SUPPORTSOFT INC
Form PRER14A
May 22, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x	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		

SupportSoft, 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.

¨ 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:

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

(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):

The purchase price payable under the asset purchase agreement consists of $20,000,000, subject to a possible adjustment as set forth in the asset purchase agreement. Solely for purposes of calculating the filing fee, the registrant estimates a purchase price of $20,000,000.

(4) Proposed maximum aggregate value of transaction:

$20,000,000

(5) Total fee paid:

$1,116

x 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 with preliminary materials:

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

(3) Filing Party:

(4) Date Filed:

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SUPPORTSOFT, INC.

1900 SEAPORT BOULEVARD, 3RD FLOOR

REDWOOD CITY, CA 94063

Dear Stockholder:

We cordially invite you to attend the 2009 Annual Meeting (the Annual Meeting) of stockholders of SupportSoft, Inc. (SupportSoft or the Company) which will be held on , 2009 at 4 p.m., Pacific Time, at the Company s principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

In addition to the election of directors to serve on our Board of Directors and the ratification of the appointment of our independent registered public accounting firm, both of which we typically do at our Annual Meeting, this year we are also seeking your approval for an important transaction and related matters. We have agreed to sell our Enterprise Business (the Enterprise Business) to Consona Corporation (Consona or the Buyer), pursuant to an Asset Purchase Agreement dated as of April 5, 2009 (the Asset Purchase Agreement). In accordance with the terms and conditions of the Asset Purchase Agreement, we will sell the Enterprise Business to Consona for $20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement (the Asset Sale). The full text of the Asset Purchase Agreement is included as Annex A to the proxy statement that accompanies this letter. We strongly encourage you to read this entire proxy statement and the entire Asset Purchase Agreement, as the Asset Purchase Agreement will be the legal governing document setting forth the precise terms of the Asset Sale.

The proposed Asset Sale cannot be consummated until such time as we receive the minimum number of votes necessary to adopt and approve the Asset Sale, which constitutes the sale of substantially all of our assets under Delaware law, and all other closing conditions contained in the Asset Purchase Agreement are satisfied or waived. We have scheduled this vote to occur at our Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Adoption and approval of the Asset Sale and the Asset Purchase Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting. Therefore, failure to vote will have the same effect as a vote AGAINST the adoption and approval of the Asset Sale and the Asset Purchase Agreement.

At the Annual Meeting, you will be asked to consider and vote upon the following proposals, each as described more fully in the enclosed proxy statement: (i) to adopt and approve the Asset Sale and the Asset Purchase Agreement, (ii) to approve an amendment to our Amended and Restated Certificate of Incorporation (the Charter) to change our name to support.com, Inc. (the Name Change Charter Amendment), (iii) to elect six directors to serve on the Board of Directors until the 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, (v) to adjourn the Annual Meeting, if necessary, to facilitate the adoption and approval of the preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to adopt and approve the preceding proposals, and (vi) to transact such other business as properly may come before the Annual Meeting.

After careful consideration, our board of directors has unanimously determined that (i) the Asset Sale is expedient and in the best interests of the Company and our stockholders and (ii) the Name Change Charter Amendment is advisable and in the best interests of the Company and our stockholders. Our board of directors unanimously recommends that you vote (i) FOR the adoption and approval of the Asset Sale and the Asset Purchase Agreement, (ii) FOR the approval of the Name Change Charter Amendment, (iii) FOR the election of the six directors identified herein, (iv) FOR the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year and (v) FOR the adjournment of the Annual Meeting, if necessary, to facilitate the adoption and approval of the proposals described herein.

Please review in detail the attached proxy statement for a more complete understanding of the proposed Asset Sale, including a description of the Asset Purchase Agreement, the background of our decision to enter into the Asset Purchase Agreement, the reasons that our board of directors has decided to recommend that you approve the proposed Asset Sale, and the section titled Special Risk Considerations Regarding the Proposal to Sell the Enterprise Business describing risk factors relating to the proposed Asset Sale.

Please sign and return the enclosed proxy card as soon as possible in the envelope provided, or vote by telephone or via the Internet as provided in the proxy card. Voting by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. If you attend the meeting, you can revoke your proxy at any time before it is exercised at the meeting and vote your shares personally by following the procedures described in the accompanying proxy statement.

We look forward to seeing you.

Sincerely,

Anne-Marie Eileraas

Senior Vice President, General Counsel and Secretary

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SUPPORTSOFT, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On , 2009

TO ALL SUPPORTSOFT STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting (the Annual Meeting) of stockholders of SupportSoft, Inc., a Delaware corporation (SupportSoft or the Company), will be held on:

Date: , 2009
Time: 4 p.m. Pacific Time
Place: The Company s principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063

We are holding the meeting for the following purposes, as more fully described in the accompanying proxy statement:

1. To approve the sale of substantially all of our assets under Delaware law through the sale (the Asset Sale) of our Enterprise Business (the Enterprise Business) to Consona Corporation (Consona or the Buyer) pursuant to the terms and conditions of an asset purchase agreement dated as of April 5, 2009, by and between the Company and Consona (the Asset Purchase Agreement). The Asset Purchase Agreement is attached as Annex A to this proxy statement;

2. To approve an amendment to our Amended and Restated Certificate of Incorporation (the Charter) to change our name to support.com, Inc. (the Name Change Charter Amendment);

3. To elect six directors to serve on the Board of Directors until the 2010 Annual Meeting of Stockholders and thereafter until their successors are elected and qualified;

4. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009;

5. To adjourn the Annual Meeting, if necessary, to facilitate the approval of the preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to approve the preceding proposals; and

6. To transact such other business as may properly be brought before the meeting.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. On , 2009 we began mailing to stockholders this Notice of the Annual Meeting, the proxy statement and the form of proxy.

All stockholders are cordially invited to attend the Annual Meeting in person. Only stockholders of record at the close of business on , 2009 (the Record Date) are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting. Any registered stockholder in attendance at the Annual Meeting and entitled to vote may do so in person even if such stockholder returned a proxy.

FOR THE BOARD OF DIRECTORS

Anne-Marie Eileraas

Senior Vice President, General Counsel and Secretary

Redwood City, California

, 2009

IMPORTANT: WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE PROXY CARD AND MAIL IT PROMPTLY, OR YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET BY FOLLOWING THE DIRECTIONS ON THE PROXY CARD. ANY ONE OF THESE METHODS WILL ENSURE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED TO THE COMPANY-PROVIDED PROXY CARD ENVELOPE IF MAILED IN THE UNITED STATES.

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PROXY STATEMENT FOR

2009 ANNUAL MEETING OF STOCKHOLDERS

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QUESTIONS AND ANSWERS ABOUT THE ASSET SALE, THE ASSET PURCHASE AGREEMENT AND THE NAME CHANGE CHARTER AMENDMENT

The following questions and answers briefly address some commonly asked questions about the Asset Sale, the Asset Purchase Agreement and the Name Change Charter Amendment. These questions and answers may not address all questions that may be important to you as a stockholder. You should still carefully read this entire proxy statement, including each of the annexes.

This proxy statement is furnished to the holders of common stock, $0.0001 par value per share (Common Stock), of SupportSoft, Inc., a Delaware corporation (SupportSoft or the Company), in connection with the solicitation of proxies for use at the Annual Meeting of stockholders, and at any adjournment of that meeting. In this proxy statement the terms SupportSoft, company, we, our, ours, and us refer to SupportSoft, Inc., a Delaware corporation, and its subsidiaries. The term Asset Purchase Agreement refers to the asset purchase agreement, dated as of April 5, 2009, by and between SupportSoft and Consona Corporation, and as it may be amended, restated, modified or superseded from time to time in accordance with its terms. The term Enterprise Business refers to the Company s Enterprise Business as further described in the Asset Purchase Agreement. The term Asset Sale refers to the proposed sale of the Enterprise Business pursuant to the Asset Purchase Agreement. The term Consona or the Buyer refers to Consona Corporation, a Delaware corporation. Each of SupportSoft and Consona are sometimes referred to in this proxy statement as a party, or collectively as the parties. The term Consumer Business refers to the Company s Consumer Business.

We are electing to deliver this proxy statement together with a copy of our latest Annual Report on Form 10-K, as amended, and our latest Quarterly Report on Form 10-Q. Therefore, this proxy statement is accompanied by a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009. Other than as otherwise described in this proxy statement, there have been no material changes in our affairs that have occurred since December 31, 2008 that were not described in our Form 10-Q for the quarterly period ended March 31, 2009.

The Asset Sale

Q: What is the proposed transaction?

A: The Asset Purchase Agreement provides for the sale of the Enterprise Business to Consona for a cash payment of $20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43.

Q: Why are we asking for a stockholder vote?

A: The sale of the Enterprise Business constitutes the sale of substantially all of our assets under Delaware law. Delaware law requires that a Delaware corporation obtain approval from its stockholders for the sale of all or substantially all of its property and assets. Additionally, obtaining stockholder approval of the Asset Sale is a condition to the closing of the Asset Sale under the terms of the Asset Purchase Agreement we negotiated with Consona.

Q: What is the purpose of the proposed transaction?

A: The purpose of the Asset Sale is to enable us to focus our resources on and enhance the value of our remaining business, the Consumer Business, and to increase the funds we have available to support that business.

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Q: What are the estimated net cash proceeds from the Asset Sale?

A: We currently estimate the net cash proceeds from the Asset Sale to be approximately $18,100,000 after the payment of estimated transaction costs. This estimate assumes that the Asset Sale is completed before June 30, 2009 and therefore that there is no reduction of the purchase price as described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43. The actual amount of net cash proceeds from the Asset Sale may vary from this estimate. In addition, this estimate does not include, and the actual amount of cash proceeds from the Asset Sale will be reduced by, among other things, severance costs for non-continuing employees.

Q: How does SupportSoft plan to use the net cash proceeds from the Asset Sale?

A: We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes and to continue investing in our Consumer Business. We may use a portion of the net cash proceeds for future acquisitions complementary to our Consumer Business; however, at this time no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Q: When will the Asset Sale be consummated?

A: In the event the stockholders approve the Asset Sale and the Asset Purchase Agreement, we expect that the Asset Sale will close promptly following our Annual Meeting.

Q: Will SupportSoft continue to be publicly traded following the Asset Sale? Will its Nasdaq ticker symbol change?

A: The Company will continue to be a publicly traded company whether or not the Asset Sale closes and we will continue to be subject to the rules and regulations of the SEC and the Nasdaq Stock Market. Our Nasdaq ticker symbol will not change and will remain SPRT whether or not the Asset Sale closes and whether or not the Name Change Charter Amendment is approved by our stockholders.

Q: What vote of our stockholders is required to adopt and approve the Asset Sale and the Asset Purchase Agreement?

A: For us to complete the Asset Sale, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal adopting and approving the Asset Sale and the Asset Purchase Agreement.

Q: What will happen if the Asset Sale and Asset Purchase Agreement are not adopted and approved?

A: If the Asset Sale and the Asset Purchase Agreement are not adopted and approved, we will not complete the Asset Sale and the other transactions contemplated by the Asset Purchase Agreement. In that event, we expect to reassess our options in light of our long-term strategic goals. Under the Asset Purchase Agreement we would also be required to reimburse the Buyer for its expenses incurred in pursuing the Asset Sale, up to a maximum of $150,000, in the event the Asset Purchase Agreement is terminated as a result of our failure to obtain stockholder approval of the Asset Sale and Asset Purchase Agreement. We may also be required to pay a $600,000 termination fee if the Asset Purchase Agreement is terminated in the event our board of directors changes or fails to reconfirm its recommendation regarding the Asset Sale and the Asset Purchase Agreement or if the Asset Sale does not close prior to August 31, 2009 and as of that date a superior proposal has been made or a proposal that would be reasonably likely to lead to a superior proposal shall exist.

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The Name Change Charter Amendment

Q: What is the proposed Name Change Charter Amendment?

A: The proposed Name Change Charter Amendment would change our name from SupportSoft, Inc. to support.com, Inc. upon the closing of the Asset Sale.

Q: Why are we asking for a stockholder vote for the Name Change Charter Amendment?

A: Delaware law requires that we obtain approval from our stockholders in order to amend our Charter.

Q: Why are we changing our name?

A: We believe that the name support.com, Inc. more closely aligns our public identity with our Consumer Business, which will be our only remaining business and the sole focus of our board of directors and management after the Asset Sale. Also, we are selling the rights to use the name SupportSoft to Consona. Therefore, after the closing of the Asset Sale, we will be unable to continue using the name SupportSoft without Consona s consent.

Q: What vote of our stockholders is required to approve the Name Change Charter Amendment?

A: For us to amend the Charter, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal approving the amendment to the Charter. Additionally, since the Name Change Charter Amendment is conditioned upon the closing of the Asset Sale, for us to amend the Charter by means of the Name Change Charter Amendment, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal adopting and approving the Asset Sale and the Asset Purchase Agreement.

Q: Is the Name Change Charter Amendment conditioned on the closing of the Asset Sale?

A: Yes. The Name Change Charter Amendment is conditioned upon the closing of the Asset Sale. If the Asset Sale and the Asset Purchase Agreement are not adopted and approved, we will not file the Name Change Charter Amendment with the Secretary of State of the State of Delaware to change our name.

Q: What will happen if the Asset Sale and Asset Purchase Agreement are adopted and approved but the Name Change Charter Amendment is not approved?

A: If our stockholders adopt and approve the Asset Sale and Asset Purchase Agreement but do not approve the Name Change Charter Amendment, we will pursue other legal means of changing our name, including pursuant to a reverse merger into a subsidiary of SupportSoft, which would not require the approval of SupportSoft s stockholders. We have agreed to sell all of the rights to use the name SupportSoft to Consona pursuant to the Asset Purchase Agreement and the transactions contemplated thereby. Continuing to use the name SupportSoft would breach Consona s rights to use such name. Our board of directors believes that the name support.com, Inc. more closely aligns our public identity with our Consumer Business, which would be our only remaining business after the closing of the Asset Sale. In addition, the board of directors has unanimously recommended that our stockholders vote FOR the Name Change Charter Amendment, in part because changing our name through a reverse merger or other legal means will require the expenditure of money by SupportSoft and time by our management and other employees to review all of our commercial agreements to determine if any third-party consents may be required in connection with the merger that would result in the name change.

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The Annual Meeting

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

A: You are receiving a proxy statement and proxy card because you owned shares of our Common Stock as of the Record Date. This proxy statement and proxy card relate to our Annual Meeting (and any adjournment thereof) and describe the matters on which we would like you, as a stockholder, to vote.

Q: When and where is the Annual Meeting?

A: The Annual Meeting will be held on , 2009, at 4 p.m. Pacific Time at the Company s principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

Q: What proposals will be voted on at the Annual Meeting?

A: You will be asked to consider and vote on the following proposals:

to adopt and approve the Asset Sale and the Asset Purchase Agreement, which is attached as Annex A to this proxy statement;

to approve an amendment to the Charter to change our name to support.com, Inc. by means of the Name Change Charter Amendment upon the closing of the Asset Sale;

to re-elect Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos as directors to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified;

to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009; and

to adjourn the Annual Meeting, if necessary, to facilitate the approval of the foregoing proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to approve the foregoing proposals.

Q: How does our Board of Directors recommend that I vote?

A: Our board of directors unanimously recommends that you vote:

FOR the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement;

FOR the proposal to approve the Name Change Charter Amendment upon the closing of the Asset Sale;

FOR the proposal to elect Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified;

FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009; and

FOR the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or approve the foregoing proposals.

Q: What vote of our stockholders is required to approve the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies?

A: The affirmative vote of a majority of the outstanding shares of our common stock present or represented by proxy at the Annual Meeting and entitled to vote on the matter.

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Q: Am I entitled to appraisal or dissenters rights in connection with the Asset Sale or the Name Change Charter Amendment?

A: No. Holders of shares of our outstanding Common Stock will not have appraisal or dissenters rights in connection with the Asset Sale or the Name Change Charter Amendment.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, please vote your shares by completing, signing, dating and returning the enclosed proxy card in the enclosed return envelope or by granting a proxy using the telephone number printed on your proxy card or by following the instructions for Internet voting described on your proxy card. You can also attend the Annual Meeting and vote in person. The Annual Meeting will take place on , 2009.

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

A: If you have shares of Common Stock that are registered differently or are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: How do I vote in person at the Annual Meeting?

A: If you are a stockholder of record of the Company as of , 2009, the Record Date for the Annual Meeting, you may attend the Annual Meeting and vote your shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend that you vote your shares in advance as described above. Your vote will be counted even if you later decide not to attend.

If you hold your shares in street name, you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or nominee.

Q: Can I change my vote after I have mailed in my signed proxy card?

A: Yes. You can change your vote at any time before we vote your proxy at the Annual Meeting. You can do so in three ways. First, you can send written notice stating that you would like to revoke your proxy to our corporate secretary at the address given below. Second, you can request a new proxy card and complete and send it to our corporate secretary at the address given below. Third, you can attend the Annual Meeting and vote in person. You should send any written notice or request for a new proxy card to the attention of our corporate secretary, 1900 Seaport Boulevard, 3rd Floor, Redwood City, CA, 94063. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instructions of your broker or other nominee to revoke a previously given proxy.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker or other nominee will vote your shares only if you provide instructions on how to vote to such broker or other nominee. Following the directions provided by your broker or other nominee, you should instruct your broker or other nominee to vote your shares. Without your instructions, your shares will not be voted, which will have the same effect as a vote AGAINST the adoption and approval of the Asset Sale and the Asset Purchase Agreement and AGAINST the Name Change Charter Amendment. However, our by-laws provide that our directors are to be elected by a plurality vote of the stockholders. Therefore, failure to provide such instructions to your broker or other nominee will not have the same effect as a vote AGAINST the election of the six directors identified herein.

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Q: How will we solicit proxies?

A: Proxies may be solicited in person, by telephone, facsimile, mail or e-mail by our directors, officers and employees without additional compensation. Brokers, nominees, fiduciaries, and other custodians have been requested to forward soliciting material to the beneficial owners of shares of our Common Stock held of record by them, and we will reimburse such custodians for their reasonable expenses. We have also retained Morrow & Co., LLC, a proxy solicitation firm, to assist in the solicitation of proxies for a fee of approximately $10,000 to $15,000, plus out-of-pocket expenses.

Q: What happens if I do not return a proxy card or otherwise do not vote?

A: Your failure to return a proxy card or otherwise vote will mean that your shares will not be counted toward determining whether a quorum is present at the Annual Meeting and will have the legal effect of a vote AGAINST the adoption and approval of the Asset Sale and the Asset Purchase Agreement and the Name Change Charter Amendment. However, our by-laws provide that our directors are to be elected by a plurality vote of the stockholders. Therefore, failure to return a proxy card or otherwise vote will not have the same effect as a vote AGAINST the election of the six directors identified herein.

Q: Who can help answer further questions?

A: If you have more questions about the Asset Sale, the Asset Purchase Agreement, the Name Change Charter Amendment, the election of Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos to the board of directors, the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, the Annual Meeting or this proxy statement, you should contact us as follows:

SUPPORTSOFT, INC.

ATTN: INVESTOR RELATIONS

1900 SEAPORT BOULEVARD, 3RD FLOOR

REDWOOD CITY, CA 94063

TELEPHONE: (650) 556-9440

or

MORROW & CO., LLC

470 WEST AVENUE

STAMFORD, CT 06902

TELEPHONE: (800) 607-0088

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SUMMARY TERM SHEET

This summary highlights selected information from this proxy statement and may not contain all the information that is important to you. You should carefully read this entire proxy statement and the other documents to which we have referred you. See Where You Can Find More Information on page 110. Each item in this summary refers to the page of this document on which the applicable subject is discussed in more detail.

Parties to the Asset Sale (Page 14)

SupportSoft, Inc.

SupportSoft provides software and services designed to make technology work. We currently operate our business in two segments, the Consumer Business and the Enterprise Business. Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in resolving technology problems. Our Enterprise Business consists of our traditional business in which we license technical support software to digital service providers (telecommunications and cable companies) and corporate IT departments and IT outsourcers. We have agreed to sell our Enterprise Business pursuant to the Asset Purchase Agreement. For more information please visit our website at www.supportsoft.com. Our common stock is listed on The NASDAQ Global Select Market under the symbol SPRT. Our common stock will continue to be listed under the symbol SPRT whether or not the Asset Sale is consummated or the Name Change Charter Amendment is approved.

SupportSoft is a Delaware corporation. Our principal executive office is located at 1900 Seaport Boulevard, 3rd Floor, Redwood City, California, 94063. The telephone number there is (650) 556-9440.

Consona Corporation

Consona Corporation (formerly known as M2M Holdings Inc.) is a worldwide leader in providing customer relationship management and enterprise resource planning software and services for companies of all sizes. Consona is dedicated to becoming a valued business partner by helping each and every customer continuously improve business processes over time. Toward this mission, Consona invests in the people, processes, technology and tools needed to provide its customers with a unique combination of customer care; product fit; a broad range of consulting, IT and business services; and industry expertise. Consona serves more than 4,500 customers worldwide and across a variety of industries. Battery Ventures and Thoma Bravo jointly own Consona.

Consona is a Delaware corporation. Its principal executive office is located at 450 East 96th Street, Suite 300, Indianapolis, IN 46240. The telephone number there is (317) 249-1700.

The Annual Meeting

Date, Time and Place of Annual Meeting (Page 14)

The Annual Meeting will be held on , 2009, starting at 4 p.m. Pacific Time at the Company s principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

You will be asked to consider and vote upon the following proposals: (i) the adoption and approval of the Asset Sale and the Asset Purchase Agreement; (ii) the approval of an amendment to our Charter to change our name to support.com, Inc.; (iii) the re-election of six directors to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, and (v) to adjourn the Annual Meeting, if necessary, to facilitate the adoption and approval of the

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preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to adopt and approve the preceding proposals.

The persons named in the accompanying proxy card will also have discretionary authority to vote upon other business, if any, that properly comes before the Annual Meeting and any adjournment of the Annual Meeting.

Record Date, Voting and Quorum (Page 15) and Required Vote (Page 15)

You are entitled to vote at the Annual Meeting if you owned shares of our Common Stock at the close of business on , 2009, the Record Date for the Annual Meeting. You will have one vote for each share of our Common Stock that you owned on the Record Date. As of the Record Date, there were shares of our Common Stock outstanding and entitled to be voted.

A quorum of the holders of the outstanding shares of our Common Stock must be present for the Annual Meeting to be held. The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of our Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, or AGAINST a proposal or marked ABSTAIN and broker non-votes are treated as being present at the Annual Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Annual Meeting with respect to such proposal.

On all matters, each share has one vote. The proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement and the proposal to approve the Name Change Charter Amendment require the affirmative vote of the holders of a majority of the shares outstanding as of the Record Date. Since the proposals for the adoption and approval of the Asset Sale and the Asset Purchase Agreement and the approval of the Name Change Charter Amendment require the approval of the holders of a majority of our shares outstanding as of the Record Date, both broker non-votes and abstentions would have the same effect as votes AGAINST such proposals. Directors are elected by a plurality vote. Therefore, the nominees for the six director seats who receive the most affirmative votes of shares outstanding as of the Record Date that are present in person or represented by proxy at the Annual Meeting will be elected to serve as directors. With respect to the proposal regarding the election of our directors, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal. The proposal to ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009 requires the affirmative vote of the holders of a majority of the outstanding shares as of the Record Date that are present in person or represented by proxy at the Annual Meeting. With respect to the proposal ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009, and the proposal to adjourn the Annual Meeting, if necessary, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal.

Revocability of Proxies (Page 16)

Any registered stockholder who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

- delivering to our principal offices (Attention: Investor Relations) a written instrument that revokes the proxy;
- submitting another properly completed proxy with a later date; or
- attending the Annual Meeting and voting in person.

Simply attending the Annual Meeting will not constitute revocation of a proxy. If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change your instructions.

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The Asset Purchase Agreement

The Asset Purchase Agreement (Page 42)

On April 3, 2009, our board of directors, at a meeting duly called and held, unanimously adopted and approved the Asset Sale pursuant to the Asset Purchase Agreement, a copy of which is included as Annex A to this proxy statement. Please read it carefully. Pursuant to the terms of the Asset Purchase Agreement:

- we agreed to sell certain assets and assign certain liabilities, in each case, related to the Enterprise Business, which would constitute a sale of substantially all of our assets under Delaware law; and

- in exchange for the Enterprise Business, Consona agreed to make a cash payment to us in the amount of $20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43.

If all necessary approvals have been obtained or waived, including stockholder approval and any third party consents, we hope to complete the Asset Sale shortly after this Annual Meeting scheduled for , 2009.

Reasons for the Asset Sale (Page 25)

In evaluating the Asset Sale, our board of directors considered various factors. For the material factors considered by our board of directors in reaching its decision to adopt and approve the Asset Sale and the Asset Purchase Agreement, see Proposal No. 1 The Asset Sale and the Asset Purchase Agreement The Asset Sale Reasons for the Asset Sale, beginning on page 25.

Recommendation of Our Board of Directors (Page 30)

After careful consideration, our board of directors has unanimously:

- adopted and approved the Asset Purchase Agreement;

- determined the Asset Sale to be expedient and in the best interests of SupportSoft and our stockholders, and recommended to our stockholders that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, be adopted and approved by our stockholders; and

- determined that the Name Change Charter Amendment is advisable and in the best interests of SupportSoft and our Stockholders, and recommended to our Stockholders that the Name Change Charter Amendment be approved by our Stockholders.

Opinion of Our Financial Advisor (Page 30 and Annex B)

In connection with the Asset Sale, our board of directors received an oral opinion on April 3, 2009 from our exclusive financial advisor, Thomas Weisel Partners LLC (TWP), which was subsequently set forth in writing on April 5, 2009, as to the fairness, from a financial point of view and as of the date of such opinion, to SupportSoft of the aggregate consideration to be received by SupportSoft in the Asset Sale. The full text of TWP s written opinion, dated April 5, 2009, is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully and in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. TWP s opinion, which was provided to our board of directors in connection with its evaluation from a financial point of view of the aggregate consideration to be received by SupportSoft in the Asset Sale, does not address any other aspect of the Asset Sale and does not constitute a recommendation to any stockholder as to how to vote or act with respect to the transaction. Under the terms of TWP s engagement, we have agreed to pay TWP a fee for its financial advisory services in connection with the transaction, a substantial portion of which will become payable only upon completion of the transaction.

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Post-Closing Business and Proceeds from the Asset Sale (Page 28)

If the Asset Sale and the Asset Purchase Agreement are adopted and approved by our stockholders and the other conditions to the closing of the Asset Sale are satisfied or waived, Consona will acquire the Enterprise Business. This will constitute the sale of substantially all of our assets under Delaware law. We expect to focus exclusively on our Consumer Business following the closing of the Asset Sale. If the Asset Sale and the Asset Purchase Agreement are not adopted and approved by the holders of a majority of our outstanding shares, then either we or Consona may terminate the Asset Purchase Agreement and our board of directors, along with our management, will reassess our options in light of our long-term strategic goals.

We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes. We may use a portion of the net cash proceeds for future acquisitions complementary to our Consumer Business. However, at this time, no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Other Agreements and Transactions Related to the Asset Sale (Page 35)

In addition to the Asset Purchase Agreement, we intend to enter into a number of related agreements, including the following:

- a transition services agreement with Consona pursuant to which we shall provide certain transitional, administrative and support services to Consona on a short-term basis;

- an intellectual property license agreement with Consona pursuant to we shall license certain intellectual property rights to Consona and Consona shall license back to us some of the intellectual property being sold pursuant to the Asset Sale;

- a trademark agreement pursuant to which we will agree with Consona to terms relating to the usage and registration of certain trademarks (i) being assigned to Consona pursuant to the Asset Sale and (ii) being retained by us; and

- subleases pursuant to which certain space in India will be leased back to us and certain space in Redwood City will be leased to Consona, in each case, on a short term basis.

Interests of Our Directors and Executive Officers in the Asset Sale (Page 35)

In considering the recommendation of our board of directors to vote for the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement, you should be aware that some of our directors and executive officers may have personal interests in the Asset Sale that are, or may be, different from, or in addition to, your interests. On April 6, 2009, we amended and restated the employment offer letter of Michael Sayer, our Executive Vice President, General Manager Enterprise, to provide that a $250,000 lump sum payment and continued health care coverage may be provided to Mr. Sayer under certain circumstances following the closing of an Enterprise Sale (as such term is defined in the amended and restated employment offer letter) as more fully described in the amended and restated employment offer letter. The Asset Sale will qualify as an Enterprise Sale for purposes of the amended and restated employment offer letter. A copy of the amended and restated employment offer letter has been filed with the SEC with a Current Report on Form 8-K on April 6, 2009.

