical valuation multiples were likely to resume or resurface;

that historically our common stock has traded with low volume, making the stock relatively illiquid and often difficult to sell without negatively impacting the per share price, and that the all-cash merger consideration will provide our stockholders with immediate and certain fair value for their shares of our common stock, while avoiding long-term risk;

the financial analyses supporting the oral opinion, subsequently confirmed in writing, of J.P. Morgan to our board of directors as to the fairness from a financial point of view, as of April 9, 2012, of the \$8.00 per share merger consideration to be paid in cash to the holders of shares of our common stock (other than Parent, Merger Sub, their respective affiliates and any holder of shares of our common stock who is entitled to demand and properly demands appraisal of such shares) pursuant to the merger agreement, as more fully described below in Proposal No. 1 The Merger Opinion of the Financial Advisor to Our Board of Directors beginning on page 35 of this proxy statement;

that the per share merger consideration represents a premium of approximately 38% to the average closing share price of our common stock for the 90 days ended on April 9, 2012, the last trading day prior to the public announcement of the merger agreement, and a premium of approximately 42% to the average price of our common stock during the 52 weeks prior to April 9, 2012;

that Genstar and Company A first contacted us more than one year prior to our execution of the merger agreement, that the Special Committee was formed more than five months prior to our execution of the merger agreement, that J.P. Morgan contacted nine parties at the direction of the Special Committee, and that an article speculating as to a potential sale transaction was published in a financial publication in January 2012, all of which provided sufficient time and opportunity for interested parties to propose alternative transactions to the Special Committee and for the Special Committee to adequately consider them prior to making its recommendation to our board of directors;

the likelihood that the merger would be completed, based on, among other things:

that Parent and Merger Sub had obtained committed debt and equity financing for the transaction, the limited number and nature of the conditions to the debt and equity financing commitments, and the obligation of Parent to use commercially reasonable efforts to obtain the debt financing;

the likelihood and anticipated timing of completing the proposed merger in light of the scope of the conditions to completion, including the fact that there were no anticipated substantive issues in connection with HSR and foreign regulatory clearances;

the fact that the merger agreement provides that, in the event of a failure of the merger to be consummated as a result of the Financing Condition, Parent will pay the Company a \$20 million termination fee, as described under The Merger Agreement Termination Fees and Expenses beginning on page 74 of this proxy statement, without the Company having to establish any damages;

the terms of the Limited Guaranty, which provided that Genstar VI would guarantee certain obligations of Parent, up to an aggregate amount of \$20 million, as described under Proposal No. 1 The Merger Limited Guaranty beginning on page 47 of this proxy statement;

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the Company's ability, under certain circumstances pursuant to the merger agreement, to seek specific performance to prevent breaches of the merger agreement, as described under "The Merger Agreement - Special Performance" beginning on page 77 of this proxy statement and to enforce specifically the terms of the merger agreement; and

the Company's ability, under certain circumstances pursuant to the merger agreement and the equity commitment letter, to seek specific performance of Parent's obligation to cause Genstar to make or secure equity contributions to Parent pursuant to its equity commitment letter;

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the Company's ability, under certain circumstances, prior to the time the Company stockholders adopt the merger agreement, to (i) provide non-public information in response to a written acquisition proposal and (ii) participate in discussions or negotiations with the person making such a proposal, if, in each case, the acquisition proposal was not the result of a violation of the provisions of the merger agreement relating to the solicitation of acquisition proposals, and if our board of directors, prior to taking any such actions, determines in good faith, after consultation with its outside legal and financial advisors, that the failure to take such actions would be inconsistent with our board of directors' fiduciary duties under applicable law, and that such acquisition proposal either constitutes a superior proposal or is reasonably expected to result in a superior proposal;

our board of directors' ability, under certain circumstances, to (i) withhold, withdraw, qualify or modify its recommendation that our stockholders adopt the merger agreement or (ii) cause the Company to terminate the merger agreement in order to enter into an agreement providing for a superior proposal, subject in each case to the payment by the Company of a termination fee of \$11 million to Parent, which fee was negotiated and which our board of directors concluded was reasonable in the context of the transactions contemplated by the merger agreement and in the context of termination fees in comparable transactions, as well as in light of the overall terms of the merger agreement, including the per share merger consideration;

the availability of appraisal rights under the DGCL to holders of Company common stock who comply with all of the required procedures under the DGCL, which allow such holders to seek appraisal of the fair value of their shares of Company common stock as determined by the Court of Chancery of the State of Delaware;

our board of directors' and the Special Committee's belief that the outside date under the merger agreement allows for sufficient time to complete the merger;

our board of directors' and the Special Committee's belief that in light of the strategic alternatives considered by the Special Committee and our board of directors, our board of directors' knowledge of the industry in which the Company operates and parties interested in the industry, and the process in which the Special Committee engaged with J.P. Morgan to solicit interest in an acquisition of the Company, another party would be unlikely to propose an alternative transaction that would be more favorable to the Company and our stockholders than the merger, and the fact that if such alternative transaction were proposed it could be pursued, subject to the terms of the merger agreement as described above; and

the covenants of Parent with respect to the maintenance of certain levels of compensation and benefits for certain employees of the Company and its subsidiaries following the effective time as described under "The Merger Agreement Employee Benefits" beginning on page 76 of this proxy statement.

The Special Committee and our board of directors also weighed the factors described above against the following factors and risks that generally weighed against entering into the merger agreement:

that the trading levels of our common stock over the ten trading days prior to the announcement of the merger agreement were within 2% above and below the \$8.00 per share merger consideration;

the risk that the proposed merger might not be completed in a timely manner or at all, including the risk that the proposed merger will not occur if the financing contemplated by the acquisition financing commitments, described under "Proposal No. 1 The Merger Financing of the Merger" beginning on page 42 of this proxy statement, is not obtained, as Parent does not, on its own, possess sufficient funds to complete the transaction;

the restrictions on the conduct of the Company's business prior to the completion of the proposed merger, which may delay or prevent the Company from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of the Company pending completion of the proposed merger;

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the potential negative effect of the pendency of the merger, or a failure to complete the merger, on the Company's business and relationships with its employees, customers, regulators and the communities in which it operates;

the risks and costs to the Company if the proposed merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential disruptive effect on business and customer relationships;

that Parent and Merger Sub are newly formed corporations with essentially no assets other than the equity commitments of Genstar and that the Company's remedy in the event of breach of the merger agreement by Parent or Merger Sub would be limited to \$20 million, subject to limited exceptions, and that the Company would not be entitled to claim damages in excess of that amount;

that the Company would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement;

that, while the Company expects that the merger will be consummated, there can be no assurance that all conditions to the parties obligations to complete the merger agreement will be satisfied, and, as a result, the merger may not be consummated;

the merger would preclude our stockholders from having the opportunity to participate in the future performance of the Company's business, including possible future earnings growth, possible future acquisitions, and possible future appreciation of the value of our common stock;

the requirement that we pay Parent a termination fee of \$11 million, depending on the timing and circumstances surrounding our termination of the merger agreement, and the possibility that such termination fee could discourage other potential acquirers from making a competing bid to acquire the Company, although neither the Special Committee nor our board of directors believes that this fee would materially discourage possible competing offers for the Company;

the requirement that we reimburse Parent its reasonable out-of-pocket fees and expenses under certain circumstances, up to a maximum amount equal to \$2.9 million;

that the merger will be taxable to our stockholders that are U.S. holders for U.S. federal income tax purposes;

that our executive officers and directors may have interests in the transaction that are different from, or in addition to, those of our other stockholders, as discussed under "Proposal No. 1 The Merger Interests of Our Directors and Executive Officers in the Merger" beginning on page 47 of this proxy statement, but subject to the qualifications referenced below; and

the risks of the type and nature described under "Caution Regarding Forward-Looking Statements" beginning on page 19 of this proxy statement.

In the course of reaching the determinations and decisions, and making the recommendations, described above, our board of directors and the Special Committee also considered the following factors relating to the procedural safeguards that our board of directors and the Special Committee implemented to permit the Special Committee to effectively represent the interests of the Company's stockholders:

that the Special Committee, which consisted of four independent directors who are not affiliated with Genstar or any entity controlled by Genstar, met, along with the Company's financial and legal advisors, over 10 times between October 25, 2011, the date

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the Special Committee was formed, and April 9, 2012, the date the merger agreement was signed (in addition to five joint meetings with our board of directors), and that members of the Special Committee actively oversaw the negotiation of pricing and other terms with Genstar and recommended unanimously to our board of directors that it determine that the merger is in the best interests of the Company's stockholders, approve the merger agreement and the merger, recommend that the stockholders vote their shares of Company common stock in favor of adoption of the merger agreement and direct that the merger agreement be submitted to the stockholders for their adoption at a stockholders' meeting in accordance with applicable law or regulation;

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that the Special Committee was involved in deliberations over many months regarding the proposed acquisition of the Company, and was provided broad authority and sufficient resources, including access to the Company's management, authorization to retain its own legal and financial advisors, and authorization to take such action, at the Company's expense, as it determined was necessary, proper or advisable in its sole discretion;

that, as of the execution of the merger agreement, (i) as discussed in the section entitled "Proposal No. 1 The Merger Interests of Our Directors and Executive Officers in the Merger" beginning on page 47 of this proxy statement, only one member of senior management (Joel Morganroth, M.D., who was identified as a key employee by Genstar) had any discussions with Genstar regarding post-closing employment or consulting arrangements (resulting in the execution of a consulting agreement with Dr. Morganroth's professional corporation contemporaneously with the execution of the merger agreement which will replace the existing employment and consulting agreements with Dr. Morganroth and his professional corporation, respectively, and will not be effective until the closing of the merger), (ii) no members of senior management (including Dr. Morganroth in his individual capacity) were parties to any agreements, understandings or arrangements with Parent regarding post-closing employment with or equity participation in the surviving corporation, including with respect to any equity investments, and (iii) Dr. Morganroth, the holder of approximately 3.2% of our issued and outstanding common stock and our former chairman of our board of directors and chief executive officer, had indicated his support for the merger as a director and stockholder;

that affiliates of Blum Capital, collectively one of our largest stockholders, agreed to state publicly that they would support the transaction;

the requirement that the merger agreement be approved by the affirmative vote of holders of a majority of the outstanding shares of the Company's common stock entitled to vote at the special meeting of stockholders;

subject to our board of directors' approval, the Special Committee had authority to negotiate the terms of the merger agreement and to decide whether to recommend or reject the merger agreement and the merger or any alternative thereto; and

that the Special Committee was aware that it had no obligation to recommend any transaction, including the proposal put forth by Genstar.

In considering the recommendation of our board of directors 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, yours. The Special Committee and our board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled "Proposal No. 1 The Merger Interests of Our Directors and Executive Officers in the Merger" beginning on page 47 of this proxy statement.

The foregoing discussion of the information and factors considered by the Special Committee and our board of directors in reaching their conclusions and recommendations is not intended to be exhaustive, but includes the material factors considered by the directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, our board of directors did not find it practicable to, and did not attempt, to quantify, rank or assign any relative or specific weights to the various factors considered in reaching its determination and making its recommendation. In addition, individual directors may have given different weights to different factors. Our board of directors considered all of the foregoing factors as a whole and based its recommendation on the totality of the information presented.

Opinion of the Financial Advisor to Our Board of Directors

Pursuant to an engagement letter dated December 8, 2011 and effective as of June 27, 2011, the Special Committee retained J.P. Morgan as its and the Company's financial advisor in connection with the proposed transaction.

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At the meeting of our board of directors on April 9, 2012, J.P. Morgan rendered its oral opinion to our board of directors that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the consideration to be paid to the holders of our common stock in the proposed transaction was fair, from a financial point of view, to such holders. J.P. Morgan has confirmed its April 9, 2012 oral opinion by delivering its written opinion to our board of directors, dated April 9, 2012, that, as of such date, the consideration to be paid to the holders of our common stock in the proposed transaction was fair, from a financial point of view, to such holders. No limitations were imposed by our board of directors upon J.P. Morgan with respect to the investigations made or procedures followed by it in rendering its opinion.

The full text of the written opinion of J.P. Morgan dated April 9, 2012, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken in connection with its opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Our stockholders are urged to read the opinion in its entirety. J.P. Morgan's written opinion was provided to our board of directors in connection with and for the purposes of its evaluation of the transactions contemplated by the merger agreement, is directed only to the fairness of the consideration to be paid in the proposed transaction, and does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote at the special meeting. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, J.P. Morgan, among other things:

reviewed the merger agreement;

reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;

compared the proposed financial terms of the proposed transaction with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;

compared the financial and operating performance of the Company with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of the Company's common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by or at the direction of the management of the Company relating to its business; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the management of the Company with respect to certain aspects of the proposed transaction, and the past and current business operations of the Company, the financial condition and future prospects and operations of the Company and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct, nor was provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of the Company or Parent under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it or derived therefrom, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan also assumed that the proposed

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transaction and the other transactions contemplated by the merger agreement will have the tax consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of the Company, and will be consummated as described in the merger agreement. J.P. Morgan also assumed that the representations and warranties made by the Company and Parent in the merger agreement and the related agreements were and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the proposed transaction will be obtained without any adverse effect on the Company or on the contemplated benefits of the proposed transaction.

J.P. Morgan's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the opinion. It should be understood that subsequent developments may affect J.P. Morgan's opinion and J.P. Morgan does not have any obligation to update, revise, or reaffirm the opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be paid to the holders of the Company's common stock in the proposed transaction, and J.P. Morgan has expressed no opinion as to the fairness of the consideration to the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the proposed transaction. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the proposed transaction, or any class of such persons relative to the consideration to be paid to the holders of the Company's common stock in the proposed transaction or with respect to the fairness of any such compensation.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion. Certain of the financial analyses summarized below include information presented in tabular format. In order to fully understand J.P. Morgan's financial analyses, the table must be read together with the text of the related summary. The table alone does not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's financial analyses. Mathematical analysis, such as determining the arithmetic median, or the high or low, is not in itself a meaningful method of using selected company data.

Public Trading Multiples Analysis. Using publicly available information, J.P. Morgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be comparable to the Company's business or aspects thereof. The companies selected by J.P. Morgan were:

Covance Inc.

Charles River Laboratories International, Inc.

PAREXEL International Corporation

ICON plc

Medidata Solutions, Inc.

These companies were selected, among other reasons, because they operate in similar industries as the Company. However, none of the companies selected is identical or directly comparable to the Company and certain of the companies may have characteristics that are materially different from those of the Company. Accordingly, J.P. Morgan made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

For each selected company and the Company, J.P. Morgan calculated such company's estimated earnings before interest, taxes, depreciation and amortization, which may be referred to as EBITDA, for calendar year

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2012 and divided its firm value by its EBITDA, which may be referred to as FV/EBITDA 2012E. For purposes of this analysis, a company's firm value was calculated as the fully diluted common equity value of such company as of April 5, 2012 plus the value of such company's indebtedness and minority interests and preferred stock, minus such company's cash, cash equivalents and marketable securities as of December 31, 2011. For each selected company and the Company, J.P. Morgan also calculated such company's EBITDA for the calendar year 2012 less capital expenditures, which may be referred to as EBITDA CapEx, and divided its firm value by its EBITDA CapEx, which may be referred to as FV/EBITDA CapEx 2012E. Finally, for each selected company and the Company, J.P. Morgan calculated the price to earnings ratio, excluding transaction-related amortization, for the calendar year 2012, which may be referred to as P/E 2012E.

