

Qumu Corp
Form PREM14A
May 09, 2014

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
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QUMU CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

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

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 - (2) Aggregate number of securities to which transaction applies:
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 - Fee paid previously with preliminary materials.
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QUMU CORPORATION
7725 Washington Ave. S.
Minneapolis, MN 55439

Dear Shareholder:

You are invited to attend a special meeting of shareholders of Qumu Corporation (Qumu), which will be held on June [__], 2014 at 9:00 a.m. (Minneapolis, Minnesota time), at 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402.

On April 24, 2014, Qumu entered into an asset purchase agreement with Equus Holdings, Inc. and Redwood Acquisition, Inc. pursuant to which Qumu has agreed to sell all of the assets primarily used in or primarily held for use in connection with our disc publishing business, which we refer to as the Asset Sale Transaction. Qumu s board of directors has unanimously approved the Asset Sale Transaction and unanimously recommends that shareholders vote in favor of the proposal to approve the Asset Sale Transaction.

At the special meeting of shareholders, you will be asked to vote on a proposal to approve the Asset Sale Transaction. If there are insufficient votes in favor of the proposal to approve the Asset Sale Transaction, you will be asked to vote to adjourn or postpone the special meeting of shareholders to solicit additional proxies. The proposal to approve the Asset Sale Transaction will be approved by the holders of a majority of the shares of our common stock outstanding and entitled to vote thereon.

The accompanying proxy statement contains important information concerning the Asset Sale Transaction, specific information about the special meeting and how to cast your vote. We encourage you to read the accompanying proxy statement in its entirety.

Your vote is very important. Whether or not you plan to attend the special meeting of shareholders, please vote by proxy over the Internet, by telephone or by mailing the enclosed proxy card.

If your shares of Qumu common stock are held in street name by your broker, bank or other nominee, then in order to cast your vote you will need to instruct your broker, bank or other nominee on how to vote your shares using the instructions provided by your broker, trust, bank or other nominee.

I look forward to greeting those of you who will be able to attend the special meeting.

Sincerely,

Sherman L. Black

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Asset Sale Transaction, passed upon the merits or fairness of the Asset Sale Transaction or passed upon the adequacy or accuracy of the disclosure in the accompanying proxy statement. Any representation to the contrary is a criminal offense.

This proxy statement is dated May [__], 2014 and is first being mailed to shareholders on or about May [__], 2014.

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QUMU CORPORATION
7725 Washington Ave. S.
Minneapolis, Minnesota 55439
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on June [___], 2014

To Shareholders of Qumu:

A special meeting of shareholders of Qumu Corporation will be held on June [___], 2014 at 9:00 a.m. (Minneapolis, Minnesota time), at 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402. At the special meeting, shareholders will be asked:

1. To approve the sale of the disc publishing assets of Qumu, which constitutes the sale of substantially all of Qumu's assets under the Minnesota Business Corporation Act, as contemplated by the asset purchase agreement dated April 24, 2014 by and among Equus Holdings, Inc. as Parent, Redwood Acquisition, Inc. as Buyer and Qumu Corporation as Seller (as it may be amended from time to time in accordance with the terms thereof), a copy of which is attached as Appendix A to the accompanying proxy statement. We refer to this transaction as the "Asset Sale Transaction" and this proposal as the "Asset Sale Proposal";
2. To approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Asset Sale Proposal. We refer to this proposal as the "Proposal to Adjourn or Postpone the Special Meeting."

Our board of directors has fixed May [___], 2014, as the record date for the determination of shareholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of our common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. At the close of business on the record date, we had [_____] shares of common stock outstanding and entitled to vote.

The proxy statement accompanying this notice is deemed to be incorporated into and forms part of this notice. The accompanying proxy statement, dated May [___], 2014, and proxy card for the special meeting are first being mailed to our shareholders on or about May [___], 2014.

Our board of directors has unanimously approved the asset purchase agreement and unanimously recommends that you vote **FOR** the Asset Sale Proposal and **FOR** the Proposal to Adjourn or Postpone the Special Meeting.

Your vote is very important. Please vote your shares by proxy as promptly as possible whether or not you plan to attend the special meeting.

By Order of the Board of Directors,

Sherman L. Black
Chief Executive Officer
Minneapolis, Minnesota

May [___], 2014

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APPENDIX B:	Opinion of Mooreland Partners LLC dated April 23, 2014
APPENDIX C:	Qumu Corporation Unaudited Pro Forma Condensed Consolidated Financial Statements
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PROXY STATEMENT

Qumu Corporation, a Minnesota corporation (which we refer to as Qumu, the company, we, our, and us), is soliciting the enclosed proxy for at the special meeting of our shareholders to be held on June [], 2014 at 9:00 a.m. (Minneapolis, Minnesota time), at 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402. This proxy statement, dated May [], 2014, and proxy card are first being mailed to our shareholders on or about May [], 2014.

SUMMARY TERM SHEET

This summary term sheet, together with the question and answer section that follows, highlights selected information from this proxy statement about the proposed sale of the disc publishing business assets of Qumu Corporation (which we refer to as the Asset Sale Transaction). This summary term sheet and the question and answer section may not contain all of the information that is important to you. For a more complete description of the Asset Sale Transaction, you should carefully read this proxy statement, its appendices and the documents referred to or incorporated by reference in this proxy statement, in their entirety. Each item in this summary includes a page reference directing you to a more complete description of that topic. Also see WHERE YOU CAN FIND MORE INFORMATION on page 65.