In the event that the Asset Sale does not close and Mr. Sayer s employment with us is terminated without cause not in connection with an Enterprise Sale (as such term is defined in the amended and restated employment offer letter), Mr. Sayer will be entitled to severance in an amount equal to $125,000 as of the date of the termination of employment pursuant to the terms of his amended and restated employment offer letter.

All of our directors and executive officers own shares of our Common Stock and/or options to purchase shares of our Common Stock, and to that extent, their interests in the Asset Sale are the same as that of other holders of our Common Stock. See Securities Ownership of Certain Beneficial Owners and Management, beginning on page 79.

Dissenters Rights (Page 35)

You will not experience any change in your rights as a stockholder as a result of the Asset Sale. Delaware law, the Charter and our bylaws do not provide for appraisal or other similar rights for dissenting stockholders in connection with the Asset Sale, and we do not intend to independently provide stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Asset Sale.

Material U.S. Federal, State and Foreign Income Tax Consequences (Page 36)

The Asset Sale will not result in any material U.S. federal income tax consequences to our stockholders. The transaction will be a taxable event to us for U.S. federal, state and foreign income tax purposes, but we anticipate that a portion of the taxable gain resulting from the Asset Sale will be offset by net operating losses. The transaction will result in alternative minimum tax, which cannot be offset against our net operating losses. For a complete description of the material tax consequences of the Asset Sale to SupportSoft, please see Material U.S. Federal and State Income Tax Consequences, beginning on page 36.

Regulatory Matters (Page 36)

The Asset Sale is not subject to the Hart Scott Rodino Antitrust Improvements Act of 1976 or the reporting and waiting requirements of any other United States antitrust law. We are not aware of any other material regulatory consents that are required in connection with the Asset Sale.

Asset Purchase Agreement (Page 42 and Annex A)

General

Pursuant to the Asset Purchase Agreement, Consona has agreed to pay us $20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement, and assume certain liabilities, for our Enterprise Business. The parties have provided each other with customary representations and warranties as more fully set forth in the Asset Purchase Agreement. In addition, we have agreed to certain covenants, including interim operating covenants which place certain restrictions on the operation of the Enterprise Business until the Asset Sale closes and a mutual non-solicitation of employees covenant. We have not agreed to a non-competition covenant in connection with the Asset Sale.

No Negotiation (Page 47)

The Asset Purchase Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving the Enterprise Business or the sale of SupportSoft as a whole. Notwithstanding these restrictions, under certain limited circumstances, our board of directors may respond to a competing transaction made by a third party, change its recommendation with respect to the Asset Sale or terminate the Asset Purchase Agreement and enter into an alternative agreement, if it constitutes a superior proposal under the criteria and pursuant to the procedures set forth in the Asset Purchase Agreement and after paying the termination fee in the amount and manner specified in the Asset Purchase Agreement. In addition, pursuant to the Asset Purchase Agreement, we may enter into discussions with third parties regarding a sale of the entire company (i.e., a sale that includes both the Enterprise Business and the Consumer Business).

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Conditions to Completion of the Asset Sale (Page 49)

Before we can complete the Asset Sale, a number of conditions must be satisfied. These include, among other things:

- the receipt of our stockholder approval; and
- the absence of any statute, rule, regulation, order, injunction or decree that has been enacted, entered, promulgated or enforced by any governmental authority that prohibits, or makes illegal closing of the Asset Sale.

In addition, the obligations of Consona to complete the Asset Sale are subject to the satisfaction by us or waiver by Consona of conditions, including the following:

- our representations and warranties shall be true and correct as of the date of the Asset Purchase Agreement and the date of the closing of the Asset Sale, except those representations and warranties which address matters only as of a particular date need only be true and correct as of such date, and except those changes that would not reasonably be expected to cause a Material Adverse Effect (as defined below under Proposal No 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement Representations and Warranties) to us;
- we shall have performed and complied in all material respects with each of the covenants, agreements and obligations we are required to perform under the Asset Purchase Agreement;
- the absence of a Material Adverse Effect; and
- the release of liens on certain of the assets being sold.

Finally, our obligations to complete the Asset Sale are subject to the satisfaction by Consona or waiver by us of conditions, including the following:

- Consona s representations and warranties shall be true and correct as of the date of the Asset Purchase Agreement and the date of the closing of the Asset Sale, except those representations and warranties which address matters only as of a particular date need only be true and correct as of such date, and except those changes that would not reasonably be expected to cause a material adverse effect to Buyer; and
- Consona shall have performed and complied in all material respects with each of the covenants, agreements and obligations Consona is required to perform under the Asset Purchase Agreement.

Termination (Page 49)

The parties may, by mutual written consent, terminate the Asset Purchase Agreement at any time prior to the completion of the Asset Sale.

In addition, either we or Consona may, in writing, terminate the Asset Purchase Agreement at any time prior to the effective time of the Asset Sale:

if consummation of the Asset Sale is enjoined, restrained, illegal or otherwise prohibited by the final nonappealable decision of a governmental body or court;

if the Asset Sale has not been completed on or before August 31, 2009;

if the adoption and approval of the Asset Purchase Agreement by our stockholders has not been obtained at the Annual Meeting or any adjournment thereof by reason of the failure to obtain the required vote; or

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if any of the respective conditions to closing shall have become incapable of fulfillment. However, in the event that any representation or warranty fails to be true and correct or either party fails to perform all covenants or other agreements in the Asset Purchase Agreement, such party shall be provided a cure period of 20 days after written notice of breach unless such breach by its nature cannot be cured.

We may terminate, in writing, the Asset Purchase Agreement if our board of directors has determined that a competing transaction is a superior proposal, provided that (i) we received such superior proposal other than as a result of a breach or violation of the terms of the Asset Purchase Agreement, (ii) our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement following a reasonable period of time in which Consona may agree to amend the Asset Purchase Agreement in response to such superior proposal and (iii) we pay to Consona the termination fee of $600,000.

Consona may terminate, in writing, the Asset Purchase Agreement at any time prior to the completion of the Asset Sale if we provide Consona notice that our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement in response to a superior proposal or if our board of directors does not reconfirm its recommendation regarding the Asset Sale and the Asset Purchase Agreement within five business days following Consona s request to do so.

Termination Fee (Page 50)

We will be obligated to pay Consona a fee of $600,000 in connection with the termination of the Asset Purchase Agreement in the event that: (A) we terminate the Asset Purchase Agreement as a result of our written notice to Consona that our board of directors has determined that a competing transaction is a superior proposal, provided that (i) we received such superior proposal other than as a result of a breach or violation of the terms of the Asset Purchase Agreement and (ii) our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement; (B) Consona terminates the Asset Purchase Agreement after receiving written notice from us that our board of directors has determined that a competing transaction is a superior proposal, or if our board of directors does not reconfirm its recommendation regarding the Asset Sale and the Asset Purchase Agreement within five business days following Consona s request to do so; or (C) the Asset Purchase Agreement is terminated because the closing of the Asset Sale shall not have occurred by August 31, 2009 and at or prior to the termination of the Asset Purchase Agreement a superior proposal shall have been made (or a proposal that would be reasonably likely to lead to a superior proposal shall exist and either (a) have been publicly disclosed or (b) notice of such a proposal reasonably likely to lead to a superior proposal shall have been provided, or should have been provided, by us to Consona pursuant to the Asset Purchase Agreement).

In addition, we have agreed to reimburse Consona for its actual and documented out-of-pocket expenses in an amount up to $150,000 in the event that the Asset Purchase Agreement is terminated as a result of a failure to receive stockholder approval of the Asset Sale and the Asset Purchase Agreement.

Securities Ownership of Certain Beneficial Owners and Management (Page 79)

As of March 31, 2009, our directors and executive officers collectively beneficially owned in the aggregate 3,067,575 shares, representing approximately 6.2% of the shares of our Common Stock entitled to vote at the Annual Meeting.

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SUPPORTSOFT, INC.

1900 SEAPORT BOULEVARD, 3RD FLOOR

REDWOOD CITY, CA 94063

PROXY STATEMENT FOR

2009 ANNUAL MEETING OF STOCKHOLDERS

To be Held on , 2009

The Parties to the Asset Sale

SupportSoft, Inc.

SupportSoft provides software and services designed to make technology work. We currently operate our business in two segments, the Consumer Business and the Enterprise Business. Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in resolving technology problems. Our Enterprise Business consists of our traditional business in which we license technical support software to digital service providers (telecommunications and cable companies) and corporate IT departments and IT outsourcers. We have agreed to sell our Enterprise Business pursuant to the Asset Purchase Agreement. For more information please visit our website at www.supportsoft.com. Our common stock is listed on The NASDAQ Global Select Market under the symbol SPRT. Our common stock will continue to be listed under the symbol SPRT whether or not the Asset Sale is consummated or the Name Change Charter Amendment is approved.

SupportSoft is a Delaware corporation. Our principal executive office is located at 1900 Seaport Boulevard, 3rd Floor, Redwood City, California, 94063. The telephone number there is (650) 556-9440.

Consona Corporation

Consona Corporation (formerly known as M2M Holdings Inc.) is a worldwide leader in providing customer relationship management and enterprise resource planning software and services for companies of all sizes. Consona is dedicated to becoming a valued business partner by helping each and every customer continuously improve business processes over time. Toward this mission, Consona invests in the people, processes, technology and tools needed to provide its customers with a unique combination of customer care; product fit; a broad range of consulting, IT and business services; and industry expertise. Consona serves more than 4,500 customers worldwide and across a variety of industries. Battery Ventures and Thoma Bravo jointly own Consona.

Consona is a Delaware corporation. Its principal executive office is located at 450 East 96th Street, Suite 300, Indianapolis, IN 46240. The telephone number there is (317) 249-1700.

Date, Time and Place of Annual Meeting

The Annual Meeting of stockholders will be held on , 2009, at 4 p.m. Pacific Time at the Company s principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063. The approximate date on which this proxy statement and the enclosed proxy card will first be sent to stockholders is , 2009.

Purpose of the Annual Meeting

At the Annual Meeting, we will ask our stockholders to consider and vote upon the following proposals: (i) to adopt and approve the Asset Sale and the Asset Purchase Agreement, (ii) to approve an amendment to our Amended and Restated Certificate of Incorporation (the Charter) to change our name (the Name Change

Charter Amendment), (iii) to re-elect six directors to serve on our board of directors (the Board) until the 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, and (v) to adjourn the Annual Meeting, if necessary, to facilitate the adoption and approval of the preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to adopt and approve the preceding proposals.

After careful consideration, our board of directors has unanimously determined that (i) the Asset Sale is expedient and in the best interests of the Company and our stockholders and (ii) the Name Change Charter Amendment is advisable and in the best interests of the Company and our stockholders. Our board of directors unanimously recommends that you vote (i) FOR the adoption and approval of the Asset Sale and the Asset Purchase Agreement, (ii) FOR the approval of the Name Change Charter Amendment, (iii) FOR the election of the six directors identified herein, (iv) FOR the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year and (v) FOR the adjournment of the Annual Meeting, if necessary, to facilitate the adoption and approval of the proposals described herein

You are urged to review carefully the information contained in the enclosed proxy statement prior to deciding how to vote your shares at the Annual Meeting.

Record Date, Voting and Quorum

Our board of directors fixed the close of business on , 2009 as the Record Date for the determination of holders of our outstanding shares entitled to notice of, and to vote on all matters presented at, the Annual Meeting. Such stockholders will be entitled to one vote for each share held on each matter submitted to a vote at the Annual Meeting. As of the Record Date, there were approximately shares of our Common Stock, issued and outstanding.

The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of our Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, or AGAINST a proposal or marked ABSTAIN are treated as being present at the Annual Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Annual Meeting with respect to such proposal. Broker non-votes are also included for purposes of determining whether a quorum of shares of Common Stock is present at a meeting. A broker non-vote occurs when a nominee holding shares of common stock for the beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Required Vote

On all matters, each share has one vote. The proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement and the proposal to approve the Name Change Charter Amendment require the affirmative vote of the holders of a majority of the shares outstanding as of the Record Date. Since the proposals for the adoption and approval of the Asset Sale and the Asset Purchase Agreement and the approval of the Name Change Charter Amendment require the approval of the holders of a majority of our shares outstanding as of the Record Date, both broker non-votes and abstentions would have the same effect as votes AGAINST such proposals. Directors are elected by a plurality vote. Therefore, the nominees for the six director seats who receive the most affirmative votes of shares outstanding as of the Record Date that are present in person or represented by proxy at the Annual Meeting will be elected to serve as directors. With respect to the proposal regarding the election of our directors, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal. The proposal to ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009 requires the affirmative vote of the holders of a majority of the outstanding shares as of the Record Date that are

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present in person or represented by proxy at the Annual Meeting. With respect to the proposal ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009, and the proposal to adjourn the Annual Meeting, if necessary, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal.

Voting

Stockholders may vote their shares:

- by attending the Annual Meeting and voting their shares of our Common Stock in person;
- by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope;
- by following the instructions for Internet voting printed on your proxy card; or
- by using the telephone number printed on your proxy card.

Our board of directors is asking you to give your proxy to Josh Pickus, our President and Chief Executive Officer, and Anne-Marie Eileraas, our Senior Vice President, General Counsel and Secretary. Giving your proxy to Mr. Pickus and Ms. Eileraas means that you authorize Mr. Pickus, Ms. Eileraas or either of them to vote your shares at the Annual Meeting in the manner you direct. You may vote FOR or AGAINST the proposals or abstain from voting. All valid proxies received prior to the Annual Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted (i) FOR the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement, (ii) FOR the proposal to approve the Name Change Charter Amendment, (iii) FOR the proposal to elect Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos to the board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) FOR the proposal to appoint Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, (v) FOR the adjournment of the Annual Meeting, if necessary, to facilitate the adoption and approval of the preceding proposals, and (vi) as the proxy holders may determine in their discretion with respect to any other matters that properly come before the Annual Meeting.

Stockholders who have questions or requests for assistance in completing or submitting proxy cards should contact Carolyn Bass, Investor Relations, at (415) 445-3232.

Stockholders who have their shares in street name , meaning the name of a broker or other nominee who is the record holder, must either direct the record holder of their shares to vote their shares or obtain a proxy from the record holder to vote their shares at the Annual Meeting.

Revocability of Proxies

A stockholder giving a proxy has the power to revoke his or her proxy, at any time prior to the time it is voted, by:

- delivering to our principal offices (Attention: Investor Relations) a written instrument that revokes the proxy;
- submitting another properly completed proxy with a later date; or
- attending the Annual Meeting and voting in person.

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Simply attending the Annual Meeting will not constitute revocation of your proxy. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instructions of your broker or other nominee to revoke a previously given proxy.

The form of proxy accompanying this proxy statement confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Annual Meeting and with respect to any other matters which may properly come before the Annual Meeting. As of the date of this proxy statement, management knows of no such amendment or variation or of any matters expected to come before the Annual Meeting which are not referred to in the accompanying Notice of Annual Meeting.

Attendance at the Annual Meeting

Only holders of the shares of our outstanding Common Stock, their proxy holders and guests we may invite may attend the Annual Meeting. If you wish to attend the Annual Meeting in person but you hold your shares through someone else, such as a broker, you must bring proof of your ownership and photo identification to the Annual Meeting. For example, you could bring an account statement showing that you beneficially owned shares of our Common Stock as of the Record Date as acceptable proof of ownership.

Solicitation of Proxies

In addition to solicitation by mail, our directors, officers and employees may solicit proxies by telephone, other electronic means or in person. These people will not receive compensation for their services, but we will reimburse them for their out-of-pocket expenses. We will bear the cost of printing and mailing proxy materials, including the reasonable expenses of brokerage firms and others for forwarding the proxy materials to beneficial owners of Common Stock. We have also retained Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902, a proxy solicitation firm, to assist in the solicitation of proxies for a fee of approximately $10,000 to $15,000, plus out-of-pocket expenses.

Proposal to Approve Adjournment of the Annual Meeting

We are submitting a proposal for consideration at the Annual Meeting to authorize the named proxies to approve one or more adjournments of the Annual Meeting if there are not sufficient votes to adopt and approve the Asset Purchase Agreement or approve the Name Change Charter Amendment at the time of the Annual Meeting. Even though a quorum may be present at the Annual Meeting, it is possible that we may not have received sufficient votes to adopt and approve the Asset Sale and the Asset Purchase Agreement or approve the Name Change Charter Amendment by the time of the Annual Meeting. In that event, we would determine to adjourn the Annual Meeting in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the Annual Meeting for purposes of soliciting additional proxies to obtain the requisite stockholder approval to adopt and approve the Asset Sale and the Asset Purchase Agreement or approve the Name Change Charter Amendment. Any other adjournment of the Annual Meeting (e.g., an adjournment required because of the absence of a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy.

The approval of a proposal to adjourn the Annual Meeting would require the affirmative vote of the holders of a majority of the shares of our outstanding Common Stock present in person or by proxy and entitled to vote at the Annual Meeting. The failure to vote shares of Common Stock would have no effect on the approval of the adjournment proposal.

Our board of directors recommends that you vote FOR the adjournment proposal so that proxies may be used for that purpose, should it become necessary. Properly executed proxies will be voted FOR the adjournment proposal, unless otherwise noted on the proxies. If the Annual Meeting is adjourned, we are not required to give notice of the time and place of the adjourned meeting unless our board of directors fixes a new record date for the Annual Meeting.

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Other Business

We are not currently aware of any business to be acted upon at the Annual Meeting other than the matters discussed in this proxy statement. Under our amended and restated by-laws, business transacted at the Annual Meeting is limited to matters relating to the purposes stated in the Notice of Annual Meeting, which is provided at the beginning of this proxy statement. If other matters do properly come before the Annual Meeting, or at any adjournment of the Annual Meeting, we intend that shares of our outstanding Common Stock represented by properly submitted proxies will be 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 incident to the conduct of the Annual Meeting.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, YOU ARE REQUESTED TO COMPLETE, DATE, AND SIGN THE PROXY CARD AND RETURN IT PROMPTLY, OR VOTE BY TELEPHONE OR VIA THE INTERNET BY FOLLOWING THE DIRECTIONS ON THE PROXY CARD. BY RETURNING YOUR PROXY CARD OR VOTING BY PHONE OR THE INTERNET PROMPTLY, YOU CAN HELP US AVOID THE EXPENSE OF FOLLOW-UP MAILINGS TO ENSURE A QUORUM IS PRESENT AT THE ANNUAL MEETING. STOCKHOLDERS WHO ATTEND THE ANNUAL MEETING MAY REVOKE A PRIOR PROXY VOTE AND VOTE THEIR SHARES IN PERSON AS SET FORTH IN THIS PROXY STATEMENT.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you to in this proxy statement, contain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including, among others, under the headings Summary Term Sheet, Questions and Answers About the Asset Sale, the Asset Purchase Agreement and the Name Change Charter Amendment, Proposal No 1 The Asset Sale and the Asset Purchase Agreement, The Asset Purchase Agreement , Special Risk Considerations You Should Take Into Account In Deciding How To Vote On The Proposal To Sell the Enterprise Business and Financial Projections and in statements containing the words anticipates, believes, could, estimates, expects, intends, may, should, plans, targets and/or similar words or expressions. Forward-looking sta include the following: (1) statements containing projections of revenues, operating expenses, income (or loss), earnings (or loss) per share, capital expenditures, dividends, capital structure, and other financial items; (2) statements concerning the plans and objectives of SupportSoft management for future operations, including plans or objectives relating to its products or services; (3) statements of future economic performance; (4) statements of the assumptions underlying or relating to any statement described in (1), (2), or (3); (5) any report issued by Thomas Weisel Partners or other outside reviewers retained by SupportSoft, to the extent that the report assesses a forward-looking statement made by SupportSoft; and (6) statements regarding the timing or completion of the Asset Sale. Actual results could differ materially from those predicted by these forward-looking statements.

You should be aware that forward-looking statements involve known and unknown risks and uncertainties as well as assumptions, among other things, about us and economic and market factors. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of SupportSoft. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future developments or otherwise.

Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those contemplated by forward-looking statements. You should not place undue reliance on any forward-looking statements contained herein, which speak only as of the date of this proxy statement, or, in the case of documents referred to in this proxy statement, as of the respective dates of such documents. These and other factors are discussed in our current filings with the SEC, including SupportSoft s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement. In addition to other factors and matters contained in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the failure to satisfy and of the conditions to complete the Asset Sale, including the receipt of the required stockholder approval;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Asset Purchase Agreement;
- the outcome of any legal proceedings instituted against us and others in connection with the proposed Asset Sale;
- the failure of the Asset Sale to close for any other reason;
- the amount of the costs, fees, expenses and charges relating to the Asset Sale;
- business uncertainty and contractual restrictions prior to the Asset Sale close;

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- competition generally and the increasingly competitive nature of our industry;

- the effect of war, terrorism or catastrophic events;

- stock price and interest rate volatility; and

- failure to operate our Consumer Business successfully.

The foregoing list and the risks reflected in this proxy statement should not be construed to be exhaustive. Actual results or matters related to the Asset Sale could differ materially from the forward-looking statements contained in this proxy statement as a result of the timing of the completion of the Asset Sale or the impact of the Asset Sale on our results of operations, financial condition, cash flows, capital resources, profitability, cash requirements, management resources and liquidity. In view of these uncertainties, you should not place undue reliance on any forward-looking statements, which are based on our current expectations.

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PROPOSAL NO. 1

THE ASSET SALE AND THE ASSET PURCHASE AGREEMENT

The following is a description of the material aspects of the Asset Sale, including background information relating to the proposed terms of the Asset Purchase Agreement. While we believe that the following description covers the material terms of the Asset Sale, the Asset Purchase Agreement and other arrangements between Consona and us, the description may not contain all of the information that is important to you. In particular, the following summary of the Asset Purchase Agreement is not complete and is qualified in its entirety by reference to the copy of the Asset Purchase Agreement attached to this proxy statement as Annex A and incorporated by reference herein. You should carefully read this proxy statement and the other documents to which we refer, including the Asset Purchase Agreement, for a complete understanding of the terms of the Asset Sale.

Background of the Asset Sale

Our senior management and board of directors periodically review the performance of our enterprise and consumer businesses and our strategies, opportunities, and objectives in the markets in which we operate. In conjunction with those reviews, we assess the short- and long-term prospects of both of our business segments and our company as a whole. We evaluate opportunities to grow our businesses organically and also inorganically, by means of mergers, acquisitions, divestitures, asset sales, and strategic alliances with other companies.

In June 2008, our senior management met internally and discussed a number of strategic alternatives to maximize stockholder value, including without limitation the possibility of separating the Enterprise and Consumer Businesses. Our management discussed these strategic alternatives at length with our board of directors at the next regularly-scheduled meeting of our board of directors in July 2008. In that discussion, our board of directors considered the short- and long-term prospects and strategies for the two businesses and the value of our company as a whole as compared with the potential value of the enterprise and consumer businesses operated separately. Our board of directors instructed our management to continue to evaluate potential strategic alternatives for the Enterprise and Consumer Businesses and to further apprise the board regarding those alternatives.

In August 2008, we met with three potential financial advisors, including Thomas Weisel Partners LLC, or TWP, to evaluate strategic options, including without limitation a potential sale of the Enterprise Business.

From August through October 2008, senior management worked with the potential advisors to develop analyses of the Enterprise Business and its products, strategies for marketing the Enterprise Business, market assessments and valuation ranges, and lists of potential buyers (strategic and financial). Management also worked with potential financial advisors to define possible benefits and effects of separating our two business units, including strategic options for the Consumer Business following a sale of the Enterprise Business.

On October 27, 2008, our board of directors met to discuss at length the potential strategic options for the Enterprise Business, in light of our long-term strategy and prospects for the Enterprise and Consumer Businesses. Senior management and the board discussed the anticipated benefits, risks and effects of a sale of the Enterprise Business, including without limitation the impact on maximizing stockholder value in light of our strategic objectives and plans for the Consumer Business following a sale of the Enterprise Business. TWP discussed with the board the market for an enterprise asset sale, including an overview of potential buyers, valuation ranges, and strategies and timelines for a potential sale process.

Based upon the discussions at the August and October board meetings, including the potential benefits of an enterprise asset sale and opportunities for the two businesses operated separately, we retained TWP as our financial advisor on October 28, 2008 to initiate a process to gauge interest in, and if appropriate, explore a potential transaction for the sale of the Enterprise Business.

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From October 2008 through December 2008, under the direction of our board, TWP developed and implemented an orderly process to explore the potential sale of the Enterprise Business and determine if a favorable valuation could be obtained. TWP and our senior management developed materials summarizing the Enterprise Business s financial performance, projections, products, and strategy. In December 2008, we projected revenue for our Enterprise Business of $37 million in 2009, a decrease of 12.1% from 2008. We and TWP prepared a list of potential buyers, including public and private strategic acquirers and financial and private equity firms. TWP approached 49 potential acquirers with an initial set of materials describing the Enterprise Business generally (but not naming SupportSoft) and a timeline for submission of indications of interest.

On December 18, 2008, TWP informed our board of directors and management of the status of the contacts they had already made or that were scheduled to occur.

Of the 49 parties initially contacted, 17 entered into confidentiality agreements and received additional information about the Enterprise Business, including without limitation enterprise business financial information and projections. Each of the potential acquirers who signed confidentiality agreements was offered the opportunity to meet with our management team and to submit initial indications of interest in buying the Enterprise Business. Our senior management and TWP made presentations to 15 of those potential acquirers.

Included in the list of potential acquirors indicating interest was Battery Ventures, an investor in Consona, with which we entered into a confidentiality agreement on January 12, 2009.

On January 13, 2009, Battery Ventures contacted TWP to indicate that its portfolio company, Consona, would be interested in considering the opportunity. Also on January 13, 2009, Consona entered into a binding extension of the existing confidentiality agreement between Battery Ventures and SupportSoft and commenced due diligence.

Of the 17 potential acquirers who signed confidentiality agreements, 7, including Consona, submitted non-binding initial indications of interest in January 2009.

In January 2009, TWP coordinated a second-phase diligence process, which included a virtual data room containing additional materials about our company and the Enterprise Business, including without limitation information about the Enterprise Business s customers, products, operations, financial results and projections, employees and intellectual property. We invited 5 of the 7 potential acquirers who had submitted initial indications of interest, including Consona, to participate in the second phase of diligence.

On January 18, 2009, TWP discussed with our board of directors and management the non-binding indications of interest which had been received and a proposed strategy to continue discussions with the potential bidders.

At a telephonic meeting of our board of directors on January 27, 2009, our senior management reviewed with our board of directors the status of the Enterprise Business sale process, including the non-binding indications of interest received from potential acquirers, the progress of the second phase of diligence, and the expected timeline and next steps in the sale process.

During the phase two diligence process, we distributed to the participating bidders fourth quarter 2008 financial results and revised 2009 forecasts for our Enterprise Business. Based on the effects of the degradation in the overall macroeconomic environment on our Enterprise Business, and in particular a reduction in our forecasts for global services and license revenue, we reduced our 2009 Enterprise Business revenue forecast from $37 million to $31 million as more fully described in Financial Projections on page 37. TWP spoke with each of the 5 potential acquirers, and in light of the reduced forecast, one of those parties opted to withdraw from the phase two diligence process.

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On February 9, 2009, our board of directors met to discuss the progress of phase two of the diligence being conducted by the four remaining potential acquirers. Our senior management reviewed the progress of diligence and document review, the schedule for management meetings with the remaining potential acquirers, the timeline for preparation of asset purchase documents, potential valuations by the bidders, and the bid deadline set for March 13, 2009.

On February 18, 2009, TWP, on our behalf, sent an initial draft of the proposed asset purchase agreement to the potential acquirors.

On March 12, 2009, TWP, on our behalf, sent an initial draft of the proposed disclosure schedules to the asset purchase agreement to the potential acquirors.

On March 13, 2009, second round bids were received from the four remaining potential acquirors. Included with the second round bids from some of the bidders were proposed mark-ups of the draft asset purchase agreement and other transaction documents.

On March 16, 2009, our board of directors met to discuss the transaction process. TWP discussed with our board of directors and our senior management the second round bids received from the four potential acquirors. TWP and our senior management discussed with our board of directors a proposed strategy to continue discussions with the remaining bidders. Our board of directors directed our management to proceed with substantive negotiations with two bidders, Consona and Company B.

On March 17, 2009, our senior management, TWP and Jones Day, our outside legal counsel, held a conference call with Consona, and Cooley Godward Kronish, Consona s outside legal counsel, to discuss Consona s proposed revisions to the asset purchase agreement as reflected in the mark-up received with Consona s second round bid.