The following table represents the results of J.P. Morgan's analysis of comparable publicly traded companies as of April 5, 2012:

Selected Group	Low	High	Median
FV/EBITDA 2012E	7.8x	11.5x	9.1x
FV/EBITDA CapEx 2012E	11.4x	16.4x	13.9x
P/E 2012E	13.3x	23.4x	19.9x

J.P. Morgan then calculated the Company's equity value per share implied by certain reference ranges of multiples, which were based on the ranges of multiples calculated in the chart above for comparable companies but adjusted to take into account differences between the scale, growth prospects and historical and estimated future profitability levels of the Company and the comparable companies and such other factors as J.P. Morgan deemed appropriate, and noted that the implied equity value per share of the Company ranged from: (1) \$9.20 to \$12.65 for fiscal year 2012, based on the ratio of firm value to estimated EBITDA for fiscal year 2012, using a reference range of 7.8x to 11.5x; (2) \$6.15 to \$8.70 for fiscal year 2012, based on the ratio of firm value to estimated EBITDA CapEx, using a reference range of 11.4x to 16.4x; and (3) \$6.20 to \$10.95 for fiscal year 2012, based on the P/E 2012E, using a reference range of 13.3x to 23.4x.

Selected Transaction Analysis. Using publicly available information, J.P. Morgan examined selected transactions with respect to businesses which J.P. Morgan determined to be comparable to the Company's business. These transactions were selected, among other reasons, because the businesses involved in these transactions share similar business characteristics to the Company based on operational characteristics and financial metrics. The transactions considered and the month and year each transaction was announced are as follows:

Acquiror	Target	Month and Year Announced
inVentiv Health, Inc.	KForce Clinical Research, Inc.	March 2012
Sigma-Aldrich Corporation	BioReliance Holdings, Inc.	January 2012
The Carlyle Group	Pharmaceutical Product Development, Inc.	October 2011
Lonza Group Ltd.	Arch Chemicals	June 2011
CCMP Capital Advisors	MedPace Inc.	May 2011
inVentiv Health, Inc.	PharmaNet Development Group, Inc.	May 2011
INC Research, LLC	Kendle International Inc.	May 2011
KKR & Co. L.P.	Capsugel	April 2011
Eurofins Scientific SE	Lancaster Laboratories, Inc.	February 2011
Thomas H. Lee Partners	i3	January 2011
Warburg Pincus, LLC	ReSearch Pharmaceutical Services, Inc.	December 2010
Avista Capital Partners	INC Research, LLC	August 2010
Medco Health Solutions, Inc.	United BioSource Corporation	August 2010
Thomas H. Lee Partners	inVentiv Health, Inc.	May 2010

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eResearchTechnology, Inc.
Oracle Corporation
Apax Partners

PPD, Inc.

CareFusion Research Services
Phase Forward

Marken

Excel PharmaStudies, Inc.

April 2010
April 2010
December
2009
November
2009

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Using publicly available estimates, J.P. Morgan reviewed the equity value per share implied by the transaction as a multiple of the target company's price to earnings ratio for the twelve-month period immediately preceding announcement of the transaction, which may be referred to as LTM P/E. For the precedent transactions, J.P. Morgan noted that this analysis showed a range of LTM P/E multiples of 18.4x to 32.7x, with a median of 20.8x.

Using publicly available estimates, J.P. Morgan reviewed the equity value per share implied by the transaction as a multiple of the target company's EBITDA for the twelve-month period immediately preceding announcement of the transaction, which may be referred to as LTM EBITDA. For the precedent transactions, J.P. Morgan noted that this analysis showed a range of LTM EBITDA multiples of 7.0x to 19.8x, with a median of 10.1x.

Based on the results of this analysis and other factors that J.P. Morgan considered appropriate, J.P. Morgan applied an LTM P/E multiple range of 18.5x to 22.5x to the Company's LTM P/E and an LTM EBITDA multiple range of 7.0x to 10.0x to the Company's LTM EBITDA. This analysis showed the following:

Multiple	Implied Equity Value Per Share
LTM P/E	\$ 7.50-\$9.10
LTM EBITDA	\$ 6.85-\$9.55

Discounted Cash Flow Analysis. J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the implied equity value per share of the Company. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered free cash flows generated by the asset and taking into consideration the time value of money with respect to those future cash flows by calculating their present value. Present value refers to the current value of one or more future cash payments from the asset, which is referred to as that asset's cash flows, and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, capitalized returns and other appropriate factors. Terminal value refers to the capitalized value of all cash flows from an asset for periods beyond the final forecast period.

In arriving at the implied equity value per share of the Company, J.P. Morgan calculated the unlevered free cash flows that the Company is expected to generate during the time period from fiscal year 2012 through fiscal year 2021 based upon financial projections for the fiscal years 2012 through 2014 prepared by the management of the Company and certain extrapolations reviewed and approved by the Company management. J.P. Morgan also calculated a range of terminal asset values of the Company at the end of the 10-year period ending December 31, 2021 by applying a perpetual growth rate ranging from 2.0% to 3.0% of the unlevered free cash flow of the Company as estimated for the terminal period. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates from 11.0% to 12.0%, which were chosen by J.P. Morgan based upon an analysis of the weighted average cost of capital of the Company. By applying a range of discount rates from 11.0% to 12.0% and a perpetual growth rate ranging from 2.0% to 3.0% to the estimates, J.P. Morgan calculated the implied equity value per share of the Company as ranging from \$7.20 to \$8.50.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its

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opinion. Rather, J.P. Morgan considered the results of all its analyses as a whole and made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to the Company, and none of the selected transactions reviewed was identical to the proposed transaction. However, the companies selected were chosen because they are publicly traded companies that operate in the industries in which the Company operates and, in certain cases, have operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of the Company. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of J.P. Morgan's analysis, may be considered similar to the proposed transaction. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company and the transactions compared to the proposed transaction.

The opinion of J.P. Morgan was one of the many factors taken into consideration by our board of directors in making its determination to approve the proposed transaction. The analyses of J.P. Morgan as summarized above should not be viewed as determinative of the opinion of our board of directors with respect to the value of the Company, or of whether our board of directors would have been willing to agree to different or other forms of consideration.

As a part of its investment banking and financial advisory business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise the Company with respect to the proposed transaction on the basis of such experience and its familiarity with the Company.

J.P. Morgan has acted as financial advisor to the Company with respect to the proposed transaction, and will receive a transaction fee of approximately \$6 million, \$1 million of which was earned upon public announcement of the proposed transaction and the remainder of which will be payable upon completion of the proposed transaction. In addition, the Company has agreed to reimburse J.P. Morgan for its reasonable expenses incurred in connection with its services, including the reasonable fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under the federal securities laws.

During the two years preceding the date of its opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with the Company and Genstar and its affiliates, for which J.P. Morgan and its affiliates have received or expect to receive customary compensation. Such services for the Company during such period have included acting as its financial advisor in connection with the Company's acquisition of certain assets of CareFusion Corporation in June 2010, and such services for Genstar and its affiliates during such period have included acting as financial advisor to Genstar in connection with an ongoing sale process unrelated to the proposed transaction and acting as lead arranger for the amendment of certain senior secured credit facilities of Catalent Pharma Solutions Inc. (the equity of which affiliates of Genstar indirectly hold less than 10%) in June 2011. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of the Company or affiliates of Genstar for its own account or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

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We do not, as a matter of course, publicly disclose financial projections as to future financial performance, earnings or other results (other than guidance regarding revenue and earnings per share for the current year) and are especially cautious of making financial projections because of unpredictability of the underlying assumptions and estimates. However, in connection with the evaluation of a possible transaction, we provided our board of directors, the Special Committee and J.P. Morgan with certain management estimates, which contained certain non-public financial forecasts that were prepared by our management, which we may refer to as Management Estimates.

A summary of the financial projections included in the Management Estimates has been included below. This summary is not being included in this document to influence your decision whether to vote for or against the proposal to adopt the merger agreement, but is being included because these Management Estimates were made available to our board of directors, the Special Committee and J.P. Morgan. The inclusion of this information should not be regarded as an indication that our board of directors or its advisors or any other person considered, or now considers, such Management Estimates to be material or to be necessarily predictive of actual future results, and this information should not be relied upon as such. Our management's internal financial projections, upon which the Management Estimates were based, are subjective in many respects. There can be no assurance that these financial forecasts will be realized or that actual results will not be significantly higher or lower than forecasted.

In addition, the Management Estimates were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, which we may refer to in this proxy statement as GAAP, the published guidelines of the SEC regarding projections and the use of non-GAAP financial measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither our independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Management Estimates, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

The Management Estimates were based on a number of variables and assumptions that are inherently uncertain and may be beyond our control. We believe the assumptions that our management used as a basis for this projected financial information were reasonable at the time our management prepared the Management Estimates, given the information our management had at the time. Important factors that may affect actual results and cause these Management Estimates not to be achieved include, but are not limited to, risks and uncertainties relating to our business (including its ability to achieve strategic goals, objectives and targets over the applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors described or referenced under **Caution Regarding Forward-Looking Information** beginning on page 19 of this proxy statement and under **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2011. In addition, the Management Estimates reflect assumptions that are subject to change and do not reflect revised prospects for our business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the financial forecasts were prepared. Accordingly, there can be no assurance that the Management Estimates will be realized or that our future financial results will not materially vary from the Management Estimates.

<i>(in millions except per share amounts)</i>	2012	2013	2014
Revenue	\$ 199	\$ 220	\$ 240
EBITDA (1)	\$ 55	\$ 63	\$ 71
Capital Expenditures	\$ 29	\$ 27	\$ 27
Earnings per Share (2)	\$ 0.47	\$ 0.56	\$ 0.68

(1) EBITDA is a non-GAAP financial measure.

(2) Based on approximately 49.5 million shares of common stock and common stock equivalents outstanding.

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Financing of the Merger

The total amount of funds necessary to complete the merger and related transactions is anticipated to be approximately \$446 million, consisting of:

approximately \$402 million to pay our stockholders and holders of options and restricted shares the amounts due to them under the merger agreement, assuming a purchase price of \$8.00 per share (net of the exercise price for options) and none of our stockholders validly exercises and perfects appraisal rights;

approximately \$21 million to refinance certain existing indebtedness (including prepayment premiums); and

approximately \$23 million to pay related fees and expenses in connection with the merger.

These payments are expected to be funded by a combination of equity contributions by Genstar VI, certain of its affiliates, CDP, Caisse de dépôt et placement du Québec, and other investors in Parent and/or Merger Sub, debt financing and our existing cash, cash equivalents and marketable securities. Parent has obtained equity and debt financing commitments described below in connection with the transactions contemplated by the merger agreement. Parent's proposed equity and debt financing may change after the date of this proxy statement. The merger agreement permits changes to Parent's debt financing under certain circumstances.

Equity Financing

Parent has entered into two commitment letters providing for equity financing:

a commitment letter dated April 9, 2012, which is referred to as the Genstar equity commitment letter, with Genstar VI, and

a commitment letter dated April 6, 2012, which is referred to as the CDP commitment letter (and has an equity commitment portion and a debt commitment portion), with CDP.

The Genstar equity commitment letter and the equity commitment portion of the CDP commitment letter are referred to as the equity commitment letters.

Genstar VI has committed to make a cash equity investment to Parent of up to \$110 million in connection with the proposed merger. The obligation to fund commitments under the equity commitment letter is subject to the satisfaction or waiver of a number of conditions, including, without limitation:

the execution and delivery of the merger agreement by us;

the satisfaction or waiver of each of certain conditions to Parent's and Merger Sub's obligations to effect the closing set forth in the merger agreement;

the substantially simultaneous funding of (i) the debt financing contemplated by the debt commitment letters delivered to us in accordance with the terms and conditions of the debt commitment letters or (ii) any alternative financing (in accordance with its terms and conditions) that Parent and Merger Sub accept from alternative sources pursuant to the merger agreement; and

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the substantially simultaneous completion of the merger in accordance with the terms and conditions of the merger agreement. The Genstar equity commitment letter will terminate on the earliest of:

completion of the merger;

the termination of the merger agreement prior to the closing;

our accepting the \$20 million parent termination fee pursuant to the merger agreement or under the limited guaranty; and

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our asserting a claim against Genstar VI, Parent or Merger Sub or any of their respective former, current or future equity holders, controlling persons, directors, officers, employees, agents, general or limited partners, managers, management companies, members, stockholders, affiliates or assignees and any and all former, current or future equity holders, controlling persons, directors, officers, employees, agents, general or limited partners, managers, management companies, members, stockholders, affiliates or assignees of any of the foregoing, and any and all former, current or future estates, heirs, executors, administrators, trustees, successors or assigns of any of the foregoing.

Genstar VI is permitted to assign all or any of its obligations under the Genstar equity commitment letter to one or more affiliates provided such affiliate agrees to assume the obligations under the letter. Parent has invited certain other investors to make minority investments in Parent for up to an aggregate amount of \$20 million, however, no final agreement has been reached with the potential investors at this time. To the extent those or other potential investors do not invest in Parent, Genstar VI or its affiliates will provide the equity amount. At the time of completion of the merger, Genstar VI will control Parent.

CDP has committed to make a cash equity investment in Parent of an aggregate of \$40.0 million and CDP has committed to purchase subordinated notes for \$97.4 million, in each case, in connection with the proposed merger. The obligation to fund the equity investment and the subordinated note purchase under the CDP commitment letter is subject to a number of conditions, which we refer to as the CDP Closing Conditions, including without limitation:

that, since December 31, 2011, there shall not have been any Material Adverse Effect on us (as described under The Merger Agreement Representations and Warranties);

negotiation, execution and delivery of definitive documentation with respect to the financing of the subordinated notes consistent with the CDP commitment letter;

the accuracy of specified representations and warranties;

receipt of equity financing consistent with the Genstar equity commitment letter and financing of the senior secured credit facilities consistent with the senior debt commitment letter;

completion of the merger in accordance with the merger agreement simultaneously with the initial funding of the subordinated notes;

delivery of certain customary closing documents and certain of our financial statements (including pro forma financial statements);

delivery of customary know your customer information;

that, prior to the closing, there shall be no other issuance of debt securities or commercial bank or other credit facilities announced, offered, placed or arranged by Parent, Merger Sub or us (other than financing of the senior secured credit facilities and indebtedness permitted pursuant to the merger agreement);

that, at the closing, the total net leverage ratio on a pro forma basis shall not exceed 4.25:1.00; and

payment of applicable costs, fees and expenses.

The CDP commitment letter will terminate on October 6, 2012 or such earlier date on which either:

the merger agreement terminates; or

we publicly announce our intention not to proceed with the merger, and thereafter, Genstar or one of its affiliates (1) files a proxy statement with the SEC pursuant to which it commences a proxy contest relating to the merger or removal or replacement of one or more members of our board of directors, and/or (2) commences a tender offer for our outstanding shares of common stock that our board of directors publicly opposes.