Information About the Parties (page 15)

Qumu Corporation

Qumu Corporation helps businesses deliver digital content directly and securely to their customers, employees and partners. Our software business provides enterprise content distribution software to the rapidly growing enterprise video communications market and is an innovator in the secure mobile delivery of rich content. Our disc publishing business supplies customers in North America, Europe and Asia with industry-leading solutions that label, archive, distribute and protect content on CDs, DVDs and Blu-ray Discs.

We have focused on digital content distribution since our inception. Since 1995, Qumu focused its business on development and sale of its CD recordable (CD-R) publishing systems, and since 2000, its DVD recordable (DVD-R) publishing systems. Blu-ray capabilities were integrated into key products in late 2006 to address the needs of customers desiring the substantial increase in storage capacity provided by this technology. The disc publishing business is mature and has been declining in revenue since 2007 due to technology substitutions. Changes in the information technology landscape have resulted in an evolution of customer needs from physical distribution of content on CDs, DVDs and Blu-ray Discs to online distribution. In addition, enterprises are increasingly having to address the challenge of video and rich content distribution overwhelming their data networks. In response to these changes, in October 2011, we acquired Qumu, Inc., a leader in the fast-growing enterprise video communications market. With the acquisition of Qumu, Inc., we became engaged in the business of providing enterprise content distribution software for the video communications market and the delivery of secure digital content to computer, tablets and mobile devices, which we refer to as our software business. On September 16, 2013, we changed our corporate name from Rimage Corporation to Qumu Corporation to reflect our commitment to the rapidly growing enterprise video communications market.

Qumu Corporation is a Minnesota corporation. Our mailing address is 7725 Washington Ave. S., Minneapolis, MN 55439, and the telephone number at that location is (952) 683-7900. Our principal website is www.qumu.com.

Equus Holdings, Inc. and Redwood Acquisition, Inc.

Equus Holdings, Inc., a Minnesota corporation, is a Minneapolis, Minnesota based privately-held company that has evolved from a custom computer manufacturer to a portfolio of technology companies primarily in the business server and client computing markets. Equus is comprised of several business channels and services, including Equus Computing Solutions, which sells computing solutions through a channel of resellers; Intequus, which provides customized hardware/storage solutions for original equipment manufacturers; Servers Direct, which offers an e-commerce store for build-to-order servers and support; Equus Corporate Services, which provides shared services (finance, marketing, human resources, information, technology, legal) for all Equus businesses as well as other privately owned companies; and RazorSync, which offers mobile workforce management software.

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Redwood Acquisition, Inc., is a wholly-owned subsidiary of Equus Holdings. Redwood Acquisition, a Minnesota corporation, was formed on April 18, 2014 solely for the purposes of the Asset Sale Transaction and is engaged in no other business.

The mailing address for Equus Holdings and Redwood Acquisition is 5801 Clearwater Drive, Minnetonka, MN 55343 and the telephone number at that location is 1-800-641-1475. The principal website for Equus Holdings is www.equus-holdings.com.

Asset Purchase Agreement (page 40 and Appendix A)

On April 24, 2014, we entered into an asset purchase agreement with Equus Holdings and Redwood Acquisition, pursuant to which we have agreed, subject to specified terms and conditions, including approval of the Asset Sale Transaction by our shareholders at the special meeting, to sell to Redwood Acquisition all of the assets primarily used in or primarily held for use in connection with our business of manufacturing and distributing disc publishing solutions that label, archive, distribute and protect content on CDs, DVDs and Blu-ray discs, which we refer to as the disc publishing business. Redwood Acquisition will assume certain agreements and liabilities of the disc publishing business. Qumu primarily will retain its software business and cash. Redwood Acquisition generally will not assume liabilities associated with operation of the disc publishing business prior to the closing of the Asset Sale Transaction other than certain liabilities related to the disc publishing business to the extent set forth on an estimated or final balance sheet calculated as of the closing date, certain obligations under the executory portion of certain disc publishing business contracts to be acquired by Redwood Acquisition, certain obligations under the executory portion of disc publishing business contracts of subsidiaries acquired by Redwood Acquisition entered into in the ordinary course of business, certain obligations under any foreign benefit plans on or after the closing date, and the obligations and liabilities arising out of the ownership of the disc publishing assets acquired by Redwood Acquisition and the operation of the disc publishing business on and after the closing date of the Asset Sale Transaction.

A copy of the asset purchase agreement is attached as Appendix A to this proxy statement. We encourage you to read the asset purchase agreement in its entirety.

Purchase Price (page 43)

The purchase price for the acquired assets will be \$23 million plus an estimated amount of cash held by the acquired subsidiaries (up to \$800,000), plus or less the difference in the estimated net book value of the disc publishing business (as defined in the asset purchase agreement) at closing and a net book value target of \$5 million, and less the estimated EBITDA of the disc publishing business (as defined in the asset purchase agreement) from June 1, 2014 through the closing date.

At the closing of the asset sale transaction, Redwood Acquisition will pay us the purchase price in cash less a \$2.3 million escrow amount that will be placed in an escrow account to support our indemnification obligations under the asset purchase agreement for a fifteen-month escrow period.

Following the closing date, the purchase price will be further adjusted for the actual cash held by certain subsidiaries at the closing date, the actual difference between net book value at the closing date and the target net book value amount, and the actual EBITDA of the disc publishing business from June 1, 2014 through the closing date. Any adjustments will be paid in cash following the closing.