On March 19, 2009, our senior management, TWP and Jones Day held additional conference calls with Consona and Cooley Godward Kronish to discuss the proposed terms of the asset purchase agreement and to address certain due diligence items raised by Consona. On March 19, 2009, Cooley Godward Kronish, on behalf of Consona, sent a further mark-up to the asset purchase agreement reflecting revised proposed terms.

On March 23, 2009, our board of directors met to, among other things, discuss the status of negotiations with Consona and the other bidder. The board of directors directed our senior management to continue negotiating with both bidders through the end of the week and to consider granting exclusivity to one party at the end of the week.

Between March 23 and March 26, 2009, numerous conference calls were held between us, TWP and Jones Day, on the one hand, and Consona and Cooley Godward Kronish, on the other hand.

On March 26, 2009, Cooley Godward Kronish, on behalf of Consona, submitted revised drafts of the asset purchase agreement and the other proposed transaction documents. In addition, on March 26, 2009, Jones Day, on our behalf, sent an updated draft of the disclosure schedules to the asset purchase agreement to the bidders.

Between March 17, 2009 and March 27, 2009, we and our legal and financial advisors also continued discussions with the bidders, including Company B (one of the potential bidders).

On March 27, 2009, Company B s legal advisor, on behalf of Company B, sent us a revised draft of the asset purchase agreement. Throughout the day on March 27, our senior management, TWP and Jones Day held numerous conference calls with the bidders. On March 27, 2009 in the afternoon, our board of directors met to discuss the status of negotiations with Consona and Company B. After discussing the terms proposed by the bidders, the recommendation of our senior management and comments by TWP, our board of directors unanimously approved our entering into an exclusivity agreement with Consona based on the price offered, the terms of the asset purchase agreement, and other factors deemed relevant.

Between March 27 and April 3, 2009, our senior management, representatives of Consona and representatives of TWP, Jones Day and Cooley Godward Kronish continued negotiating various terms and conditions of the Asset Purchase Agreement and related documents and circulated revised drafts of such documents. Also during this period, representatives of Consona continued their due diligence review of the Enterprise Business and its products.

The terms of the transaction set forth in the draft Asset Purchase Agreement as of April 3, 2009 differed in a number of ways from the original draft asset purchase agreement distributed by TWP to prospective bidders on February 18, 2009. One of the issues present in some draft asset purchase agreements we received from bidders in this process, and one that is addressed in other transactions of this nature, is whether there would be a non-competition restriction imposed against us or a limitation on the field of use for intellectual property licensed back to us in connection with the transaction. This matter was subject to some discussion and negotiations with the potential bidders, including Consona. The final Asset Purchase Agreement as agreed upon with Consona included no non-competition restriction or field of use restriction on the intellectual property that was licensed back to us. Another issue that was subject to discussions and negotiations with bidders in this process was the scope of the indemnification provisions that we would be subject to for breaches of representations and warranties in the Asset Purchase Agreement and other matters. We discussed the appropriate indemnification deductible and cap with several of the bidders and some of the bidders proposed deductibles that were lower and caps that were higher than the levels at which we ultimately reached agreement with Consona. As described elsewhere in this proxy statement, the agreed upon indemnification deductible is $200,000 and the indemnification cap we are subject to in the Asset Purchase Agreement is $2 million. This means that we are not obligated to make Consona whole for any losses suffered as a result of a breach of our representations and warranties in the Asset Purchase Agreement until Consona suffers losses in excess of $200,000 (except in the event of a breach of the sufficiency of purchased assets representation, in which case we will not be obligated to indemnify Consona for any breach of such representation until the aggregate amount of such claims exceeds $50,000, but we are then obligated to indemnify Consona for the full amount of such losses), subject to certain limitations. In addition, our liability for any claim for indemnification brought by Consona based upon a breach of a representation or warranty is limited to $2 million, subject to certain limitations as more fully described elsewhere in this proxy statement. Another issue that was the subject of negotiations and discussions with the various bidders, including Consona, was which party would bear responsibility for any severance costs or other liabilities associated with the employees of the Enterprise Business. Some bidders suggested that the Company bear the entire cost and other bidders suggested an allocation of these costs. Pursuant to the Asset Purchase Agreement as agreed upon with Consona, we will bear the cost of any termination or severance payments to employees exclusively engaged in the Enterprise Business who do not accept employment with Consona, however, in the event any such employees become employed by Consona within 6 months following the closing of the Asset Sale, Consona shall reimburse us for any such termination or severance payments or other similar costs that we had paid. Another issue we discussed with the bidders, including Consona was the post-closing purchase price adjustment, if any, that would apply. While a number of various post-closing purchase price adjustment mechanisms were discussed, we ultimately agreed with Consona to the potential reduction in the purchase price should closing be delayed beyond June 30, 2009 as described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43.

On April 3, 2009, our board of directors convened a telephonic meeting to discuss the proposed terms of the transaction and the proposed Asset Purchase Agreement and related documents. Our senior management and representatives of TWP and Jones Day were also present at the meeting. At the meeting, a representative of Jones Day updated our board of directors with respect to the resolution of the remaining open issues relating to the Asset Purchase Agreement and the related documents. TWP also reviewed with our board of directors an analysis of the proposed transaction from a financial point of view and rendered its oral opinion, which was subsequently confirmed in writing on April 5, 2009, that, based upon and subject to the assumptions and limitations set forth in the written opinion, the aggregate consideration to be received by SupportSoft in connection with the Asset Sale was fair, from a financial point of view and as of the date of the opinion, to SupportSoft. Our board of directors asked numerous questions of management, TWP and Jones Day, and discussed at length the advantages and risks of the proposed transaction that are described in Reasons for the Asset Sale below. Following discussion, our board of directors unanimously determined that the Asset Sale and Asset Purchase Agreement were expedient and in the best interests of SupportSoft and our stockholders, unanimously approved the Asset Purchase Agreement and the Asset Sale and recommended that our stockholders adopt and approve the Asset Purchase Agreement and the Asset Sale.

During April 4, 2009 and April 5, 2009, Consona continued its confirmatory due diligence review of the Enterprise Business.

The Asset Purchase Agreement was executed by SupportSoft and Consona on the evening of April 5, 2009.

On the morning of April 6, 2009, prior to commencement of trading on NASDAQ that day, SupportSoft issued a press release announcing the execution of the Asset Purchase Agreement and other matters.

Reasons for the Asset Sale

Our board of directors recommends approving the Asset Sale because we believe that separating the Enterprise Business and the Consumer Business will enhance our potential to maximize value for our stockholders. We believe that focusing on our Consumer Business will permit greater management focus on what we believe to be our greatest opportunity for growth and long-term stockholder value. Operating the businesses separately will better position each business to realize its full potential without any restrictions from the other.

We have been in the enterprise software business since our incorporation in 1997. We launched our Consumer Business in 2007, and in the last two years, our Consumer Business has grown and assumed a more prominent role in our overall financial results and company strategy. In 2007, the Consumer Business accounted for $1.1 million of our revenue; in 2008, our Consumer Business revenue grew to $6.8 million. Including our technical support agents, our Consumer Business now comprises more than two-thirds of our employees.

We believe that the consumer technology support market offers us the opportunity for continuing strong growth in our Consumer Business. According to Parks Associates, the US consumer premium support market is projected to grow from $2.9 billion in 2009 to $5.2 billion in 2012. In light of this large, fragmented and growing market, we believe the premium technology-enabled services offered by our Consumer Business afford us a meaningful opportunity to continue consumer revenue growth and enable short- and long-term value for our stockholders.

The growth experienced by our Consumer Business will require increasing investment of our senior management s time and focus as we seek to increase revenue, diversify revenue sources, and achieve profitability in that business. The Asset Sale will ensure that 100% of our management s focus will be on the Consumer Business.

The recent volatility in the global financial markets and macroeconomic environment poses challenges for our Enterprise Business as enterprises generally seek to reduce their IT spending. Last year, our Enterprise Business accounted for $42.1 million of our revenue. For 2009, we forecast revenue in the Enterprise Business of $31 million. There is no guarantee that economic conditions will improve or that the opportunity to find a suitable partner for the Enterprise Business will arise again in the future. The combination of Consona with the Enterprise Business offers the potential for an extended solution offering, a broadened worldwide sales and services presence, greater coverage across numerous industry segments, and cross-selling opportunities across an expanded customer base.

In evaluating the Asset Purchase Agreement and the other transactions contemplated thereby, including the Asset Sale, and recommending that our stockholders adopt and approve the Asset Sale and the Asset Purchase

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Agreement in accordance with the applicable provisions of Delaware law, our board of directors consulted with our senior management, outside legal counsel and financial advisors. Our board of directors also consulted with outside legal counsel regarding our board of directors fiduciary duties, legal due diligence matters, and the terms of the Asset Purchase Agreement and related agreements. Based on these consultations, and the factors and the opinion of TWP discussed below and, in the case of the opinion, attached as Annex B, our board of directors concluded that the Asset Sale was expedient and in the best interests of our stockholders and recommended that our stockholders adopt and approve the Asset Purchase Agreement and the Asset Sale.

The factors that our board of directors considered in reaching its determination included, but were not limited to, the following:

- the value and the consideration to be received by us pursuant to the Asset Purchase Agreement, including the fact that we would receive an up-front payment without the placement of any funds in escrow;

- the form of the consideration in the Asset Sale being cash, and the certainty of the value of such cash consideration compared to stock or other possible forms of consideration;

- financial information concerning our Enterprise Business and Consumer Business (including, without limitation, information relating to the financial condition and prospects of our Enterprise and Consumer Businesses), current industry, economic and market conditions relating to our Enterprise and Consumer Businesses and the possibility that the short- and long-term prospects of the Enterprise Business would continue to decline while the Consumer Business would continue to grow;

- the financial projections for our Enterprise Business set forth under Financial Projections on page 37;

- the fact that our Consumer Business and the Enterprise Business have grown into two distinct segments and the continued operation of the two businesses together could place certain restrictions on each business, due to strategic, competitive and operational considerations, that may hinder their respective abilities to achieve their goals in the future;

- the possibility that our Consumer Business current and prospective customers, employees and other business partners may prefer to work with our company as a pure play provider of technology enabled services for the digital home and small office;

- the creation of a more focused business model and a clearer investment opportunity for our current and future stockholders and for our continuing employees who hold stock options and other equity in our company;

- the increased focus our management could place on our growing Consumer business following the Asset Sale;

- the additional financial flexibility to continue to aggressively grow our Consumer Business, both organically and through additional acquisitions such as our acquisition of YourTechOnline.com in 2008;

- the strategic review process undertaken by us, which included the retention of recognized financial and outside legal advisors and a solicitation and bid process designed to maximize stockholder value, which ultimately resulted in the agreement with Consona to acquire the Enterprise Business;

the fact we held discussions with several other potential acquirers, but none of those potential acquirers submitted written acquisition proposals that were as favorable to us as Consona s proposal;

the financial presentation of our financial advisor, TWP, including its oral opinion delivered to our board of directors on April 3, 2009, and subsequently confirmed in writing on April 5, 2009 (the full text of which is attached as Annex B to this proxy statement) as to the fairness, from a financial point of view and as of the date of the opinion, to us of the aggregate consideration to be received by us in the Asset Sale, as more fully described below under the caption The Asset Sale Opinion of Our Financial Advisor beginning on page 30;

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the business reputation of Consona and its management, directors and shareholders and its financial resources which our board of directors believed supported the conclusion that a transaction with Consona could be completed relatively quickly and in an orderly manner;

the impact of the Asset Sale on our customers, employees, and other business partners;

the fact that the Asset Purchase Agreement affords our board of directors flexibility to consider, evaluate and accept superior proposals and alternative transactions in the period after signing and prior to the adoption and approval of the Asset Sale and the Asset Purchase Agreement by our stockholders in accordance with the terms of the Asset Purchase Agreement;

the provisions in the Asset Purchase Agreement that any change, effect, occurrence or state resulting from the announcement of the Asset Purchase Agreement or the pendency of the Asset Sale and our failure to meet any projections, budgets, plans or forecasts for any products in the Enterprise Business are excluded from the determination of whether a Material Adverse Effect has occurred that would permit Consona to elect not to consummate the Asset Sale;

the reasonable likelihood of the consummation of the Asset Sale in light of the relatively limited conditions to Consona s obligations to consummate the Asset Sale, including the fact that the consummation of the Asset Sale is not contingent on Consona s ability to secure financing commitments or third party consents; and

the alternatives available if we were not to sell the Enterprise Business to Consona, including independent pursuit of growth of the Enterprise Business, through acquisitions or otherwise, all of which involve meaningful risks and uncertainties and none of which, in the view of our board of directors, were as favorable to us and our stockholders as, nor more favorable to us and our stockholders than, the Asset Sale.

Our board of directors also identified and considered a number of uncertainties, risks and potentially negative factors in its deliberations concerning the Asset Sale, including:

the possibility that the transactions contemplated by the Asset Purchase Agreement, including the Asset Sale, might not be consummated, and the facts that if the Asset Sale is not consummated, (a) our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction, (b) we will have incurred significant transaction costs, and (c) the potential negative market perception of our continuing business could potentially result in a loss of customers, business partners, channel partners and employees, any of which may have a material and adverse effect on our stock price and results of operations;

the effect of the public announcement of the Asset Sale and the Asset Purchase Agreement, including effects on our sales, customer and channel partner relationships, operating results, stock price, and our ability to attract and retain key management and sales and marketing personnel and technical support agents;

the resultant loss of sales and gross profit from the Enterprise Business;

the fact that, after the Asset Sale, we will be entirely dependent on the performance of our Consumer Business, which has not been profitable to date;

our obligations to provide services to Consona for a period of time following the closing pursuant to the terms of the transition services agreement;

the restrictions on the conduct of the Enterprise Business prior to completion of the Asset Sale, requiring us to conduct the Enterprise Business only in the ordinary course, subject to specific limitations or Consona s consent, which may delay or prevent us from undertaking business opportunities that may arise pending completion of the Asset Sale;

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- the restrictions on our board of directors ability to solicit or engage in discussions or negotiations with a third party regarding alternative transactions, and the requirement that we pay Consona a $600,000 termination fee in certain cases in the event of a termination of the Asset Purchase Agreement;

- the risk we will not be able to satisfy some or all of the conditions to Consona obligations to consummate the Asset Sale;

- the risk that we could be exposed to future indemnification payments for a breach or violation of the representations and warranties or covenants contained in the Asset Purchase Agreement;

- the expectation that a portion the consideration we will receive in connection with the Asset Sale will be subject to certain state and federal taxes, including alternative minimum tax, which we do not expect to be able to offset with our net operating loss carryforwards;

- the risk that unforeseen liabilities and expenses may be incurred that may limit the ultimate amount of net proceeds from the Asset Sale;

- the significant costs involved in consummating the Asset Sale, including financial advisory fees, legal, accounting and other costs, which we estimate to be approximately $1.9 million; and

- the interests that our executive officers and directors may have with respect to the Asset Sale in addition to their interests as stockholders of our company.

After careful and due consideration, our board of directors unanimously concluded that overall, the risks, uncertainties, restrictions and potentially negative factors associated with the Asset Sale were outweighed by the potential benefits of the Asset Sale, and that many of these risks could be managed or mitigated prior to the consummation of the Asset Sale or were unlikely to have a Material Adverse Effect on our company.

The foregoing information and factors considered by our board of directors are not intended to be exhaustive but are believed to include all of the material factors considered by our board of directors. In view of the variety of factors and the amount of information considered, our board of directors did not find it practicable to, and did not, quantify, rank or otherwise assign relative weights to the specific factors it considered in approving the Asset Sale and the Asset Purchase Agreement. In addition, individual members of our board of directors may have given different weights to different factors. Our board of directors considered all of these factors as a whole, and overall considered them to be favorable to and to support its determination.

Post-Closing Business and Proceeds from the Asset Sale

Upon the closing of the Asset Sale, our board of directors and management will focus their attention on our Consumer Business, which will be our only business after the Asset Sale is consummated. We will continue to pursue our Consumer Business growth strategy of providing services via retail and other channels and directly to the consumer through our website, support.com. We will also investigate possibilities for enhancing our Consumer business that may have been less available to us, due to competitive factors, resource issues, or otherwise, when we operated both the Enterprise Business and the Consumer Business.

Our goals following the conclusion of the Asset Sale will be to continue to grow and diversify revenue in our Consumer Business and improve gross margin. To achieve growth, our plan is to enhance our revenue streams and expand our service offerings. With respect to revenue streams, we are seeking to expand existing programs, launch additional new programs, add new partners and grow our direct support.com business. We aim to diversify revenue by developing partnerships with additional companies and growing our direct business. With respect to service offerings, we recently introduced subscription-based offerings at support.com and began offering them through channel partners in early 2009. We have also introduced new services such as online backup and data migration, and plan to continue to expand our offerings to include support for additional devices and platforms.

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We aim to improve gross margin by optimizing our service delivery operations through increased automation and process improvement. We are focusing a substantial part of our research and development activities on technology that increases the efficiency and improves the effectiveness of our technical support agents. To date, these activities have been focused on our Solutions Toolkit, an integrated set of tools for delivery of premium technology services, and we have an extensive roadmap for these technologies. In addition, we have introduced significant process improvements into our service delivery operations and augmented our call center management team to drive efficiency gains and productivity increases, and we expect to continue these efforts. We also expect improved forecasting and revenue scale to enable resource optimization. To further enhance service delivery efficiency, we are exploring a number of means of optimizing labor costs.

To achieve our goal of making the Consumer Business profitable, we will seek to reduce certain costs, including aligning our infrastructure and overhead to match the smaller size of our company after the completion of the Asset Sale. In the second quarter of 2009, we announced a restructuring plan of our headquarters staff for the Consumer Business, as described in Note 7 to our Quarterly Report on Form 10-Q, a copy of which is being delivered to you simultaneously with this proxy statement. We also expect to review our compensation structure. Because we plan to manage the Consumer Business toward profitability while our business is in growth mode, we will consider balancing our compensation strategy in favor of more long-term equity incentive compensation rather than short-term cash incentives as well as other compensation options. Our board of directors and management will work closely with our advisers to define and implement specific compensation strategies.

We expect to continue to explore both organic and inorganic growth opportunities in our Consumer Business. In particular, we may acquire complementary companies that can contribute to the strategic, operational and financial performance of our Consumer Business. In the event that we are unable to identify suitable acquisition targets that are appropriately valued, we will evaluate other possible uses of our available cash reserves consistent with the best interests of our stockholders.

Upon the closing of the Asset Sale, we will also face a number of risks and uncertainties. Our Enterprise Business has historically accounted for a substantial portion of our revenues. Without that source of revenue, there will be additional pressure on our Consumer Business to grow revenues and quickly achieve profitability. Our Consumer Business has never been profitable and we cannot provide you any assurance regarding when or if the Consumer Business will achieve profitability. In addition, immediately following the closing of the Asset Sale, we expect that we will be dependent upon five or fewer customers who will collectively account for virtually all of our total revenues. The loss of any such customer would likely have a material and adverse effect on our business and results of operations. Furthermore, after the closing of the Asset Sale, we will be a small public company with a large cash balance. This may make us an attractive take-over target and we may be subject to unsolicited bids which could become distracting to management and which ultimately may not be in the best interests of our stockholders. For a more detailed discussion of the risks and uncertainties we expect to face following the closing of the Asset Sale, please see the section entitled Special Risk Considerations You Should Take Into Account in Deciding How to Vote on the Proposal to Sell the Enterprise Business beginning on page 39.

Following the closing of the Asset Sale, from a balance sheet perspective, we will retain all of the cash, short and long term investments, and auction rate security put option balances currently held by SupportSoft, as well as the net proceeds from the sale of the Enterprise Business. The retained assets will also include the Consumer Business-related accounts receivable, which are substantially smaller than the Enterprise Business accounts receivable being sold. In addition, we will retain the Consumer Business-related prepaid expenses and other current assets, net property and equipment, and other assets. All goodwill and intangible assets related to the acquisition of YourTechOnline will be retained by the Consumer Business. In addition to the identified assets on the balance sheet, we will retain the software and other intellectual property related to the Consumer Business developed over the past two years by the Consumer Business and several legacy patents useful to the Consumer Business. Post closing, we will retain all liability balances except for accrued vacation related to the employees being hired by Consona, deferred revenue related to the Enterprise Business, and deferred rent related to assumed leases.

We expect to enter into a transition services agreement with Consona at the closing of the Asset Sale. Pursuant to the transition services agreement, we will assist Consona in performing and transitioning the finance and accounting, information technology, and hosting services needed to operate the Enterprise Business. These transition services will expire 2 months following the closing of the Asset Sale, subject to a maximum four month extension period if mutually agreed between us and Consona. We expect that the transition services will be provided to Consona by existing SupportSoft employees and we otherwise do not believe that the provision of transition services to Consona pursuant to the transition services agreement will have a material impact on our post-closing business operations.

Recommendation of Our Board of Directors

After careful consideration, our board of directors has unanimously (i) adopted and approved the Asset Purchase Agreement and (ii) determined the Asset Sale to be expedient and in the best interests of the Company and our stockholders, and recommended to our stockholders that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, be adopted and approved by our stockholders.

The Board of Directors unanimously recommends a vote FOR the adoption and approval of the Asset Sale and the Asset Purchase Agreement.

Opinion of Our Financial Advisor

In October 2008, we retained TWP to act as our exclusive financial advisor in connection with the possible sale of the Enterprise Business. TWP was selected by us, in part, due to their expertise in handling transactions of this nature, in particular their representation of Motive, one of the most direct competitors of the Enterprise Business, in connection with its sale to Alcatel-Lucent in June 2008. On April 3, 2009, TWP delivered to our board of directors its oral opinion that, as of that date, the consideration to be received by us in the Asset Sale was fair to us from a financial point of view. TWP later delivered its written opinion dated April 5, 2009, confirming its oral opinion.

Our board of directors determined the consideration we would receive in the Asset Sale through negotiations with Consona. TWP analyzed the consideration offered to us in connection with the Asset Sale and provided their opinion with respect to the fairness, from a financial point of view, thereof; however, ultimately our board of directors determined the final terms of the Asset Sale through negotiations with Consona. We did not impose any limitations on TWP with respect to the investigations made or procedures followed in rendering its opinion.

The full text of the written opinion that TWP delivered to our board of directors is attached as Annex B to this proxy statement. You should read this opinion carefully and in its entirety. The following summary of the TWP opinion is provided for your review. This summary is qualified in its entirety by reference to the full text of the opinion.

TWP s opinion was approved by its fairness committee. TWP has directed its opinion to our board of directors in its consideration of the Asset Sale and its opinion is not a recommendation to you as to how you should vote with respect to the Asset Sale. The opinion addresses only the financial fairness of the consideration to be received by us as of the date of the opinion. It does not address the relative merits of the Asset Sale or any alternatives to the Asset Sale. Further, it does not address our underlying decision to proceed with or effect the Asset Sale.

In connection with its opinion, TWP, among other things:

(1) reviewed certain publicly available financial and other data with respect to us and the Enterprise Business, including certain consolidated financial statements and certain other relevant financial and operating data relating to us and the Enterprise Business made available from published sources and from our internal records;

(2) reviewed the financial terms and conditions of the Asset Purchase Agreement;

(3) compared the Enterprise Business from a financial point of view with certain other companies which TWP deemed to be relevant;

(4) considered the financial terms, to the extent publicly available, of selected recent business combinations which TWP deemed to be comparable, in whole or in part, to the Asset Sale;

(5) reviewed and discussed with representatives of our management certain information of a business and financial nature regarding the Enterprise Business, furnished to TWP by our management, including certain financial forecasts and related assumptions of the Enterprise Business;

(6) made inquiries regarding and discussed the Asset Sale and the draft Asset Purchase Agreement and other matters related thereto with our counsel; and

(7) performed such other analyses and examinations as TWP have deemed appropriate.

In preparing its opinion, TWP did not assume any responsibility to independently verify, and has not independently verified, the information referred to above. Instead, with our consent, TWP relied on the information being accurate and complete in all material respects. With respect to the financial forecasts of the Enterprise Business provided to TWP by our management, upon the advice of our management and with the consent of our management, TWP assumed for purposes of its opinion that the forecasts have been reasonably prepared on bases reflecting the best available estimates and judgments of our management at the time of preparation as to the future financial performance of the Enterprise Business and that they provide a reasonable basis upon which TWP could form its opinion. TWP also made the following assumptions, in each case with our consent:

- that there have been no material changes in the assets, financial condition, results of operations, business or prospects of us or the Enterprise Business since the respective dates of the last financial statements made available to TWP;

- that the Asset Sale will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations; and

- that the Asset Sale will be consummated in accordance with the terms described in the Asset Purchase Agreement, without any amendments thereto, and without waiver by us of any of the conditions to our obligations thereunder.

In addition, for purposes of its opinion:

- TWP has not assumed responsibility for making an independent evaluation, appraisal or physical inspection of any of the assets or liabilities (contingent or otherwise) of the Enterprise Business, nor was TWP furnished with any such appraisals; and

- The TWP opinion was based on economic, monetary, market and other conditions as in effect on, and the information made available to TWP as of, the date of its opinion. Accordingly, although subsequent developments may affect its opinion, TWP has not assumed any obligation to update, revise or reaffirm its opinion.

The following represents a brief summary of the material financial analyses performed by TWP in connection with providing its opinion to our board of directors. Some of the summaries of financial analyses performed by TWP include information presented in tabular format. In order to fully understand the financial analyses performed by TWP, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables 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 the financial analyses performed by TWP.

Selected Company Analysis**.** Based on public and other available information, TWP calculated the multiples of enterprise value, which TWP defined as equity value plus debt less cash and cash equivalents, to calendar year revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) for software companies with a similar financial position who were challenged by growth or scale as well as, in some cases, similar end-market exposure. TWP believes that the nine companies listed below have operations similar to some of the

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operations of the Enterprise Business, but noted that none of these companies have the same management, composition, size or combination of businesses as the Enterprise Business:

- ActivIdentity Corporation
- Borland Software Corporation
- Chordiant Software, Inc.
- i2 Technologies, Inc.
- Kana Software Inc.
- Openwave Systems, Inc.
- Pervasive Software Inc.
- QAD Inc.
- Vignette Corporation

The following table sets forth the multiples indicated by this analysis:

Enterprise value to:	**Range of Multiples(1)**	
Actual 2008 Revenues	0.13x	0.35x
Actual 2008 EBITDA	3.5x	4.5x
Estimated 2009 Revenues	0.12x	0.41x
Estimated 2009 EBITDA	2.3x	3.9x

(1) Reflects Low Median

While the selected company analysis compared the Enterprise Business to nine companies in similar financial position, TWP did not include every company that could be deemed to be in this category, or in the specific sector of the software industry in which the Enterprise Business participates.

The following table sets forth the implied multiples indicated by the enterprise value of the consideration to be received by us in connection with the Asset Sale:

Enterprise value to:	Implied Multiples
Actual 2008 Revenues	0.48x
Actual 2008 EBITDA	2.7x
Estimated 2009 Revenues	0.64x
Estimated 2009 EBITDA	2.9x

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Selected Transactions Analysis. Based on public and other available information, TWP calculated where available: (1) the multiples of enterprise value to last twelve month s (LTM) revenues and (2) enterprise value to next twelve months (NTM) revenues for the following 16 comparable transactions selected based on having a similar financial position to the Enterprise Business. TWP paid particular attention to the June 16, 2008 sale of Motive to Alcatel-Lucent as they felt it was the most relevant transaction:

Announcement Date	Name of Target	Name of Acquiror
06/16/08	Motive	Alcatel-Lucent
03/13/06	Artemis International Solutions	Versata
04/11/06	Portal	Oracle
05/24/06	DCS Group	Reynolds & Reynolds
06/05/06	Onyx Software	Made2Manage
08/28/06	InterVideo Inc.	Corel Corp.
09/21/06	Vitria Technology	Innovation Technology Group
05/03/07	EasyLink Services	Internet Commerce
08/13/07	Gensym	Versata
10/02/07	Printronix	Vector Capital
02/20/08	SYS	Kratos
05/02/08	Alliance Data Systems, Network Services	Heartland Payment Systems
05/29/08	Kintera	Blackbaud
10/22/08	JupiterImages	Getty Images
11/14/08	Vanco Direct	Capital Growth Systems
12/07/08	Quaero	CSG Systems

The following table sets forth the multiples indicated by this analysis and the multiples implied by the proposed Asset Sale:

Enterprise value to:	Range of Multiples(1)	Proposed Transaction
LTM Revenues	0.30x 0.89x	0.48x
NTM Revenues	0.64x 0.90x	0.64x

(1) Reflects Low Median

No company or transaction in the selected company or selected transactions analyses is identical to the Enterprise Business or the Asset Sale. Accordingly, an analysis of the results of the foregoing is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the companies to which the Enterprise Business and the Asset Sale are being compared.