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CDP is permitted to assign a portion of its obligations under the CDP commitment letter provided the assignee agrees to assume the obligations under the letter. Pursuant to such an assignment, it is expected that CDP will make an equity contribution of approximately \$10.86 million and CDP's affiliate, Caisse de dépôt et placement du Québec, will make an equity contribution of approximately \$29.14 million.

Debt Financing

Parent has entered into two commitment letters providing for debt financing:

a commitment letter dated April 9, 2012, which we refer to as the senior debt commitment letter, with Credit Suisse AG, Credit Suisse Securities (USA) LLC, Jefferies Finance LLC and Citizens Bank of Pennsylvania, which we sometimes refer to collectively as the arrangers, and

the debt commitment portion of the CDP commitment letter (which, together with the senior debt commitment letter, we refer to as the debt commitment letters).

Pursuant to, and subject to the terms and conditions of, the debt commitment letters:

the arrangers, as initial senior lenders, have committed to provide to Parent and, after the closing of the merger, us, senior secured credit facilities of \$224 million. It is contemplated that such senior secured credit facilities will consist of: (i) a six-year senior secured term loan of \$174 million and (v) a five-year senior secured revolving credit facility of \$50 million; and

CDP, as the purchaser, has committed to purchase \$97.4 million in the aggregate principal amount of subordinated notes. It is contemplated that the principal amount of subordinated notes issued on the closing date will be \$72.4 million.

We sometimes refer to the senior secured term loan facilities and senior secured revolving credit facilities collectively as the senior secured credit facilities. We sometimes refer to the senior secured credit facilities and the subordinated notes as the debt financing.

The debt financing commitments in the aggregate total approximately \$321.4 million. Both debt commitment letters expire on October 6, 2012 or such earlier date on which:

the merger agreement terminates; or

we publicly announce our intention not to proceed with the merger, and thereafter, Genstar or one of its affiliates (1) files a proxy statement with the SEC pursuant to which it commences a proxy contest relating to the merger or removal or replacement of one or more members of our board of directors, and/or (2) commences a tender offer for our outstanding shares of common stock that our board of directors publicly opposes);

subject, in each case, to extension in the arrangers' and CDP's sole discretion respectively. The documentation governing each of the senior secured credit facilities and the subordinated notes has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement.

Conditions Precedent to the Debt Commitments

The availability of the senior secured credit facilities is subject to the satisfaction or waiver of a number of conditions, including, without limitation:

the expiration of a marketing period (as described in the merger agreement);

that, since December 31, 2011 there shall not have been any Material Adverse Effect on us (as described under The Merger Agreement Representations and Warranties);

negotiation, execution and delivery of definitive documentation with respect to the financing of the senior secured credit facilities consistent with the senior debt commitment letter;

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the accuracy of certain specified representations and warranties;

receipt of equity financing consistent with the Genstar equity commitment letter and consistent with the equity commitment portion of the CDP commitment letter and financing of the subordinated notes consistent with the debt commitment portion of the CDP commitment letter;

completion of the merger in accordance with the merger agreement simultaneously with the initial funding of the senior secured credit facilities;

delivery of certain customary closing documents, specified items of collateral, certain of our financial statements (including pro forma financial statements) and customary insurance certificates;

delivery of customary know your customer information;

that, during the syndication of the senior secured credit facilities, there shall be no other issuance of debt securities or commercial bank or other credit facilities announced, offered, placed or arranged by Parent, Merger Sub or us (other than financing of the subordinated notes and indebtedness permitted pursuant to the merger agreement);

certain of our existing indebtedness shall have been paid in full; and

payment of applicable costs, fees and expenses.

The availability of the subordinated notes is subject to the satisfaction or waiver of the CDP closing conditions described above and that, at the closing, the total net leverage ratio on a pro forma basis shall not exceed 4.25:1.00.

Senior Secured Credit Facilities

General. The borrower under the senior secured credit facilities will initially be Merger Sub. As a result of the merger, Merger Sub will be merged with and into us and thereafter, we will be the borrower. It is contemplated that the senior secured credit facilities will consist of: (i) a \$174.0 million senior secured term loan facility with a term of six years made to the borrower and (ii) a \$50.0 million senior secured revolving credit facility with a term of five years made to the borrower.

Credit Suisse Securities (USA) LLC and Jefferies Finance LLC have been appointed as joint lead arrangers and will act as joint bookrunning managers for the senior secured credit facilities. Credit Suisse AG, acting through one or more of its branches or affiliates, will be the administrative agent and collateral agent for the senior secured credit facilities. In addition, Jefferies Finance LLC will act as syndication agent and Jefferies Finance LLC and Citizens Bank of Pennsylvania will act as co-documentation agents.

Interest Rate and Fees. Loans under the senior secured credit facilities are expected to bear interest, at the borrower's option, at a rate equal to:

the higher of (a) the prime commercial lending rate of Credit Suisse AG, (b) the federal funds effective rate plus 0.50% and (c) the one-month Adjusted LIBOR (London Interbank Offered Rate), plus (in each case) a margin of 4.50%; or

Adjusted LIBOR (London Interbank Offered Rate) plus a margin of 5.5%.

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In addition, the borrower will pay customary commitment fees and letter of credit fees, in each case, under the revolving credit facility. Upon completion of the merger, Parent has also agreed to pay customary upfront fees to the arrangers.

Prepayments and Amortization. The borrower will be permitted to make voluntary prepayments at any time and will be required to make mandatory prepayments of term loans with (1) a percentage of the borrower's excess cash flow (to be defined) for each fiscal year commencing with the fiscal year ending December 31, 2013,

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subject to change based on a senior leverage ratio (which means the ratio of the borrower's total senior indebtedness to EBITDA), (2) a percentage of net cash proceeds of asset sales (subject to reinvestment rights and other exceptions) and (3) a percentage of the net cash proceeds of issuances, offerings or placements of debt obligations of Parent and its subsidiaries (subject to exceptions to be agreed upon, including exceptions for certain debt permitted pursuant to the senior secured credit facilities documentation). The term loans will also have required interim amortization payments, payable quarterly, with the balance payable at the final maturity date of such term loans.

Guarantors. All obligations under the senior secured credit facilities of the borrower will be guaranteed by Parent and each existing and future domestic subsidiary and, to the extent no adverse tax consequences to the borrower could reasonably be expected to result therefrom, foreign subsidiary of the borrower, which we sometimes refer to collectively as the subsidiary guarantors.

Security. The obligations of Parent, the borrower and the subsidiary guarantors under the senior secured credit facilities will be secured, subject to permitted liens and other agreed upon exceptions, by substantially all the assets of Parent, the borrower and each subsidiary guarantor.

Other Terms. The senior secured credit facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments and acquisitions, sales of assets, mergers and consolidations, dividends and other distributions on or redemptions of stock and prepayments of certain subordinated indebtedness. The senior secured credit agreement will contain financial maintenance covenants related to interest coverage and leverage. The senior secured credit facilities will also include customary events of default, including a change of control default.

Subordinated Notes

General. The issuer of the subordinated notes will initially be Merger Sub. As a result of the merger, Merger Sub will be merged with and into us and thereafter, we will be the issuer. The aggregate principal amount of the subordinated notes will be \$97.4 million with a term of six years and six months. It is contemplated that the principal amount of subordinated notes issued on the closing date will be \$72.4 million.

CDP will be the sole purchaser of the subordinated notes.

Interest Rate and Fees. The subordinated notes are expected to bear interest on the principal amount of notes at a rate of 13.00% per annum, payable in cash. At the option of the issuer, interest accruing at a rate of up to 2.00% per annum may be paid in kind. Upon completion of the merger, Parent has also agreed to pay a commitment fee to CDP.

Redemptions. The issuer will be permitted to make voluntary redemptions of the subordinated notes after the second anniversary of completion of the merger, subject to payment of premiums and payment of all accrued and unpaid interest for the notes redeemed. To the extent permitted by the senior secured credit facilities, the issuer may be required to offer to redeem the subordinated notes upon any acceleration of the subordinated notes or any transaction which constitutes a change of control. In connection with any required redemption, the issuer must pay a premium on the principal amount redeemed, plus all accrued and unpaid interest.

Guarantors. All obligations under the subordinated notes will be guaranteed by Parent and the subsidiary guarantors.

Subordination. The subordinated notes will be subordinated only to indebtedness under the senior secured credit facilities.

Security. The obligations of the borrower and the guarantor under the subordinated notes will be unsecured.

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Other Terms. The subordinated notes will contain customary representations and warranties and customary affirmative and negative covenants, including customary exceptions for transactions of this type. Financial maintenance covenants applicable to the subordinated notes will be set at up to a 10% discount to those in senior secured credit facilities and negative covenants therein will include customary incurrence baskets. The subordinated notes will also include customary events of default.

Parent does not have any alternative plans for the debt financing of the transaction in the event Parent is not successful in obtaining the debt financing described in this proxy statement.

Limited Guaranty

In connection with the merger agreement, Genstar VI has agreed to guaranty the due and punctual performance and discharge of certain of the payment obligations of Parent under the merger agreement, up to a maximum amount of \$20 million. The Limited Guaranty will remain in full force and effect until the earliest to occur of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms by mutual consent of the parties thereto or in circumstances where the Parent termination fee is finally determined not to be payable and there are no unpaid guaranteed obligations, and (iii) January 5, 2013 (unless, in the case of (ii) and (iii), we have commenced litigation against Genstar VI under and pursuant to the Limited Guaranty prior to such termination, in which case the Limited Guaranty will terminate upon the final non-appealable resolutions of such action and satisfaction by Genstar VI of any obligations finally determined or agreed to be owed by it, consistent with the terms of the Limited Guaranty). The Limited Guaranty is our sole recourse against Genstar VI; however the Limited Guaranty does not limit our rights against Parent and Merger Sub described under The Merger Agreement Specific Performance.

Regulatory Approvals Required for the Merger

Under the HSR Act, and the rules promulgated thereunder by the FTC, the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the DOJ and the applicable waiting period has expired. On April 23, 2012, we and Genstar VI made the necessary filings under the HSR Act and on April 30, 2012, we were informed that early termination of the waiting period was granted.

The merger is also subject to review by the governmental authorities of Germany under the antitrust laws of that jurisdiction. Genstar VI made the required notification to the German Federal Cartel Office on April 23, 2012; the initial applicable waiting period is one month.

Delisting and Deregistration of our Common Stock

If the merger is completed, our common stock will be delisted from the NASDAQ Global Select Market and deregistered under the Exchange Act. Thereafter, the provisions of the Exchange Act will no longer apply to us, including the requirements to file periodic reports with the SEC and to furnish a proxy or information statement to our stockholders in connection with meetings of our stockholders.

Interests of Our Directors and Executive Officers in the Merger

Certain executive officers of the Company and members of our board of directors may be deemed to have interests in the merger that are different from or in addition to the interests of our stockholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger. Described below are the interests of the current executive officers of our management and members of our board of directors.

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Stock Options

Our executive officers and directors hold options awarded to them under our employee benefit plans. At the effective time of the merger, all outstanding and unexercised options granted under our employee benefit plans (whether vested or unvested) will be canceled and converted into the right to receive, as soon as reasonably practicable after the effective time of the merger, a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the option, multiplied by the number of shares covered by the option, less applicable withholding taxes. Options with a per share exercise price that is equal to or greater than the per share merger consideration will be canceled as of the effective time without any payment. After the effective time of the merger, all options granted under our employee benefit plans will represent only the nontransferable right to receive a cash payment, if any, determined as described above. Notwithstanding the above, the options granted in 2012 to certain of our officers, including all of our named executive officers who were granted equity awards in 2012 will be canceled without payment at the effective time of the merger.

Restricted Shares

Our executive officers and directors hold shares of restricted stock awarded to them under our employee benefit plans. At the effective time of the merger, all shares of restricted common stock will vest and become free of their forfeiture restrictions. At the effective time of the merger, the holders of these shares of restricted stock will be entitled to receive an amount in cash equal to the per share merger consideration with respect to each of these shares of restricted stock, less applicable withholding taxes. Notwithstanding the above, at the effective time of the merger, certain of our officers, including all of our named executive officers who were granted equity awards in 2012, will forfeit the unvested restricted stock granted to them in 2012. Following the effective time of the merger, no holder of restricted shares will have any rights to acquire capital stock of us, our subsidiaries or the surviving corporation.

Employment Agreements with Named Executive Officers

We have entered into employment agreements with each of Drs. Litwin and Morganroth, Messrs. Schneck and Schuelke and Ms. Furlong, under which we may be obligated to pay certain severance and other benefits under certain circumstances following a change of control (including the merger).

Upon a change of control (including the merger), each of Drs. Litwin and Morganroth, Messrs. Schneck and Schuelke and Ms. Furlong are entitled to the payments and benefits described below if one of the following two additional criteria is satisfied:

the named executive officer is terminated other than for cause within 12 months following the change of control; or

the named executive officer resigns within six months after the change of control because neither we nor the other party to the change of control transaction offers the named executive officer a position with comparable responsibilities, authority, location and compensation or we or the other party to the transaction reduces the responsibilities, authority or compensation for such position or changes its location within such six-month period, which we refer to as "good reason".

Under these circumstances, the named executive officer would be entitled to receive a lump sum cash severance payment equal to 100% (150% for Dr. Litwin) of his or her then-current annual salary and bonus (calculated assuming 100% achievement at target and pro-rated based on the number of days elapsed during the year prior to the date on which termination occurred, which we refer to as the Prorated Bonus) and continuation of health benefits and the named executive officer's car allowance for one year (18 months for Dr. Litwin) following termination. However, Dr. Morganroth is not entitled to continuation of his health benefits or car allowance.

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In addition, under the employment agreements, we would be obligated to accelerate vesting of the named executive officer's stock options, such that all stock options held by such named executive officer immediately prior to the date of the change of control shall become exercisable in full as of the date of the change of control. In addition, under the employment agreements, any restrictions with respect to any restricted stock granted to the named executive officer under our equity incentive plans shall lapse. Notwithstanding the above, at the effective time of the merger, the options granted in 2012 to all of our named executive officers who were granted equity awards in 2012 will be canceled without payment, and our named executive officers who were granted equity awards in 2012 will forfeit the restricted stock granted to them in 2012. The treatment of the named executive officer's stock options and restricted stock under the merger agreement is described above under the headings "Stock Options" and "Restricted Shares."

For purposes of these provisions, a change of control means a change in the ownership or effective control of us or a change in the ownership of a substantial portion of our assets, in each case within the meaning of Treasury Regulation § 1.409A-3(i)(5). The merger, if completed, would constitute a change of control under the agreements.

Each named executive officer's agreement includes a customary confidentiality covenant that survives termination of service together with a one-year (two years in the case of Dr. Morganroth) noninterference and nonsolicitation covenant with respect to our vendors, customers, suppliers, employees and agents and a one-year (two years in the case of Dr. Morganroth) covenant not to compete with us in the United States or in any foreign country in which any customer to which we are providing services or technology is located. Under the terms of the agreements, any breach of these covenants results in the forfeiture of any payments we may be obligated to make as described above after the occurrence of the breach.

Golden Parachute Compensation

The following table sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation for each of our named executive officers that is based on or otherwise relates to the merger, assuming the following:

the price per share of common stock of the Company is \$8.00;

the merger closed on May 8, 2012, the last practicable date prior to the filing of this proxy statement;

each of our named executive officers were terminated without cause or resigned for certain reasons immediately following a change in control on May 8, 2012, which is the last practicable date prior to the filing of this proxy statement.