Financing (page 35)

Equus Holdings and Redwood Acquisition estimate that approximately \$23.0 million will be required to complete the Asset Sale Transactions. It is anticipated that these amounts will be funded with bank financing in accordance with a commitment letter that has been issued to Equus Holdings by U.S. Bank National Association and cash on hand of Equus Holdings and Redwood Acquisition. The bank commitment letter provides for a senior secured revolving credit facility of up to \$7 million, term loan of \$18 million and up to \$4 million in available letters of credit. Equus Holdings is obligated to use its reasonable best efforts to obtain the financing on the terms and conditions described in the bank commitment letter and is required to use its reasonable best efforts to arrange for alternate financing in certain circumstances. The asset purchase agreement provides that Equus Holdings and

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Redwood Acquisition will not be obligated to complete the Asset Sale Transaction if Redwood Acquisition has not obtained the financing in accordance with the bank commitment letter. Equus Holdings has agreed to pay us a seller termination fee of \$300,000 if the asset purchase agreement is terminated by us because Redwood Acquisition and Equus Holdings are unable to obtain financing on or before all of the other closing conditions have been satisfied or waived.

Use of Proceeds (page 38)

Our company, and not our shareholders, will receive the net proceeds from the Asset Sale Transaction. We anticipate using the net proceeds in connection with the development and operation of our software business and for general working capital purposes.

Reasons for the Asset Sale Transaction (page 26)

After taking into account all of the material factors relating to the asset purchase agreement and the Asset Sale Transaction, our board of directors concluded that the benefits of the asset purchase agreement and the Asset Sale Transaction outweigh the risks and that the asset purchase agreement and that the Asset Sale Transaction are advisable and in the best interests of our company and our shareholders. Our board of directors did not assign relative weights to the material factors it considered. In addition, our board of directors did not reach any specific conclusion on each of the material factors considered, but conducted an overall analysis of all of the material factors. Individual members of our board of directors may have given different weights to different factors.

Recommendation of Our Board of Directors (page 26)

After careful consideration, our board of directors unanimously recommends that you vote:

- FOR** the Asset Sale Proposal; and
- FOR** the Proposal to Adjourn or Postpone the Special Meeting.

Opinion of Our Financial Advisor (page 28 and Appendix B)

We retained Mooreland Partners LLC (Mooreland Partners) as our financial advisor in connection with the Asset Sale Transaction. At a joint meeting of our board of directors and the transaction committee held on April 23, 2014, Mooreland Partners rendered to our board of directors its oral opinion, subsequently confirmed in writing, that, as of that date and based upon and subject to the assumptions, factors, and limitations set forth in the written opinion and described below, the aggregate consideration to be received by Qumu in the proposed Asset Sale Transaction was fair, from a financial point of view, to Qumu.

The opinion of Mooreland Partners was directed to, and for the use of, our board of directors in connection with its consideration of the Asset Sale Transaction, does not address the underlying business decision to proceed with or effect the Asset Sale Transaction or the relative merits of the Asset Sale Transaction as compared to any strategic alternatives that may be available to our company and does not constitute a recommendation as to how any of our shareholders should vote with respect to the Asset Sale Transaction.

The full text of the opinion of Mooreland Partners dated as of April 23, 2014, which sets forth the assumptions made, matters considered and limits on the scope of the review undertaken in connection with the opinion, is attached as Appendix B to this proxy statement. We encourage you to read the opinion of Mooreland Partners in its entirety.

Special Meeting (page 8)

Date, Time and Place. The special meeting will be held on June [___], 2014 at 9:00 a.m. (Minneapolis, Minnesota time), at 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402.

Record Date and Voting Power. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on May [___], 2014, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you held at the close of business on the record date. There are [_____] shares of our common stock entitled to be voted at the special meeting.

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Required Vote. You may vote FOR, AGAINST or ABSTAIN on the Asset Sale Proposal and the Proposal to Adjourn or Postpone the Special Meeting.

The approval of the Asset Sale Proposal requires the affirmative vote of holders of at least a majority of our issued and outstanding shares of common stock that are entitled to vote at the special meeting. If you attend the special meeting but abstain from voting, either in person or by proxy, or you hold your shares through a broker or other nominee and you do not instruct your broker or other nominee how to vote your shares, the resulting abstention or broker non-vote will have the same effect as a vote AGAINST the approval of the Asset Sale Proposal.

If a quorum is present at the special meeting, the Proposal to Adjourn or Postpone the Special Meeting will be approved if the number of shares voted in favor of that proposal is greater than the number of shares voted against that proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote on the Proposal to Adjourn or Postpone the Special Meeting if it is submitted for shareholder approval when a quorum is present at the meeting. If a quorum is not present at the special meeting, the Proposal to Adjourn or Postpone the Special Meeting will be approved by the affirmative vote of the holders of a majority of the voting power of our common stock present in person or by proxy at the special meeting and no other business will be transacted thereat. Abstentions would have the same effect as a vote AGAINST this proposal and broker non-votes would have no effect on the outcome of the vote on this proposal if it is submitted for approval when no quorum is present at the special meeting.

Proxy Solicitation. We have engaged Proxy Advisory Group to solicit proxies in connection with the matters to be voted on at the Special Meeting. The terms of the engagement authorize Proxy Advisory Group to contact our largest institutional shareholders and our other 100 largest non-objecting beneficial owner and to request their vote in favor of the proposals. Qumu will be solely responsible for the costs of the solicitation, which is anticipated to be less than \$15,000. Certain of Qumu's directors, officers and regular employees may also, without additional compensation, solicit proxies personally or by telephone or e-mail. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from shareholders by telephone, letter, facsimile or in person. These directors, officers and employees will not be paid additional remuneration for their efforts but may be reimbursed for out-of-pocket expenses incurred in connection therewith. Following the original mailing, we will request brokers, custodians, nominees and other record holders to forward their own notice and, upon request, to forward copies of the proxy statement and related soliciting materials to persons for whom they hold shares of our common stock and to request authority for the exercise of proxies. In such cases, upon the request of the record holders, we will reimburse such holders for their reasonable out-of-pocket expenses.