Discounted Cash Flow Analysis. TWP used financial cash flow forecasts of the Enterprise Business for fiscal year 2009 and projections for fiscal years 2010 through 2012 estimated by TWP in consultation with our management, to perform a discounted cash flow analysis for the Enterprise Business. The projected 2009 through 2012 cash flows were calculated using a range of rates of revenue decline from 0% to 20% with constant EBIT (earnings before interest and taxes) multiples, constant asset depreciation rates and capital expenditures set equal to depreciation. In conducting this analysis, TWP assumed that the Enterprise Business would perform in

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accordance with these forecasts. TWP estimated the terminal value of the projected cash flows by applying multiples to the estimated 2012 EBITDA, which multiples ranged from 2.5x to 4.0x. TWP then discounted the cash flows projected through 2012 and the terminal values to present value using a 15.0% rate. This analysis indicated a range of equity values from $13.2 million to $26.7 million.

***Liquidation Analysis*.** TWP used projected forecasts of the software-maintenance revenue stream for fiscal year 2009 and estimates for fiscal year 2010 and beyond to perform a liquidation analysis assuming a discontinuation of all revenues and expenses of the Enterprise Business other than those affiliated with software-maintenance revenue. Based on discussions with management the analysis assumed $1.6 million in 2009 restructuring costs, a reduction in annual facility costs by 50% beginning in 2010 and an allocation to the Enterprise Business of tech support, general and administrative and depreciation and amortization costs. Based on maintenance renewal rates ranging from 90.0% to 75.0% and a rate of 15.0% used to discount the future cash flows to their present value, the analysis indicated a range of values from $7.5 million to $13.8 million.

The foregoing description is only a summary of the analyses and examinations that TWP deems material to its opinion. It is not a comprehensive description of all analyses and examinations actually conducted by TWP. The preparation of a fairness opinion necessarily is not susceptible to partial analysis or summary description. Accordingly, TWP believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses and of the factors considered, without considering all analyses and factors, would create an incomplete view of the process underlying the analyses set forth in its presentation to us. In addition, TWP may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that this analysis was given greater weight than any other analysis. Accordingly, the ranges of valuations resulting from any particular analysis described above should not be taken to be the view of TWP with respect to the actual value of the Enterprise Business.

In performing its analyses, TWP made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond our control. The analyses performed by TWP are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by these analyses. These analyses were prepared solely as part of the analysis performed by TWP with respect to the financial fairness of the consideration to be received by us pursuant to the Asset Sale as of the date of TWP s opinion, and were provided to us in connection with the delivery of the TWP opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities may trade at any time in the future.

As described above, TWP s opinion and presentation were among the many factors that our board of directors took into consideration in making its determination to approve, and to recommend that our stockholders approve the Asset Sale.

We have agreed to pay TWP an aggregate fee of $1,250,000 that is contingent on the completion of the Asset Sale. In addition, we agreed to pay TWP an engagement fee of $100,000 on October 28, 2008 and a transaction fee upon delivery of its fairness opinion in connection with a sale of the Enterprise Business of $250,000, all of which is creditable against the aggregate fee above. Our board of directors was aware of this fee structure and took it into account in considering the TWP opinion and in approving the Asset Sale. Further, we have agreed to reimburse TWP for its reasonable out-of-pocket expenses and to indemnify TWP, its affiliates, and their respective partners, directors, officers, agents, consultants, employees and controlling persons against specific liabilities, including liabilities under the federal securities laws.

Other than as described in this proxy statement in connection with the Asset Sale, we do not currently have and within the past two years we have not had any material relationship with TWP. In the ordinary course of its business, TWP may actively trade our equity securities for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in these securities.

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Other Agreements and Transactions Related to the Asset Sale

Transition Services Agreement

Pursuant to the Asset Purchase Agreement, we have agreed to enter into a transition services agreement with Consona pursuant to which we shall provide certain transitional, administrative and support services to Consona on a short-term basis following the closing of the Asset Sale.

Intellectual Property License Agreement

Pursuant to the Asset Purchase Agreement, we have agreed to enter into an intellectual property license agreement with Consona pursuant to which we will agree to license certain intellectual property rights which may be useful in the Enterprise Business to Consona and Consona will agree to license back to us certain intellectual property that is being sold pursuant to the Asset Sale.

Trademark Agreement

Pursuant to the Asset Purchase Agreement, we have agreed to enter into a trademark agreement pursuant to which we will agree with Consona to terms relating to the usage and registration of certain trademarks (i) being assigned to Consona pursuant to the Asset Sale and (ii) being retained by us.

Subleases

Pursuant to the Asset Purchase Agreement, we have agreed to enter into certain sublease agreements pursuant to which certain space in India will be leased back to us and certain space in Redwood City will be leased to Consona, in each case, on a short term basis.

Interests of Our Directors and Executive Officers in the Asset Sale

In considering the recommendation of our board of directors with respect to the Asset Sale, our stockholders should be aware that some of our directors and executive officers may have personal interests in the Asset Sale that are, or may be, different from, or in addition to, your interests. Our board of directors was aware of the interests described below and considered them, among other matters, when approving the Asset Sale.

Severance Agreement

On April 6, 2009, we amended and restated the employment offer letter of Michael Sayer, our Executive Vice President, General Manager Enterprise, to provide that a $250,000 lump sum payment and continued health care coverage may be provided to Mr. Sayer under certain circumstances following the closing of an Enterprise Sale (as such term is defined in the amended and restated employment offer letter) as more fully described in the amended and restated employment offer letter. The Asset Sale will qualify as an Enterprise Sale for purposes of the amended and restated employment offer letter. A copy of the amended and restated employment offer letter has been filed with the SEC with a Current Report on Form 8-K on April 6, 2009.

In the event that the Asset Sale does not close and Mr. Sayer s employment with us is terminated without cause not in connection with an Enterprise Sale (as such term is defined in the amended and restated employment offer letter), Mr. Sayer will be entitled to severance in an amount equal to $125,000 as of the date of the termination of employment pursuant to the terms of his amended and restated employment offer letter.

Dissenters Rights

You will not experience any change in your rights as a stockholder as a result of the Asset Sale. None of Delaware law, the Charter or our bylaws provides for appraisal or other similar rights for dissenting stockholders

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in connection with the Asset Sale, and we do not intend to independently provide stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Asset Sale. Our shares of Common Stock will remain publicly traded on the Nasdaq Global Select Market following the closing of the Asset Sale.

Accounting Treatment of the Asset Sale

Under accounting principles generally accepted in the United States of America, upon stockholder adoption and approval of the Asset Sale and the Asset Purchase Agreement, we expect to reflect the results of operations of the Enterprise Business as discontinued operations, including the related anticipated gain on the sale, net of any applicable taxes, commencing with the quarter during which the Asset Sale is approved by the stockholders. For further information, see the unaudited pro forma condensed financial information included in this proxy statement.

Financing; Source and Amount of Funds

The Asset Sale is not conditioned on Consona s ability to obtain financing.

MATERIAL U.S. FEDERAL, STATE AND FOREIGN INCOME TAX CONSEQUENCES

The Asset Sale will not result in any material U.S. federal income tax consequences to our stockholders. The transaction will be a taxable event to SupportSoft for U.S. state and federal income tax purposes. The Asset Sale is expected to result in some federal alternative minimum tax being imposed on SupportSoft in the year of the sale despite our existing tax losses and credits. In addition, SupportSoft expects that all or substantially all of the taxable gain resulting from the Asset Sale will be subject to state income tax, despite our existing tax losses and credits. Furthermore, SupportSoft may be subject to income taxes in foreign jurisdictions on the gain from the Asset Sale in several of the jurisdictions where we maintain foreign subsidiaries. The Asset Sale also may result in SupportSoft being subject to foreign, state or local sales, use or other taxes in jurisdictions in which SupportSoft files tax returns or has assets.

REGULATORY MATTERS

Mergers and acquisitions that may have an impact in the United States are subject to review by the Department of Justice and the Federal Trade Commission to determine whether they comply with applicable antitrust laws. SupportSoft believes that the Asset Sale is not subject to the Hart Scott Rodino Act Antitrust Improvements Act of 1976 or the reporting and waiting requirements of any other United States antitrust law. We are not aware of other material regulatory approvals.

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FINANCIAL PROJECTIONS

SupportSoft s management does not as a matter of course make public full year projections. However, in connection with the process to test the market for a potential sale of the Enterprise Business, our management provided certain Enterprise Business projections to potential acquirors, including Consona, and TWP, which were based on our management s projection of our future financial performance as of the date they were provided. We have included below the material portions of these projections, which we refer to as the Projections, to give our stockholders access to certain nonpublic information prepared for purposes of considering and evaluating the Asset Sale. The Projections were prepared by SupportSoft s management for internal use and to assist TWP, Consona and certain of the other bidders with their respective due diligence investigations of SupportSoft, and were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants regarding forward-looking information or generally accepted accounting principles.

Neither SupportSoft s independent registered public accounting firm, Ernst & Young LLP, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Projections, nor have they expressed any opinion or given any form of assurance on the projections or their achievability. TWP and Consona did not prepare the information in the table below, have no responsibility therefor, and may have varied some of the assumptions underlying such information for purposes of their analyses. Furthermore, the Projections:

- necessarily make numerous assumptions, many of which are beyond the control of SupportSoft and may not prove to have been, or may no longer be, accurate;

- except as indicated below, do not necessarily reflect revised prospects for SupportSoft s 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 projections were prepared;

- are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below; and

- should not be regarded as a representation that they will be achieved.

We believe the assumptions our management used as a basis for the Projections were reasonable at the time such information was prepared, given the information our management had at the time.

The Projections are not a guarantee of performance. They involve significant risks, uncertainties and assumptions. The future financial results and stockholder value of SupportSoft may materially differ from those expressed in the Projections due to factors that are beyond our ability to control or predict. We cannot assure you that the Projections will be realized or that the future financial results of the Enterprise Business will not materially vary from the Projections. We do not intend to update or revise the Projections.

The Projections are forward-looking statements. For information on factors which may cause our future financial results to materially vary, see Cautionary Statement Concerning Forward-Looking Information on page 19, Special Risk Considerations You Should Take Into Account In Deciding How To Vote On The Proposal To Sell the Enterprise Business on page 39, and the Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement.

The Projections estimate profitability at the operating income level, including an allocation for general and administrative expenses but exclusive of interest income, other income and expenses, and income taxes. The Projections have also been prepared on a non-GAAP basis, which excludes stock-based compensation, restructuring charges, and amortization of intangible assets.

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Non-GAAP Projections (in thousands, except percentages and per share data)

	2009 Enterprise Business Projection	
Revenue	$	31,039
Projected Year over Year Growth		*(26)%*
Cost of Goods Sold		11,692
Gross Profit		19,347
Operating Expenses		10,424
Pre G&A Profit		8,923
Estimated G&A(1)		2,828
Post G&A Profit	$	6,095

(1) Estimated General & Administrative expenses for a private standalone entity.

In preparing the Projections, SupportSoft made a number of assumptions, including assumptions regarding the following:

- Revenue growth;
- Costs and operating expenses; and
- A lack of future acquisitions for the Enterprise Business.

Non-GAAP Financial Measures

As noted above, the Projections have been prepared on a non-GAAP basis, which excludes stock-based compensation expenses, amortization of intangible assets, and restructuring charges. The following provides our reasons for providing such information on a non-GAAP basis:

General We believe that the non-GAAP measures, excluding stock-based compensation expenses, when viewed in addition to and not in lieu of our reported GAAP results, assist in the understanding our results of operations.

Stock-based compensation expenses Management excludes stock-based compensation expense when evaluating its performance from period to period because such expenses do not require cash settlement and because such expenses are not used by management to assess the performance of our business.

Amortization/write-down of intangible assets We do not acquire businesses on a predictable cycle; therefore management excludes acquisition-related intangible asset amortization and related charges when evaluating its operating performance. We also excludes such charges as they represent non-cash expenses.

Restructuring and impairment charges We believe the non-GAAP measures, excluding restructuring and impairment charges, provide meaningful supplemental information in order to understand our ongoing operational costs and expenses, without the broad-based termination costs that comprised our restructuring expense. We do not undertake significant restructurings on a predictable basis and, as result, excludes associated charges in order to enable better and more consistent evaluation of the Company s operating expenses before and after such actions are taken.

SupportSoft uses non-GAAP financial measures internally to evaluate its performance from period to period and against the performance of other software companies, many of which present similar non-GAAP financial measures. We also believe that investors benefit from seeing through the eyes of management as our operating budgets and compensation programs are based on the non-GAAP financial measures we present in this press release.

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Finally, SupportSoft believes the non-GAAP measures provide useful supplemental information for investors to evaluate our operating results in the same manner as the research analysts that follow SupportSoft, all of whom present non-GAAP projections in their published reports. As such, the non-GAAP measures provided by SupportSoft facilitate an apples to apples comparison of our performance with the financial projections published by the analysts.

The economic substance behind our decision to use such non-GAAP measures is that such measures approximate our controllable operating performance more closely than the most directly comparable GAAP financial measures.

The material limitation associated with the use of the non-GAAP financial measures is that the non-GAAP measures do not reflect the full economic impact of our activities and reliance solely on non-GAAP measures may lead management to make business decisions with unanticipated economic consequences on our GAAP financial results. We compensate for this limitation by not relying exclusively on non-GAAP financial measures to make business decisions. We also continuously reevaluate which non-GAAP measures are appropriate.

SPECIAL RISK CONSIDERATIONS YOU SHOULD TAKE INTO ACCOUNT IN DECIDING HOW TO VOTE ON THE PROPOSAL TO SELL THE ENTERPRISE BUSINESS

You should carefully consider the special risk considerations described below as well as other information provided to you or referenced in this document in deciding how to vote on the proposal to sell the Enterprise Business. The special risk considerations described below are not the only ones facing us. For a discussion of additional risk considerations, we refer to you the documents we file from time to time with the Securities and Exchange Commission, particularly our Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Form 10-Q for the quarterly period ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement. Additional considerations not presently known to us or that we currently believe are immaterial may also adversely affect our business operations. If any of the following special risk considerations actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common shares could decline, and you may lose all or part of your investment.

Special Risk Considerations Regarding the Proposal to Sell the Enterprise Business

If we fail to complete the sale of the Enterprise Business, our business may be harmed.

We cannot assure you that the sale of our Enterprise Business will be completed. The completion of the sale of the Enterprise Business is subject to the satisfaction of a number of conditions, including, among others, the requirement that we obtain stockholder approval of the Asset Sale. In addition, Consona may terminate the agreement if we do not cure breaches, if any, of a material provision of the Asset Purchase Agreement within 20 days of notice of such breach. We cannot guarantee that we will be able to meet all of the closing conditions of the Asset Purchase Agreement. If we are unable to meet all of the closing conditions, Consona is not obligated to purchase the Enterprise Business. We also cannot be sure that other circumstances, for example, a Material Adverse Effect, will not arise that would allow Consona to terminate the Asset Purchase Agreement prior to closing. If the Asset Sale is not approved or does not close, our board of directors will be forced to evaluate other alternatives, which may be less favorable to us than the proposed sale of the Enterprise Business.

As a result of our announcement of the sale of our Enterprise Business, third parties may be unwilling to enter into material agreements with respect to our Enterprise Business. New or existing customers and business partners may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers and business partners may perceive that such new relationships are likely to be more stable. Employees working in the Enterprise Business may become concerned about the future of the business and lose focus or seek other employment. If we fail to complete the Asset Sale, the failure to maintain existing business relationships or enter into new ones could adversely affect our business, results of operations and financial condition. In addition, if we fail to complete the proposed Asset Sale, we will retain and continue to operate the Enterprise Business. The resultant potential for loss or disaffection of employees or Enterprise Business customers would have a material, negative impact on the value of our Enterprise Business.

In addition, if the Asset Sale is not consummated, our directors, executive officers and other employees will have expended extensive time and effort and will have experienced significant distractions from their work during the pendency of the transaction and we will have incurred significant third party transaction costs, in each case, without any commensurate benefit, which may have a material and adverse effect on our stock price and results of operations.

You are not guaranteed any of the proceeds from the sale of the Enterprise Business.

The purchase price for the assets of the Enterprise Business will be paid directly to our company. Management could spend or invest the net proceeds from the sale of the Enterprise Business in ways with which our stockholders may not agree, including acquisitions. The investment of these proceeds may not yield a favorable return.

The Asset Purchase Agreement may expose us to contingent liabilities.

Under the Asset Purchase Agreement, we agreed to indemnify Consona for breaches or violations of any representation, warranty, covenant or agreement made by us in the Asset Purchase Agreement, for pre-closing and other liabilities related to the Enterprise Business, and for other matters, subject to certain limitations. Significant indemnification claims by Consona could have a material adverse effect on our financial condition. We will generally not be obligated to indemnify Consona for any breach of the representations and warranties made by us under the Asset Purchase Agreement until the aggregate amount of claims for indemnification for such breach exceeds $200,000 (except in the event of a breach of the sufficiency of purchased assets representation, in which case we will not be obligated to indemnify Consona for any breach of such representation until the aggregate amount of such claims exceeds $50,000, but we are then obligated to indemnify Consona for the full amount of such losses). In the event that claims for indemnification for breach of the representations and warranties made by us under the Asset Purchase Agreement exceed the stated threshold, we may be obligated to indemnify Consona for any damages or loss resulting from such breach in an amount not to exceed $2,000,000. Claims for indemnification for breach of any covenant, agreement or other matter made by us in the Asset Purchase Agreement, including claims for excluded liabilities, or claims for fraud or intentional misrepresentation, are not subject to the limits described above.

Special Risk Considerations Regarding the Remaining Consumer Business Assuming the Enterprise Business is Sold

Our Enterprise Business has historically generated a substantial portion of our revenue. After its sale we will be a much smaller company, and in order to succeed as a smaller company after the sale, we will need to achieve profitability of our Consumer Business.

We will be selling our entire Enterprise Business which has historically been the source of a substantial portion of our revenue. For the fiscal year ended December 31, 2008, our Enterprise Business segment accounted for $42.1 million of our total revenues of $48.9 million while our Consumer Business segment accounted for only $6.8 million of our total revenues. We may invest a portion of the net proceeds of this transaction to grow our Consumer Business. There is no guarantee that we will be able to achieve sustained growth or profitability in our Consumer Business or in new business opportunities we may pursue.

Our Consumer Business is generating losses, has a limited operating history and is based on a relatively new business model.

Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in resolving technology problems. Prior to January 2008, we operated our business in only one segment, the Enterprise Business segment. We are executing a plan to extend our Consumer Business

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by providing premium technology services to consumers both through channel partners and directly. We may not be able to continue to offer these services successfully. We have limited experience in reaching or serving consumers and in managing technical support agents. All of our North American technical support agents are now home-based, which requires a high degree of coordination and quality control of employees working from diverse and remote locations. We are currently experiencing losses in our Consumer Business and we expect to continue to use significant cash and incur increased operating expenses to support this initiative, including costs associated with recruiting, training and managing our technical support agents, costs to develop and acquire technology and infrastructure to support our Consumer Business, promotional costs associated with reaching consumers, and costs of obtaining personnel with the necessary consumer expertise. These investments, which typically are made in advance of revenue, may not yield increased revenue to offset these expenses. As a result of these factors, the future revenue and income potential of our Consumer Business is uncertain. Any evaluation of our Consumer Business and our prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in our early stage of development. Some of these risks and uncertainties relate to our ability to do the following:

- maintain our current relationships, and develop new relationships, with customers, channel partners and employees;
- continue to grow our revenue and meet anticipated growth targets;
- manage our expanding operations and implement and improve our operational, financial and management controls;
- adapt to industry consolidation;
- successfully introduce new, and upgrade our existing, products and services for consumers;
- respond to government regulations relating to our Consumer Business;
- respond effectively to competition; and
- attract and retain qualified management and employees.

If we are unable to address these risks, our business, results of operations and prospects could suffer.

We will be a very small public company with a large cash balance.

Once the Asset Sale is completed, we will remain a publicly traded company and will continue to be subject to SEC and Nasdaq rules and regulations, including the Sarbanes-Oxley Act of 2002. While all public companies face the costs and burdens associated with being publicly traded, given the size of our consumer-focused company, the costs and burden of being a public company will be a significant portion of our annual revenues. In addition, given our size and the fact that the sole focus of our business will be our Consumer Business, our management will have an even greater expectation from stockholders and industry analysts to produce improved quarterly financial results for our Consumer Business as compared to the periods prior to the Asset Sale when the diversity of our revenue streams could enable one of our segments to offset weakness in the other segment. After giving effect to the Asset Sale, our cash balance will increase. In the past our market capitalization has been lower than our cash balance. If these dynamics continue, we may be a take-over target in the future. This might cause distractions for our management and our board of directors and might otherwise prevent us from executing on our strategy for the Consumer Business to build long term stockholder value.

We may make acquisitions in the Consumer Business that may not prove successful.

We may not be able to identify suitable acquisition candidates at prices we consider appropriate. If we do identify an appropriate acquisition candidate, we may not be able to successfully and satisfactorily negotiate the terms of the acquisition. Our management may not be able to effectively implement our acquisition program and

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internal growth strategy simultaneously. The integration of acquisitions involves a number of risks and presents financial, managerial and operational challenges. We may have difficulty, and may incur unanticipated expenses related to, integrating management and personnel from these acquired entities with our management and personnel. Our failure to identify, consummate or integrate suitable acquisitions could adversely affect our Consumer Business. We cannot readily predict the timing, size or success of our future acquisitions. Failure to successfully integrate recent acquisitions or future acquisitions could have a material adverse effect on our business, prospects, financial condition and results of operations.

Economic or market factors could cause a decline in consumer spending for technology services, adversely affecting our financial results.

Our revenue and profitability depend on the overall demand for our services. Delays or reductions in demand for our services by consumers could materially adversely affect our financial results. If the markets for computers and electronic products and demand for our Consumer Business products and services continue to decline, our business, results of operations or financial condition could be materially adversely affected.

Because a small number of customers and channel partners have historically accounted for and may in future periods account for substantial portions of our revenue, delays of specific programs or losses of certain customers could decrease our revenue.

A small number of customers and channel partners have historically accounted for, and may in future periods account for, substantial portions of our revenue. For the first quarter of 2009, one company accounted for 31% of total revenue. For the year ended December 31, 2008, that company and another company accounted for 11% and 13% of our total revenue, respectively. In 2009, we are likely to continue to derive a significant portion of our revenue from transactions with a limited number of customers and channel partners. The customer that accounted for more than 10% of our total revenue in both periods is a channel partner in our Consumer Business, and has accounted for a substantial majority of our consumer revenue to date. Accordingly, assuming the Enterprise Business sale is completed, that customer will account for a greater percentage of our total revenue. Therefore, our revenue could decline because of the loss of a single customer or delay of a significant program by a consumer partner. Additionally, we may not obtain new customers. The failure to obtain significant new customers or alliances, the loss or delay of significant customer orders, the failure to establish and grow additional channel partners and the failure to receive fees for products or services delivered would harm our operating results.

ASSET PURCHASE AGREEMENT

The following is a summary of the material terms of the Asset Purchase Agreement. This summary does not purport to describe all the terms of the Asset Purchase Agreement and is qualified by reference to the complete Asset Purchase Agreement, which is attached as Annex A to this proxy statement. We urge you to read the Asset Purchase Agreement carefully and in its entirety because it, and not the summary set forth in this proxy statement, is the legal document that governs the Asset Sale.

The terms of the Asset Purchase Agreement (such as the representations and warranties) are intended to govern the contractual rights and relationships, and allocate risks, between the parties in relation to the Asset Sale. The Asset Purchase Agreement contains representations and warranties that SupportSoft, on the one hand, and Consona, on the other hand, made to each other as of specific dates. The representations and warranties were negotiated between the parties with the principal purpose of setting forth their respective rights with respect to their obligations to consummate the Asset Sale and may be subject to important limitations and qualifications as set forth therein, including a contractual standard of materiality different from that generally applicable under federal securities laws. In addition, certain representations and warranties relate to information that is not known currently by either party and have been negotiated such that the risk that such representations or warranties are ultimately shown to not be true is allocated between the parties.

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In addition, such representations and warranties are qualified by information in confidential disclosure schedules that SupportSoft and Consona have exchanged in connection with signing the Asset Purchase Agreement. While SupportSoft does not believe that the disclosure schedules contain information that the securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached Asset Purchase Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified by the underlying disclosure schedules. These disclosure schedules contain certain information that has been included in our prior public disclosures, as well as additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Asset Purchase Agreement, which subsequent information may or may not be fully reflected in our public disclosures.

General

Under the terms of the Asset Purchase Agreement, Consona has agreed to purchase the Enterprise Business. Pursuant to the terms of the Asset Purchase Agreement, upon the closing of the Asset Sale, Consona will make a cash payment of $20,000,000 to us, subject to the possible adjustment described below.

If the closing of the Asset Sale occurs after June 30, 2009, we and Consona have agreed to reduce the cash purchase price to the extent that, at any time during the period from June 30, 2009 to the closing date, we receive payments from certain of our customers with respect to specific invoices identified on a schedule to the Asset Purchase Agreement. The cash purchase price shall be reduced for each such payment by an amount equal to the difference between (A) the product of (i) the aggregate amount of such payment actually received by us from such customer with respect to such invoice multiplied by (ii) a fraction with a numerator equal to 365 minus the number of days that have elapsed from the beginning of the applicable maintenance period pursuant to our contract with such customer (or, from June 1, 2009, as to one of the customers) to the date we actually receive payment from such customer and a denominator equal to 365 and (B) any sales commissions we actually paid in respect of such payment received from such customer (not to exceed 5% of the amount of the payment and excluding commissions paid in the ordinary course of business). The intent of this formula is to ensure that Consona receives the benefit of the cash payment from these contracts in the event the closing of the Asset Sale is delayed beyond June 30, 2009. If the Asset Sale is closed prior to June 30, 2009, Consona will receive the full benefit of such payments since we have agreed to assign the relevant customer contracts to Consona pursuant to the Asset Purchase Agreement and the payments would, according to historical customer payout patterns, be received after June 30, 2009. We have agreed with Consona that the aggregate amount of such adjustments described above, if any, shall be computed and that we shall deliver a certificate to Consona prior to the closing date setting forth the total amount of such adjustments. The adjustment amount, if any, will be deducted from the $20,000,000 purchase price. Therefore, if the closing of the Asset Sale does not occur until after June 30, 2009, the amount we actually receive at the closing as the cash purchase price may be less than $20,000,000. In the event the closing of the Asset Sale occurs on or prior to June 30, 2009, there will be no adjustment to the $20,000,000 cash purchase price.

Closing

Closing of the Asset Sale under the Asset Purchase Agreement will occur within three business days following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated thereby, including the adoption and approval of the Asset Sale and the Asset Purchase Agreement by the holders of a majority of our common stock outstanding on the Record Date, or at such other time as we and Consona may agree upon in writing.

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Representations and Warranties

The Asset Purchase Agreement contains a number of customary representations and warranties applicable to us, subject in some cases to customary qualifications, relating to, among other things, the following:

- valid existence and good standing, and other corporate matters regarding us;
- authorization, valid execution and delivery, and enforceability of the Asset Purchase Agreement;
- binding effect of the Asset Purchase Agreement and the other agreements contemplated thereby;
- conflicts or violations under charter documents, contracts and instruments or law;
- title to property and purchased equipment and sufficiency of the purchased assets;
- compliance with governmental permits;
- real estate related to the Enterprise Business;
- compliance with laws and absence of material litigation;
- labor and employment matters related to the Enterprise Business;
- material contracts related to the Enterprise Business;
- segment financial information related to the Enterprise Business;
- absence of certain changes related to the Enterprise Business;
- intellectual property matters related to the Enterprise Business;
- taxes;
- customers and suppliers related to the Enterprise Business;

- contracts with affiliates;
- brokers or finders fees, and other fees with respect to the Asset Sale;
- our board of director s approval of the Asset Sale and the Asset Purchase Agreement;
- information contained in this proxy statement; and
- warranty and product liability claims.