Named Executive Officer	Cash(\$)	Equity(\$)	Perquisites/ Benefits (\$)	Total (\$)(1)
Jeffrey S. Litwin	\$ 1,070,894(2)	\$ 745,321(3)	\$ 39,435(4)	\$ 1,855,650
<i>President and CEO</i>				
Joel Morganroth	\$ 580,881(5)	\$ 929,805(6)		\$ 1,510,686
<i>Executive VP and CSO</i>				
Keith D. Schneck	\$ 386,785(7)	\$ 575,890(8)	\$ 23,530(9)	\$ 986,205
<i>Executive VP and CFO</i>				
Amy Furlong	\$ 410,959(10)	\$ 490,892(11)	\$ 18,175(12)	\$ 920,026

Executive VP and COO

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Achim Schuelke	\$ 374,697(13)	\$ 168,025(14)	\$ 35,004(15)	\$ 577,726
<i>Executive VP and CTO</i>				
John B. Sory (16)				
<i>Executive VP and CDO</i>				

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- (1) The following table differentiates, for each named executive officer, that portion of the total amount of golden parachute compensation that is payable upon consummation of the merger, referred to as single trigger, and that portion of the total amount of golden parachute compensation that is payable only after both consummation of the merger and termination of the named executive officer's employment under certain circumstances described above under Employment Agreements with Named Executive Officers, referred to as double trigger:

Named Executive Officer	Single Trigger	Double Trigger
Jeffrey S. Litwin	\$ 745,321	\$ 1,110,329
Joel Morganroth	\$ 929,805	\$ 580,881
Keith D. Schneck	\$ 575,890	\$ 410,315
Amy Furlong	\$ 490,892	\$ 429,134
Achim Schuelke	\$ 168,025	\$ 409,701
John B. Sory		

- (2) Amount represents a lump sum cash severance payment equal to 150% of Dr. Litwin's annual salary (\$849,750) and Prorated Bonus (\$221,144).
- (3) Amount represents the aggregate dollar value of otherwise unvested restricted stock awards (\$292,008) and the amount payable in connection with the cash out of otherwise unvested option awards (\$175,049) and vested option awards (\$278,264).
- (4) Amount represents the aggregate dollar value of health insurance (\$21,435) and automobile allowance (\$18,000) continuation for 18 months.
- (5) Amount represents a lump sum cash severance payment equal to 100% of Dr. Morganroth's annual salary (\$495,000) and Prorated Bonus (\$85,881).
- (6) Amount represents the aggregate dollar value of otherwise unvested restricted stock awards (\$312,512) and the amount payable in connection with the cash out of otherwise unvested option awards (\$194,182) and vested option awards (\$423,111).
- (7) Amount represents a lump sum cash severance payment equal to 100% of Mr. Schneck's annual salary (\$329,600) and Prorated Bonus (\$57,185).
- (8) Amount represents the aggregate dollar value of otherwise unvested restricted stock awards (\$185,504) and the amount payable in connection with the cash out of otherwise unvested option awards (\$146,393) and vested option awards (\$243,993).
- (9) Amount represents the aggregate dollar value of health insurance (\$14,290) and automobile allowance (\$9,240) continuation for 12 months.
- (10) Amount represents a lump sum cash severance payment equal to 100% of Ms. Furlong's annual salary (\$350,200) and Prorated Bonus (\$60,759).
- (11) Amount represents the aggregate dollar value of otherwise unvested restricted stock awards (\$152,248) and the amount payable in connection with the cash out of otherwise unvested option awards (\$109,977) and vested option awards (\$228,667).
- (12) Amount represents the aggregate dollar value of health insurance (\$8,935) and automobile allowance (\$9,240) continuation for 12 months.
- (13) Amount represents a lump sum cash severance payment equal to 100% of Mr. Schuelke's annual salary (\$319,300) and Prorated Bonus (\$55,397).
- (14) Amount represents the aggregate dollar value of otherwise unvested restricted stock awards (\$86,376) and the amount payable in connection with the cash out of otherwise unvested option awards (\$61,236) and vested option awards (\$20,413).
- (15) Amount represents the aggregate dollar value of health insurance (\$15,238) and automobile allowance (\$19,766) continuation for 12 months.
- (16) Mr. John B. Sory ceased to be an executive officer of the Company on December 21, 2010 and will receive no compensation that is based on or otherwise related to the merger.

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The advisory vote on the golden parachute compensation that may be received by our named executive officers in connection with the merger will be approved if it receives the approval of a majority of the votes represented by the shares of common stock present and entitled to vote thereon. The vote on this proposal is separate and apart from the vote on the proposal to adopt the merger agreement. In addition, because the vote is advisory in nature, it will not be binding on us if the merger agreement is adopted and the golden parachute compensation may be paid to our named executive officers if the merger agreement is adopted and the merger is completed, regardless of the outcome of the advisory vote.

Morganroth Consulting Arrangements

In connection with the execution of the merger agreement and at the direction of Genstar, on April 9, 2012, we entered into a consulting agreement, which we may refer to as the Consulting Agreement, with a consulting firm, which we may refer to as the Consultant, owned by Joel Morganroth, M.D., one of our directors and named executive officers. The Consulting Agreement will become effective on the date the merger is consummated and will have a term of three years from that date. The Consultant will be paid \$44,000 per month for the services the Consultant provides to us following the consummation of the merger and will be eligible to receive additional payments of up to \$251,000 per calendar year (\$126,000 for calendar year ending December 31, 2012) upon the Company's attainment of certain performance goals following the merger.

The Consulting Agreement also provides that, in connection with the merger, we and the Consultant will enter into an agreement by which the assets of the Consultant will be sold to us upon the consummation of the merger for \$875,000 in cash.

In addition to the Consulting Agreement, we and the Consultant are also parties to a Consultant Agreement dated March 1, 2010, which we may also refer to as the Prior Agreement, and we and Dr. Morganroth are parties to a Management Employment Agreement dated March 1, 2010, which we may refer to as the Employment Agreement. The Prior Agreement and the Employment Agreement will terminate upon the consummation of the merger. Under the Prior Agreement and Employment Agreement, Dr. Morganroth and the Consultant received an aggregate of \$2,488,618 for the calendar year ended December 31, 2011.

Management Arrangements

As of the date of this proxy statement, in connection with the merger, we have not entered into any new employment agreements with our management or amended or modified any existing employment agreements, other than the Consulting Agreement and changes to outstanding option and restricted awards pursuant to the merger agreement, as described above. In addition, as of the date of this proxy statement, no member of our management team has entered into any agreement with Parent or its affiliates regarding employment with, or the right to purchase or participate in the equity of, Parent or any of its subsidiaries.

Although no new arrangements (other than as described above) have been entered into as of the date of this proxy statement, Genstar has discussed with Dr. Litwin the possibility that Parent may offer him and other members of management (other than Dr. Morganroth) who hold outstanding shares of our common stock immediately prior to the merger the opportunity to exchange, simultaneously with the consummation of the merger, some or all of such outstanding common stock (in lieu of the cash out and cancellation of common stock provided in the merger agreement) for shares of Parent common stock, on terms no more favorable to management than to Genstar VI and the other investors in Parent.

Parent has informed us that it currently intends to retain members of our management team following the merger and that it intends to establish equity-based incentive compensation plans for management following the merger. The size of such equity-based incentive compensation plans has not yet been determined and no awards have been made or promised, but Parent currently anticipates that such plan would authorize the issuance of stock options to purchase up to an aggregate of 10% of the fully diluted shares of Parent following the merger.

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Stock options granted pursuant to such plans generally would vest either over five years of continued employment or based on the achievement of certain performance targets and would entitle the option holder to share in the future appreciation of us and Parent. The amount of equity that will be held by management at the closing of the merger, including whether such equity will be newly granted stock options, is subject to negotiation and further discussion between Parent and the offerees, and no terms or conditions with respect to such equity have been finalized as of the date of this proxy statement.

Special Committee Fees

In addition to the fees paid to our directors for their service on our board of directors and its committees other than the Special Committee, each member of the Special Committee will receive a fee of \$50,000 for such director's service as a member of the Special Committee. The chairperson of the Special Committee will receive an additional fee of \$20,000. Members of the Special Committee will not receive meeting attendance fees for meetings of the Special Committee (including joint meetings with our board of directors), but will receive normal meeting attendance fees for meetings of our board of directors and the other committees of our board of directors that they attend. As a result of its approval of the merger agreement, our board of directors determined that the non-executive members of our board of directors, including members of the Special Committee, will not receive this year the \$65,000 annual equity grant that they typically receive in April of each year. In addition, our board of directors determined that such non-executive members will not receive the \$25,000 annual cash retainer that they typically receive in April of each year, but will instead receive \$6,250 payable on a quarterly basis, for each quarter that they remain on our board of directors.

Indemnification and Directors and Officers Liability Insurance

Under the merger agreement, we, as the surviving corporation in the merger, have agreed to indemnify our directors and officers to the full extent permitted by law following the merger. We have also agreed to honor any of our indemnification obligations under any indemnification provisions of our certificate of incorporation and bylaws.

Under the merger agreement, we have agreed to maintain, for a period of six years, an insurance policy covering persons who were our directors or officers prior to the merger for the actions taken by such directors and officers in their capacities as our directors and officers prior to the merger on terms with respect to coverage and amount no less favorable than those of such policy currently in effect, *provided, however*, that we will not be required to expend in excess of 200% of the current annual premium paid by us for such policies currently maintained by the Company as of the date of the merger agreement. Alternatively, prior to effectiveness of the merger, we may obtain a six year prepaid tail policy on terms and conditions providing materially equivalent benefits as the current policies of directors and officers liability insurance currently maintained by us with respect to matters arising on or before the completion of the merger.

Litigation Related to the Merger

On April 11, 2012, a purported class action complaint was filed in the Court of Chancery of the State of Delaware, naming the Company, the members of our board of directors, Genstar, Parent and Merger Sub as defendants. Two similar complaints were filed in that Court on April 13, 2012, and the Court consolidated those three cases on April 16, 2012. The operative complaint in the consolidated action generally alleges that, in connection with approving the merger, our directors breached their fiduciary duties owed to our stockholders, and that Genstar, Parent and Merger Sub knowingly aided and abetted our directors' breaches of their fiduciary duties. The operative complaint in the consolidated action seeks, among other things, certification of the case as a class action, an injunction against the consummation of the transaction, a judgment against the defendants for damages, and an award of fees, expenses and costs to plaintiffs and their attorneys. Two other actions were filed, one in the Court of Common Pleas of Philadelphia in the First Judicial District of the Commonwealth of Pennsylvania, and the other in the Court of Chancery of the State of Delaware, on April 13, 2012 and April 17,

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2012 respectively, making similar claims and seeking similar relief. On May 8, 2012, the defendants in the case currently pending in the Court of Common Pleas of Philadelphia, filed a motion seeking to stay the action in favor of the materially identical, previously-filed and consolidated actions pending in the Court of Chancery of the State of Delaware. It is unclear at this time when and how the Court of Common Pleas of Philadelphia will rule on this motion.

We believe these lawsuits are without merit and intend to defend against them vigorously.

Appraisal Rights

Under the DGCL, our stockholders have the right to demand appraisal of shares of our common stock in connection with the merger and to receive, in lieu of the merger consideration, payment in cash for the fair value of their shares, together with interest, as determined by the Court of Chancery of the State of Delaware, which we may refer to as the Chancery Court. Stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 in order to perfect their rights. We will require strict compliance with the statutory procedures.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a stockholder in order to demand and perfect appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262, the full text of which appears in Annex C to this proxy statement.

Section 262 requires that, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the stockholders be notified that appraisal rights will be available not less than 20 days before the meeting to vote on the merger. A copy of Section 262 must be included with such notice. This proxy statement constitutes our notice to stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262. Any stockholder wishing to consider exercising appraisal rights should carefully review the text of Section 262 contained in Annex C. Failure to comply timely and properly with the requirements of Section 262 will result in the loss of appraisal rights under Section 262.

If you elect to demand appraisal of your shares, you must satisfy each of the following conditions:

You must deliver to us a written demand for appraisal of your shares before the vote to adopt the merger agreement is taken at the special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or voting against the adoption of the merger agreement. Voting against or failing to vote for the adoption of the merger agreement by itself does not constitute a demand for appraisal within the meaning of Section 262;

You must not vote in favor of the adoption of the merger agreement. A vote in favor of the adoption of the merger agreement, by proxy, over the Internet, by telephone or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal; and

You must continuously hold your shares through the effective time of the merger.

If you fail to comply with any of these conditions and the merger is consummated, you will be entitled to receive the cash payment for your shares as provided for in the merger agreement if you are the holder of record at the effective time of the merger, but you will have no appraisal rights with respect to your shares of common stock. A proxy card which is signed and does not contain voting instructions will, unless revoked, be voted **FOR** the adoption of the merger agreement, will constitute a waiver of your right of appraisal and will nullify any previous written demand for appraisal.

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All demands for appraisal should be addressed to our secretary at 1818 Market Street, Philadelphia, PA 19103, and must be delivered before the vote to adopt the merger agreement is taken at the special meeting, and should be executed by, or on behalf of, the record holder of the shares in respect of which appraisal is being demanded. The demand must reasonably inform us of the identity of the stockholder and the intention of the stockholder to demand appraisal of his, her or its shares.

To be effective, a demand for appraisal must be made by, or on behalf of, such record stockholder. The demand should set forth, fully and correctly, the record identity of the stockholder. The demand must state that the stockholder intends thereby to demand appraisal of such holder's shares in connection with the merger. Beneficial owners who do not also hold the shares of record may not directly make appraisal demands of us. The beneficial holder must, in such cases, have the record holder (often a broker, bank or other nominee) submit the required demand in respect of those shares.

If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise the right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of the record owner.

If you hold your shares of common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Within 10 days after the effective time of the merger, the surviving corporation must give written notice that the merger has become effective to each stockholder who has properly submitted a written demand for appraisal and who did not vote in favor of the merger agreement. At any time within 60 days after the effective time of the merger, any stockholder who has not commenced an appraisal proceeding or joined such a proceeding as a named party has the right to withdraw the demand and to accept the cash payment specified by the merger agreement for such stockholder's shares of common stock. Within 120 days after the effective time of the merger, either the surviving corporation or any stockholder who has complied with the requirements of Section 262 may file a petition in the Chancery Court, with a copy served on the surviving corporation in the case of a petition filed by a stockholder, demanding a determination of the fair value of the shares held by all stockholders entitled to appraisal. The surviving corporation has no obligation and presently has no intention to file such a petition in the event there are stockholders who demand appraisal of their shares, and stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file such a petition or initiate any negotiations with respect to the fair value of such shares. Accordingly, stockholders who desire to have their shares appraised should initiate all necessary action to perfect their appraisal rights within the time prescribed in Section 262. The failure of a stockholder to file such a petition within the period specified could nullify the stockholder's previous written demand for appraisal.