Interests of Certain Persons in the Asset Sale Transaction (page 37)

None of our directors or executive officers is entitled to receive payments in connection with the Asset Sale Transaction. The Asset Sale Transaction does not constitute a change in control for the purposes of any agreement with or equity award granted to our directors or executive officers.

Conditions to Closing (page 43)

The obligation of Equus Holdings and Redwood Acquisition to complete the Asset Sale Transaction is subject to the satisfaction or, to the extent permissible under applicable law or pursuant to the asset purchase agreement, waiver of certain conditions on or prior to the closing. Such conditions include, among others and in addition to customary closing conditions:

approval by Qumu's shareholders of the Asset Sale Proposal;

Redwood Acquisition will have obtained the financing for the Asset Sale Transaction in accordance with its bank commitment letter or alternate financing;

delivery of evidence transferring all of the outstanding ownership interests in the acquired subsidiaries to Redwood Acquisition;

the specified third party consents and approvals will have been obtained;

a deed transferring our current headquarters at 7725 Washington Avenue South to Redwood Acquisition;

execution and delivery of the mutual transition services agreement between Redwood Acquisition and us; and

execution and delivery of lease agreement between us and Redwood Acquisition by which we will lease a portion of our current headquarters post-closing.

The obligation of Qumu to complete the Asset Sale Transaction is subject to the satisfaction or, to the extent permissible under applicable law or pursuant to the asset purchase agreement, waiver of certain conditions on or prior to the closing. Such conditions include, among others and in addition to customary closing conditions:

approval by Qumu's shareholders of the Asset Sale Proposal; and

Redwood Acquisition will have executed and delivered mutual transition services agreement and lease agreement.

Solicitation of Transactions (page 49)

The asset purchase agreement prohibits us from soliciting, encouraging or facilitating any offers or proposals for the acquisition of the publishing business and certain other acquisition proposals by a buyer other than Equus Holdings and Redwood Acquisition. However, the asset purchase agreement does not prohibit us from considering and pursuing certain unsolicited acquisition offers from a buyer other than Equus Holdings and Redwood Acquisition that our board of directors determines in good faith constitutes or is reasonably likely to constitute a superior proposal, subject to certain requirements and conditions.

Change of Qumu Board Recommendation (page 50)

Our board of directors unanimously recommends that you vote for the Asset Sale Proposal.

Our board of directors may withdraw or change its recommendation for approval of the Asset Sale Proposal at any time prior to obtaining the required shareholder vote, if our board of directors or any committee of the board determines in good faith, after consultation with its financial advisors and outside counsel, that the failure to do so would be inconsistent with its fiduciary duties under applicable law, which would include, without limitation, the pursuit of an unsolicited acquisition proposal that constitutes or is reasonably likely to constitute a superior proposal. Our board will not be entitled to exercise its right to make a change in its recommendation unless we and our representatives have complied with the non-solicitation, notice and information, negotiation and other provisions of the asset purchase agreement.

Redwood Acquisition and Equus Holdings (at any time prior to Qumu obtaining the required shareholder vote) may terminate the asset purchase agreement if our board of directors approves, endorses or recommends any superior proposal. We may also terminate the asset purchase agreement, at any time prior to obtaining the required shareholder vote, in order to enter into a definitive agreement to effect a transaction contemplated by a superior proposal, subject to certain conditions.

Termination (page 55)

Subject to certain exceptions, the asset purchase agreement may be terminated prior to the closing in certain circumstances, including:

by us or Redwood Acquisition and Equus Holdings if the closing does not occur on or before July 31, 2014;

by Redwood Acquisition and Equus Holdings or by us if a meeting of our shareholders to approve the asset purchase agreement shall have been held and completed and the asset purchase agreement shall not have been adopted at such meeting by the required shareholder vote;

by Redwood Acquisition and Equus Holdings, at any time prior to the adoption of the asset purchase agreement by the required shareholder vote, if our board shall have failed to recommend that our shareholders vote to approve the asset purchase agreement, there shall have occurred a change in the recommendation of our board of directors, our board shall have approved, endorsed or recommended any acquisition proposal, we shall have failed to include in the proxy statement the recommendation by our board of directors that shareholders vote in favor of the Asset Sale Proposal, or our board fails to publicly reaffirm its recommendation that shareholders vote in favor of the Asset Sale Proposal within seven business days after our receipt of a written request by Redwood Acquisition and Equus Holdings following the date of any acquisition proposal;

by us, prior to obtaining the required shareholder vote, in order to enter into a definitive agreement to effect a transaction contemplated by a superior proposal immediately following a change in the recommendation of our board of directors in response to such superior proposal, but we must enter into such definitive agreement contemporaneous with our termination of the asset purchase agreement; or

by us if Redwood Acquisition and Equus Holdings are unable to obtain financing on or before all of the other closing conditions have been satisfied or waived.

The termination of the asset purchase agreement generally relieves the parties from their obligations, except that certain obligations will survive any termination including, among others, obligations relating to confidentiality and termination fees.