Certain representations and warranties in the Asset Purchase Agreement provide exceptions for items that are not reasonably likely to have a Material Adverse Effect. For purposes of the Asset Purchase Agreement, a Material Adverse Effect means a change, effect, event, occurrence or state of facts that is, or is reasonably likely to be, either individually or when aggregated with all other changes, effects, events, occurrences or states of facts, materially adverse to (i) the business, condition (financial or otherwise) or results of operations of the Enterprise Business, (ii) the assets being purchased and the liabilities being assumed by Consona pursuant to the Asset Purchase Agreement, or (iii) our ability to consummate the transactions contemplated by the Asset Purchase Agreement, in each case other than any change, effect, occurrence or state of facts resulting from:

- conditions in the United States or foreign economies, banking or securities markets;
- conditions in the industry in which the Business operates in general and not specifically relating to the Business;
- changes or developments in international, national, regional, state or local wholesale or retail markets for any product that has similar specification as the Enterprise Business products, including enhancements, modifications, evolutions or combinations of or with such products, including those due to actions by competitors;

- the announcement or pendency of the transactions contemplated by the Asset Purchase Agreement (including any action or inaction by our or our subsidiary s customers, suppliers, distributors, employees or competitors resulting from the announcement or pendency of the transactions contemplated by the Asset Purchase Agreement or from any action by Consona related to such transactions, including its decision whether or not to employ any or all of our employees who work exclusively for the Enterprise Business);

- any failure to meet any projections, budgets, plans or forecasts for any products;

- the undertaking, performance or observance of the obligations contemplated by the Asset Purchase Agreement or the failure to take any action as a result of restrictions or other prohibitions set forth in the Asset Purchase Agreement;

- changes in generally accepted accounting principles or any law; or

- Consona s failure to consent to our request to take an action prohibited or omit to take any action required by the interim operating covenant section of the Asset Purchase Agreement.

The Asset Purchase Agreement also contains a number of customary representations and warranties applicable to Buyer, subject in some cases to customary qualifications, relating to, among other things, the following:

- valid existence and good standing, and other corporate matters of Consona;

- authorization, valid execution and delivery, and enforceability of the Asset Purchase Agreement;

- binding effect of the Asset Purchase Agreement and the other agreements contemplated thereby;

- conflicts or violations under charter documents, contracts and instruments or law;

- brokers or finders fees, and other fees with respect to the Asset Sale;

- sufficiency of funds;

- information contained in this proxy statement; and

- independent assessment of the Enterprise Business.

Indemnification; Survival of Indemnification Obligations

After closing of the Asset Sale, we have agreed to indemnify and hold Consona and its affiliates harmless from any loss arising out of (i) any breach of representations and warranties by us, (ii) breaches by us of any covenants or agreements made or to be performed by us under the Asset Purchase Agreement, (iii) any excluded liabilities under the Asset Purchase Agreement, or (iv) any claims with respect to, or arising out of, any of our employees in connection with any employment benefit plan or such employee s employment or termination of employment with us, including liabilities arising under employment benefit plans or otherwise arising out of our termination of employees prior to the closing date. In general, we are required to indemnify Consona for any indemnifiable losses arising out of a breach of our representations or warranties, subject to certain exceptions, for a period of 12 months following the closing date of the Asset Sale. In general, we are not obligated to make Consona whole for any losses suffered as a result of a breach of our representations and warranties until Consona suffers losses in excess of $200,000, at which point we are obligated to indemnify Consona only for such losses in excess of $200,000 (except in the event of a breach of the sufficiency of purchased assets representation, in which case we will not be obligated to indemnify Consona for any breach of such representation until the aggregate amount of such claims exceeds $50,000, but we are then obligated to indemnify Consona for the full amount of such losses), subject to limitations set forth below. In addition, our liability for any claim for indemnification brought by Consona based upon a breach of a representation or warranty is limited to $2,000,000. Claims for (i) fraud or intentional misrepresentation, (ii) breaches of agreements and covenants and (ii) liabilities excluded by Consona under the Asset Purchase Agreement, are not subject to the limitations on indemnification set forth above, and Consona may proceed directly against us for any such claims.

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After closing of the Asset Sale, Consona has agreed to indemnify and hold us and our affiliates harmless from any loss arising out of (i) any breach of representations and warranties by Consona, (ii) breaches by Consona of any covenants or agreements made or to be performed by it under the Asset Purchase Agreement, (iii) any liability assumed by Consona under the Asset Purchase Agreement, or (iv) any liabilities of Consona with respect to, or arising out of, the employment by Consona or the termination of employment by Consona of any employees being transferred from us to Consona in connection with the Asset Sale. In general, Consona is not obligated to make us whole for any losses arising out of a breach of Consona s representations and warranties until we suffer losses in excess of $200,000, at which point Consona is obligated to indemnify us only for such losses in excess of $200,000, subject to limitations set forth below. In addition, Consona s liability for any claim for indemnification brought by us based upon a breach of a representation or warranty by Consona is limited to $2,000,000. Claims for (i) fraud or intentional misrepresentation, and (ii) breaches of agreements and covenants, are not subject to the limitations on indemnification set forth above, and we may proceed directly against Consona for any such claims.

Covenants and Agreements

Under the Asset Purchase Agreement, we have agreed to abide by certain customary covenants prior to the closing of the Asset Sale or the earlier termination of the Asset Purchase Agreement. Among others, these covenants include an agreement to not take any of the following actions related to the Enterprise Business without the written consent of Consona:

declare or pay any non-cash dividend of any of the assets being sold to Consona or make any other non-cash payment or distribution of such assets in respect of our capital stock or other equity interests, or directly or indirectly redeem, purchase or otherwise acquire any of our capital stock or other equity interests in exchange for such assets;

license any of the intellectual property being purchased by Consona to any third party except for non-exclusive, object code only, end-user licenses granted to customers in the ordinary course of business consistent with past practices;

except in the ordinary course of business (i) terminate, materially extend, materially modify or assign any contract being assigned to Consona (or enter into any new agreement of such type); (ii) fail to perform, in the ordinary course of business consistent with past practice, our obligations under all such contracts and other obligations to be included as part of the purchased assets and assumed liabilities or (iii) grant any release or relinquishment of any material rights under any such contract;

except for obligations under contracts entered in the ordinary course of business consistent with past practice, incur or assume any liabilities, obligations or indebtedness for borrowed money that would (i) constitute an assumed liability for purposes of the Asset Purchase Agreement, or (ii) otherwise encumber or materially and adversely affect the assets being acquired by Consona (other than certain permitted encumbrances or excluded liabilities under the Asset Purchase Agreement);

pay any bonus or make any cash incentive payment or similar payment to, or increase the amount of the wages, salary, commissions, benefits, equity compensation or other compensation or remuneration payable to, or accelerate any benefits available to, any of our employees exclusively working in the Enterprise Business other than in the ordinary course of business consistent with past practice as applicable to all of our employees or in accordance with existing employee benefit plans; provided, that, in either case, we shall not, and shall cause our affiliates not to, increase any Enterprise Business employee s base salary;

adopt or amend any employee benefit plan in a manner primarily affecting the Enterprise Business employees, except as required by law, or enter into or amend any employment agreement with any such Enterprise Business employees;

engage in or offer to make any material acquisition of assets that would be considered purchased assets under the Asset Purchase Agreement, by means of a merger, consolidation or otherwise;

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- sell, lease, encumber or otherwise dispose of the assets being purchased by Consona under the Asset Purchase Agreement outside the ordinary course of business consistent with past practices, and in any event, involving a transaction value in excess of $25,000 individually or $50,000 in the aggregate, other than in connection with a sale of our entire company effected in accordance with the Asset Purchase Agreement;
- except for borrowings under our existing credit facilities in the ordinary course of business, incur, create, assume or otherwise become liable for, or prepay, any indebtedness (including the issuance of any debt security), or enter into any off-balance sheet arrangement, that would be an assumed liability under the Asset Purchase Agreement;
- make any capital expenditures or commitments therefor relating exclusively to the Enterprise Business in an amount in excess of $100,000 in the aggregate;
- issue or agree to issue any refunds, credits, allowances or other concessions with customers with respect to amounts collected by or owed to us or any of our subsidiaries in respect of the sale of the products being sold to Consona pursuant to the Asset Purchase Agreement;
- reduce our current levels of sales and marketing expenditures for the Enterprise Business;
- fail to pay suppliers, vendors and creditors of the Enterprise Business in the ordinary course of business consistent with past practice;
- fail to maintain our current or substantially similar insurance on the assets being purchased by Consona pursuant to the Asset Purchase Agreement; or
- make any material change in the accounting methods or practices followed in respect of the Enterprise Business, except as required by law, generally accepted accounting principles or any governmental body.

No Negotiation or Solicitation of Competing Transaction

The Asset Purchase Agreement provides that, except as specifically provided for in the Asset Purchase Agreement, we will not (and we will cause our employees, officers, directors and agents not to):

- solicit, initiate, entertain or encourage the submission of any proposal or offer from any third party relating to a competing transaction (as described below);
- participate in any discussions or negotiations regarding, furnish any non-public information with respect to, assist or participate in, or knowingly facilitate in any other manner any effort or attempt by any third party to do or seek any of the foregoing with respect to a competing transaction;
- withdraw or modify the recommendation of our board of directors in favor of the Asset Sale; or
- enter into any agreement in principle, letter of intent, term sheet or other similar instrument relating to a competing transaction.

However, prior to the receipt of stockholder approval of the Asset Sale and Asset Purchase Agreement, in response to a bona fide written proposal for a competing transaction made after the date of the Asset Purchase Agreement that was not solicited by us or any of our subsidiaries, if our board of directors determines in good faith after consultation with outside legal counsel and its financial advisor, that (A) such proposal for a competing transaction is, or is reasonably likely to lead to, a superior proposal (as described below), and (B) failing to take any such action would be inconsistent with the fiduciary duties of our board of directors, we, our subsidiaries and our respective employees, officers and agents may provide any non-public information regarding us or any of our subsidiaries to the third party making such proposal for a competing transaction or engage in any negotiations or substantive discussions with such third party regarding such proposal for a competing transaction. We have further agreed that, prior to our board of directors making any determination with respect to a change of their recommendation in favor of the Asset Purchase, we shall consult with Consona and provide it a reasonable opportunity, not less than three business days, to amend the terms of the Asset Purchase Agreement in response to such competing proposal. Provided that we have complied with the foregoing provisions and that a superior proposal has been made and not withdrawn and continues to be a superior proposal notwithstanding any modification by Consona of the terms of the Asset Purchase Agreement, our board of directors, to the extent the failure to do so would be inconsistent with the fiduciary duties of our board of directors, as determined in good faith by a majority of the members thereof, may (x) withdraw or modify its approval or recommendation of the Asset Purchase Agreement, (y) approve or recommend any superior proposal, or (z) after first terminating the Asset Purchase Agreement pursuant to and in full compliance with the provisions of the Asset Purchase Agreement (including the payment of the termination fee described below), cause us to enter into a definitive agreement with respect to such superior proposal.

The term competing transaction means the direct or indirect acquisition of all or substantially all of the assets of the Enterprise Business or a material portion of the assets to be sold pursuant to the Asset Purchase Agreement, other than in connection with (x) a merger or consolidation in which we would not be the surviving entity, (y) a purchase of all of our outstanding capital stock, or (z) an acquisition of the Enterprise Business, together with all or substantially all of our remaining assets (which shall include, for avoidance of doubt, the sale of all of our remaining business lines, and not merely the Enterprise Business).

The term superior proposal means a bona fide, unsolicited proposal for a competing transaction or a sale of our entire company that the Board determines in good faith after (i) consultation with outside legal counsel and its financial advisor and (ii) taking into account all of the terms and conditions of the proposal for a competing transaction and the Asset Purchase Agreement is more favorable than the transactions contemplated by the Asset Purchase Agreement. If we enter into an agreement with any third party with respect to a superior proposal, we will be required to pay the termination fee of $600,000. See The Asset Purchase Agreement Termination Fee beginning on page 50.

Employee Matters

On or before May 10, 2009, Consona shall have the option to offer employment to each of our employees that is exclusively engaged in the Enterprise Business or that is otherwise identified by us to Consona on the confidential disclosure schedule to the Asset Purchase Agreement (each a Business Employee) contingent upon the closing of the Asset Sale. We have agreed to use our commercially reasonable efforts to cooperate with Consona in its recruitment of the Business Employees, including allowing and facilitating interviews and providing access to personnel files of the Business Employees. Any Business Employee who accepts Consona s offer of employment and commences employment with Consona shall be referred to, individually, as a Transferred Employee and, collectively, as the Transferred Employees. Consona shall in no way be obligated to continue to employ any Transferred Employee for any specific period of time, except to the extent otherwise agreed to in writing by Consona and any Transferred Employee after the closing.

Except as otherwise provided in the Asset Purchase Agreement, we shall be solely responsible for all liabilities arising out of or resulting from the employee benefit plans whether incurred before, on or after the closing date. In addition, we have agreed to terminate, waive and release our rights under any covenants regarding non-competition, and conflicting obligations with respect to the Enterprise Business with the Business Employees who become Transferred Employees. We shall be solely responsible for (i) the payment of all wages and other remuneration due to Transferred Employees with respect to their services as employees through the close of business on the closing date, but not any vacation time, personal days or floating holidays accrued and earned through the closing date; (ii) the payment of any termination or severance payments owed to any Business Employee that is not a Transferred Employee pursuant to any employee benefit plan or any applicable law; and (iii) the provision of health plan continuation coverage in accordance with the requirements of COBRA to any Business Employee that is not a Transferred Employee and/or any beneficiary thereof who is entitled to elect such coverage on account of a qualifying event (as defined under COBRA) occurring on or prior to the closing of the Asset Sale. If any Business Employee becomes a Transferred Employee at any time during the period commencing on the day immediately following the closing date and ending on the day that is six (6) months after the closing date, then Consona has agreed to promptly thereafter reimburse us for any payments or other liabilities referred to in the preceding sentence that are paid or payable by us with respect to any such Business Employee.

In addition, we and Consona have agreed not to knowingly solicit to employ any employee of the other party for a period of 24 months following the closing of the Asset Sale.

Conditions to Completion of the Asset Sale

The obligations of us and Consona to complete the Asset Sale are subject to the satisfaction or waiver of the following conditions:

- the receipt of our stockholder approval; and
- the absence of any statute, rule, regulation, order, injunction or decree that has been enacted, entered, promulgated or enforced by any governmental authority that prohibits, or makes illegal the closing of the Asset Sale.

In addition, the obligations of Consona to complete the Asset Sale are subject to the satisfaction by us or waiver by Consona of conditions, including the following:

- our representations and warranties shall be true and correct as of the date of the Asset Purchase Agreement and the date of the closing of the Asset Sale, except those representations and warranties which address matters only as of a particular date need only be true and correct as of such date, and except those changes that would not be reasonably expected to cause a Material Adverse Effect to us;
- we shall have performed and complied in all material respects with each of the covenants, agreements and obligations we are required to perform under the Asset Purchase Agreement;
- the absence of a Material Adverse Effect; and
- the release of liens on certain of the assets being sold.

In addition, our obligation to complete the Asset Sale is subject to the satisfaction by Consona or waiver by us of conditions, including the following:

- Consona s representations and warranties shall be true and correct as of the date of the Asset Purchase Agreement and the date of the closing of the Asset Sale, except those representations and warranties which address matters only as of a particular date need only be true and correct as of such date, and except those changes that would not be reasonably expected to cause a material adverse effect to Consona; and
- Consona shall have performed and complied in all material respects with each of the covenants, agreements and obligations Consona is required to perform under the Asset Purchase Agreement.

Termination

We and Consona may by mutual written consent terminate the Asset Purchase Agreement at any time prior to the completion of the Asset Sale.

In addition, either we or Consona may, in writing, terminate the Asset Purchase Agreement at any time prior to the effective time of the Asset Sale:

- if consummation of the Asset Sale is enjoined, restrained, illegal or otherwise prohibited by the final nonappealable decision of a governmental body or court;

- if the Asset Sale has not been completed on or before August 31, 2009; or
- if the adoption and approval of the Asset Purchase Agreement by our stockholders has not been obtained at the Annual Meeting or any adjournment thereof by reason of the failure to obtain the required vote; or
- if any of the respective conditions to closing shall have become incapable of fulfillment, however, in the event a failure of any representation or warranty to be true and correct or the failure to perform all covenants or other agreements in the Asset Purchase Agreement has been committed by the other party, such party shall be provided a cure period of 20 days after written notice of breach unless such breach by its nature cannot be cured.

We may terminate, in writing, the Asset Purchase Agreement if our board of directors has determined that a competing transaction is a superior proposal, provided that (i) we received such superior proposal other than as a result of a breach or violation of the terms of the Asset Purchase Agreement, (ii) our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement and (iii) we pay to Consona the termination fee of $600,000.

Consona may terminate, in writing, the Asset Purchase Agreement at any time prior to the completion of the Asset Sale if we provide Consona notice that our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement in response to a superior proposal.

Termination Fee

We will be obligated to pay Consona a fee of $600,000 in connection with the termination of the Asset Purchase Agreement in the event that:

- we terminate the Asset Purchase Agreement as a result of our written notice to Consona that our board of directors has determined that a competing transaction is a superior proposal, provided that (i) we received such superior proposal other than as a result of a breach or violation of the terms of the Asset Purchase Agreement and (ii) our board of directors has effected a change in its recommendation regarding the Asset Sale and the Asset Purchase Agreement pursuant to the terms of the Asset Purchase Agreement; or
- Consona terminates the Asset Purchase Agreement after receiving written notice from us that our board of directors has determined that a competing transaction is a superior proposal or if our board of directors does not reconfirm its recommendation regarding the Asset Sale and the Asset Purchase Agreement within five business days following Consona s request to do so; or
- the Asset Purchase Agreement is terminated because the closing of the Asset Sale shall not have occurred by August 31, 2009 and at or prior to the termination of the Asset Purchase Agreement a superior proposal shall have been made (or a proposal that would be reasonably likely to lead to a superior proposal shall exist and either (a) have been publicly disclosed or (b) notice of such a proposal reasonably likely to lead to a superior proposal shall have been provided, or should have been provided, by us to Consona pursuant to the Asset Purchase Agreement).

In addition, we have agreed to reimburse Consona for its actual and documented out-of-pocket expenses in an amount up to $150,000 in the event that the Asset Purchase Agreement is terminated as a result of a failure to receive stockholder approval of the Asset Sale and the Asset Purchase Agreement.

Expenses

The Asset Purchase Agreement provides that, except as otherwise set forth in the Asset Purchase Agreement, all fees, costs and expenses incurred in connection with the Asset Purchase Agreement and the

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transactions contemplated by the Asset Purchase Agreement will be paid by the party incurring the expenses, whether or not such transaction is consummated.

Amendment

The Asset Purchase Agreement may be amended with respect to any provision contained therein at any time prior to the closing of the Asset Sale by action of us and Consona taken by our respective Boards of Directors or by their duly authorized officers or employees, whether before or after such party s action; provided, however, that such amendment shall be evidenced by a written instrument duly executed on behalf of each party by its duly authorized officer or employee.

Specific Enforcement

We and Consona are entitled to seek an injunction to prevent breaches of the Asset Purchase Agreement by the other party and to enforce specifically the terms and provisions of the Asset Purchase Agreement in any court of competent jurisdiction without bond or other security being required, this being in addition to any other remedy to which we or Consona are entitled at law or in equity.

SUPPORTSOFT, INC

SELECTED UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The information set forth below is based on the unaudited pro forma consolidated financial statements, which give effect to the proposed sale of substantially all of the assets and assumption of certain liabilities of the Company s Enterprise Business by Consona, in exchange for approximately $20 million in cash. The information set forth below should be read in conjunction with the unaudited pro forma consolidated financial statements contained in this proxy statement.

Prior to January 1, 2007, SupportSoft s only business was the Enterprise Business since the consumer business had not yet commenced. Accordingly, historical financial statements of SupportSoft, as of and for the year ended December 31, 2006, represent the Enterprise Business in its entirety. Therefore, pro forma financial information for any period prior to January 1, 2007 is not presented.

	Three Months Ended March 31,	Year Ended December 31,	
	2009	2008	2007
Statement of Operations Data:			
Total Revenue	$ 3,614	$ 6,811	$ 1,050
Net loss	$ (8,326)	$ (31,359)	$ (20,620)
Basic and diluted net loss per share	$ (0.18)	$ (0.68)	$ (0.45)
Shares used in computing basic and diluted net loss per share	46,330	46,098	45,610

	March 31,	December 31,	
	2009	2008	2007
Balance Sheet Data:			
Cash, cash equivalents and investments	$ 103,002	$ 105,956	$ 131,040
Total assets	$ 116,107	$ 121,567	$ 135,577
Long Term Obligations	$ 1,565	$ 1,434	$ 892

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial information sets forth the pro forma consolidated results of operations of SupportSoft, Inc. (SupportSoft or the Company) for the three months ended March 31, 2009 and for the years ended December 31, 2008 and 2007 and the pro forma consolidated financial position of the Company as of March 31, 2009, December 31, 2008 and December 31, 2007.

The unaudited pro forma consolidated statements of operations have been derived from the Company s historical consolidated financial information and give effect to the proposed sale of substantially all of the assets and assumption of certain liabilities of the Company s Enterprise Business by Consona, which we refer to herein as Consona or the Buyer , in exchange for approximately $20 million in cash as if it had occurred on January 1, 2007. In addition, the unaudited pro forma consolidated balance sheets have been derived from the Company s historical consolidated financial information and give effect to the proposed sale of the Enterprise Business as if it had occurred on each of the balance sheet dates.

The unaudited pro forma consolidated statements of operations are based on the assumptions and adjustments described in the accompanying notes and does not reflect any adjustments for non-recurring items or changes in operating strategies arising as a result of the transaction. These unaudited pro forma consolidated financial statements include no assumptions regarding the use of proceeds (other than to pay transaction related expenses), which are presented as additional cash on the unaudited pro forma consolidated balance sheets. Accordingly, the actual effect of the transaction, due to this and other factors, could differ from the pro forma adjustments presented herein. However, management believes that the assumptions used and the adjustments made are reasonable under the circumstances and given the information available.

These unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or the financial position that would have been achieved had the transaction been consummated as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma consolidated financial statements and the accompanying notes should be read together with the Company s Annual Report on Form 10-K for the year ended December 31, 2008, as amended, and the Company s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement and the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

MARCH 31, 2009

	Historical SupportSoft	Pro Forma Adjustments	Pro-Forma SupportSoft
ASSETS			
Current assets:			
Cash and cash equivalents	$ 45,284	$ 18,100a	$ 63,384
Short-term investments	21,402		21,402
Accounts receivable, net	7,604	(5,464)b	2,140
Prepaid expenses and other current assets	1,420	(507)b	913
Total current assets	75,710	12,129	87,839
Long-term investments	18,216		18,216
Auction rate securities put option	5,037		5,037
Property and equipment, net	1,033	(180)b	853
Goodwill	12,646	(9,792)b	2,854
Purchased technology, net	1,249	(1,249)b	
Intangible assets, net	374		374
Other assets	934		934
Total assets	$ 115,199	$ 908	$ 116,107
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	$ 330	$	$ 330
Accrued compensation	1,940	(601)b	1,339
Other accrued liabilities	2,927		2,927
Deferred revenue, less long-term portion	7,626	(7,551)b	75
Total current liabilities	12,823	(8,152)	4,671
Deferred revenue long-term portion	790	(790)b	
Other long-term liabilities	1,594	(29)b	1,565
Total liabilities	15,207	(8,971)	6,236
Commitments and contingencies			
Stockholders equity			
Preferred stock; par value $0.0001, 5,000,000 shares authorized; no shares issued or outstanding			
Common stock; par value $0.0001, 150,000,000 shares authorized; 46,358,673 issued and outstanding at March 31, 2009	5		5
Additional paid-in capital	219,093		219,093
Accumulated other comprehensive loss	(2,045)		(2,045)
Accumulated deficit	(117,061)	9,879c	(107,182)
Total stockholders equity	99,992	9,879	109,871
Total liabilities and stockholders equity	$ 115,199	$ 908	$ 116,107

See accompanying notes.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2008

(in thousands)

	Historical SupportSoft	Pro Forma Adjustments	Pro Forma SupportSoft
ASSETS			
Current assets:			
Cash and cash equivalents	$ 64,306	$ 18,100a	$ 82,406
Short-term investments	7,784		7,784
Accounts receivable, net	10,384	(8,271)b	2,113
Prepaid expenses and other current assets	1,642	(514)b	1,128
Total current assets	84,116	9,315	93,431
Long-term investments	15,766		15,766
Auction rate securities put option	7,148		7,148
Property and equipment, net	1,275	(210)b	1,065
Goodwill	12,646	(9,792)b	2,854
Purchased technology, net	1,318	(1,318)b	
Intangible assets, net	417		417
Other assets	900	(14)b	886
Total assets	$ 123,586	$ (2,019)	$ 121,567
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	$ 890	$	$ 890
Accrued compensation	2,129	(660)b	1,469
Other accrued liabilities	3,534		3,534
Deferred revenue, less long-term portion	9,134	(9,112)b	22
Total current liabilities	15,687	(9,772)	5,915
Deferred revenue long-term portion	985	(985)b	
Other long-term liabilities	1,468	(34)b	1,434
Total liabilities	18,140	(10,791)	7,349
Commitments and contingencies			
Stockholders equity			
Preferred stock; par value $0.0001, 5,000,000 shares authorized; no shares issued or outstanding			
Common stock; par value $0.0001, 150,000,000 shares authorized; 46,141,743 issued and outstanding at December 31, 2008	5		5
Additional paid-in capital	217,647		217,647
Accumulated other comprehensive loss	(2,541)		(2,541)
Accumulated deficit	(109,665)	8,772c	(100,893)

Total stockholders equity	105,446	8,772	114,218
Total liabilities and stockholders equity	$ 123,586	$ (2,019)	$ 121,567

See accompanying notes.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2007

(in thousands)

	Historical SuportSoft	Pro Forma Adjustments	Pro-Forma SupportSoft
ASSETS			
Current assets:			
Cash and cash equivalents	$ 12,926	$ 18,100a	$ 31,026
Short-term investments	100,014		100,014
Accounts receivable, net	10,087	(9,861)b	226
Prepaid expenses and other current assets	2,531	(620)b	1,911
Total current assets	125,558	7,619	133,177
Long-term investments			
Auction rate securities put option			
Property and equipment, net	2,086	(187)b	1,899
Goodwill	9,792	(9,792)b	
Intangible assets, net	340	(340)	
Other assets	682	(181)b	501
Total assets	$ 138,458	$ (2,881)	$ 135,577
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable	$ 461	$	$ 461
Accrued compensation	2,320	(961)b	1,359
Other accrued liabilities	3,421		3,421
Deferred revenue, less long-term portion	10,076	(9,987)b	89
Total current liabilities	16,278	(10,948)	5,330
Deferred revenue long-term portion	426	(426)b	
Other long-term liabilities	892	b	892
Total liabilities	17,596	(11,374)	6,222
Commitments and contingencies			
Stockholders equity			
Preferred stock; par value $0.0001, 5,000,000 shares authorized; no shares issued or outstanding			
Common stock; par value $0.0001, 150,000,000 shares authorized; 46,012,109 issued and outstanding at December 31, 2007	5		5
Additional paid-in capital	212,188		212,188
Accumulated other comprehensive loss	(772)		(772)
Accumulated deficit	(90,559)	8,493c	(82,066)
Total stockholders equity	120,862	8,493	129,355

Total liabilities and stockholders equity	$ 138,458	$ (2,881)	$ 135,577

See accompanying notes.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2009

	Historical SupportSoft	Pro Forma Adjustments	Pro Forma SupportSoft
		d	
Revenue:			
License	$ 807	$ (807)	$
Maintenance	3,668	(3,668)	
Services	2,443	(2,443)	
Consumer	3,614		3,614
Total Revenue	10,532	(6,918)	3,614
Costs and expenses:			
Cost of license	110	(110)	
Cost of maintenance	420	(400)	20
Cost of services	2,569	(2,305)	264
Cost of consumer	4,421		4,421
Amortization/write down of intangible assets	43		43
Research and development	1,926	(486)	1,440
Sales and marketing	5,200	(2,573)	2,627
General and administrative	2,831	(46)	2,785
Total costs and expenses	17,520	(5,920)	11,600
Loss from operations	(6,988)	(998)	(7,986)
Interest income and other, net	(302)		(302)
Loss before income taxes	(7,290)	(998)	(8,288)
Provision for income taxes	(106)	68	(38)
Net loss	$ (7,396)	$ (930)	$ (8,326)
Basic net loss per share	$ (0.16)		$ (0.18)
Shares used in computing basic net loss per share	46,330		46,330
Diluted net loss per share	$ (0.16)		$ (0.18)
Shares used in computing diluted net loss per share	46,330		46,330

See accompanying notes.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2008

	Historical SupportSoft	Pro Forma Adjustments	Pro Forma SupportSoft
		d	
Revenue:			
License	$ 11,813	$ (11,813)	$
Maintenance	15,881	(15,881)	
Services	14,365	(14,365)	
Consumer	6,811		6,811
Total Revenue	48,870	(42,059)	6,811
Costs and expenses:			
Cost of license	337	(337)	
Cost of maintenance	1,930	(1,800)	130
Cost of services	13,652	(12,340)	1,312
Cost of consumer	9,615		9,615
Amortization/write down of intangible assets	202	(90)	112
Research and development	8,896	(3,015)	5,881
Sales and marketing	24,305	(11,835)	12,470
General and administrative	11,006	(214)	10,792
Total costs and expenses	69,943	(29,631)	40,312
Loss from operations	(21,073)	(12,428)	(33,501)
Interest income and other, net	2,506		2,506
Loss before income taxes	(18,567)	(12,428)	(30,995)
Provision for income taxes	(539)	175	(364)
Net loss	$ (19,106)	$ (12,253)	$ (31,359)
Basic net loss per share	$ (0.41)		$ (0.68)
Shares used in computing basic net loss per share	46,098		46,098
Diluted net loss per share	$ (0.41)		$ (0.68)
Shares used in computing diluted net loss per share	46,098		46,098

See accompanying notes.