If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving corporation, the surviving corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached. Within 120 days after the effective time of the merger, any stockholder who has complied with the applicable provisions of Section 262 will be entitled, upon written

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request, to receive from the surviving corporation a statement setting forth the aggregate number of shares of common stock not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal were received by the Company and the number of holders of such shares. Such statement must be mailed to the stockholder within 10 days after the written request has been received by the surviving corporation or within 10 days after expiration of the period for delivery of appraisal demands, whichever is later. A person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file an appraisal petition or request from us the statement described in this paragraph.

After notice to the stockholders seeking appraisal rights as required by the Chancery Court, the Chancery Court is empowered to conduct a hearing upon the petition, and determine which stockholders have complied with Section 262 and have thereby become entitled to the appraisal rights. The Chancery Court may require the stockholders who hold stock represented by certificates and who have demanded appraisal for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with that direction, the Chancery Court may dismiss the proceedings as to that stockholder.

After determination of the stockholders entitled to appraisal of their shares of common stock, the Chancery Court will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid upon the amount determined to be the fair value. Unless the Chancery Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. When the value is determined, the Chancery Court will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Chancery Court so determines, to the stockholders entitled to receive the same, upon surrender by such holders of the certificates representing those shares.

In determining fair value and, if applicable, interest, the Chancery Court will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court has stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. In determining fair value for appraisal purposes under Section 262, the Chancery Court might, or might not, employ some or all of the valuation analyses utilized by the company's financial advisors as described in summary fashion under the headings Proposal No. 1 The Merger Opinion of the Financial Advisor to Our Board of Directors, beginning on page 35. Although we believe that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Chancery Court, and you should be aware that the fair value of your shares as determined under Section 262 could be more, the same, or less than the value that you are entitled to receive under the terms of the merger agreement. Moreover, the surviving corporation does not currently anticipate offering more than the value that you are entitled to receive under the terms of the merger agreement to any stockholder exercising appraisal rights

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and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the fair value of a share of common stock is less than the merger consideration.

Costs of the appraisal proceeding may be imposed upon the surviving corporation and/or the stockholders participating in the appraisal proceeding by the Chancery Court as the Chancery Court deems equitable in the circumstances. Upon the application of a stockholder, the Chancery Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. Any stockholder who has demanded appraisal rights will not, after the effective time of the merger, be entitled to vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to payments becoming due prior to the effective time of the merger; however, if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers a written withdrawal of such stockholder's demand for appraisal and an acceptance of the terms of the merger within 60 days after the effective time of the merger, then the right of that stockholder to appraisal will cease and that stockholder will be entitled to receive the cash payment for shares of his, her or its common stock pursuant to the merger agreement. Any withdrawal of a demand for appraisal made more than 60 days after the effective time of the merger may only be made with the written approval of the surviving corporation. Once a petition for appraisal has been filed, the appraisal proceeding may not be dismissed as to any stockholder without the approval of the Chancery Court.

Failure to comply with all of the procedures set forth in Section 262 will result in the loss of a stockholder's statutory appraisal rights.

If you have any questions regarding your right to exercise appraisal rights, you are strongly encouraged to seek the advice of legal counsel.

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

The following discussion summarizes the material U.S. federal income tax consequences of the merger to holders of our common stock who exchange their shares for cash in the merger. This discussion is based on the Internal Revenue Code of 1986, as amended, which we may refer to as the Code, the Treasury Regulations promulgated thereunder, judicial pronouncements, and administrative rulings, all as currently in effect. All of these authorities are subject to change or varying interpretation, possibly with retroactive effect. Any such change could alter the accuracy of the statements and conclusions described below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the merger or that any such contrary position would not be sustained by a court.

This discussion assumes that the holders of our common stock hold their shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be applicable to a particular holder of our common stock in light of such holder's particular circumstances. In addition, this discussion does not address the U.S. federal income tax consequences of the merger to holders of our common stock who are subject to special treatment under U.S. federal income tax law, including, for example, banks and other financial institutions, insurance companies, mutual funds, tax-exempt investors, S corporations, controlled foreign corporations, passive foreign investment companies, holders that are classified as partnerships for U.S. federal income tax purposes and their partners or members, U.S. expatriates, dealers in securities, traders in securities who have elected to be taxed in the same manner as dealers, holders who hold their stock as part of a hedge, straddle, conversion or other integrated transaction, holders whose functional currency is not the U.S. dollar, holders who acquired stock through the exercise of employee stock options or otherwise as compensation, holders of restricted shares, holders who are subject to the alternative minimum tax provisions of the Code and holders who receive cash pursuant to the exercise of appraisal rights. Furthermore, this discussion does not address the tax consequences under any state, local, foreign, estate, gift or other tax laws.

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Holders of our common stock should consult their independent tax advisors as to the particular tax consequences of the merger to them, including the application and effect of any state, local, foreign, estate, gift or other tax laws.

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

an individual citizen or resident of the United States;

a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) organized or created in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income tax regardless of its source; or

a trust if (a) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

The term "non-U.S. holder" means a beneficial owner of our common stock other than a partnership (or other entity taxed as a partnership for U.S. federal income tax purposes) that is not a U.S. holder.

If a partnership (or other entity taxed as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership that holds shares of our common stock you should consult your own tax advisor regarding the tax consequences to you of the merger.

U.S. Holders

Generally, the receipt of cash in exchange for our common stock pursuant to the merger will be a taxable transaction to U.S. holders of such common stock for U.S. federal income tax purposes. A U.S. holder of our common stock receiving cash in the merger generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received (before reduction for any applicable withholding taxes) and the holder's adjusted tax basis in the shares of our common stock surrendered. The gain or loss recognized generally will be capital gain or loss. Gain or loss will be determined separately for each block of common stock (i.e., stock acquired at the same cost in a single transaction) exchanged in the merger. Any capital gain or loss will be taxed as long-term capital gain or loss if the U.S. holder has held the our common stock for more than one year prior to the effective time of the merger and will be short-term capital gain if the U.S. holder has held the stock for one year or less. Long-term capital gains for certain non-corporate U.S. holders, including individuals, are generally eligible for a reduced rate of federal income taxation. The deductibility of capital losses is subject to certain limitations.

Information returns will be filed with the Internal Revenue Service in connection with payments to a U.S. holder pursuant to the merger, unless the U.S. holder is an exempt recipient. A U.S. holder may be subject to backup withholding with respect to the payment of cash proceeds in exchange for such holder's shares of our common stock pursuant to the merger. Backup withholding will generally not apply, however, to a U.S. holder who furnishes the paying representative with a correct taxpayer identification number on a properly completed IRS Form W-9 (and who does not subsequently become subject to backup withholding) or who otherwise establishes a basis for exemption from backup withholding (such as a corporation). Each U.S. holder should properly complete and sign an IRS Form W-9 in order to provide the information and certification necessary to avoid the imposition of backup withholding, unless an exemption otherwise applies and is established in a manner satisfactory to the paying representative. U.S. holders who fail to provide their correct taxpayer identification numbers and the appropriate certifications, or to establish an exemption as described above, will be subject to backup withholding on any payments they receive pursuant to the merger (currently at a rate of 28%).

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Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, if any, provided that required information is furnished to the Internal Revenue Service in a timely manner.

Non-U.S. Holders

Generally, any gain recognized upon the receipt of cash in exchange for our common stock pursuant to the merger by a non-U.S. holder will not be subject to U.S. federal income tax unless:

the gain is effectively connected with the conduct by a non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, such gain is attributable to a permanent establishment, or in the case of an individual, a fixed base in the United States maintained by such non-U.S. holder), in which case the non-U.S. holder generally will be subject to tax on such gain in the same manner as a U.S. holder and, if the non-U.S. holder is a foreign corporation, such corporation may also be subject to the branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable U.S. income tax treaty);

the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the sale or exchange and certain other conditions are met, in which case the non-U.S. holder generally will be subject to a 30% tax on the non-U.S. holder's net gain realized from the sale or exchange of our common stock, which may be offset by U.S. source capital losses of the non-U.S. holder, if any; or

we are or have been a United States real property holding corporation for United States federal income tax purposes at any time during the shorter of the five-year period ending on the date of the merger or the period that the non-U.S. holder held the shares, and the non-U.S. holder owns, or is treated as owning, more than 5% of our shares, in which case the non-U.S. holder generally will be taxed on such holder's net gain realized in the merger at the graduated U.S. federal income tax rates applicable to United States persons (as defined under the Code). We do not believe we will be treated as a United States real property holding corporation.

In general, a non-U.S. holder will not be subject backup withholding with respect to the cash received by such holder pursuant to the merger if such non-U.S. holder provides the paying representative with a properly completed IRS Form W-8BEN (or, if applicable, another version of Form W-8). If a non-U.S. holder fails to provide the properly completed forms or fails to otherwise establish an exemption from backup withholding, such non-U.S. holder will be subject to backup withholding (currently at a rate of 28%) on the cash received pursuant to the merger. Each non-U.S. holder should properly complete and sign the applicable IRS Form W-8 in order to provide the information and certification necessary to avoid the imposition of backup withholding, unless an exemption otherwise applies and is established in a manner satisfactory to the paying representative. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a non-U.S. holder's U.S. federal income tax liability, if any, provided that required information is furnished to the Internal Revenue Service in a timely manner.

The U.S. federal income tax discussion set forth above is included for general information only and is not a complete analysis or discussion of all potential tax consequences relevant to our stockholders. The tax consequences to you may vary depending on your particular circumstances. Due to the individual nature of tax consequences, you are urged to consult your own tax advisor as to the specific tax consequences to you of the merger, including the effects of any applicable U.S. federal, state, local, foreign, estate, gift or other tax laws.

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THE MERGER AGREEMENT

This section of the proxy statement describes the material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement and incorporated into this proxy statement by reference. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger.

Explanatory Note Regarding the Merger Agreement

The merger agreement and this summary of its terms have been included to provide you with information regarding the terms of the merger agreement. Factual disclosures about us contained in this proxy statement or in our public reports filed with the SEC may supplement, update or modify the factual disclosures about us contained in the merger agreement and described in this summary. The representations, warranties and covenants made in the merger agreement by us, Parent and Merger Sub were qualified and subject to important limitations agreed to by us, Parent and Merger Sub in connection with 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 close 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 stockholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made by each party to the other, which disclosures are 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 not have been included in this proxy statement.

The Merger

At the effective time of the merger, Merger Sub will merge with and into us upon the terms, and subject to the conditions, of the merger agreement. As the surviving corporation, we will continue to exist following the merger. Upon completion of the merger, our certificate of incorporation will be amended to contain the provisions set forth in an exhibit to the merger agreement, and the bylaws of Merger Sub will become the bylaws of the surviving corporation. Upon completion of the merger, the directors of Merger Sub will be the initial directors of the surviving corporation and our officers will be the initial officers of the surviving corporation.

We or Parent may terminate the merger agreement prior to completion of the merger in some circumstances, whether before or after the adoption by our stockholders of the merger agreement. Additional details on termination of the merger agreement are described in Termination of the Merger Agreement, below.

Closing; Effective Time; Marketing Period

Unless otherwise agreed by the parties to the merger agreement, the parties are required to complete the merger no later than the second business day after the satisfaction or waiver of the conditions described under Conditions to the Merger, except that the parties will not be obligated to complete the merger until the final day of the Marketing Period (as defined below), unless Parent specifies an earlier date that it desires to complete the merger during the Marketing Period, and we are given at least three business days notice from Parent prior to that earlier date.

The merger will be effective in accordance with applicable law after the time the certificate of merger is filed with the Secretary of State of the State of Delaware (on the closing date of the merger). We expect to

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complete the merger as promptly as practicable after we obtain the necessary regulatory approvals, our stockholders adopt the merger agreement and, if necessary, the Marketing Period expires.

For purposes of the merger agreement, **Marketing Period** means the first period of 20 consecutive business days throughout and at the end of which:

Parent has (and its financing sources have access to), in all material respects, certain financial information and marketing material required to be provided by us under the merger agreement, free of material misstatements and omissions, in connection with Parent's financing of the merger;

the mutual closing conditions to complete the merger are satisfied; and

with respect to the conditions to the obligations of Parent and Merger Sub to complete the merger relating to the accuracy of our representations and warranties and our compliance with our covenants and other obligations, nothing has occurred or exists that would cause these conditions to fail to be satisfied, assuming completion of the merger was scheduled for any time during such 20 consecutive business day period;

The Marketing Period must occur either entirely before or entirely after the period from and including August 20, 2012 through and including September 4, 2012. None of the days during the period from and including July 2, 2012 through and including July 6, 2012, constitutes a business day for purposes of calculating the 20 consecutive business day period.

The purpose of the Marketing Period is to provide Parent a reasonable and appropriate period of time for marketing and placement of the debt financing contemplated by the debt financing commitments for the purposes of financing the merger. If the debt financing transactions (as contemplated by the debt financing commitments) are completed, then the Marketing Period will end on the date that the debt financing is obtained. To the extent Parent does not need the benefit of the Marketing Period to market and place the debt financing, it may, in its sole discretion, determine to waive the Marketing Period and complete the merger prior to the expiration of the Marketing Period on no less than three business days' notice to us if all closing conditions are otherwise satisfied or waived.

Merger Consideration

Each share of our common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive the \$8.00 per share merger consideration, other than the following shares:

shares held by holders who have properly exercised their statutory appraisal rights; and

shares owned by Parent, Merger Sub or any subsidiary of Parent or us or any of our subsidiaries.

After the merger is effective, each holder of shares of our common stock (other than shares for which statutory appraisal rights have been properly exercised) will cease to have any rights with respect to the shares, except for the right to receive the merger consideration. For more information regarding appraisal rights, see Proposal No. 1 The Merger Appraisal Rights.

Treatment of Options and Restricted Shares

Stock Options

At the effective time of the merger, all outstanding and unexercised options granted under our employee benefit plans (whether vested or unvested) will be canceled and converted into the right to receive, as soon as reasonably practicable after the effective time of the merger, a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the option, multiplied by the number of shares covered by the option, less applicable withholding taxes. Options with a per share exercise price that is equal to

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or greater than the per share merger consideration will be canceled as of the effective time without any payment. After the effective time of the merger, all options granted under our employee benefit plans will represent only the nontransferable right to receive a cash payment, if any, determined as described above. Notwithstanding the above, the options granted in 2012 to certain of our officers, including all of our named executive officers who were granted equity awards in 2012, will be canceled without payment at the effective time of the merger.

Restricted Shares

At the effective time of the merger, all shares of restricted common stock will vest and become free of their restrictions. At the effective time of the merger, the holders of these shares of restricted stock will be entitled to receive a cash payment equal to the per share merger consideration with respect to each of these shares of restricted stock, less applicable withholding taxes. Notwithstanding the above, at the effective time of the merger, certain of our officers, including all of our named executive officers who were granted equity awards in 2012, will forfeit the restricted stock granted to them in 2012. Following the effective time of the merger, no holder of restricted shares will have any rights to acquire capital stock of us, our subsidiaries or the surviving corporation.

Payment for Options and Restricted Shares

Promptly after the effective time of the merger, but in no event later than three business days thereafter, the surviving corporation will send, or cause the paying agent described below to send, each record holder of options or restricted shares in respect of which a cash payment is payable a notice summarizing such holder's rights under the merger agreement with respect to the holder's options and restricted shares and setting forth any procedures the holder must follow to receive payment.