We have agreed to pay Redwood Acquisition (or its designee) a buyer termination fee of \$500,000 if the asset purchase agreement is terminated under certain circumstances described above, including if our shareholders do not approve the Asset Sale Proposal, if our board shall have approved, endorsed or recommended any acquisition proposal, or if we terminate the asset purchase agreement in order to enter into a definitive agreement to effect a transaction contemplated by a superior proposal.

Equus Holdings has agreed to pay us a seller termination fee of \$300,000 if the asset purchase agreement is terminated by us because Redwood Acquisition and Equus Holdings are unable to obtain financing on or before all of the other closing conditions have been satisfied or waived.

When the Asset Sale Transaction is Expected to be Completed (page 36)

We expect to complete the Asset Sale Transaction promptly after satisfaction or waiver of all of the closing conditions in the asset purchase agreement, including approval of the Asset Sale Proposal by our shareholders and Redwood Acquisition obtaining the financing for the Asset Sale Transaction under its bank commitment letter or alternate financing. Subject to the satisfaction or waiver of these conditions, we expect the Asset Sale Transaction to close by July 31, 2014. However, there can be no assurance that the Asset Sale Transaction will be completed at all or, if completed, when it will be completed.

Effects on Our Company if the Asset Sale Transaction is Completed (page 36)

If the Asset Sale Transaction is completed, we will no longer conduct the disc publishing business. Instead, we will focus on the software business. We intend to grow and operate our software business and we expect to generate revenues and related cash flows through the sale of software licenses, software on a server appliance, software-enabled devices and a cloud-based Software-as-a-Service (SaaS) platform, as well as software maintenance contracts and professional services sold with these solutions.

The Asset Sale Transaction will not alter the rights, privileges or nature of the issued and outstanding shares of our common stock. A shareholder who owns shares of our common stock immediately prior to the closing of the Asset Sale Transaction will continue to hold the same number of shares immediately following the closing.

Our SEC reporting obligations as a public company will not be affected as a result of completing the Asset Sale Transaction. We believe that immediately after the Asset Sale Transaction we will continue to qualify for listing on the NASDAQ Global Market.

Effects on Our Company if the Asset Sale Transaction is Not Completed (page 37)

If the Asset Sale Transaction is not completed, we will continue our focus on growing our software business and we also will continue to operate the disc publishing business, and we may consider and evaluate other strategic opportunities. In such a circumstance, there can be no assurances that our continued operation of the disc publishing business or any alternative strategic opportunities will result in the same or greater value to our shareholders as the proposed Asset Sale Transaction.

The asset purchase agreement may be terminated under certain circumstances as set forth in the asset purchase agreement and summarized in this proxy statement. We have agreed to pay Redwood Acquisition (or its designee) a buyer termination fee of \$500,000 if the asset purchase agreement is terminated under certain circumstances. Equus Holdings has agreed to pay us a seller termination fee of \$300,000 if the asset purchase agreement is terminated by us if Redwood Acquisition and Equus Holdings are unable to obtain financing on or before all of the other closing conditions have been satisfied or waived.

No Appraisal or Dissenters' Rights (page 37)

No appraisal or dissenters' rights are available to our shareholders under Minnesota law or our articles of incorporation or bylaws in connection with the Asset Sale Proposal or the Proposal to Adjourn or Postpone the Special Meeting.

Anticipated Accounting Treatment (page 38)

Under generally accepted accounting principles in the United States of America, commencing with the quarter during which our shareholders approve the Asset Sale Proposal, we expect to reflect the results of operations of the disc publishing business as discontinued operations. The related anticipated gain on the sale, net of any applicable taxes, will also be reported within discontinued operations upon completion of the Asset Sale Transaction. For further information, see UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS attached to this proxy statement as Appendix C.

Material U.S. Federal Income Tax Consequences of the Asset Sale Transaction (page 38)

The Asset Sale Transaction will be treated for U.S. federal and state income tax purposes as a taxable transaction upon which we will recognize gain or loss. The amount of taxable gain or loss we recognize with respect to the sale of a particular asset will be measured by the difference between the amount realized by us on the sale of that asset and our tax basis in that asset. The determination of whether we will recognize gain or loss will be made with respect to each of the assets to be sold. Accordingly, we may recognize gain on the sale of certain assets and loss on the sale of certain others, depending on the amount of consideration allocated to an asset as compared with the basis of that asset. Further, the sale of certain assets may result in ordinary income or loss, depending on the nature of the asset. To the extent the Asset Sale Transaction results in us recognizing a net gain for U.S. federal income tax purposes, we expect that our available net operating loss carryforwards will offset all or a substantial part of such gain. The Asset Sale Transaction will not be a taxable event for U.S. federal income tax purposes to our shareholders.

Risk Factors (page 61)

In evaluating the Asset Sale Proposal, in addition to the other information contained in this proxy statement, you should carefully consider the special risks relating to the Asset Sale Transaction under RISK FACTORS beginning on page 61, as well as the risk factors about our company incorporated by reference. See also WHERE YOU CAN FIND ADDITIONAL INFORMATION on page 65.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Q: Why am I receiving this proxy statement?

A: Our board of directors is furnishing this proxy statement in connection with the solicitation of proxies to be voted at the special meeting of shareholders, or at any adjournments or postponements of the special meeting.

Q: When and where will the special meeting be held?

A: The special meeting will be held on June [], 2014, at 9:00 a.m. (Minneapolis, Minnesota time), at 4200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402.

Q: What matters will the shareholders vote on at the special meeting?