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SUPPORTSOFT, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007

(in thousands)

	Historical SupportSoft	Pro Forma Adjustments	Pro Forma Adjustments
		d	
Revenue:			
License	$ 15,780	$ (15,780)	$
Maintenance	16,084	(16,084)	
Services	14,888	(14,888)	
Consumer	1,050		1,050
Total Revenue	47,802	(46,752)	1,050
Costs and expenses:			
Cost of license	218	(218)	
Cost of maintenance	2,586	(2,395)	191
Cost of services	15,652	(14,335)	1,317
Cost of consumer	4,608		4,608
Amortization/write down of intangible assets	2,815	(2,815)	
Research and development	9,441	(5,568)	3,873
Sales and marketing	30,410	(21,582)	8,828
General and administrative	9,296	(187)	9,109
Total costs and expenses	75,026	(47,100)	27,926
Loss from operations	(27,224)	348	(26,876)
Interest income and other, net	6,526		6,526
Loss before income taxes	(20,698)	348	(20,350)
Provision for income taxes	(671)	(402)	(269)
Net loss	$ (21,369)	$ (54)	$ (20,619)
Basic net loss per share	$ (0.47)		$ (0.45)
Shares used in computing basic net loss per share	45,610		45,610
Diluted net loss per share	$ (0.47)		$ (0.45)
Shares used in computing diluted net loss per share	45,610		45,610

See accompanying notes.

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SUPPORTSOFT INC.

NOTES TO PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Basis of Presentation

The unaudited pro forma consolidated financial information gives effect to the proposed sale of substantially all of the assets and assumption of certain liabilities of the Company s Enterprise Business by Consona in exchange for approximately $20 million in cash. In accordance with the Asset Purchase Agreement, the Company will receive $20 million, subject to a possible adjustment as set forth in the Asset Purchase Agreement. The Company expects to account for the disposition as a discontinued operation in its consolidated financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, if stockholder approval of the transaction is obtained.

During the periods presented, the Enterprise Business was operated as an operating segment within the Company. As such, the Company did not maintain separate, stand-alone financial statements for the Enterprise Business. Accordingly, the financial information of the Enterprise Business has been prepared from the historical accounting records of the Company and does not purport to reflect a balance sheet and statement of operations that would have resulted if the Enterprise Business had been a separate, stand-alone company.

Prior to 2007, SupportSoft s only business was the Enterprise Business. Accordingly, the historical financial statements of SupportSoft, as of and for the year ended December 31, 2006, represent the Enterprise Business in its entirety. Therefore, pro forma financial information for any period prior to January 1, 2007 is not presented.

The unaudited pro forma consolidated statements of operations for the three months ended March 31, 2009 and the years ended December 31, 2008 and 2007 have been derived from the Company s historical consolidated financial information and give effect to the transaction as if it had occurred on January 1, 2009, January 1, 2008 and January 1, 2007, respectively. In addition, the unaudited pro forma consolidated balance sheets as of March 31, 2009, December 31, 2008 and 2007 have been derived from the Company s historical consolidated financial information and give effect to the transaction as if it had occurred on March 31, 2009, December 31, 2008 and 2007, respectively.

The unaudited pro forma consolidated statements of operations are based on the assumptions and adjustments described in the accompanying notes and do not reflect any adjustments for non-recurring items or changes in operating strategies arising as a result of the transaction. These unaudited pro forma consolidated financial statements include no assumptions regarding the use of proceeds (other than to pay transaction related expenses), which are presented as additional cash on the unaudited pro forma consolidated balance sheets. Accordingly, the actual effect of the transaction, due to this and other factors, could differ from the pro forma adjustments presented herein. However, management believes that the assumptions used and the adjustments made are reasonable under the circumstances and given the information available.

These unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or the financial position that would have been achieved had the transaction been consummated as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma consolidated financial statements and the accompanying notes should be read together with the Company s Annual Report on Form 10-K for the year ended December 31, 2008, as amended, and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement.

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SUPPORTSOFT INC.

NOTES TO PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Pro Forma Adjustments

Pro forma adjustments reflect those adjustments which are directly attributable to the transaction and include the following:

(a) Represents sale proceeds, less estimated direct transaction costs, as follows:

	Amount (in thousands)
Cash consideration	$ 20,000
Less: Estimated transaction costs	1,900
Adjustment to cash and cash equivalents	$ 18,100

(b) Eliminates the assets to be acquired and liabilities to be assumed by Consona in connection with the disposition of the Enterprise Business.

(c) Represents the estimated gain on sale of net assets before federal, state and foreign taxes.

(d) Eliminates the financial results of operations of the Enterprise Business, as adjusted for certain direct costs, facilities overhead, and corporate general and administrative costs that have been attributed to the Enterprise Business but are expected to be borne by the Company after the disposition of the Enterprise Business. Consona has until the closing of the Asset Sale to make a final determination of the number of Enterprise Business employees it will assume in the transaction. It is possible that Consona will assume less than 100% of the Enterprise Business employees. In this case the Pro Forma SupportSoft amounts contained within the accompanying pro forma statement of operations would be adjusted to reflect additional costs to be borne by SupportSoft after the disposition of the Enterprise Business. Since Consona s determination has not yet been finalized, no such adjustment is included in the pro forma financial statements.

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UNAUDITED FINANCIAL STATEMENTS OF THE ENTERPRISE BUSINESS OF

SUPPORTSOFT, INC.

The following unaudited financial statements, as of March 31, 2009, for the three months ended March 31, 2009 and 2008, and as of and for the years ended December 31, 2008 and 2007, were prepared to present, pursuant to the Asset Purchase Agreement dated April 5, 2009 (Asset Purchase Agreement) between SupportSoft, Inc. (SupportSoft or the Company) and Consona, the assets to be acquired, the liabilities to be assumed and the related revenues and direct expenses of the enterprise business of the Company (the Enterprise Business).

The accompanying unaudited financial statements of the Enterprise Business exclude certain assets and liabilities of the Enterprise Business (as not all assets and liabilities of the Enterprise Business are to be acquired or assumed), include all revenues and direct expenses of the Enterprise Business, and include an allocation of certain expenses for services provided by SupportSoft for the periods presented. During the periods presented, separate complete historical financial information was not maintained for the Enterprise Business, an operating segment of SupportSoft, and, as a result, allocations were required to approximate the operating activity of Enterprise Business.

The accompanying financial statements have been prepared from the historical accounting records of SupportSoft and do not purport to reflect the revenues and direct expenses that would have resulted if the Enterprise Business had been a separate, stand-alone business during the periods presented. It is not practicable for management to reasonably estimate expenses that would have resulted if the Enterprise Business had operated as an unaffiliated, independent business. Since separate complete financial statements were not historically prepared for the Enterprise Business, preparation of statements of operations and cash flows, including amounts charged for income taxes and other expenses, was deemed impracticable. Additionally, since only certain assets and liabilities are to be acquired, a balance sheet and statement of stockholders equity are not applicable.

As an operating segment of SupportSoft, the Enterprise Business is dependent upon SupportSoft for all of its working capital and financing requirements.

The unaudited financial statements of the Enterprise Business should be read in conjunction with our audited consolidation financial statements, including notes thereto, in our Annual Report filed on Form 10-K for the year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the three months ended March 31, 2009, in each case a copy of which is being delivered to you simultaneously with this proxy statement, and the unaudited pro forma consolidated financial statements contained elsewhere in this proxy statement.

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

UNAUDITED STATEMENTS OF ASSETS TO BE ACQUIRED AND LIABILITIES TO BE ASSUMED

AS OF MARCH 31, 2009 AND DECEMBER 31, 2008 AND 2007

(in thousands)

	MARCH 31, 2009	DECEMBER 31, 2008	2007
ASSETS TO BE ACQUIRED			
Accounts receivable, net	$ 5,464	$ 8,271	$ 9,861
Prepaid expenses and other current assets	507	512	620
Property and equipment, net	180	210	187
Goodwill	9,792	9,792	9,792
Purchased technology, net	1,249	1,318	
Intangible assets, net			340
Other assets		14	181
Total assets	17,192	20,117	20,981
LIABILITIES TO BE ASSUMED			
Accrued compensation	601	660	961
Deferred revenue, less long-term portion	7,551	9,112	9,987
Deferred revenue long-term portion	790	985	426
Other long-term liabilities	29	34	
Total liabilities	8,971	10,791	11,374
NET ASSETS TO BE ACQUIRED	$ 8,221	$ 9,326	$ 9,607

See accompanying notes.

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

UNAUDITED STATEMENTS OF REVENUES AND DIRECT EXPENSES

THREE MONTHS ENDED MARCH 31, 2009 AND 2008, AND YEARS ENDED

DECEMBER 31, 2008 AND 2007

(in thousands)

	Three Months Ended March 31,		Year Ended December 31,	
	2009	2008	2008	2007
Revenue:				
License	$ 807	$ 2,974	$ 11,813	$ 15,780
Maintenance	3,668	4,002	15,881	16,084
Services	2,443	3,949	14,365	14,888
Total Revenue	6,918	10,925	42,059	46,752
Direct expenses:				
Cost of license	110	51	337	218
Cost of maintenance	420	549	1,930	2,586
Cost of services	2,569	3,753	13,652	15,652
Amortization/write down of intangible assets		30	90	2,815
Research and development	571	900	3,762	6,900
Sales and marketing	2,689	3,268	12,556	23,048
General and administrative	1,143	1,278	5,546	6,331
Total direct expenses	7,502	9,829	37,873	57,550
Excess (deficit) of revenues over direct expenses	$ (584)	$ 1,096	$ 4,186	$ (10,798)

See accompanying notes.

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

NOTES TO UNAUDITED STATEMENTS OF ASSETS TO BE ACQUIRED AND LIABILITIES

TO BE ASSUMED

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UNAUDITED STATEMENTS OF REVENUES AND DIRECT EXPENSES

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Operations

The Enterprise Business (the Enterprise Business, we, or our) is an operating segment of SupportSoft, Inc. (SupportSoft) in which we license technical support software to digital service providers (telecommunications and cable companies) and corporate IT departments and IT outsourcers and provide related services.

Basis of Presentation

The accompanying unaudited financial statements, as of March 31, 2009, for the three months ended March 31, 2009 and 2008, and as of and for the years ended December 31, 2008 and 2007, were prepared to present, pursuant to the Asset Purchase Agreement dated April 5, 2009 (Asset Purchase Agreement) between SupportSoft and Consona, the assets to be acquired, the liabilities to be assumed and the related revenues and direct expenses of the Enterprise Business.

The accompanying unaudited financial statements of the Enterprise Business exclude certain assets and liabilities of the Enterprise Business, include all revenues and direct expenses of the Enterprise Business, and include an allocation of certain expenses for services provided by SupportSoft for the periods presented. As an operating segment of SupportSoft, separate complete historical financial information was not maintained for the Enterprise Business and, as a result, allocations were required to approximate the operating activity of the Enterprise Business.

Prior to 2007, SupportSoft s only business was the Enterprise Business. Accordingly, the historical financial statements of SupportSoft, as of and for the year ended December 31, 2006, represent the Enterprise Business in its entirety.

The accompanying unaudited financial statements have been prepared from the historical accounting records of SupportSoft and do not purport to reflect the revenues and direct expenses that would have resulted if the Enterprise Business had been a separate, stand-alone business during the periods presented. It is not practicable for management to reasonably estimate expenses that would have resulted if the Enterprise Business had operated as an unaffiliated, independent business. Since separate complete financial statements were not historically prepared for the Enterprise Business operations, preparation of statements of operations and cash flows, including amounts charged for income tax and other expenses, was deemed impracticable. Additionally, since only certain assets and liabilities are to be acquired, a balance sheet and statement of stockholders equity are not applicable.

As an operating segment of SupportSoft, the Enterprise Business is dependent upon SupportSoft for all of its working capital and financing requirements.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The accounting estimates that require management s most significant, difficult and subjective judgments include the valuations of the revenue

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

NOTES TO UNAUDITED STATEMENTS OF ASSETS TO BE ACQUIRED AND LIABILITIES

TO BE ASSUMED

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UNAUDITED STATEMENTS OF REVENUES AND DIRECT EXPENSES

and accounts receivable, the assessment of recoverability of intangible assets and their estimated useful lives and the valuations and recognition of stock-based compensation. Actual results could differ materially from these estimates.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount. We perform evaluations of our customers financial condition and generally do not require collateral. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. Provisions are made based upon a specific review of all significant outstanding invoices. For those invoices not specifically provided for, provisions are recorded at differing rates, based upon the age of the receivable. In determining these percentages, we analyze our historical collection experience and current payment trends.

The allowance for doubtful accounts as of March 31, 2009, December 31, 2008 and 2007 was $141,000, $176,000 and $287,000, respectively.

The following table lists customers representing greater than 10% of total accounts receivable, net as of March 31, 2009, December 31, 2008 and 2007:

	% of Total Accounts Receivable, Net		
	March 31,	December 31,	
	2009	2008	2007
Customer A		15%	11%
Customer B			11%
Customer C	10%		12%

Included in accounts receivable and deferred revenue at March 31, 2009 is approximately $459,000 related to maintenance billings for customers who have elected to renew their maintenance contracts, but for which the maintenance period has not yet commenced.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation which is determined using the straight-line method over the estimated useful lives of 2 years for computer equipment and software, 3 years for furniture and fixtures, and the shorter of the estimated useful lives or the lease term for leasehold improvements. Repairs and maintenance costs are expensed as incurred.

Purchased Technology

Purchased technology consists of software that we licensed and incorporated into our product and service offerings. Purchased technology is accounted for in accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed.* Upon general release of the product that includes the licensed software, the costs will be amortized using the straight line method over an estimated useful life in a range of 3-5 years.

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

NOTES TO UNAUDITED STATEMENTS OF ASSETS TO BE ACQUIRED AND LIABILITIES

TO BE ASSUMED

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UNAUDITED STATEMENTS OF REVENUES AND DIRECT EXPENSES

Goodwill

Goodwill resulted from the Enterprise Business s acquisition of Core Networks on September 2, 2004. We apply the provisions of SFAS No. 142, *Goodwill and Other Intangibles Assets*, which prohibits the amortization of goodwill.

We assess the impairment of goodwill annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss would be recognized if the fair value of the Enterprise Business is less than the carrying value of its net assets on the date of the evaluation. Furthermore, we evaluate cash flows at the operating segment level. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance and an appropriate discount rate determined by our management. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to the business model or changes in operating performance.

We conduct our annual evaluation for impairment of goodwill on September 30 of each year. No goodwill impairment charges have been recorded through March 31, 2009.

Intangible Assets

We record purchased intangible assets at fair value. The original cost is amortized on a straight-line basis over the estimated useful life of each asset. We assess the impairment of intangible assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. We perform an annual review to determine if the carrying value of the intangible asset is impaired, unless events or circumstances indicate a potential impairment exists in which case a review is performed more often. The review considers facts and circumstances, either internal or external, which indicate that the carrying value of the asset cannot be recovered. If and when indicators of impairment exist, we assess the need to record an impairment loss, by comparing the undiscounted net cash flows associated with related assets or group of assets over their remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets.

Revenue Recognition

We recognize revenue in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 97-2, Software Revenue Recognition, as amended by SOP 98-4 and SOP 98-9. License revenue is recognized when all of the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- Collection is considered probable; and

The fees are fixed or determinable.

We consider all arrangements with payment terms longer than 90 days, not to be fixed or determinable. If the fee is determined not to be fixed or determinable, revenue is recognized as payments become due from the customer. Revenue is recognized net of any applicable sales tax.

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ENTERPRISE BUSINESS OF SUPPORTSOFT, INC.

NOTES TO UNAUDITED STATEMENTS OF ASSETS TO BE ACQUIRED AND LIABILITIES

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UNAUDITED STATEMENTS OF REVENUES AND DIRECT EXPENSES

License revenue is comprised of fees for perpetual and term licenses of our software. Perpetual license revenue is recognized using the residual method, in compliance with SOP 98-9 for arrangements in which licenses are sold with multiple elements. We allocate revenues on these licenses based upon the fair value of each undelivered element including undelivered maintenance, consulting and training. The determination of fair value is based upon vendor specific objective evidence (VSOE). VSOE for maintenance is based upon separate renewals of maintenance licenses from customers. VSOE for consulting or training is based upon separate sales of these services to customers. Assuming all other revenue recognition criteria are met, the difference between the total arrangement fee and the amount deferred for each undelivered element is recognized as license revenue.

Term licenses are sold with maintenance for which we do not have VSOE to determine fair value for maintenance fees. As a result, license revenue for term licenses is recognized ratably over the duration of the agreement. License revenue in the accompanying financial statements includes maintenance for term licenses. We do not allocate maintenance revenue from term licenses to maintenance revenue, as we do not believe there is an allocation methodology that provides a meaningful and supportable allocation between license and maintenance revenues. Services revenue associated with the term licenses are recognized ratably over the period associated with the initial payment, generally one year.

We provide resellers with the right to distribute our software to end user customers. Generally, we recognize revenue from our arrangements with resellers when we receive persuasive evidence that the reseller has actually contracted to license the software to a named end user (sell-through), assuming all other criteria for revenue recognition have been met. The forms of sell-through acceptable to us include one or more of the following: i) a copy of the agreement or license between the reseller and the end user, ii) a purchase order from the end user to the reseller, iii) a written communication from the reseller specifically identifying the end user, or iv) delivery made directly to the end user. Whether the license revenue is then recognized immediately or ratably depends upon the terms of the arrangements with the reseller regarding the sublicense (i.e. perpetual license or term license). If a reseller is not deemed creditworthy, revenue otherwise recognizable is deferred until cash is received.

Maintenance revenue is primarily comprised of revenue from post-contract technical support services, which includes software product updates. Maintenance revenue is recognized ratably over the term of the maintenance period, which is generally one year. Multi-year maintenance agreements are divided into annual periods over which revenue is recognized ratably. We invoice customers who elect to renew their maintenance agreements. An equal amount is recorded as accounts receivable and deferred revenue.

Services revenue is primarily comprised of revenue from professional services such as consulting, training and hosting fees. Arrangements are evaluated to determine whether those services are essential to the functionality of other elements of the arrangement. In the event services are considered essential to the functionality of other elements of the arrangement, revenue under the arrangement is recognized using contract accounting. Non-essential consulting and training revenues are generally recognized as the services are performed or project milestones are accepted by the customer. When non-essential services are bundled in a term licensing arrangement, revenue from the services is recognized ratably over the period associated with the initial payment, generally one year.

In connection with licensing arrangements we may also provide hosting of our own software, a service for which we do not have VSOE. If hosting services are sold with perpetual licenses, license revenue is recognized

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ratably over the term of the hosting contract. Hosting revenue is also recognized ratably over the duration of the hosting contract. Consulting services sold in conjunction with arrangements that include licenses and hosting services are recognized ratably over the duration of the hosting term.

Direct Expenses

Direct expenses represent the total direct expenses recorded within, or allocated to, the Enterprise Business. Not all of the research and development, sales and marketing, and general and administrative expenses of the Enterprise Business were recorded in accounts or cost centers exclusively related to the Enterprise Business. Certain operating expenses, including portions of research and development, sales and marketing, and general and administrative expense, are allocations based primarily on relative employee headcount. Management believes the allocation of operating expenses captured in accounts or cost centers not exclusive to the Enterprise Business fairly reflect direct expenses of the Enterprise Business. The Enterprise Business general and administrative expenses also include allocations for certain corporate-related activities incurred by SupportSoft such as human resources, finance and legal. Additionally, the Enterprise Business s statements of revenue and direct expenses also exclude allocations of interest income, other income/expense, and income tax.

The direct operating expenses are not necessarily indicative of the expenses that would have been incurred had the Enterprise Business operated as a separate stand-alone business during the periods presented. It is not practical for management to reasonably estimate the expenses that would have been incurred by the Enterprise Business had it operated as a separate stand-alone business.

Research and Development

Research and development expenditures are charged to operations as incurred. Statement of Financial Accounting Standards No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed*, requires the capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based on our product development process, technological feasibility is established upon the completion of a working model. Costs incurred between the completion of the working model and the point at which the product is ready for general release have been insignificant. Accordingly, the Enterprise Business has charged all such costs to research and development expense in the accompanying statements of operations. The Enterprise Business did not incur any cost related to software developed or for software obtained for internal use as defined in SOP 98-1.

Sales Commissions

Sales commissions are the incremental costs that are directly associated with non-cancelable contracts with customers and consist of commissions paid to sales personnel. If the customer contract is a perpetual license, the commission expense attributable to the license fees are recorded in the month license revenue is recognized. For term licenses and other ratable license arrangements, sales commissions are deferred and amortized over the non-cancelable terms of the related customer contracts, which are typically 12 to 36 months. The sales commissions are paid in the month following the time an order is consummated or when customer payment is received. The deferred commission amounts are recoverable through the future revenue streams under the

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non-cancelable customer contracts. Commissions payments made to sales personnel are non-refundable unless amounts due from a customer are determined to be uncollectible in which case commissions paid are generally recoverable by the Enterprise Business.

Stock-Based Compensation

The Enterprise Business follows SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R), for stock-based awards, which requires the measurement and recognition of compensation expense for all stock-based awards, including employee stock options and employee stock purchases, made to employees and directors based on estimated fair values.

Valuation and Attribution Method: We estimate the fair value of stock options granted using the *Black-Scholes-Merton* option pricing model. Stock options vest on a graded schedule; however the Enterprise Business recognizes the expense on a straight-line basis over the requisite service period of the entire award, net of estimated forfeitures and subject to the minimum expense requirements of SFAS 123R. These limitations require that on any date the compensation cost recognized is at least equal to the portion of the grant-date fair value of the award that is vested at that date.

The Enterprise Business recorded the following stock-based compensation expense for the three months ended March 31, 2009 and 2008, and for the fiscal years ended December 31, 2008 and 2007 (in thousands).

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2009	**2008**	**2008**	**2007**
Cost of services	$ 169	$ 175	$ 665	$ 757
Cost of maintenance	22	19	82	79
Research and development	61	59	262	367
Sales and marketing	167	148	781	1,473
General and administrative	156	226	902	1,165
	$ 575	$ 627	$ 2,692	$ 3,841

Warranties and Indemnifications

The Enterprise Business generally provides a warranty for its software products and services to its customers and accounts for its warranties under the FASB s SFAS No. 5, *Accounting for Contingencies* (SFAS No. 5). Our standard warranty period is 90 days, but warranty periods can sometimes be longer and vary from customer to customer. In the event there is a breach of such warranties, we are generally obligated to correct the product or service to conform to the warranty provision or, if we are unable to do so, the customer is entitled to seek a refund of the purchase price of the product or service. In certain contracts a material breach of warranty may involve penalties payable to the customer. The Enterprise Business did not provide for a warranty accrual as of March 31, 2009. To date, the Enterprise Business s product warranty expense has not been significant.

The Enterprise Business generally agrees to indemnify its customers against legal claims that its software products infringe certain third-party intellectual property rights and accounts for its indemnification obligations under SFAS No. 5. To date, the Enterprise Business has not been required to make any payment resulting from infringement claims asserted against our customers and has not recorded any related accruals.

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Note 2. Geographic Information

Revenue from customers located outside the United States was approximately $1.9 million, $2.3 million, $10.6 million and $11.3 million for the three months ended March 31, 2009 and 2008, and for the years ended December 31, 2008 and 2007.

Sales in different geographic areas, expressed as a percentage of revenue, for the periods ended were as follows:

	Three Months Ended March 31,		Year Ended December 31,	
	2009	2008	2008	2007
Americas	74%	79%	76%	78%
Asia Pacific	1	1	2	3
Europe	25	20	22	19
Total	100%	100%	100%	100%

There were sales by to one customer that exceeded by 10% of our total revenue for the three months ended March 31, 2009 and 2008, and in each of the years ended December 31, 2008 and 2007. That customer represented 10%, 16%, 16% and 18% of total revenue in these periods, respectively.

Note 3. Property and Equipment

Property and equipment are stated at cost and consist of the following (in thousands):

	March 31,	December 31,	
	2009	2008	2007
Computer equipment and software	$ 695	$ 716	$ 708
Furniture and office equipment	99	99	42
Leasehold improvements	47	50	20
	841	865	770
Accumulated depreciation	(661)	(655)	(583)
	$ 180	$ 210	$ 187

Direct expenses include depreciation on property and equipment of the Enterprise Business, a portion of which is being acquired by Consona.

Note 4. Purchased Technology

We did not acquire any purchased technology in 2007. The following table summarizes the components of purchased technology as of March 31, 2009 and December 31, 2008 (in thousands):

	March 31, 2009	December 31, 2008
Purchased technology	$ 1,375	$ 1,375
Accumulated amortization	(126)	(57)
Total purchased technology, net	$ 1,249	$ 1,318

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Note 5. Commitments and Contingencies

Payments related to leases that SupportSoft is assigning to Consona pursuant to the Asset Purchase Agreement are as follows (in thousands):

Years ending December 31,	Operating Leases
2009	$ 457
2010	427
2011	137
2012	13
Total minimum lease payments	$ 1,034

Note 6. Restructuring Charges

In the first quarter of 2009, the Enterprise Business reduced its workforce. As a result, the Enterprise Business recorded a restructuring charge of $849,000 in 2009. Restructuring expenses included in the statement of revenues and direct expenses were $117,000 for cost for services, $704,000 for sales and marketing and $28,000 for general and administrative.

In 2008, the Enterprise Business reduced its workforce and closed certain facilities worldwide. As a result, the Enterprise Business recorded a restructuring and impairment charge of $956,000 in 2008. Restructuring and impairment expenses included in the statement of revenue and direct expenses were $212,000 for cost of services, $81,000 for research and development, $398,000 for sales and marketing and $265,000 for general and administration.

In 2007, the Enterprise Business reduced its workforce. As a result, the Enterprise Business recorded a restructuring charge of $1.0 million in 2007. Restructuring expenses included in the statement of revenues and direct expenses were $219,000 for cost of services, $155,000 for research and development, $607,000 for sales and marketing and $19,000 for general and administrative.

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PROPOSAL NO. 2

THE NAME CHANGE CHARTER AMENDMENT

Purpose of Name Change Charter Amendment

Stockholders will also consider at the Annual Meeting a proposal to amend the Charter to change our name to support.com, Inc. upon the closing of the Asset Sale. We are selling the rights to use the name SupportSoft to Consona. Therefore after the closing of the Asset Sale we will be unable to continue using the name SupportSoft without Consona s consent. Furthermore, we believe that the name support.com, Inc. more closely aligns our public identity with our Consumer Business, which will be our only remaining business and the sole focus of our board of directors and management. If our stockholders adopt and approve the Asset Sale and Asset Purchase Agreement but do not approve the Name Change Charter Amendment, we will pursue other legal means of changing our name, including pursuant to a reverse merger into a subsidiary of the Company. However, effecting the name change through a reverse merger may be more expensive and may divert management s attention from the operation of our business because a reverse merger may require consents of third parties under some of our existing commercial agreements and other contracts.

Nasdaq Symbol

Regardless of whether stockholders approve or disapprove of the Name Change Charter Amendment, our common stock will continue to be traded on Nasdaq under the symbol SPRT .

No Dissenter s Rights

You will not experience any change in your rights as a stockholder as a result of the Name Change Charter Amendment. None of Delaware law, the Charter or our bylaws provides for appraisal or other similar rights for dissenting stockholders in connection with the Name Change Charter Amendment, and we do not intend to independently provide stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Name Change Charter Amendment.