Payment for the Shares of Common Stock

Parent will designate a paying agent who is reasonably acceptable to us to make payment of the merger consideration as described above. Upon completion of the merger, Parent will deposit with the paying agent funds sufficient to pay the merger consideration due with respect to our common stock, as described under "Merger Consideration" above.

At the effective time of the merger, we will close our stock transfer books. After that time, there will be no further transfer of shares of our common stock.

Promptly after the effective time of the merger, but in no event later than three business days thereafter, the surviving corporation will cause the paying agent to send you, as a record holder, a letter of transmittal and instructions advising you how to surrender your certificates in exchange for the merger consideration. The paying agent will send you your merger consideration after you have surrendered your certificates to the paying agent and provided to the paying agent your signed letter of transmittal and any other items specified by the letter of transmittal. Interest will not be paid or accrue in respect of the merger consideration. The surviving corporation will reduce the amount of any merger consideration paid to you by any applicable withholding taxes. **YOU SHOULD NOT FORWARD YOUR STOCK CERTIFICATES TO THE PAYING AGENT WITHOUT A LETTER OF TRANSMITTAL, AND YOU SHOULD NOT SEND YOUR STOCK CERTIFICATES WITH THE ENCLOSED PROXY.**

If any cash deposited with the paying agent is not claimed within six months following the effective time of the merger, such cash will be returned to the surviving corporation upon demand.

Any former stockholder who has not complied with the terms set forth in the merger agreement relating to payment of the merger consideration prior to the end of the applicable escheat period shall thereafter look to Parent and the surviving corporation, but only as a general creditor for payment of the stockholder's claim for the

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merger consideration, without any interest. Any unclaimed amounts remaining immediately prior to when such amounts would escheat to or become the property of any government entity will become the property of the surviving corporation free and clear of any prior claims or interest thereto.

If the paying agent is to pay some or all of your merger consideration to a person other than you, as the registered owner of a stock certificate, you must have your certificates properly endorsed or otherwise in proper form for transfer, and you must pay any transfer or other taxes payable by reason of the transfer or establish to the surviving corporation's reasonable satisfaction that the taxes have been paid or are not required to be paid.

The transmittal instructions will tell you what to do if you have lost your certificate, or if it has been stolen or destroyed. You will have to provide an affidavit verifying that fact and, if required by the surviving corporation, post an indemnity agreement or bond in such customary and reasonable amount as the surviving corporation specifies as indemnity against any claim that may be made against the surviving corporation in respect of the lost, stolen or destroyed certificate.

Representations and Warranties

The merger agreement contains representations and warranties made by us to Parent and representations and warranties made by Parent and Merger Sub to us. The assertions embodied in those representations and warranties were made solely for purposes of the merger agreement and may be subject to important qualifications and limitations agreed by the parties in connection with negotiating its terms. Moreover, some of those representations and warranties may not be accurate or complete as of any particular date because they are subject to a contractual standard of materiality or Material Adverse Effect different from that generally applicable to public disclosures to stockholders or are used for the purpose of allocating risk between the parties to the merger agreement rather than establishing matters of fact. Furthermore, the representations and warranties contained in the merger agreement will not survive completion of the merger and cannot be the basis for any claims under the merger agreement by the other parties after termination of the merger agreement. Certain representations and warranties were made only as of the date of the merger agreement or such other date as is specified in the merger agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the merger agreement as statements of factual information.

In the merger agreement, we, Parent and Merger Sub each made representations and warranties relating to, among other things:

organization and existence;

power and authority to enter into and perform its obligations under, and enforceability of, the merger agreement;

the absence of conflicts with or defaults under, and consents or approvals required under, organizational documents, applicable laws and contracts;

required regulatory filings and consents and approvals of governmental entities; and

information supplied for inclusion in this proxy statement and other SEC filings.

In the merger agreement, Parent and Merger Sub also each made representations and warranties relating to:

the availability of the funds necessary to perform their obligations under the merger agreement;

the operations of Parent and Merger Sub;

the guarantee of a portion of the Equity Investors' equity commitments;

the absence of action by them that would cause any anti-takeover statute to apply with respect to the merger;

the lack of any agreements between Parent or Merger Sub and our management as of April 9, 2012 (the date of the merger agreement); and

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their access to due diligence information and the absence of representations and warranties except as set forth in the merger agreement.

We also made representations and warranties relating to:

our capital structure;

our subsidiaries;

certain takeover laws;

the stockholder vote that is required to approve the merger;

certain of our documents filed with the SEC;

internal controls over financial reporting, disclosure controls and procedures and other compliance matters under the Sarbanes-Oxley Act;

financial statements;

undisclosed liabilities;

absence of certain changes or events since December 31, 2011, through and including April 9, 2012;

financial advisory fees;

compliance with the Employee Retirement Income Securities Act of 1974, as amended, and other employee benefit matters;

labor and employment matters;

litigation;

tax matters;

compliance with applicable laws, including healthcare regulatory laws;

governmental permits and licenses;

matters relating to clinical studies;

environmental matters;

intellectual property matters;

data security and privacy matters;

information technology systems;

real property matters;

material contracts;

insurance;

the lack of unlawful contributions, payments or bribes and compliance with the Foreign Corrupt Practices Act of 1977, as amended;

customers and suppliers;

related party transactions; and

the receipt by our board of directors of a fairness opinion from J.P. Morgan.

Many of our representations and warranties are qualified by a Material Adverse Effect standard. For purposes of the merger agreement, Material Adverse Effect is defined to mean any event, occurrence, fact,

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condition or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to our and our subsidiaries' business, results of operations, condition (financial or otherwise), or assets (including intangible assets), taken as a whole, other than:

any loss of or adverse change in our and our subsidiaries' relationships with our respective employees, customers, distributors, licensors, partners or suppliers to the extent caused by the announcement or pendency of the transactions contemplated by the merger agreement;

general economic, market or political conditions;

acts of God, calamities, national or international political or social conditions, including the engagement by any country in hostilities, or the occurrence of any military or terrorist attack or other force majeure events;

any change affecting any segment of the industry in which we and our subsidiaries operate;

any changes in accounting standards, including GAAP;

any change in our stock price or trading volume (but not the underlying cause of it); or

any failure of us to meet internal or analysts' expectations or projections (but not the underlying cause of it); except, in the case of the second, third and fourth bullets above, to the extent such event, occurrence, fact, condition or change has a materially disproportionate effect on us and our subsidiaries, taken as a whole, relative to other companies operating in the same industries or locations in which we operate.

Financing Covenant; Company Cooperation

Under the merger agreement, Parent and Merger Sub agreed to use their commercially reasonable efforts to do all things reasonably necessary to arrange the debt financing as promptly as practicable, to complete the debt financing on or prior to the closing date, and to enforce the obligations of the guarantor under the equity commitment letter. Such action includes the following:

maintaining in effect the debt commitment letters, except that Parent may replace or amend either or both of them if to do so would not adversely impact or delay in any material respect the ability of Parent and Merger Sub to complete the merger or the debt financing (although no such amendment or replacement may materially expand upon the conditions precedent to the financing set forth in the debt commitment letters, or provide for terms and conditions that are in the aggregate materially less favorable to Parent and us);

participation by Parent in, and assistance with, the preparation of rating agency presentations and meetings with rating agencies;

satisfying on a timely basis all conditions set forth in the debt commitment letters that are within the control of Parent or any of its affiliates and complying with its obligations thereunder and not taking or failing to take any action that would reasonably be expected to prevent or impede or delay the availability of the debt financing; and

negotiating, executing and delivering financing documents that reflect the terms contained in the debt commitment letters or on other terms acceptable to Parent and the debt financing sources that would not adversely impact or delay in any material respect the ability of Parent to complete the merger or the debt financing.

Parent must give us prompt notice of any breach or repudiation by any party to the debt commitment letters or the financing documents or any condition not likely to be satisfied, in each case, of which Parent becomes aware or any waiver, amendment or modification of either debt commitment letter or the financing documents. If all or a portion of the financing under the debt commitment letters becomes, or is reasonably likely to become, unavailable, Parent must do the following:

immediately notify us of the event and the reasons for it;

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in consultation with us, use commercially reasonable efforts to obtain alternative financing from alternative debt financing sources, on terms not materially less beneficial in the aggregate to Parent, with debt financing sources reasonably satisfactory to Parent in an amount sufficient to complete the transactions contemplated by the merger agreement, as promptly as practicable following the occurrence of the event; and

obtain and provide us with a copy of a new financing commitment that provides for alternative financing.

Parent must keep us reasonably informed on a current basis and in reasonable detail of the status of its effort to arrange the debt financing and must provide us copies of all material agreements related to the debt financing. In the event that Parent commences an enforcement action to enforce its rights under the debt commitment letters or the financing documents and/or causes the debt financing sources to fund, Parent must keep us reasonably informed. Neither Parent nor Merger Sub is required to threaten, commence or pursue litigation, arbitration or other adversarial proceedings against any debt financing source.

Obtaining the debt financing or any alternative financing is not a condition to completion of the merger.

We must use commercially reasonable efforts to provide such assistance (and obtain the assistance of our subsidiaries and representatives) with the debt financing as is reasonably requested by Parent or the debt financing sources, including the following:

participation in, and assistance with, the marketing efforts related to the financing;

participation by our senior management in, and assistance with, the preparation of a reasonable number of rating agency presentations and meetings with rating agencies;

timely delivery to Parent and the debt financing sources of the financing information by the dates set forth in the debt commitment letters;

participation by our senior management in the negotiation, execution and delivery of the financing documents;

taking such actions as are reasonably requested by Parent or any debt financing source to facilitate the satisfaction on a timely basis of all conditions precedent to obtaining the financing;

taking all actions as may be required or reasonably requested by Parent or any debt financing source in connection with the repayment of our existing credit facility;

causing our independent auditors to cooperate with the financing;

taking such actions as may be required to permit our cash and marketable securities, including at least \$45 million (less various deal costs and expenses) of our cash and cash equivalents, to be made available to finance, in part, the merger on the closing date;

using commercially reasonable efforts to ensure that the financing benefits from our existing lending relationships; and

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filing such reports under the securities laws as may be customary or required for transactions of the type contemplated by the merger agreement and the debt commitment letters or reasonably requested by Parent.

We must provide Parent and the debt financing sources information necessary for the marketing material to be complete and accurate in all material respects and not contain any material misstatements or omissions. We are not obligated to pay any fee or incur any liability prior to the merger unless reimbursed or indemnified by Parent. Parent must reimburse us for all reasonable out of pocket costs incurred in connection with the cooperation of us, our subsidiaries and representatives, and must indemnify us from losses, damages, claims, costs and expenses in connection with the financing.

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Conduct of Business Prior to Closing

We have agreed in the merger agreement that, until completion of the merger or termination of the merger agreement, except to the extent required or permitted by the merger agreement or consented to in writing by Parent, we will use commercially reasonable efforts to operate, and cause our subsidiaries to use commercially reasonable efforts to operate, our businesses in the ordinary course, preserve intact our organizations, and preserve our goodwill and business relationships with customers, suppliers, contractors, employees and others.

We have also agreed that, until completion of the merger or termination of the merger agreement, except to the extent required by the merger agreement or consented to in writing by Parent, we and our subsidiaries will not:

undertake or propose the following activities:

declare or pay any dividends on or make other distributions in respect of our capital stock, except for ordinary course intra-company dividends;

split, combine or reclassify any shares of capital stock or issue or authorize any other securities in respect of or substitution for shares of capital stock, except with respect to a subsidiary that is and remains wholly owned; or

repurchase, redeem or otherwise acquire or modify the terms of any shares of capital stock or other securities other than the repurchase of unvested shares in connection with the termination of service;

issue, deliver, sell, grant or pledge, or authorize or propose the issuance, delivery, sale, grant or pledge of, any shares of capital stock or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares, or enter into any agreement with respect to any of the foregoing, other than the issuance of shares upon the exercise of options outstanding on the date of the merger agreement pursuant to their terms;

except as required by law, amend our respective certificates of incorporation, bylaws or similar organizational documents;

acquire or agree to acquire all or substantially all of the assets of any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any material amount of assets, other than assets acquired in the ordinary course of business;

sell, lease, transfer, convey, encumber or otherwise dispose of any material amount of assets, or agree to do so, other than in the ordinary course of business consistent with past practice or pursuant to existing contracts;

adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or dissolution, restructuring, recapitalization or reorganization;

except as required under contracts relating to compensation, benefits or severance or termination pay in existence on the date of the merger agreement:

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enter into any new, or amend, or renew any existing, employment, severance, consulting or salary continuation agreements with or for the benefit of any current or former officers, directors or employees;

grant any increases in the compensation, perquisites, benefits or termination or severance pay entitlement of any directors, officers, employees or consultants;

except as required by applicable law, amend any employee benefit plan, or adopt or enter into any employee benefit plan;

enter into any collective bargaining agreement, social plan or similar works or labor agreement; or

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except as otherwise contemplated by the merger agreement, accelerate the vesting or payment of the compensation payable or the benefits provided or to become payable or provided to any current or former directors, officers, employees or consultants, including with respect to severance, other than incidental payments in the ordinary course of business consistent with past practice and other than as required under applicable law or existing employee benefits plans;

take any of the following actions (except, in the case of the first four bullets, as do not exceed \$1 million in the aggregate):

incur or assume any long term or short term debt or issue any debt securities;

assume, guarantee, endorse or otherwise become liable or responsible, whether directly, contingently or otherwise, for the obligations of any other person or entity;

make any loans, advances or capital contributions or investments in any other person or entity;

create any lien upon any assets, except for specified permitted liens;

amend or modify any instrument governing any indebtedness; or

prepay any indebtedness, other than repayment of amounts outstanding under our existing credit facility;

make any capital expenditures other than in accordance with our budget and capital expenditures that do not exceed our budget by \$500,000 in the aggregate;

waive, release, assign, settle or compromise any pending or threatened action or proceeding other than a settlement or compromise that only involves a monetary settlement that does not exceed \$250,000 individually or \$500,000 in the aggregate, and there is no equitable relieve or criminal liability imposed on us or admission of wrongdoing by us or our officers or directors;

change a method of accounting (except as required by law or GAAP), make, change or revoke any material tax election, change any annual tax accounting period, settle or compromise any material tax, surrender any right to claim a material tax refund, enter into any tax sharing, allocation or indemnification agreement, enter into any material intercompany agreement, change any material transfer pricing methodology, or file any amended tax return;

enter into, extend, modify, terminate or renew any material contract, other than in the ordinary course of business consistent with past practice, or enter into or renew any non-compete, exclusivity or similar agreement that would restrict or limit, in any material respect, our operations;

convene any regular or special meeting (or any adjournment thereof) of stockholders, other than the special meeting to which this proxy statement relates;

take any action to render inapplicable, or to exempt any third party (other than Parent and its affiliates) from, any provisions of any takeover laws; or

permit any of subsidiaries to undergo any change of legal form, merger, hive-down or other kind of transformation, or conclude any enterprise or silent partnership agreements.