A: The shareholders will vote on the following two proposals:

To approve the Asset Sale Proposal; and

To approve the Proposal to Adjourn or Postpone the Special Meeting.

Q: What is the Asset Sale Proposal?

A: The Asset Sale Proposal is a proposal to approve the sale of assets of the disc publishing business, which constitutes substantially all of the assets of Qumu under the Minnesota Business Corporation Act, pursuant to an asset purchase agreement dated as of April 24, 2014 between Equus Holdings, Inc. as Parent, Redwood Acquisition, Inc. as Buyer and Qumu Corporation as Seller.

Q: What will happen if the Asset Sale Proposal is approved by our shareholders?

A: Under the terms of the asset purchase agreement, if the Asset Sale Proposal is approved by our shareholders and the other closing conditions under the asset purchase agreement have been satisfied or waived, we will sell all of the assets primarily used in or primarily held for use in connection with the disc publishing business to Redwood Acquisition and we will discontinue operation of the disc publishing business.

Q: What is the Proposal to Adjourn or Postpone the Special Meeting?

A: The Proposal to Adjourn or Postpone the Special Meeting is a proposal to permit us to adjourn or postpone the special meeting for the purpose of soliciting additional proxies in the event that, at the special meeting, the affirmative votes in favor of the Asset Sale Proposal are less than required to approve the Asset Sale Proposal.

Q: What will happen if the Proposal to Adjourn or Postpone the Special Meeting is approved by our shareholders?

A: If there are insufficient votes at the time of the special meeting to approve the Asset Sale Proposal, and the Proposal to Adjourn or Postpone the Special Meeting is approved at the special meeting, we will be able to adjourn or postpone the special meeting for purposes of soliciting additional proxies to approve the Asset Sale Proposal. If you have previously submitted a proxy on the proposals discussed in this proxy statement and wish to revoke it upon adjournment or postponement of the special meeting, you may do so.

Q: Am I entitled to appraisal or dissenters' rights in connection with the Asset Sale Proposal or the Proposal to Adjourn or Postpone the Special Meeting?

A: Shareholders are not entitled to appraisal or dissenters' rights under Minnesota law or under our articles of incorporation or bylaws in connection with the Asset Sale Proposal or the Proposal to Adjourn or Postpone the Special Meeting.

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

A: Holders of our common stock at the close of business on May [___], 2014, the record date for the special meeting established by our board of directors, are entitled to receive notice of, and to vote their shares at, the special meeting and any related adjournments or postponements. As of the close of business on the record date, there were [_____] shares of our common stock outstanding and entitled to vote. Holders of our common stock are entitled to one vote per share.

Q: What are the quorum requirements for the special meeting?

A: The presence in person or by proxy of the holders of a majority of our outstanding shares of common stock that are entitled to vote at the special meeting constitutes a quorum. You are counted as present at the special meeting for quorum purposes if you are present and vote in person at the special meeting or if you properly submit a proxy by returning the proxy card accompanying this proxy statement in the postage-paid envelope provided or by the Internet or telephone voting procedures described below under Q: How do I vote? A validly submitted proxy will result in your shares counting towards a quorum even if no voting instructions are provided. Broker non-votes will be counted for the purposes of determining whether a quorum is present at the special meeting.

Q: What vote is required to approve each of the proposals?

A: You may vote FOR, AGAINST or ABSTAIN on the Asset Sale Proposal and the Proposal to Adjourn or Postpone the Special Meeting.

The approval of the Asset Sale Proposal requires the affirmative vote of holders of at least a majority of our issued and outstanding shares of common stock entitled to vote at the special meeting. If you fail to vote, either in person or by proxy, or you attend the meeting or deliver a proxy but abstain from voting, or you do not instruct your broker or other nominee how to vote your shares, the resulting non-attendance, abstention or broker non-vote will have the same effect as a vote AGAINST the approval of such proposal.

If a quorum is present at the special meeting, the Proposal to Adjourn or Postpone the Special Meeting will be approved if the number of shares voted in favor of that proposal is greater than the number of shares voted against that proposal. Non-attendance, abstentions and broker non-votes will have no effect on the outcome of the vote on the Proposal to Adjourn or Postpone the Special Meeting if it is submitted for shareholder approval when a quorum is present at the meeting. If a quorum is not present at the special meeting, the Proposal to Adjourn or Postpone the Special Meeting will be approved by the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy at the special meeting and no other business will be transacted thereat. Abstentions would have the same effect as a vote AGAINST this proposal and non-attendance and broker non-votes would have no effect on the outcome of the vote on this proposal if it is submitted for approval when no quorum is present at the special meeting.

Q: How do I vote?

A: You may vote by proxy or in person at the special meeting.

Voting in Person. If you hold shares as a shareholder of record and plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Alternatively, you may provide us with a signed proxy card before voting is closed. If you would like to vote in person, please bring proof of identification with you to the special meeting. Even if you plan to attend the special meeting, we strongly encourage you to submit a proxy for your shares in advance as described below, so your vote will be counted if you are not able to attend. If your shares are held in street name, you must bring to the special meeting a proxy from the record holder of the shares (your broker, bank or nominee) authorizing you to vote at the special meeting. To do this, you should contact your broker, bank or nominee as soon as possible.

Voting By Proxy. If you hold your shares as shareholder of record, you may submit a proxy for your shares by mail, by telephone or on the Internet by following the instructions on the proxy card accompanying this proxy statement. If you submit a proxy, by telephone or on the Internet, you should not return by mail the proxy card accompanying this proxy statement.