Approval Required

The approval of holders of a majority of the shares of our Common Stock outstanding as of the Record Date will be required for approval of the proposal. Abstentions and broker non-votes will not be counted as having been voted on the proposal, and therefore will have the same effect as votes AGAINST the proposal.

The Board of Directors recommends a vote FOR the Name Change Charter Amendment.

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PROPOSAL NO. 3

ELECTION OF DIRECTORS

The Board has nominated directors Eichler, Farshchi, O Malley, Pickus, Stephens and Thanos to be elected to serve one-year terms and until their successors are duly elected and qualified. Holders of proxies solicited by this proxy statement will vote the proxies received by them as directed on the proxy card or, if no direction is made, for the election of the Board s six nominees. If any nominee is unable or declines to serve as a Director at the time of the Annual Meeting, the proxy holders will vote for a nominee designated by the present Board to fill the vacancy.

Required Vote

The nominees for the six director seats who receive the most affirmative votes of shares present in person or represented by proxy and entitled to vote on this proposal at the Annual Meeting will be elected to serve as directors.

The Board of Directors recommends a vote FOR election as director of the nominees set forth above.

BOARD OF DIRECTORS AND NOMINEES

The Board consists of six directors, all of whom have been nominated by the Board for re-election at the Annual Meeting. All of the directors elected at the Annual Meeting will serve until the next annual meeting of stockholders and thereafter until their successors are elected and qualified. Unless otherwise directed, the proxy holders will vote the proxies received by them for the six nominees named below. If any of the six nominees is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the present Board to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director.

Names of the nominees and certain biographical information about them as of April 1, 2009 are set forth below:

KEVIN C. EICHLER has served as a member of the Board since February 2003 and became Chairman of the Board in May 2006. From January 2008 to December 2008, Mr. Eichler served as chief financial officer of Credence Systems Corporation, a provider of test solutions for the semiconductor industry. From March 2006 until December 2007, Mr. Eichler served as executive vice president of operations and chief financial officer of MarketTools, Inc, an online marketing research company. From May 1998 until February 2006, Mr. Eichler served as vice president, chief financial officer and treasurer of MIPS Technologies, Inc., a provider of processor architectures and cores for digital consumer and business applications. Mr. Eichler also serves on the board of directors of Ultra Clean Holdings, Inc., a developer and supplier of subsystems for the semiconductor capital equipment industry, and Magma Design Automation, Inc., a provider of electronic design automation software and design services. Mr. Eichler holds a B.S. in accounting from St. John s University.

SHAWN FARSHCHI has served as a member of the Board since February 2007. Since December 2006, Mr. Farshchi has served as Chief Operating Officer of Coremetrics Inc., an on demand web analytics application solution provider. From January 2003 until December 2006, Mr. Farshchi served as Chief Information Officer and Vice President of Technical Operations at WebEx Communications, Inc., a multimedia collaboration service company. From January 2002 until December 2002, Mr. Farshchi served as Regional Vice President of Managed Services at Oracle Corporation, a database and enterprise application software company. Mr. Farshchi holds a B.S. degree in Electrical Engineering from California State University San Francisco.

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J. MARTIN O MALLEY has served as a member of the Board since April 2006. Since July 2005, Mr. O'Malley has served as a Managing Director with WTAS, LLC, a tax and financial advisory firm. From January 2005 until July 2005, Mr. O Malley served as a Managing Director with Alvarez and Marsal, a tax and financial advisory firm. From June 2002 until December 2004, Mr. O Malley served as a Partner with PricewaterhouseCoopers, an accounting firm. From September 1992 until June 2002, Mr. O Malley served as a Partner with Arthur Andersen, an accounting firm. Mr. O Malley holds a B.S./B.A. degree from Georgetown University.

JOSHUA PICKUS joined SupportSoft as President and Chief Executive Officer and a member of the Board in April 2006. Mr. Pickus served as senior vice president and general manger of the Clarity Division of Computer Associates, an IT management software company, from August 2005 until April 2006. From November 1999 until August 2005, Mr. Pickus served in a number of executive positions at Niku Corporation, an IT governance software company, including president and chief executive officer from November 2002 until August 2005, chief financial officer, from April 2001 to October 2002, and president of vertical markets from November 1999 to March 2001. Mr. Pickus also serves on the Board of DemandTec, Inc., an on-demand software company focused on price optimization for retailers and consumer packaged goods companies. Mr. Pickus holds a Bachelor of Arts from Princeton University and a Juris Doctor from University of Chicago School of Law.

JIM STEPHENS has served as a member of the Board since October 2006. From February 1990 until November 2005, Mr. Stephens was employed in various positions by Adobe Systems Inc., a software company, most recently as Senior Vice President of Worldwide Sales and Field Operations. Mr. Stephens holds a B.B.A. from Southern Methodist University.

JAMES THANOS has served as a member of the Board since February 2003. Since June 2002, Mr. Thanos has served on the boards of and provided consulting services to a variety of companies. From June 2000 to June 2002, Mr. Thanos served as Executive Vice President and General Manager, Worldwide Field Operations of BroadVision, Inc., an enterprise software company. Mr. Thanos also serves on the Boards of Directors of ClickSoftware, Inc., a provider of service optimization solutions; Corticon, a business rules management provider; and Selectica, a sales configuration, pricing and quotation and contract management solutions provider. Mr. Thanos holds a B.A. in behavioral sciences from The Johns Hopkins University.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board is committed to sound and effective corporate governance practices designed to serve the best interests of the Company and our stockholders. These governance principles and procedures are reflected in our Corporate Governance Guidelines (the Guidelines). Among other matters, the Guidelines address the composition of the Board, Board operations, director qualifications and independence, director responsibilities, Board committees, Board and management evaluation, and management succession planning. The Guidelines are available on our website at:

http://www.supportsoft.com/Company/ir_corporate_governance.html

Copies of the Guidelines are also available in print upon written request to SupportSoft, Inc., Attention: Corporate Secretary, 1900 Seaport Boulevard, 3rd Floor, Redwood City, California 94063.

Code of Ethics

Integrity is one of our core values. The Board has adopted a Code of Ethics and Business Conduct (the Code of Ethics) applicable to our employees, officers and directors. The Code of Ethics is designed to deter

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wrongdoing and to promote honest and ethical conduct. The Code of Ethics includes standards designed to ensure full, accurate, and timely disclosure in reports filed with the SEC; promote compliance with laws; eliminate or properly manage conflicts of interest; encourage prompt internal reporting of violations of the Code of Ethics; and ensure accountability for the adherence to the Code of Ethics. The Code of Ethics is available on our website at:

http://www.supportsoft.com/Company/ir_corporate_governance.html

Copies of the Code of Ethics are also available in print upon written request to SupportSoft, Inc., Attention: Corporate Secretary, 1900 Seaport Boulevard, 3rd Floor, Redwood City, California 94063.

Director Independence

It is our policy that a majority of our directors be independent. The Board has determined that five of our six directors are independent, namely our Chairman Mr. Eichler and Messrs. Farshchi, O'Malley, Stephens and Thanos, based upon the listing standards of the Nasdaq Global Select Market and applicable laws and regulations. Our Board has also determined that the only director who is standing for election to the Board and is not independent is Mr. Pickus, our President and Chief Executive Officer.

Board Meetings

The Board meets at regularly scheduled meetings throughout the year, and also acts at special meetings and by written consent, as may be appropriate. In fiscal 2008 the Board held six meetings. All directors attended at least 75% of the aggregate number of meetings of the Board and of the committees on which such directors served in fiscal 2008. Director attendance at the Company's Annual Meeting is encouraged but not required. The following directors attended the 2008 Annual Meeting of stockholders: Kevin C. Eichler, Martin O'Malley, Joshua Pickus, Jim Stephens and James Thanos.

Executive Sessions

Our independent directors meet at least three times per year in executive session without management directors, non-independent directors or management present.

Committees of the Board of Directors

The Board delegates certain responsibilities to committees of independent directors. The Board has a standing Nominating and Governance Committee, Compensation Committee, and Audit Committee. Members of these committees are selected by the Board upon the recommendation of the Nominating and Governance Committee. The charter of each of these standing Board committees is available through our website at:

http://www.supportsoft.com/Company/ir_corporate_governance.html

Committee charters are also available in print upon written request to SupportSoft, Inc., Attention: Corporate Secretary, 1900 Seaport Boulevard, 3rd Floor, Redwood City, California 94063.

Nominating and Governance Committee

The Nominating and Governance Committee s primary functions are to seek and recommend to the Board qualified candidates for election or appointment to the Board, and oversee matters of corporate governance, including the evaluation of the Board s performance and processes and assignment of members of the committees established by the Board.

During 2008, the members of the Nominating and Governance Committee were Messrs. Eichler, Stephens, and Thanos. Mr. Eichler serves as Chair of the Committee. The Nominating and Governance Committee held two meetings during 2008.

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Compensation Committee

Our Compensation Committee's principal responsibilities are to determine all compensation of named executive officers of the Company; establish the appropriate mix of incentive compensation and equity-based programs for the named executive officers; act as plan administrator for our equity incentive plans; review the annual performance of the Chief Executive Officer; and provide guidance to the Chief Executive Officer for the annual performance appraisals of other named executive officers.

During 2008, the members of the Compensation Committee were Messrs. O'Malley, Stephens, and Thanos. Mr. Thanos served as Chair of the Committee until May 21, 2008, at which time Mr. Stephens became the Chair of the Committee while Mr. Thanos remained a member of the Committee. The Compensation Committee held six meetings during 2008.

Audit Committee

The Audit Committee's primary functions are to approve the provision of all auditing services and to approve the terms and fees of all non-audit services provided by the independent registered public accounting firm; meet and consult with the independent registered public accounting firm; advise and assist the Board in evaluating the independent registered public accounting firm; review the financial statements to be included in filings with the SEC; and establish procedures for the receipt, retention and treatment of complaints received by SupportSoft regarding accounting, internal accounting controls or auditing matters.

During 2008 the members of the Audit Committee were Messrs. Eichler, Farshchi and O'Malley. The Board has determined that Messrs. O'Malley and Eichler are financial experts, as defined under SEC rules. In addition, the Board has determined that each member of the Audit Commission is financially literate and has the requisite financial sophistication as required by the applicable listing standards of the Nasdaq Global Select Market. The Audit Committee held eight meetings during 2008.

The Audit Committee assists the Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm. Additional information regarding the Audit Committee is included in the Report of Audit Committee of the Board of Directors below.

Director Qualifications

The primary qualifications for service on the Board are a distinguished record of leadership and success and an ability to make substantial contributions to the Board and SupportSoft. The Nominating and Governance Committee periodically reviews with the Board the appropriate skills and characteristics required of Board members. The assessment of Board candidates includes, but is not limited to, consideration of relevant industry experience, general business experience, relevant financial experience, and compliance with independence and other qualifications necessary to satisfy any applicable securities and tax laws and the rules and regulations thereunder, as well as the rules of the Nasdaq Global Select Market.

Director Nominations

The Nominating and Governance Committee considers and recommends candidates for Board membership. Candidates may be suggested by Board members, management, or our stockholders. The Committee also has, on occasion, retained third-party executive search firms to identify independent director candidates. After completing an evaluation and review of a director candidate, the Nominating and Governance Committee makes a recommendation to the full Board, and the Board determines whether the candidate should be named a director.

The Nominating and Governance Committee will consider director candidates recommended by our stockholders. Such nominations should be directed to the Nominating and Governance Committee, c/o Corporate Secretary, at our principal executive offices: 1900 Seaport Boulevard, 3rd Floor, Redwood City, CA 94063. In addition, the stockholder must give notice of a nomination to our Corporate Secretary at the same address, and

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such notice must be received not less than 120 days before any meeting of stockholders called for the election of directors. However, if less than 100 days notice of the meeting is given to stockholders, such nomination must be mailed or delivered to the corporate secretary not later than the close of business on the 7th day following the day on which the notice of meeting was mailed.

For each proposed nominee who is not an incumbent director, the stockholder's notice must set forth specific information called for in our bylaws. There have been no recent material changes to the procedures by which stockholders may recommend nominees for the Board of Directors.

Compensation Committee Interlocks and Insider Participation

During 2008, the members of the Compensation Committee were Martin O Malley, Jim Stephens, and James Thanos. None of the Company s Named Executive Officers serves, nor at any time during 2008 served, as a member of the board of directors or compensation committee of any other entity whose executive officer(s) serve as a member of the Company s Board of Directors or Compensation Committee.

Section 16(a) Beneficial Ownership Compliance

Under the securities laws of the United States, SupportSoft s directors, executive officers and any persons holding more than 10% of the our common stock are required to report their initial ownership of our common stock and any subsequent changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and we are required to identify in this proxy statement those persons who failed to timely file these reports. Based solely on a review of Forms 3, 4 and 5 and any amendments thereto furnished to us, we believe that all of the Section 16 filing requirements were timely satisfied for 2008.

Certain Relationships and Related-Party Transactions

We have a process for review and approval of any relationships and transactions in which we and our directors, executive officers, 5% stockholders or their immediate family members (Related Persons) are participants to determine whether those Related Persons may have a direct or indirect material interest. Our policies regarding related party transactions are reflected in writing in our Code of Ethics and Business Conduct, and in our written Sarbanes-Oxley compliance procedures. We collect and update information about the affiliations of our executive officers and directors annually though Director & Officer Questionnaires and use the list of known related parties to identify any transactions with related persons. In addition, at the close of each fiscal quarter we survey our Finance, Legal and Executive staff for knowledge of transactions with Related Persons. Any proposed relationship or transaction with a Related Person, regardless of dollar amount, will be submitted to our Ethics Committee, which will review the relationship under the supervision of the Audit Committee. Our Ethics Committee is comprised of our General Counsel and our Chief Financial Officer. Approval of any such relationship or transaction is subject to the business judgment of the Ethics Committee, which may reject the relationship or transaction, or may approve subject to specific conditions. Standards applied by the Ethics Committee include the nature of the Related Person s interest in the proposed transaction; the material terms of the proposed transaction; the significance of the proposed transaction to us and to the Related Person; and any other factors that the Ethics Committee may deem relevant.

There were no transactions in excess of $120,000 between SupportSoft and a related person in fiscal 2008.

DIRECTOR COMPENSATION

We compensate our five independent, non-employee directors for serving on our Board. We do not pay Mr. Pickus, the only company employee serving as a director, any additional compensation for serving on our Board. Our Board reviews from time to time the compensation we pay to our non-employee directors and recommends, as appropriate, adjustments to such compensation. The compensation we pay to our non-employee directors consists of two components: equity and cash.

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Equity. On the date that an individual first becomes a non-employee director, we grant him or her an option to purchase 40,000 shares of our common stock under our 2000 Omnibus Equity Incentive Plan, which we refer to as our Incentive Plan. These options vest in equal monthly installments over a 48-month period. Following the conclusion of each regular annual meeting of our stockholders, each non-employee director (if, on such date, he or she continues to serve on our Board) will receive a grant of an option to purchase 2,000 shares of our common stock, in addition to and along with the automatic grant of an option to purchase 8,000 shares of our common stock as provided for in our Incentive Plan.

Each option granted to non-employee directors, other than the initial 40,000 share grant, immediately vests and is exercisable on the date of grant. Options granted under our Incentive Plan have an exercise price equal to the closing price of our common stock on the Nasdaq Global Select Market on the date of grant and a term of either ten years, if granted prior to December 2005, or seven years, if granted in or after December 2005. In addition, all options to purchase shares of our common stock previously granted to non-employee directors were amended as of March 15, 2005 to provide for immediate and full acceleration of vesting upon the occurrence of a change of control. All other option grants to the non-employee directors that are not otherwise immediately vested at the time of grant will also immediately and fully vest upon a change of control.

Cash Retainer. We pay non-employee directors an annual retainer of $30,000 for serving as a director and an additional annual retainer of $10,000 to the chairs of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. We pay an additional annual retainer of $20,000 to the chairman of the Board. The retainers are paid quarterly.

The following table sets forth a summary of the compensation paid to or earned by our non-employee directors for service in 2008. The compensation we paid to Mr. Pickus, or which he earned, in 2008 is included in the 2008 Summary Compensation Table on page 99 relating to the compensation for our named executive officers.

2008 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
Kevin C. Eichler	$ 60,000	$ 15,199	$ 75,199
Shawn Farshchi	$ 30,000	$ 43,161	$ 73,161
J. Martin O Malley	$ 40,000	$ 37,023	$ 77,023
Jim Stephens	$ 36,126	$ 35,219	$ 71,345
James Thanos	$ 33,874	$ 15,199	$ 49,073

(1) The amounts included in the Option Awards column are the amounts of compensation cost recognized by us in fiscal 2008, excluding the effect of certain forfeiture assumptions, related to stock option awards in fiscal 2008 and prior years, as described in Statement of Financial Accounting Standards No. 123R. See Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, a copy of which is being delivered to you simultaneously with this proxy statement, for details as to the assumptions used to determine the fair value of the option awards. See also our discussion of stock-based compensation under Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, a copy of which is being delivered to you simultaneously with this proxy statement. Our non-employee directors had option awards outstanding as of December 31, 2008 for the following number of shares: Mr. Eichler, 106,000; Mr. Farshchi, 38,333; Mr. O Malley, 56,666; Mr. Stephens, 41,666; and Mr. Thanos, 116,000. Each non-employee director received annual option grants for an aggregate of 10,000 shares of our common stock, each with an exercise price of $3.48, on May 21, 2008. The annual option grants were immediately vested and exercisable on the grant date. The entire grant date fair value (including amounts expensed in 2008) of the annual option award issued to each of our non-employee directors in 2008 was $15,199.

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SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 31, 2009 with respect to the beneficial ownership of shares of our common stock by: (i) each person (including any group as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) who is known by us to beneficially own more than 5% of the outstanding shares of our common stock; (ii) each of our named executive officers listed in the Summary Compensation Table under the section entitled Executive Compensation; (iii) each of our directors; and (iv) all of our directors and executive officers as a group. On March 31, 2009, 46,358,673 shares of our common stock were issued and outstanding. Ownership information is based upon information furnished by the respective individuals or entities, as the case may be.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned(2)	Percentage Beneficially Owned(2)
5% Stockholders:		
Intana Management, LLC(3)	4,635,069	10.0%
Crosslink Capital, Inc.(4)	3,847,812	8.3
Wells Fargo & Company(5)	2,756,965	5.9
Blackrock, Inc.(6)	2,696,200	5.8
Dimensional Fund Advisors LP(7)	2,612,942	5.6
Barclays Global Investors N.A.(8)	2,406,703	5.2
Royce & Associates, LLC(9)	2,396,500	5.2
Executive Officers and Directors:		
Joshua Pickus(10)	1,537,940	3.2%
Shelly Schaffer(11)	138,208	*
Ken Owyang(12)	3,803	*
Michael Sayer(13)	411,250	*
Richard Mandeberg(14)	282,083	*
Anthony Rodio(15)	319,125	*
Kevin C. Eichler(16)	108,000	*
Shawn Farshchi(17)	42,500	*
Martin O Malley(18)	60,833	*
Jim Stephens(19)	45,833	*
James Thanos(20)	118,000	*
All directors and executive officers as a group (11 persons)(21)	3,067,575	6.2%

* Represents less than 1% of the outstanding shares of common stock.

(1) The address of each executive officer and director is SupportSoft, Inc., 1900 Seaport Boulevard, 3rd Floor, Redwood City, California 94063, Attention: Investor Relations.

(2) To our knowledge, the persons named in the table have sole voting and dispositive power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the other notes to this table. Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of March 31, 2009 are deemed outstanding and beneficially owned by such person. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

(3) Based solely on information reported on a Schedule 13G/A filed with the Securities and Exchange Commission on March 31, 2009. Intana Management, LLC reported shared voting and dispositive power of 4,635,069 shares of our common stock. The mailing address for Intana Management, LLC is 505 Park Avenue, 3rd Floor, New York, NY 10022.

(4) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on January 31, 2009. Crosslink Capital, Inc., an investment adviser registered under

Section 203 of the Investment Advisers Act of 1940, reported shared voting power and shared dispositive power of 3,847,812 shares of our common stock. The mailing address for Crosslink Capital, Inc. is Two Embarcadero Center, Suite 2200, San Francisco, CA 94111.

(5) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on January 27, 2009. Wells Fargo & Company reported sole dispositive power of 2,752,965 shares of our common stock, and shared dispositive power of 4,000 shares of our common stock. The mailing address for Wells Fargo & Company is 420 Montgomery Street, San Francisco, CA 94163.

(6) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2009. Blackrock, Inc. reported shared dispositive power of 2,696,200 shares of our common stock, but disclaims beneficial ownership of such shares. The mailing address for Blackrock, Inc. is 40 East 52nd Street, New York, NY 10022.

(7) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2009. Dimensional Fund Advisors LP (Dimensional), an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, may be deemed to be the beneficial owner of 2,612,942 shares of our common stock as a result of its role as investment advisor or manager to various funds. Dimensional reported sole voting power and sole dispositive power of 2,612,942 shares, but disclaims beneficial ownership of such shares. The mailing address for Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.

(8) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on February 6, 2009. Barclays Global Investors, N.A. reported sole dispositive power of 2,406,703 shares of our common stock. The mailing address for Barclays Global Investors, N.A. is 400 Howard Street, San Francisco, CA 94105.

(9) Based solely on information reported on a Schedule 13G filed with the Securities and Exchange Commission on January 29, 2009. Royce & Associates, LLC reported sole voting power and sole dispositive power of 2, 396,500 shares of our common stock. The mailing address for Royce & Associates, LLC is 1414 Avenue of the Americas, New York, NY 10019.

(10) Includes 1,488,540 shares subject to stock options that are exercisable within 60 days of March 31, 2009. Also includes 49,400 shares held by Pickus Family Trust. Mr. Pickus and Carey Pickus are trustees of the Pickus Family Trust and share voting and dispositive power.

(11) Includes 137,208 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(12) Prior to February 4, 2008, Mr. Owyang was our Chief Financial Officer and one of our executives. As disclosed elsewhere herein, on February 4, 2008, we announced that Mr. Owyang intended to leave the Company.

(13) Includes 381,250 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(14) Includes 279,083 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(15) Includes 319,125 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(16) Includes 106,000 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(17) Includes 42,500 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(18) Includes 60,833 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(19) Includes 45,833 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(20) Includes 2,000 shares held by Budd Thanos Trust. Mr. Thanos and Christine Budd are trustees of Budd Thanos Trust and share voting and dispositive power. Also includes 116,000 shares subject to stock options that are exercisable within 60 days of March 31, 2009.

(21) Includes 2,976,372 shares subject to stock options that are exercisable within 60 days of March 31, 2009. As of March 31, 2009, our executive officers consisted of Josh Pickus, Richard Mandeberg, Anthony Rodio, Michael Sayer, and Shelly Schaffer. Ken Owyang announced on February 4, 2008 that he would be leaving the Company to pursue other interests; he is no longer an employee nor an executive officer of the Company.

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COMPENSATION COMMITTEE REPORT

SupportSoft's Compensation Committee consists of three independent Directors: Messrs. Stephens, O'Malley and Thanos. Set forth below is the Compensation Discussion and Analysis, which is a discussion of compensation programs and policies from the perspective of the Board and the Company.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on the Committee's review of, and the discussions with management with respect to, the Compensation Discussion and Analysis, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, as amended, a copy of which is being delivered to you simultaneously with this proxy statement, for filing with the SEC.

THE COMPENSATION COMMITTEE:

Jim Stephens, Chairman

J. Martin O Malley

James Thanos

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EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

Executive Summary

We provide software and services designed to make technology work. We currently operate our business in two segments, the Consumer Business and the Enterprise Business. Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in resolving technology problems. Our Enterprise Business consists of our traditional business in which we license technical support software to digital service providers (telecommunications and cable companies) and corporate IT departments and IT outsourcers. As further discussed in this section, our executive compensation program is designed to reward our senior executive officers when they contribute to the achievement of our business objectives and create long-term stockholder value. Our compensation plans and programs for 2009 are evolving and are subject to change depending upon, among other things, the timing and successful closing of the proposed Asset Sale described elsewhere in this proxy statement.

The following discussion and analysis explains our executive compensation program and policies as they relate to our senior executives who are listed in the Summary Compensation Table below for fiscal year 2008. We refer to these senior executives as our named executive officers. For 2008, our named executive officers were:

Joshua Pickus	*President and Chief Executive Officer*
Shelly Schaffer	*Chief Financial Officer and Executive Vice President of Finance and Administration*
Michael Sayer	*Executive Vice President, General Manager Enterprise*
Richard Mandeberg	*Executive Vice President, Chief Revenue Officer, CSG*
Anthony Rodio	*Executive Vice President, Chief Operating Officer, CSG*
Ken Owyang	*Former Chief Financial Officer and Senior Vice President of Finance and Administration*

As previously reported, Mr. Owyang ceased to act as our Chief Financial Officer at the time we filed our Annual Report on Form 10-K for 2007. On March 13, 2008. Ms. Schaffer succeeded Mr. Owyang as our Chief Financial Officer.

The following are the highlights of our 2008 executive compensation program:

- We froze the total cash compensation for our senior executive officers continuing from the prior year;

- Our named executive officers earned short-term cash incentive awards pursuant to our Executive Incentive Compensation Incentive Plan at quarterly intervals based on achievement of quarterly company and/or business unit revenue and operating income goals and/or individual performance objectives that, on a yearly basis, ranged from about 71% to 119% of their target opportunities. Short-term cash incentive payments for 2008 ranged from about 18% to 119% of the executives base salaries;

- We awarded time-based stock options to our named executive officers under our existing omnibus equity incentive plan;

- We adopted an amended and restated Executive Incentive Compensation Plan, including changes to the plan, that will be operational for 2009; and

We did not use a compensation consultant for fiscal year 2008 but we did engage a compensation consultant for fiscal year 2009. We made the decision not to engage a compensation consultant or conduct a new benchmarking assessment for fiscal year 2008 because we did not significantly change our executive compensation program between 2007 and 2008 and, after review of the benchmarking assessment made in 2007, we determined that it remained appropriate for assisting us in determining 2008 compensation levels. We specifically used the 2007 benchmarking assessment along with updated compensation data based on the Radford Associates survey in connection with making certain compensation adjustments for Messrs. Rodio, Sayer and Mandeberg based on their changing responsibilities with us for 2008.

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The discussion and analysis of our 2008 executive compensation program that follows may include forward-looking statements, and should be read together with the compensation tables and related disclosures that follow this section.

Compensation Philosophy and Objectives

The Compensation Committee reviews executive officer performance and total compensation, including equity awards, on an annual basis. These reviews take place generally in October for named executive officers other than our Chief Executive Officer, and after the end of our fiscal year for the Chief Executive Officer. The Compensation Committee has sole authority to assess the performance of our Chief Executive Officer and determine his compensation. In general, our management team supports our Compensation Committee with its tasks of considering and establishing executive compensation for the other named executive officers. Our executive compensation program has been designed by our Compensation Committee to promote two primary objectives:

- to attract and retain talented executives who will lead us to achieve our business objectives and create long-term stockholder value; and

- to align executive pay with annual and long-term company performance and stockholder return.

These objectives guide the compensation elements we use and our compensation decisions for individual executive officers, as further discussed in this section. With these objectives in mind, we generally seek through our executive compensation program to attract and retain our named executive officers, to reward our named executive officers for achieving quarterly, semi-annual and annual performance goals, and to encourage our named executive officers to meet performance goals in future periods.

Executive Compensation Program Design

The principal elements of our executive compensation program are base salary, short-term cash incentive awards earned on a quarterly, semi-annual and annual basis and long-term equity awards earned based on our review of full-year performance, which equity awards vest over time. In keeping with our philosophy of aligning pay with performance, a significant portion of our named executive officers compensation is at risk and comprised of both long-term equity awards and short-term cash incentives. For us, at risk compensation consists of potential earnings that are directly linked to performance or earnings that are granted in the form of short-term cash incentives and long-term investments in our company s success through equity awards.

We believe long-term equity awards are particularly effective as a means of aligning the interests of our named executive officers with those of our stockholders as these awards drive both long-term company performance and retention of key executives. We believe this because the equity awards will not deliver any return to our executives unless our stock price increases after the time the award is made. Accordingly, each year we seek to establish long-term equity incentives as a significant component of our executive compensation program. We also believe that short-term cash incentives are an important and effective way to align named executive officer pay with company performance because short-term cash incentives are actually earned only when our named executive officers help us achieve our business objectives. We measure short-term cash incentive award achievement on a quarterly, semi-annual and annual basis based on both company and individual executive officer performance, which also helps us more closely equate executive pay with real-time performance.