Agreement to Use Commercially Reasonable Efforts; Consents and Governmental Approvals

General; HSR Act

Subject to the terms and conditions set forth in the merger agreement, each of the parties to the merger agreement has agreed to use commercially reasonable efforts to take, or cause to be taken, all action, and to do or cause to be done, all things necessary, proper or advisable under applicable laws to complete the merger, including:

preparing and filing as promptly as practicable with any governmental authority or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents;

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obtaining and maintaining all approvals, waivers, consents, registrations, permits, authorizations and other confirmations required to be obtained from any governmental authority or third party; and

executing and delivering any additional instruments that are necessary, proper or advisable to complete the transactions contemplated by the merger agreement.

We and Parent also agreed to do the following:

make an appropriate filing pursuant to the HSR Act and required filings under applicable foreign competition laws as promptly as practicable, supply any required additional information as promptly as practicable and take all other actions necessary to cause the expiration or termination of any applicable waiting periods as soon as practicable;

promptly notify each other of any written or oral communication from any governmental authority and, subject to applicable law, permit the other party to review in advance any proposed written communication to any governmental authority, in each case concerning the merger agreement or the transactions contemplated thereby;

keep the other party reasonably informed of any substantive meeting or discussion with any governmental authority in respect of any filings, investigation or inquiry concerning the merger agreement or the transactions contemplated thereby; and

subject to applicable privileges, furnish each other with copies of all correspondence, filings, and communications between either party and its affiliates and representatives, on the one hand, and any governmental authority or members of their respective staffs, on the other hand, concerning the merger agreement and the transactions contemplated thereby.

We are obligated to provide Parent the opportunity to participate in the defense of any proceeding against us or our directors relating to the transactions contemplated by the merger agreement and must obtain Parent's prior written consent prior to settling or satisfying any such proceeding.

Parent is not required to do any of the following:

agree to or effect any divestiture or hold-separate order, or enter into any license or similar agreement with respect to, or agree to restrict its ownership or operation of, any business or assets of ours, of Parent, or of our respective affiliates or subsidiaries;

enter into, amend, or agree to enter into or amend, any contracts of ours, of Parent, or of our respective affiliates or subsidiaries;

otherwise waive, abandon or alter any material rights or obligations of ours, of Parent, or of our respective affiliates or subsidiaries;
or

file or defend any lawsuit, appeal any judgment or contest any temporary, preliminary or permanent order or injunction issued in any proceeding initiated by a governmental authority or by any other party.

We and Parent also agreed to notify each other of certain occurrences prior to completion of the merger, including the following:

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the occurrence of any event whose occurrence would be reasonably likely to cause any condition to the obligation of either party to complete the merger not be satisfied or would have, or be reasonably likely to have, a Material Adverse Effect on us;

any written notice or other communication from any person or entity alleging that the consent or approval of such person or entity is required in connection with the transactions contemplated by the merger agreement or that such transactions may violate the rights of or confer remedies upon such person or entity; or

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any written notice or other communication from any governmental authority in connection with the transactions contemplated by the merger agreement.

Conditions to the Merger

Conditions to Each Party's Obligations

Each party's obligation to complete the merger is subject to the satisfaction of the following conditions at or prior to the effective time of the merger, unless waived in writing by all parties:

the merger agreement will be adopted by the affirmative vote of the holders of a majority of the outstanding shares of our common stock;

no court of competent jurisdiction or other governmental authority shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits completion of the merger or the transactions contemplated by the merger agreement; and

any applicable waiting period under the HSR Act and applicable foreign competition laws will have expired or been terminated, or any approvals under foreign competition laws shall have been obtained.

Conditions to Parent's and Merger Sub's Obligations

The obligation of Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver by Parent of the following additional conditions at or prior to the effective time of the merger:

our representations and warranties:

relating to our organization and existence, our power and authority to enter into the merger agreement, enforceability of the merger agreement against us, the vote required for our stockholders to adopt the merger agreement, capitalization, financial advisory fees and delivery by J.P. Morgan of a fairness opinion, shall in each case 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 (except in each case to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), in each case determined without giving effect to any materiality or Material Adverse Effect qualifications contained therein; and

in Article 4 of the merger agreement other than those listed above 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 (except in each case to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on us, in each case without giving effect to any materiality or Material Adverse Effect qualifications contained therein;

we shall have performed in all material respects, all of our obligations and abided in all material respects by all the covenants required to be performed and complied with by us under the merger agreement at or prior to completion of the merger;

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since the date of the merger agreement, there shall not have occurred a Material Adverse Effect on us or any event, change or effect that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on us; and

we shall have provided Parent with the following documents:

a certificate duly executed by of one of our executive officers, dated the closing date of the merger, certifying as to the conditions relating to the accuracy of our representations and warranties and our compliance with our covenants and obligations;

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a certificate, duly executed by one of our officers certifying that our stock is not a United States real property interest because we are not and have not been a United States real property holding corporation for purposes of the U.S. Tax Code;

option termination agreements with a limited number of holders of our options, including several of our named executive officers, which will not terminate by their own terms upon the closing of the merger;

resignation letters duly executed by the members of our board of directors; and

an executed payoff letter with respect to the repayment of our existing credit facility.

Conditions to Our Obligations

Our obligation to complete the merger is further subject to the satisfaction or waiver of the following conditions at or prior to the effective time of the merger:

the representations and warranties of Parent and Merger Sub in the merger agreement 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 (except in each case to the extent such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to prevent or materially delay completion of the merger;

each of Parent and Merger Sub shall have performed, in all material respects, all of its obligations and abided in all material respects by all the covenants required to be performed and complied with by it under the merger agreement at or prior to completion of the merger; and

we shall have received a certificate duly executed by an executive officer of Parent certifying that the above two conditions have been fulfilled.

If a failure to satisfy one of these conditions to the merger is not considered by our board of directors to be material to our stockholders, our board of directors could waive compliance with that condition. Our board of directors is not aware of any condition to the merger that cannot be satisfied. Under Delaware law, after the merger agreement has been adopted by our stockholders, the merger consideration cannot be changed and the merger agreement cannot be altered in a manner adverse to our stockholders without re-submitting the revisions to our stockholders for their approval.

Restrictions on Solicitations of Other Offers

The merger agreement provides that until the effective time of the merger (or, the earlier termination of the merger agreement), we have agreed not to, and must cause our subsidiaries and representatives not to, subject to certain exceptions discussed below:

solicit, initiate, seek or knowingly encourage (including by way of furnishing non-public information regarding us or any of our subsidiaries) or facilitate, any inquiries, proposals or offers from any person, entity or group (within the meaning of Section 13(d)(3) of the Exchange Act) (other than Parent and its subsidiaries) that constitute, or could reasonably be expected to result in an acquisition proposal;

participate in any discussions or negotiations (including by way of furnishing nonpublic information about us) with any third party (other than Parent, Merger Sub, their representatives and our representatives) relating to, or which could reasonably be expected to

lead to an acquisition proposal; or

approve or recommend, or publicly propose to approve or recommend, an acquisition proposal, enter into any contract or agreement in principle relating to an acquisition proposal or enter into any contract

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or agreement in principle requiring us to abandon, terminate or fail to complete the transactions contemplated by the merger agreement or breach our obligations under the merger agreement or propose or agree to do any of the foregoing.

In addition, as of the time we signed the merger agreement, we agreed that we and our subsidiaries would, and we would cause our respective representatives to, cease immediately any existing discussions or negotiations regarding any acquisition proposal, other than those with Parent. We also agreed to instruct any person, entity or group with whom we terminate discussion to promptly return or destroy any non-public information furnished by us or on our behalf.

Notwithstanding the aforementioned restrictions, if we or one of our representatives receives an acquisition proposal from any person or entity, which was made or renewed between April 9, 2012 and the time we receive stockholder approval for the merger and which has not resulted from our violation of our nonsolicitation obligations under the merger agreement:

we may contact and engage in discussions with such person or entity solely for the purpose of clarifying the acquisition proposal and any material terms and conditions thereof so as to determine whether the acquisition proposal is, or could reasonably be expected to result in, a superior proposal; or

we or our representatives may do the following, if our board of directors determines in good faith (after consultation with its outside counsel and financial advisors) that failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law and that the acquisition proposal constitutes, or is reasonably expected to result in, a superior proposal:

furnish to the person or entity making the acquisition proposal, pursuant to a confidentiality agreement containing terms that are similar to and not more favorable in the aggregate to the other party than the terms in our confidentiality agreement with Parent, information with respect to us and our subsidiaries (as long as we provide Parent any such non-public information that we have not previously provided Parent); and

participate in discussions or negotiations regarding the acquisition proposal.

We must promptly (and in any event within 24 hours after receipt), notify Parent of the receipt of any acquisition proposal, any inquiries relating to an acquisition proposal or any request for information from, or any negotiations sought to be initiated or continued with, us or our representatives concerning an acquisition proposal. Our notice must include a copy of any written acquisition proposal and any accompanying written materials or, if the information is not in written form, a written summary of the material terms of the acquisition proposal, inquiry or request, including the identity of the person, entity or group submitting it. We must keep Parent reasonably informed in all respects on a timely basis (and in any event no later than within 48 hours of the occurrence of any significant changes, developments, discussions or negotiations) of the status of any acquisition proposal, inquiry or request (including the material terms and conditions thereof and of any material modification thereto), and any material developments, discussions and negotiations. We and our subsidiaries may not terminate, waive, amend or modify any provision of, or grant permission or request under, any standstill or confidentiality agreement to which we or one of our subsidiaries is a party, and we and our subsidiaries must use reasonable best efforts to enforce the provisions of any such agreement. We may, however, permit a proposal to be made under a standstill agreement if we determine in good faith, after consultation with outside counsel, that failure to take such actions would be inconsistent with our directors' fiduciary duties under applicable law.

An acquisition proposal means any inquiry, offer or proposal, or any indication of interest in making an offer or proposal, made by a person, entity or group at any time which is structured:

to permit such person, entity or group to acquire beneficial ownership of 20% or more of our consolidated assets, or to which more than 20% of our revenues or earnings on a consolidated basis are attributable, or 20% or more of the combined voting power of our common stock;

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as a tender offer or exchange offer that if completed would result in such person, entity or group beneficially owning 20% or more of the combined voting power of our shares of common stock;

as a merger, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving us or any of our subsidiaries; or

as any combination of the foregoing types of transactions if the sum of the percentage of the consolidated assets, consolidated revenues or earnings and common stock involved is more than 20%; in each case other than transactions contemplated by the merger agreement.

A superior proposal means any bona fide written acquisition proposal that:

is on terms that our board of directors determines (after consultation with its outside counsel and financial advisor) are more favorable to our stockholders from a financial point of view, taking into account all of the legal, financial (including the financing terms of such proposal), regulatory and other aspects of the acquisition proposal (including the likelihood and timing of completion thereof) and the merger agreement (including any changes in the terms of the merger agreement committed by Parent to us in writing); and

which our board of directors has determined in its good faith judgment (after consultation with its outside counsel and financial advisor and after taking into account all legal, financial (including the financing terms of such proposal), regulatory and other aspects of the proposal) is reasonably likely to be completed (if accepted),

except that the references to 20% in the definition of acquisition proposal shall be deemed to be references to 50%.

Recommendation Withdrawal/Termination in Connection with a Superior Proposal

The merger agreement requires us to call and hold a meeting of our stockholders as promptly as practicable for the purpose of obtaining the requisite stockholder vote in favor of adoption of the merger agreement. In this regard, our board of directors has unanimously resolved to recommend that our stockholders adopt the merger agreement. The merger agreement also prohibits our board of directors and any committee of our board of directors from making an adverse recommendation change, which consists of any of the following actions:

failing to make, withdrawing, modifying or qualifying in a manner adverse to Parent or Merger Sub the board recommendation;

approving or recommending, or publicly proposing to approve or recommend, to our stockholders an acquisition proposal;

if an acquisition proposal in the form of a tender offer or exchange offer for shares of our capital stock is commenced, failing to recommend against acceptance of such tender offer or exchange offer by our stockholders (including, for these purposes, by taking no position with respect to the acceptance of such tender offer or exchange offer, which shall constitute a failure to recommend against acceptance of such tender offer or exchange offer) within ten business days after commencement thereof;

approving, authorizing or permitting or allowing us or any of our subsidiaries to enter into any letter of intent, agreement in principle, merger or acquisition agreement or any similar agreement or understanding with respect to any acquisition proposal; or

resolving, proposing to a third party or agreeing to take any of the foregoing actions.

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Notwithstanding the foregoing, at any time prior to obtaining the requisite stockholder vote in favor of adoption of the merger agreement, our board of directors may do the following:

take any of the actions prohibited above, if our board of directors determines in good faith, after consultation with its outside counsel and financial advisor, that the failure to do so would be inconsistent with the directors' fiduciary duties under applicable law; and

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if our board of directors determines in good faith, after consultation with its outside counsel and financial advisor, that a written acquisition proposal received by us in compliance with our non-solicitation obligations under the merger agreement constitutes a superior proposal, the board of directors may, upon termination of the merger agreement in accordance with its terms (as described under Termination of the Merger Agreement and Termination Fees and Expenses , below), approve and enter into an agreement relating to such superior proposal, if the following requirements are complied with:

we have provided prior written notice to Parent, at least four business days in advance, of our or our board of directors intention to take such actions, which notice shall specify the material terms of the superior proposal, including a copy of the relevant proposed transaction agreements with, and the identity of, the party making it;

after providing such notice and prior to taking such actions, we shall, and shall cause our representatives to, negotiate with Parent and Merger Sub in good faith (to the extent Parent and Merger Sub desire to negotiate) during such four business day period to make such adjustments in the terms and conditions of the merger agreement as would permit our board of directors to determine that the acquisition proposal no longer constitutes a superior proposal; and

our board of directors shall have considered in good faith any changes to the merger agreement that may be offered in writing by Parent by 11:59 PM Pacific Time on the fourth business day of such four business day period in a manner that would form a binding contract (including the complete form of definitive acquisition agreement executed on behalf of Parent and all exhibits and other attachments thereto, and subject only to our acceptance by countersignature and those conditions set forth therein) if accepted by us and shall have determined in good faith after consultation with outside counsel and financial advisors that the acquisition proposal we received would continue to constitute, or would result in, a superior proposal if such changes offered in writing by Parent were given effect.