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If you hold your shares in street name, then you received this proxy statement from your broker, bank or nominee, along with a voting instruction card from your broker, bank or nominee. You will need to instruct your broker, bank or other nominee on how to vote your shares of common stock using the voting instructions provided. All shares represented by properly executed proxies received in time for the special meeting will be voted in the manner specified by the shareholders giving those proxies.

Q: What happens if I abstain?

A: If you neither attend the special meeting nor deliver a proxy, the resulting non-attendance will have the same effect as a vote **AGAINST** the approval of the Asset Sale Proposal, but will have no effect on the outcome of the vote for the Proposal to Adjourn or Postpone the Special Meeting. If you attend the special meeting but abstain from voting, either in person or by proxy, the resulting abstention will have the same effect as a vote **AGAINST** the approval of the Asset Sale Proposal. Abstentions will not have any effect on the outcome of the vote on the Proposal to Adjourn or Postpone the Special Meeting if the proposal is submitted for shareholder action when a quorum is present at the special meeting. If the Proposal to Adjourn or Postpone the Special Meeting is submitted for shareholder action when a quorum is not present at the special meeting, abstentions will have the same effect as a vote **AGAINST** the proposal.

Q: If I hold my shares in street name through my broker, will my broker vote these shares for me?

A: If you hold your shares in street name, you must provide your broker, bank or other nominee with instructions in order to vote those shares. To do so, you should follow the voting instructions provided to you by your bank, broker or other nominee. If your bank, broker or nominee holds your shares in its name and you do not instruct it how to vote, it will not have discretion to vote on any of the proposals at the special meeting.

Q: What happens if I hold my shares in street name through my broker and I do not instruct my broker how to vote my shares?

A: Brokers, banks or other nominees who hold shares in street name for their customers have the authority to vote on routine proposals when they have not received instructions from the beneficial owners of such shares. However, brokers, banks or other nominees do not have the authority to vote shares they hold for their customers on non-routine proposals when they have not received instructions from the beneficial owners of such shares. The Asset Sale Proposal and the Proposal to Adjourn or Postpone the Special Meeting are non-routine proposals. As a result, absent instructions from the beneficial owner of such shares, brokers, banks and other nominees will not vote those shares. This is referred to as a broker non-vote. Broker non-votes are counted for purposes of determining whether there is a quorum. Broker non-votes will have the same effect as a vote **AGAINST** the approval of the Asset Sale Proposal. Broker non-votes will not have any effect on the outcome of the vote on the Proposal to Adjourn or Postpone the Special Meeting.

Q: Can I change my vote?

A: Yes. If you are a shareholder of record, you may change your vote or revoke your proxy at any time before the vote at the special meeting by:

delivering to Wells Fargo Shareowner Services a written notice, bearing a date later than your proxy, stating that you revoke the proxy;

submitting a later-dated proxy (either by mail, by telephone or on the Internet) relating to the same shares prior to the vote at the special meeting; or

attending the special meeting and voting in person (although attendance at the special meeting will not, by itself, revoke a proxy).

If your shares are held in street name, you must contact your broker, bank or nominee to revoke your proxy.

Q: What if I do not specify a voting choice for a proposal when returning a proxy?

A: If you hold your shares of record, proxies that are signed and returned without voting instructions will be voted in accordance with the recommendations of our board of directors. Our board of directors unanimously recommends that shareholders vote FOR the Asset Sale Proposal and FOR the Proposal to Adjourn or Postpone the Special meeting. If your shares are held in street name, failure to give voting instructions to your broker, bank or other nominee will result in a broker non-vote.

Q: What is the difference between a shareholder of record and a shareholder who holds stock in street name?

A: If your shares are registered in your name, you are a shareholder of record. If your shares are held in an account with a broker, bank or another holder of record, these shares are considered to be held in street name.

Q: What does it mean if I get more than one proxy card?

A: If your shares are registered differently and are in more than one account, you may receive more than one proxy card. Please complete, sign, date, and return all of the proxy cards you receive regarding the special meeting to ensure that all of your shares are voted.

Q: How are proxies solicited and what is the cost?

A: We will bear all expenses incurred in connection with the solicitation of proxies and printing, filing and mailing this proxy statement. We have engaged Proxy Advisory Group to solicit proxies in connection with the matters to be voted on at the special meeting. The terms of the engagement authorize Proxy Advisory Group to contact our largest institutional shareholders and our other 100 largest non-objecting beneficial owner and to request their vote in favor of the proposals. Qumu will be solely responsible for the costs of the solicitation, which is anticipated to be less than \$15,000.

Certain of Qumu's directors, officers and regular employees may also, without additional compensation, solicit proxies personally or by telephone or email. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from shareholders by telephone, letter, facsimile or in person. These directors, officers and employees will not be paid additional remuneration for their efforts but may be reimbursed for out-of-pocket expenses incurred in connection therewith. Following the original mailing, we will request brokers, custodians, nominees and other record holders to forward their own notice and, upon request, to forward copies of the proxy statement and related soliciting materials to persons for whom they hold shares of our common stock and to request authority for the exercise of proxies. In such cases, upon the request of the record holders, we will reimburse such holders for their reasonable out-of-pocket expenses.

Q: What should I do if I have questions regarding the special meeting?

A: If you have any questions about how to cast your vote for the special meeting or would like copies of any of the documents referred to or incorporated by reference in this proxy statement, you should call our Secretary at (952) 683-7900.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as anticipates, estimates, expects, projects, intends, plans and believes, among others, generally identifies forward-looking statements.

Actual results could differ materially from those contained in the forward-looking statements. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those set forth under RISK FACTORS beginning on page 61, as well as the risk factors about our company included as part of our Annual Report on Form 10-K for the year ended December 31, 2013. See WHERE YOU CAN FIND ADDITIONAL INFORMATION on page 65.

Other unknown or unpredictable factors that could also adversely affect the Asset Sale Transaction and our business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this proxy statement may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of Qumu management as of the date of this proxy statement. Except as required by applicable law, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations.

OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May [___], 2014, certain information with respect to the beneficial ownership of Qumu's common stock by (i) each shareholder known by Qumu to be the beneficial owner of more than 5% of Qumu's common stock, (ii) each director of Qumu, (iii) each of the named executive officers of Qumu (which are our executive officers identified as named executive officers in our proxy statement for our 2014 Annual Meeting), and (iv) all directors and executive officers of Qumu as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Outstanding
Invicta Capital Management, LLC (2) 60 East 42nd Street New York, NY 10165	[820,938]	9.5%
Ariel Investments, LLC (3) 200 E. Randolph Dr., Suite 2900 Chicago, IL 60601	[793,814]	9.1%
Dolphin Limited Partnership III, L.P. (4) c/o 96 Cummings Point Road Stamford, CT 06902	[560,500]	6.5%
Renaissance Technologies LLC (5) 800 Third Avenue New York, NY 10022	[500,959]	5.8%
Thomson Horstmann & Bryant, Inc. (6) 501 Merritt 7 Norwalk, CT 06851	[471,116]	5.4%
Sherman L. Black (7)(8)(9)	[_____]	4.1%
James L. Reissner (7)	[_____]	1.3%
Lawrence M. Benveniste (7)	[_____]	*
Daniel R. Fishback (7)	[_____]	*
Thomas F. Madison (7)	[_____]	*
Kimberly K. Nelson (7)	[_____]	*
Robert F. Olson (7)	[_____]	*
Justin A. Orlando (7)	[_____]	*
Steven M. Quist (7)(10)	[_____]	*
James R. Stewart (8)	[_____]	*
All current executive officers and directors as a group (11 persons)	[_____]	9.1%

* Less than one percent

- (1) Includes the following number of shares that could be acquired within 60 days of May [___], 2014 upon the exercise of stock options: Mr. Black, [_____] shares; Mr. Reissner, [_____] shares; Mr. Benveniste, [_____] shares; Mr. Fishback, [_____] shares; Mr. Madison, [_____] shares; Ms. Nelson, [_____] shares; Mr. Olson, [_____] shares; Mr. Orlando, [_____] shares; Mr. Quist, [_____] shares; Mr. Stewart, [_____] shares; and all current directors and executive officers as a group, [_____] shares. Also includes the following number of shares that could be acquired within 60 days of May [___], 2014 upon settlement of restricted stock units previously granted to non-employee directors: Mr. Reissner, [_____] shares; Mr. Benveniste, [_____] shares; Mr. Fishback, [_____] shares; Mr. Madison,

[_____] shares;

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Mr. Quist, [_____] shares; Mr. Olson, [_____] shares; Mr. Orlando, [_____] shares; Ms. Nelson, [_____] shares; and all non-employee directors as a group, [_____] shares.

- (2) Based on an Amendment No. 1 to Schedule 13G filed on February 14, 2014 in which Invicta Capital Management, LLC and Gregory A. Weaver, the controlling member of Invicta Capital Management, LLC, report shared voting and dispositive power over [820,938] shares as of December 31, 2013.
- (3) Based on a Schedule 13G filed on February 14, 2014 in which the reporting person reports sole voting power over [498,939] shares and sole dispositive power over [793,814] shares as of December 31, 2013.
- (4) Based on an Amendment No. 1 to Schedule 13D filed on October 28, 2013 by Dolphin Limited Partnership III, L.P. (Dolphin III), Dolphin Associates III, LLC, Dolphin Holdings Corp. III (Dolphin Holdings III), Donald T. Netter, Justin A. Orlando, and Daniel J. Englander in which the reporting persons report that Dolphin III holds the shares indicated above. Dolphin III is controlled by Dolphin Associates III, LLC, which is in turn controlled by Dolphin Holdings III. Mr. Netter serves as Senior Managing Director of Dolphin Holdings III. In the Schedule 13D, each reporting person specifically disclaims beneficial ownership of the shares reported therein that he or it does not directly own, except to the extent of his or its pecuniary interest therein. Qumu Corporation is a party to an agreement dated March 18, 2013, as amended on October 23, 2013, with Dolphin III, Dolphin Associates III, LLC and Dolphin Holdings III that governs certain governance and voting matters. Dolphin III, Dolphin Associates III, LLC and Dolphin Holdings III are entitled to vote in their discretion at the special meeting on the Asset Sale Proposal and the Proposal to Adjourn or Postpone the Special Meeting.
- (5) Based on a Schedule 13G filed on February 13, 2014 in which Renaissance Technologies LLC reports sole voting power over [484,800] shares, sole dispositive power over [500,800] shares and shared dispositive power over [159] shares as of February 28, 2013. Renaissance Technologies Holdings Corporation is the majority owner of Renaissance Technologies LLC.
- (6) Based on a Schedule 13G filed on February 6, 2014 in which the reporting person reports shared voting power over [221,734] shares and sole voting power over [471,116] shares.
- (7) Currently serves as our director.
- (8) Named executive officer.
- (9) Includes [_____] shares held by the Cara L. Black Revocable Trust, of which Mr. Black&