Our board of directors may only terminate the merger agreement as described above if the superior proposal did not result from a breach by us of our non-solicitation obligations under the merger agreement. In the event of any material revisions to the superior proposal, we must deliver a new written notice to Parent and comply again with the requirements described above.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after stockholder approval has been obtained:

by mutual written consent of us, Parent and Merger Sub;

by either us or Parent if:

at any time after October 5, 2012, the effective time of the merger shall not have occurred on or before the close of business on such date; provided that the right to so terminate the merger agreement shall not be available to any party whose breach of any representation, warranty, covenant or agreement in the merger agreement has caused or resulted in the failure of the effective time of the merger to have occurred on or before October 5, 2012;

there is any applicable law or order that shall have become final and non-appealable that makes completion of the merger illegal or otherwise prohibited, or enjoins us or Parent from completing the merger; provided that the right to so terminate the merger agreement shall not be available to any party whose failure to perform or comply with its obligations under the merger agreement in all material respects has caused or resulted in such action;

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our stockholders, at the special meeting or at any adjournment or postponement thereof at which the merger agreement was voted on, fail to adopt the merger agreement;

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by us if:

subject to complying with the terms of the merger agreement, our board of directors authorizes us to enter into a binding definitive agreement in respect of a superior proposal, provided that we have paid any termination fee as and when due under the merger agreement (see The Merger Agreement Termination Fees and Expenses below) and we substantially concurrently enter into such binding definitive agreement in respect of the superior proposal;

we are not in material breach of the merger agreement, and Parent or Merger Sub has failed to perform in any material respects any of the covenants or obligations they are required to perform under the merger agreement or any of their representations and warranties are or become untrue or incorrect (without regard to materiality qualifiers contained therein), which failure to perform or to be true and correct would give rise to the failure of a condition to our obligation to complete the merger and is either incurable, or if curable, is not cured by Parent within 30 days after Parent's receipt of written notice of it (or, if earlier, October 5, 2012); or

we are not then in breach of any representation, warranty, covenant or agreement under the merger agreement that would result in the debt financing being unavailable, and:

the mutual and other conditions to Parent's obligation to complete the merger are satisfied (except those to be satisfied at completion, which shall be capable of being satisfied);

all of the conditions to our obligation to complete the merger have been satisfied (except those to be satisfied at completion, which shall be capable of being satisfied) or we have confirmed are willing to waive any unsatisfied conditions, and we have irrevocably confirmed to Parent that we are ready, willing and able to complete the merger; and

Parent and Merger Sub fail to complete the merger by the end of the third business day after October 5, 2012, and we stand ready, willing and able to complete the Merger through the end of such three business day period;

by Parent if:

either an adverse recommendation change (as described under Recommendation Withdrawal/Termination in Connection with a Superior Proposal above) has occurred, our board of directors has failed to publicly confirm its recommendation of the merger within four business days of a written request by Parent to do so, or we have failed to include in this proxy statement the recommendation of our board of directors or a statement to the effect that our board has determined and believes that the merger is in the best interests of our stockholders;

Parent is not in material breach of the merger agreement, and we have failed to perform in any material respects any of our covenants or obligations we are required to perform under the merger agreement or any of our representations and warranties are or become untrue or incorrect (without regard to materiality qualifiers contained therein), which failure to perform or to be true and correct would give rise to the failure of a condition to Parent's obligation to complete the merger and is either incurable, or if curable, is not cured by us within 30 days after our receipt of written notice of it (or, if earlier, October 5, 2012); or

a Material Adverse Effect on us has occurred and is continuing and, if curable, it has not been cured by us within 30 days following our receipt of written notice of the occurrence of such event from Parent.

Termination Fees and Expenses

General

In the event the merger agreement is terminated pursuant to its terms, it shall become void and no party shall have any liability except:

with respect to confidentiality obligations, which shall survive termination;

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for damages resulting from a material breach of any representation, warranty or covenant or agreement set forth in the merger agreement resulting from failure to act with the actual knowledge that the taking of such act or failure to take such act would cause a breach of the merger agreement; or

under the circumstances described below.

Payable by Us

We have agreed to reimburse Parent's out-of-pocket fees and expenses incurred in connection with the merger agreement, up to \$2.9 million, if either we or Parent terminate the merger agreement because of the failure to receive our stockholder approval at the special meeting or any adjournment or postponement thereof at which the merger agreement was voted on, or if Parent terminates the merger agreement due to a breach of our obligations under the merger agreement relating to promptly calling the stockholder meeting to approve the merger and preparing and mailing this proxy statement. We do not have to reimburse Parent's fees and expenses if they become due after, or concurrently with, our payment of the \$11 million termination fee described below.

We must pay a termination fee of \$11 million to Parent in connection with termination of the merger agreement under the following circumstances (for further details regarding the bases of termination, see *The Merger Agreement Termination of the Merger Agreement* above):

if Parent terminates the merger agreement as a result of an adverse recommendation change, the failure of our board of directors to publicly confirm its recommendation of the merger, or our failure to include in this proxy statement the recommendation of our board of directors or a statement to the effect that our board has determined and believes that the merger is in the best interests of our stockholders;

if we terminate the merger agreement in connection with the authorization by our board of directors for us to enter into a binding definitive agreement in respect of a superior proposal; or

if the following events occur:

an acquisition proposal has been publicly announced or disclosed and not terminated or withdrawn prior to termination of the merger agreement (or, in the event of termination following failure to obtain stockholder approval, not terminated or withdrawn at least five business days prior to the stockholder meeting);

either party terminates the merger agreement as a result of the merger not having been completed prior to October 5, 2012 or our stockholders having failed to adopt the merger at a duly called stockholders meeting, or Parent terminates the merger agreement as a result of our failure to comply with our covenants and obligations in all material respects; and

within 12 months after termination, we enter into a contract providing for the implementation of an acquisition proposal or complete an acquisition proposal.

As used above, *acquisition proposal* has the same meaning set forth in *Restrictions on Solicitation and Other Offers*, except that references to 20% will be deemed references to 50%.

Payable by Parent

Parent must pay us a breakup fee of \$20 million if we terminate the merger agreement under either of the following circumstances (for further details regarding the bases of termination, see *The Merger Agreement Termination of the Merger Agreement* above):

where both:

Parent has failed to perform its obligations to obtain debt financing, or its representations and warranties relating to financing are or become untrue, in each case under circumstances which give us the right to terminate the merger agreement; and

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at the time we terminate the merger agreement, there are no facts or circumstances that would reasonably be expected to cause the mutual conditions to closing not to be satisfied, or the conditions to Parent's obligation to close relating to performance of our covenants and obligations, the truthfulness of our representations and warranties or the absence of a Material Adverse Effect on us not to be satisfied, in each case by October 5, 2012; or

the conditions to Parent's obligation to complete the merger have been satisfied (except those to be satisfied at completion, which shall be capable of being satisfied), the conditions to our obligation to complete the merger have been satisfied or waived, Parent and Merger Sub fail to complete the merger by the end of the third business day after October 5, 2012, and we stand ready, willing and able to complete the Merger through the end of such three business day period.

Liability Limitation

In no event will we be entitled to aggregate monetary damages from Parent and Merger Sub in excess of \$20 million for all losses and damages arising from or in connection with breaches by Parent and Merger Sub of their obligations under the merger agreement or arising from any other claim or cause of action under the merger agreement.

Indemnification and Insurance

The merger agreement provides that to the fullest extent permitted under law, the corporation surviving the merger must indemnify and provide advancement of expenses to each current and former officer and director of us and our subsidiaries with respect to matters arising out of the fact that such person is or was a director, officer or employee of us or any of our subsidiaries prior to the effective time of the merger, whether asserted or claimed prior to, or at or after, the effective time of the merger, to the same extent as provided in our respective organizational documents and any indemnification agreements in effect when the merger agreement was signed.

For six years after the merger, the surviving corporation must maintain officers' and directors' liability insurance in respect of acts or omissions occurring prior to the effective time of the merger covering each officer and director covered by our officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable in the aggregate than those in effect at the time the merger agreement was signed. The surviving corporation does not have to pay annual premiums in excess of 200% of the current annual premium paid for our existing insurance.

Employee Benefits

For a period of twelve months following the effective date of the merger, Parent will provide our employees who become employees of the surviving corporation with compensation and benefits that are, in the aggregate, substantially comparable to the compensation and benefits being provided to those employees immediately prior to the effective date of the merger (other than equity incentive awards).

Those employees will receive service credit for all purposes, other than for accrual purposes under any defined benefit pension plan, under any benefit plan of the surviving corporation under which those employees may be eligible to participate after the effective time of the merger, to the same extent we recognized such service credit under our employee benefit plans immediately prior to the effective time of the merger. In addition, with respect to any benefit plan of the surviving corporation that is a welfare benefit plan, Parent will (i) waive, or use commercially reasonable efforts to cause its insurance carrier to waive, any pre-existing condition limitations, exclusions, actively-at-work requirements and waiting period requirements with respect to participation and coverage requirements applicable to each such employee to the same extent waived or satisfied under our benefit plans, and (ii) provide credit for the year to each such employee for any co-payments, deductibles and out-of-pocket expenses paid by such employee under our benefit plans.

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Amendment, Extension and Waiver

The parties may amend or waive any provision of the merger agreement at any time, except that after our stockholders have adopted the merger agreement, there shall be no amendment or waiver that requires stockholder approval under the DGCL unless stockholder approval is obtained. All amendments and waivers to the merger agreement shall be in writing and signed, in the case of amendments, by us, Parent and Merger Sub or, in the case of waivers, by each party against whom the waiver is to be effective.

Specific Performance

Parent and Merger Sub are entitled to seek specific performance of the terms of the merger agreement, but we are only entitled to seek specific performance to require Parent and Merger Sub to fund the merger consideration or complete the merger if:

the marketing period (as described in Closing; Effective Time; Marketing Period above) has ended and all mutual conditions and other conditions to Parent's obligation to complete the merger have been satisfied (except those to be satisfied at completion, which shall be capable of being satisfied) at the time provided for the closing in the merger agreement;

the debt financing has been funded in accordance with its terms, or will be funded upon completion of the merger; and

we have irrevocably confirmed that if specific performance is granted and the debt financing is funded, then we will take such actions required of us under the merger agreement to cause the merger to be completed.

Table of Contents**MARKET PRICE OF COMPANY COMMON STOCK**

Our common stock trades on the NASDAQ Global Select Market under the symbol ERT .

The table below sets forth the quarterly high and low sales prices for our common stock as reported by The NASDAQ Stock Market, LLC for each quarter during the period from January 1, 2010 through March 31, 2012 and through May 8, 2012 for our second fiscal quarter of 2012 ending June 30, 2012.

	Common Stock Price (\$)	
	High	Low
Fiscal 2010		
First Quarter ended March 31, 2010	6.93	5.34
Second Quarter ended June 30, 2010	8.73	6.37
Third Quarter ended September 30, 2010	8.95	6.42
Fourth Quarter ended December 31, 2010	8.59	5.36
Fiscal 2011		
First Quarter ended March 31, 2011	7.60	5.91
Second Quarter ended June 30, 2011	6.98	5.43
Third Quarter ended September 30, 2011	6.95	4.25
Fourth Quarter ended December 31, 2011	5.55	3.86
Fiscal 2012		
First Quarter ended March 31, 2012	7.96	4.69
Second Quarter ended June 30, 2012 (through May 8, 2012)	8.15	7.80

The closing price of our common stock on the NASDAQ Global Select Market on April 9, 2012, the last trading day prior to our press release announcing the execution of the merger agreement, was \$7.84 per share. On May 8, 2012, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price our common stock on the NASDAQ Global Select Market was \$7.91 per share. You are encouraged to obtain current market quotations for our common stock in connection with voting your shares of our common stock.

If the merger is consummated, each share of our common stock will be converted into the right to receive \$8.00 in cash, without interest and less any applicable withholding taxes, our common stock will be removed from quotation on the NASDAQ Global Select Market and there will be no further public market for shares of our common stock.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows the amount and percentage, as of April 27, 2012, of our common stock that is beneficially owned by (i) each of our directors and named executive officers, (ii) our directors and executive officers as a group and (iii) each person whom we know to own beneficially more than 5% of our common stock. Except as otherwise indicated in the table, the address of each person listed in the table is c/o eResearchTechnology, Inc., 1818 Market Street, Philadelphia, PA 19103.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and sole dispositive power over all shares of our common stock shown as beneficially owned by the stockholder. Shares of our common stock subject to options that are currently exercisable or will become exercisable within 60 days of April 27, 2012 and shares of restricted stock that are expected to vest within 60 days of April 27, 2012, are considered outstanding and beneficially owned by the person holding the options or restricted stock.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage Owned
FMR LLC (1)	5,607,874	11.4%
Columbia Wanger Asset Management, L.P. (2)	4,947,300	10.0
Blum Capital Partners L.P. (3)	4,601,594	9.3
Tocqueville Asset Management LP (4)	3,991,000	8.1
BlackRock Inc. (5)	3,964,980	8.0
The Vanguard Group, Inc. (6)	2,503,860	5.1
Joel Morganroth, MD (7)	1,589,694	3.2
Jeffrey S. Litwin, MD (7)	445,680	*
Stephen S. Phillips (7)	324,715	*
Keith D. Schneck (7)	214,352	*
Amy Furlong (7)	213,029	*
Elam M. Hitchner (7)	103,355	*
Gerald A. Faich, MD, MPH (7)	95,855	*
Stephen M. Schepmann (7)	70,855	*
Achim Schuelke (7)	58,811	*
John B. Sory (7)	48,328	*
Klaus P. Besier (7)	21,700	*
All directors and executive officers as a group (16 persons) (7)	3,606,519	7.1

* Less than 1.0%

- (1) The information presented in the table and in this footnote is as reported in a Schedule 13G/A filed with the SEC on February 14, 2012 by FMR LLC, referred to as FMR, Edward C. Johnson 3d, referred to as Johnson, Fidelity Management & Research Company, referred to as Fidelity, and Fidelity Advisor Small Cap Fund, referred to as Fidelity Small Cap, all located at 82 Devonshire Street, Boston, MA 02109. FMR is a parent holding company. Fidelity, a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 5,607,874 shares of our common stock at December 31, 2011, of which Fidelity Small Cap, an investment company registered under the Investment Company Act of 1940, held 3,891,033 shares. FMR and Johnson, through its control of Fidelity, each has sole power to dispose of the 5,607,874 shares owned by Fidelity's funds.
- (2) Columbia Wanger Asset Management, L.P., referred to as Columbia, is located at 227 West Monroe Street, Suite 3000, Chicago, Illinois 60606. The information presented in the table and in this footnote is as reported in a Schedule 13G/A filed with the SEC on February 13, 2012 by Columbia.
- (3) Blum Capital Partners L.P. is located at 909 Montgomery Street, Suite 400, San Francisco, California 94133. This information presented in the table and in this footnote is as reported in a Schedule 13D/A filed

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- with the SEC on January 3, 2012 filed by Blum Capital, a California limited partnership; Richard C. Blum & Associates, Inc., a California corporation; Blum Strategic GP II LLC., a Delaware limited liability company; Blum Strategic GP III, L.L.C., a Delaware limited liability company; Blum Strategic GP IV, L.L.C., a Delaware limited liability company and Saddlepoint Partners GP, L.L.C., a Delaware limited liability company. Blum Capital's principal business is acting as general partner for investment partnerships and providing investment advisory services. Blum Capital is an investment advisor registered with the SEC.
- (4) Tocqueville Asset Management LP, referred to as Tocqueville, is located at 40 West 57th Street, 19th Floor, New York, NJ 10019. The information presented in the table and in this footnote is as reported in a Schedule 13G/A filed with the SEC on January 30, 2012 by Tocqueville.
 - (5) BlackRock Inc., referred to as BlackRock, is located at 40 East 52nd Street, New York, New York 10022. The information presented in the table and in this footnote is as reported by BlackRock, BlackRock Japan Co. Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Advisors, LLC, BlackRock Investment Management, LLC and BlackRock International Limited in a Schedule 13G/A filed with the SEC on February 10, 2012.
 - (6) The Vanguard Group, Inc. is located at 100 Vanguard Boulevard, Malvern, PA 19355. The information presented in the table and in this footnote is as reported Vanguard in a Schedule 13G filed with the SEC on February 9, 2012. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, beneficially owns 61,748 of these shares.
 - (7) Includes the following shares issuable with respect to options granted pursuant to our 1996 Sto