In 2008, each of our named executive officers was eligible to receive a target short-term cash incentive, expressed as a percentage of his or her annual base salary, based on the executive s attainment of pre-established goals and/or the performance of the company and/or the executive s business unit. For 2008, our Chief Executive Officer s short-term cash incentive opportunity was tied to quarterly and annual company and/or business unit revenue and operating income targets set by the Compensation Committee. The Compensation Committee chose

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these particular performance metrics for our Chief Executive Officer to ensure that he capitalized on our revenue growth opportunities while maintaining operating discipline. Annual cash incentives for our other named executive officers were tied to their quarterly achievement of various individual performance objectives and/or to achievement of quarterly and annual revenue, operating income, and/or other business unit objectives. The revenue and operating income targets relevant to our named executive officers are described in greater detail under Annual Cash Incentive Awards below.

Executive Compensation Program Design Changes for 2008 and 2009

Our executive compensation program design changed a number of times in 2008 and 2009 as it related to short-term cash incentives. These changes generally related to our newer Consumer Business which is rapidly evolving. In January 2008, the Board adopted a new Executive Incentive Compensation Plan, which we refer to as the 2008 annual incentive plan, that was designed to closely align executive compensation with corporate and business unit financial performance. We adopted the 2008 annual incentive plan based on the results of our 2007 benchmarking activities discussed below. Although we view our cash compensation to be competitive with that offered by companies in our peer group, in the light of the Radford Associates survey data discussed further below, we believed that we could strengthen our pay for performance program by tying a larger percentage of short term cash incentives to company or business unit performance, as opposed to individual objectives.

Based on this objective, the 2008 annual incentive plan tied a significant percentage of each executive officer s short-term cash incentive compensation to company financial performance and, for our executives who serve as heads of our business units, business unit financial performance. For 2008, the cash incentive compensation for Mr. Pickus and Mr. Sayer was tied exclusively to company (in the case of Mr. Pickus) and business unit (in the case of Mr. Sayer) financial performance. For our other executive officers, short term cash incentive compensation was tied to company and/or business unit financial performance and to achievement of individual goals. The balance between individual and company and business unit goals varied from officer to officer.

2008 Annual Incentive Plan Changes

In July 2008, the Board adopted an amended and restated 2008 annual incentive plan, making certain changes related to the 2008 annual incentive plan. The amendments and changes related primarily to our Consumer Business, and were implemented to ensure that the 2008 annual incentive plan would be flexible enough to achieve its incentive and retention objectives during the early stages of our Consumer Business, taking into account the longer roll-out periods associated with partner engagements in the Consumer Business. Effective for the second half of 2008 and beyond, the amendments and changes to the 2008 annual incentive plan eliminated specification of the relative percentage weighting between the financial component and individual component for the participants, instead giving us discretionary authority each year to establish the relative percentage weighting for these annual incentive components based on our and in particular our Consumer Business outlook at the time. As discussed below in the section entitled Annual Cash Incentive Awards, the Board also changed the relative weighting of financial and individual components for certain executive officers. For our executive officers who lead the Consumer Business, the inclusion of or increase in weighting for individual components reflected the variety of activities that we believe would be required to develop the Consumer Business.

The Board also reduced the previously selected revenue target for the Consumer Business for 2008 to reflect the longer roll-out periods associated with partner engagements in the Consumer Business. However, the revised targets for the Consumer Business for 2008 continued to reflect substantial increases over consumer revenue for 2007. Concurrent with the reduction in Consumer Business revenue targets, the Board eliminated the potential for overachievement against short-term cash incentive compensation targets based on Consumer Business revenue for 2008. The Board also eliminated our Chief Executive Officer s eligibility for overachievement against all short-term cash incentive compensation targets for 2008, and reduced the amount of short-term cash incentive compensation potentially available to the Chief Executive Officer for the second half of 2008. With the exception of our Chief Executive Officer s incentive compensation, the Board did not make any changes to the potential overachievement incentive based on operating income achievement by our enterprise business.

For 2008 annual incentive plan participants with an annual incentive based on company financial performance due to their responsibilities spanning both segments of our business, consisting of our Chief Executive Officer and our Chief Financial Officer, our Board of Directors revised the method for measuring achievement of performance by providing that the operating income contribution targets for the Enterprise Business and revenue targets for the Consumer Business were weighted separately and equally to determine the company financial performance component of their annual incentive payout.

2009 Annual Incentive Plan Changes

In February 2009, our Board of Directors again amended and restated the annual incentive plan, to ensure that the plan would remain effective in achieving its retention and incentive objectives. The amendments and changes provided that we will establish financial goals for the consumer and enterprise businesses on a quarterly, semi-annual or annual basis, at our discretion, in advance of such performance period(s), rather than establishing quarterly and annual financial goals as had previously been our practice. These changes were deemed necessary to provide us with greater flexibility to properly set targets in light of the rapid rate of change, in particular in our Consumer Business. The amendments and changes also provided that incentive awards based on company and/or business unit achievement of financial performance goals during specified performance period(s) will be earned only at the close of each such performance period.

Consistent with the foregoing, for 2009 we expect that the target short-term cash incentive opportunities for our executive officers will be based upon two components:

the company s (or the business unit s, for executives assigned to a business unit) achievement of its financial goals; and

the individual executive s achievement of his or her individual management by objective goals, which we refer to as MBO goals. MBO goals generally consist of both quantifiable and non-quantifiable performance objectives based on identifiable criteria that can be both measured and defined by us in advance of the relevant performance period. We expect that the portion of an executive s overall target bonus attributable to company or business unit performance will be greater for more senior employees who have a greater influence on company or business unit financial results. Participating employees will be eligible to receive greater than 100% of the company or business unit portion of their target short-term cash incentive opportunities according to a formula for business overachievement, subject to a cap determined by the Compensation Committee. Any overachievement will be earned only at the close of our fiscal year and will be paid annually. We will further discuss the operation of our annual incentive plan for 2009 and the decisions made under it in the Compensation Discussion and Analysis to be included in our proxy statement for our 2010 Annual Meeting of Stockholders. Furthermore, our compensation plans and programs for 2009 are evolving and are subject to change depending upon, among other things, the timing and successful closing of the proposed Asset Sale described elsewhere in this proxy statement.

The Role of Consultants and Benchmarking Data

The Compensation Committee believes in the practice of using at risk compensation to compliment base salary. We expect that in years in which we achieve strong results, the at risk elements of our executive compensation program will raise total executive compensation to a premium above market averages. In contrast, we do not expect to pay a premium above market averages in years in which we do not achieve strong results. We believe that in this way, using at risk compensation to reward performance with above-market compensation supports our goal of attracting qualified senior management and promotes future compensation growth opportunities.

Historically, the Compensation Committee reviewed data from a variety of sources to determine and set executive compensation, including benchmarking data and compensation information from peer companies, industry surveys, and outside compensation consultants. In 2007, the Compensation Committee together with members of our management team conducted a formal benchmarking review for purposes of:

- evaluating our executive and director compensation program as whole;
- evaluating our individual named executive officer compensation; and
- developing the Plan.

The Compensation Committee, working with our human resources function, also identified a peer group of companies comprised of technology and technology-enabled services companies, some of which compete with us for business or for employees. The companies in this peer group had one or more attributes similar to us, including size, geographic location, financial performance, and type of business or products. The Compensation Committee reviewed executive compensation data from the following companies comprising our peer group:

Callidus Software Inc.	Keynote Systems, Inc.	Taleo Corporation
Chordiant Software, Inc.	LivePerson, Inc.	Website Pros, Inc.
Cybersource Corporation	OpsWare Inc. (acquired by HP in 2007)	
Kana Software, Inc.	RightNow Technologies, Inc.	

Besides data from these peer companies, the Compensation Committee also reviewed survey data obtained from Radford Associates. Watson Wyatt provided some advice to the Compensation Committee with respect to our Plan and certain incentive awards in 2008. In determining appropriate comparable data, the Committee consulted the survey results that compare compensation data for two categories of companies:

- all software companies with revenue under $200 million; and
- all Northern California technology companies with revenue under $200 million.

These categories most closely represent the software and technology companies in the Silicon Valley area with whom we compete for personnel. In addition, the Compensation Committee sought the views of Watson Wyatt with respect to industry trends and specific issues relating to cash incentive compensation programs.

We made the decision not to engage a compensation consultant or conduct a new benchmarking assessment during 2008 because we did not significantly change our executive compensation program between 2007 and 2008 and, after review of the benchmarking assessment made in 2007, we determined that it remained appropriate for assisting us in determining 2008 compensation levels. We specifically used the 2007 benchmarking assessment along with updated compensation data based on the Radford Associates survey in connection with making certain compensation adjustments for Messrs. Rodio, Sayer and Mandeberg based on their changing responsibilities with us for 2008.

In general, the Compensation Committee and our human resources department use the third quartile as a guideline for establishing individual compensation elements, as well as total compensation, for each of our named executive officers. We have generally benchmarked compensation against the third quartile because we have found a need to pay cash compensation in the third quartile in order to attract top executive talent. When factoring in our pay for performance philosophy and our use of at risk compensation, we have found that our compensation packages generally remain in the third quartile of peer companies. The Radford survey data used by the Compensation Committee for 2008 benchmarks cash compensation levels in ten-percentile tiers for each executive officer position. Our Compensation Committee looked at Radford survey data from both the Northern California technology companies with revenue under $200 million category and the software companies with revenue under $200 million category when benchmarking our named executive officers cash compensation. Each named executive officer s benchmark percentile tier for base salary and for short-term target cash incentive compensation is specified in the section Employment Arrangements, Termination of Employment Arrangements, and Change in Control Arrangements, below. Although our Chief Executive Officer

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recommends compensation for named executive officers other than himself, it is ultimately the responsibility of the Compensation Committee to set compensation for such executive officers.

In the fourth quarter of 2007, the Compensation Committee considered the benchmarking data it collected as one of many factors in assessing each individual named executive officer s compensation, including base salary, short-term cash incentives and long-term equity awards. The Compensation Committee weighed the market data in light of the Compensation Committee s assessment of each executive officer s performance, responsibilities, experience and significance to our corporate objectives, as well as our business performance as a whole. Based on its benchmarking review and its overall compensation philosophy, the Compensation Committee determined that the base salaries and target cash incentives for the named executive officers, including our Chief Executive Officer, were competitive, and thus did not increase the named executive officers cash compensation for 2008.

Named Executive Officer Performance Reviews and The Role of Management

In the first quarter of 2008, the Compensation Committee established performance objectives for each named executive officer for the short-term cash incentives as further described below. The performance objectives for each executive (other than Messrs. Pickus, Sayer and Mandeberg) were to be based on two components: company or business unit performance, and individual MBO goals. Annual cash incentives for Messrs. Pickus, Sayer and Mandeberg were based solely on company or (as applicable) business unit performance. As noted above under Executive Compensation Program Design Changes for 2008 and 2009, in the third quarter of 2008, our board of directors implemented certain changes to the previously established performance objectives. These changes reduced the previously selected revenue targets for the Consumer Business for 2008, although they remained substantially above the targets set for 2007, and included or increased the weighting of individual components for the officers who lead our Consumer Business unit.

Key members of our management team worked with the Compensation Committee to conduct the 2007 benchmarking review described above. Our Chief Executive Officer participates in the performance discussions regarding the other named executive officers and makes recommendations to the Compensation Committee regarding the officers compensation, based on his direct knowledge of the officers performance and contributions to our business results although it is ultimately the responsibility of the Compensation Committee to set compensation for each executive officer. Certain exceptions to the timing of these annual performance and compensation reviews may occur as a result of contractual commitments or extenuating circumstances justifying an off-cycle review.

Elements of 2008 Executive Compensation

Our executive compensation program consists of the following elements:

- Base salary;
- Short-term, cash incentive awards;
- Long-term, equity-based awards; and
- Other benefits.

Base Salary

Base salary is the baseline cash compensation that we pay to executive officers throughout the year. Base salaries provide executive officers with a predictable level of income. We pay base salaries to attract and retain strong talent, which salaries are designed to give our executive officers the ability to support a reasonable standard of living in Silicon Valley. The Compensation Committee determines individual executive salaries and

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does not apply any specific formula. In determining appropriate base salaries, in addition to reviewing market data from Radford s compensation surveys, or in exceptional cases, an outside compensation consultant, the Compensation Committee generally considers:

- the scope of responsibility and experience of the executive officer;
- the individual performance of each existing executive officer;
- competitive market compensation;
- internal equitable considerations;
- the significance of the individual to the achievement of our corporate objectives; and
- in the case of executive officers other than the Chief Executive Officer, the Chief Executive Officer s recommendation as to compensation.

In recent years during which we were initially hiring our named executive officers, in order to attract top executive talent, we offered compensation packages with base salaries in the third quartile of salaries for executive officers in similar positions and with similar responsibilities at comparable companies. As discussed above under The Role of Consultants and Benchmarking Data, we generally believe that total compensation should be targeted in the third quartile of the peer group when including at risk compensation. Base salaries were frozen for 2008 and are reviewed annually by the Compensation Committee.

The base salary amounts for our named executive officers for 2008 are set forth in the table below. These base salaries were established based on offer letters that we negotiated with each named executive officer at the time they joined us. The only exception is for Mr. Rodio, whose base salary amount as set forth in his employment offer letter was $220,000. Based on his contributions to our company and his anticipated contributions in the future, Mr. Rodio s base salary was increased to $240,000 in 2007. The Compensation Committee s primary rationale for establishing the named executive officers base salaries, including the salary for Ms. Schaffer, who joined us in 2008, was to attract and retain top level talent for our company. We did not increase base salaries for our named executive officers for 2008.

Name and Title	2008 Base Salary
Joshua Pickus *President and Chief Executive Officer*	$ 350,000
Shelly Schaffer *Chief Financial Officer and Executive Vice President of Finance and Administration*	$ 265,000
Michael Sayer *Executive Vice President, General Manager Enterprise*	$ 250,000
Richard Mandeberg *Executive Vice President, Chief Revenue Officer, CSG*	$ 240,000
Anthony Rodio *Executive Vice President, Chief Operating Officer, CSG*	$ 240,000
Ken Owyang(1)	$ 250,000

Former Chief Financial Officer and Senior Vice President of Finance and

Administration

(1) Mr. Owyang ceased to act as our Chief Financial Officer on March 13, 2008. Mr. Owyang s base salary for the full year 2008 would have been $250,000 had he remained as our Chief Financial Officer and an employee of the company for the entire calendar year.

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For more information about our named executive officers base salaries for 2008, see the 2008 Summary Compensation Table below.

Annual Cash Incentive Awards

As discussed above, we pay short-term cash incentives under our annual incentive plan to attract and retain talented executives who will lead us to achieve our business objectives and create long-term stockholder value, and to align executive pay with quarterly, semi-annual and annual company performance. In determining appropriate short-term cash incentive opportunities for each named executive officer, in addition to reviewing market data from Radford s compensation surveys or, in exceptional cases, an outside compensation consultant, the Compensation Committee considers the same factors considered in determining base salary. Actual payouts for our short-term cash incentive awards for each named executive officer are based on the achievement of specified company objectives and MBO goals established at the beginning of the year and evaluated quarterly and at the end of the year.

For 2008, our short-term cash incentive award payout approach was as follows:

- no payment was made if an executive (and/or the executive s business unit or, with respect to the Chief Executive Officer, the company itself) failed to achieve minimum expectations, which were set between 66.7% and 80% of a specified quantitative performance objective;

- up to 100% of the target incentive compensation was paid if an executive (and/or the executive s business unit or, with respect to the Chief Executive Officer, the company itself) achieved between the minimum threshold referred to above and 100% of the performance objectives; and

- a payment greater than 100% of the target bonus was paid if the executive (and/or the executive s business unit or, with respect to the Chief Executive Officer, the Company itself) exceeded the performance objectives, subject to a cap determined by our Compensation Committee.

The Compensation Committee retains discretion to award bonuses in the event objectives are not achieved, with the appropriate supporting rationale. We believe that, based on our benchmarking review, the short-term cash incentive opportunities for our named executive officers are in the third quartile of comparable companies.

Short-term cash incentive awards for each of our named executive officers (other than with respect to Mr. Owyang) were payable quarterly and annually based on annual over-achievement, if any, of the named executive officers respective performance measures. Generally, the actual short-term cash incentive payments made to each named executive officer had the potential to be more (other than with respect to Mr. Owyang) or less than the target short-term cash incentive award opportunity, depending on the level of our achievement of the respective performance measures tied to the officer s award. However, with respect to awards dependent on the level of our achievement of Consumer Business revenue for the second half of 2008, the actual short-term cash incentive payments made to the respective named executive officer for the third and fourth quarters had the potential to be less, but not more, than the target short-term cash incentive award opportunity, because no overachievement was possible for Consumer Business revenue based on the changes made to the annual incentive plan in July 2008, as discussed above in the section entitled Executive Compensation Program Changes for 2008 and 2009.

For 2008, the terms of our named executive officers short-term cash incentive awards and the payments made with respect to those awards were as follows:

- Mr. Pickus short-term cash incentive award was determined on a quarterly and annual basis based on our achievement of revenue performance and operating income targets. Initially, Mr. Pickus short-term cash incentive award was based equally on a target of annual company revenue of $58.372 million and annual company operating loss of $12.126 million. Company revenue and company operating loss were measured quarterly and annually against quarterly and annual targets. Based on the initial targets,

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Mr. Pickus was not entitled to a short-term cash incentive award in any quarter if less than 80% of the revenue target was achieved and if the operating loss exceeded the target for that quarter by more than $450,000. Based on our performance against our revenue and operating income targets for the first and second quarters of 2008, Mr. Pickus achieved 100% and was paid 100% of his target cash incentive compensation for the first quarter of 2008, resulting in a $67,340 cash incentive compensation payment for the first quarter of 2008, and achieved 90% and was paid 90% of his target cash incentive compensation for the second quarter of 2008, resulting in a $65,436 cash incentive compensation payment for the second quarter of 2008. For the third and fourth quarters of 2008, as discussed above in the section entitled Executive Compensation Program Changes for 2008 and 2009, Mr. Pickus s short-term cash incentive award was modified to be based equally on revenue for our Consumer Business of $3,352,739 for the second half of 2008, and operating income for our Enterprise Business of $2,528,580 for the second half of 2008. Included in the changes to the Executive Incentive Compensation Plan for 2008 referred to above were the elimination of the potential for Mr. Pickus to earn an overachievement payment on his short-term cash incentive compensation for 2008 and also a provision that 100% achievement of the Consumer Business s revenue target would equate to an 80% payout on that component of Mr. Pickus s short-term cash incentive compensation. Based on the Consumer Business s performance against its revenue targets and the Enterprise Business s performance against its operating income targets for the second half of 2008, Mr. Pickus achieved 100% and was paid 90% of his target cash incentive compensation for the third quarter of 2008, resulting in a total cash incentive compensation payment of $70,020 for the third quarter of 2008, and achieved 100% and was paid 90% of his target cash incentive compensation for the fourth quarter of 2008, resulting in a total cash incentive compensation payment of $73,020 for the fourth quarter of 2008. Mr. Pickus did not receive any overachievement payment for 2008. Mr. Pickus maximum potential short-term cash incentive award for 2008, taking into account the changes made to the annual incentive plan in July 2008, was $282,990. Mr. Pickus actually received short-term cash incentive awards totaling $275,816 in 2008 as described above.

As noted above, we announced in February 2008 that Mr. Owyang would be leaving the company. Mr. Owyang s last day as our executive officer was March 13, 2008, the date on which we filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Mr. Owyang s last day as our employee was July 3, 2008. Mr. Owyang s short-term cash incentive award for the first quarter of 2008 was based solely upon his assistance in filing our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Mr. Owyang achieved 100% and was paid 100% of his target cash incentive compensation for the first quarter of 2008, resulting in a cash incentive compensation payment of $31,250 for the first quarter of 2008. Mr. Owyang s short-term cash incentive award for the second quarter of 2008 was based on his assistance in filing our report on Form 10-Q for the first quarter of 2008, and on his continued assistance in the transition process. Mr. Owyang s cash incentive target for the second quarter of 2008 was calculated on a pro rata basis, reflecting the change in his role and his transition to part-time employment status. Mr. Owyang achieved 100% and was paid 100% of his target cash incentive compensation for the second quarter of 2008, resulting in a cash incentive compensation payment of $11,718 for the second quarter of 2008. Mr. Owyang s actual short-term cash incentive award payments could not exceed his target short-term cash incentive award opportunity. Mr. Owyang actually received short-term cash incentive awards totaling $42,968 in 2008 as described above.

As noted above, Ms. Schaffer joined us in February 2008. Pursuant to the terms of her offer letter, Ms. Schaffer s MBO targets for 2008 were calculated based on her full-year salary, with the amount of the MBO target apportioned evenly across the second, third and fourth quarters of 2008. For the second quarter of 2008, Ms. Schaffer s short-term cash incentive award was payable based on company revenue achievement of $13.628 million, company operating loss achievement of $3.940 million, and achievement against individual goals. Based on the initial targets, Ms. Schaffer was not entitled to a short-term cash incentive award for the second quarter if less than 80% of the revenue target was achieved, nor if the operating loss exceeded the target for that quarter by more than $450,000. Ms. Schaffer s short-term cash incentive awards were based equally on achievement of individual

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goals and company goals. Ms. Schaffer s individual goals for the second quarter of 2008 were completion of certain finance objectives relative to our acquisition of YourTechOnline.com, Inc.; documentation of revenue recognition processes for our Consumer business; and preparation of a two-year financial model. She achieved 100% of those goals and was paid 100% for this component of her cash incentive compensation accounting for $21,502 of the total second quarter cash incentive compensation payment. In addition, based on the Company s performance against its financial targets for the second quarter, Ms. Schaffer achieved 90% and was paid 90% of the company portion of her target cash incentive compensation, accounting for $19,352 of the total cash incentive compensation payment of $40,854 for the second quarter of 2008. For the third and fourth quarters of 2008, as discussed above in the section entitled Executive Compensation Program Changes for 2008 and 2009, Ms. Schaffer s short-term cash incentive award was modified to be based on revenue for our Consumer Business of $3,352,739 for the second half of 2008, operating income for our enterprise business of $2,528,580 for the second half of 2008, and achievement against individual goals. Ms. Schaffer s individual goals for the third quarter of 2008 were completion of improvements to the collections process; initiatives relating to Sarbanes-Oxley compliance; and decision-making tools relating to pricing. She achieved 100% of those goals and was paid 100% for this component of her cash incentive compensation accounting for $22,170.50 of the total third quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets and the Enterprise Business s performance against its operating income targets for the third quarter of 2008, Ms. Schaffer achieved 100% and was paid 100% of the company portion of her target cash incentive compensation for the third quarter of 2008, accounting for $22,170.50 of the total cash incentive compensation payment of $44,341 for the third quarter of 2008. Ms. Schaffer s individual goals for the fourth quarter of 2008 were preparation of the 2009 financial plan; certain initiatives relating to restructuring and strategic transactions; and automation of certain finance processes. She achieved 100% of those goals and was paid 100% for this component of her cash incentive compensation accounting for $22,682.50 of the total fourth quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets and the Enterprise Business s performance against its operating income targets for the fourth quarter of 2008, Ms. Schaffer achieved 100% and was paid 100% of the company portion of her target cash incentive compensation for the fourth quarter of 2008, accounting for $22,682.50 of the total cash incentive compensation payment of $45,365 for the fourth quarter of 2008. In addition, based on annual operating income overachievement in the Enterprise business, Ms. Schaffer received an additional overachievement payment under our Executive Incentive Compensation Plan of $5,275 for 2008. Ms. Schaffer s maximum potential short-term cash incentive award for 2008, taking into account the changes made to the annual incentive plan in July 2008, was $165,625. Ms. Schaffer actually received short-term cash incentive awards totaling $135,835 in 2008 as described above.

Mr. Sayer s short-term cash incentive award was based upon our achievement against an annual target of $3,356,000 for enterprise business unit operating income, as measured by quarterly and year-to-date achievement against this target. In order to initially attract Mr. Sayer to the company when he was hired in 2006, the Compensation Committee agreed to a target short-term cash incentive award greater than the 60th percentile of comparable companies. Mr. Sayer was not entitled to a short-term cash incentive award in any given quarter if less than 57.4% of the operating income target was achieved in that quarter. Mr. Sayer s maximum potential short-term cash incentive award opportunity was capped at 200% of the target short-term cash incentive award. Based on the Enterprise Business s performance against its operating income targets for 2008, Mr. Sayer achieved 100% and was paid 100% of his target cash incentive compensation for each quarter of 2008, resulting in cash incentive compensation payments of $52,500, $57,500, $72,500, and $67,500 in the first, second, third, and fourth quarter of 2008, respectively. In addition, based on annual operating income overachievement in the Enterprise business, Mr. Sayer earned and received an additional overachievement payment of $47,775 under our Executive Incentive Compensation Plan for 2008. Mr. Sayer actually received short-term cash incentive awards totaling $297,775 in 2008 as described above.

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Mr. Mandeberg s short-term cash incentive award was initially based on our achievement against an annual Consumer Business target revenue of $15,054,000. Consumer business unit revenue was measured quarterly and annually against quarterly and annual targets. Based on the initial targets, Mr. Mandeberg was not entitled to a short-term cash incentive award in any quarter if less than 66.7% of the revenue target was achieved. Based on the Consumer Business s performance against its revenue targets for the first half of 2008, Mr. Mandeberg achieved 86% and was paid 86% of his target cash incentive compensation for the first quarter of 2008, resulting in a cash incentive compensation payment of $2,683 for the first quarter of 2008, and achieved 0% and was paid 0% of his target cash incentive compensation for the second quarter of 2008, resulting in no cash payment for the second quarter of 2008. For the third and fourth quarters of 2008, as discussed above in the section entitled Executive Compensation Program Changes for 2008 and 2009, Mr. Mandeberg s short-term cash incentive award was modified to be based equally on revenue for our Consumer Business of $3,352,739 for the second half of 2008, and on achievement against individual goals. Mr. Mandeberg s individual goals for the third quarter of 2008 were development of a consumer pricing infrastructure and completion of certain qualified revenue transactions. He achieved 90% of those goals and was paid 90% for this component of his cash incentive compensation accounting for $9,072 of the total third quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets for the third quarter of 2008, Mr. Mandeberg achieved 100% and was paid 100% of the company portion of his target cash incentive compensation for the third quarter of 2008, accounting for $10,080 of the total cash incentive compensation payment of $19,152 for the third quarter of 2008. Mr. Mandeberg s individual goals for the fourth quarter of 2008 were certain initiatives relating to our European consumer business; development of consumer alliance partner account plans; a revenue and execution plan for our direct support.com business; and a lead generation plan. He achieved 75% of those goals and was paid 75% for this component of his cash incentive compensation accounting for $9,585 of the total fourth quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets for the fourth quarter of 2008, Mr. Mandeberg achieved 100% and was paid 100% of the company portion of his target cash incentive compensation, accounting for $12,780 of the total cash incentive compensation payment of $22,365 for the fourth quarter of 2008. Taking into account the changes made to the annual incentive plan in July 2008, Mr. Mandeberg s maximum potential short-term cash incentive award was $60,000. Mr. Mandeberg actually received short-term cash incentive awards totaling $44,200 in 2008 as described above.

Mr. Rodio s short-term cash incentive award was initially based on our achievement against an annual Consumer Business target revenue $15,054,000, achievement against efficiency goals defined for our work from home call center operations, and achievement against revenue and cost per order goals for our Consumer Business unit s support.com line of business. Consumer business unit revenue was measured quarterly and annually against quarterly and annual targets. Call center operations and support.com performance were measured quarterly against quarterly targets. Based on the initial targets, Mr. Rodio was not entitled to a short-term cash incentive award in any quarter if less than 66.7% of the revenue target was achieved, call center operations efficiency goals were not achieved, and less than 80% of the support.com revenue and cost per order goals were achieved. Mr. Rodio s short-term cash incentive awards were based 40% on achievement of individual goals and 60% on achievement of Consumer Business revenue goals for the first and second quarter of 2008 and were based 75% on achievement of individual goals and 25% on achievement of Consumer Business revenue goals for the third and fourth quarters of 2008. Mr. Rodio s individual goals for the first quarter of 2008 were achievement of revenue objectives for our direct support.com business; and efficiency and cost improvements relating to our technical support agents. He achieved 74% of those goals and was paid 74% for this component of his cash incentive compensation accounting for $2,224 of the total first quarter cash incentive compensation payment. In addition, based on the Consumer Business s performance against its revenue targets for the first quarter, Mr. Rodio achieved 86% and was paid 86% of the company portion of his cash incentive compensation, accounting for $3,878 of the total first quarter cash incentive compensation payment of $6,102 for the first quarter of 2008.

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Mr. Rodio s individual goals for the second quarter of 2008 were achievement of revenue and cost per order objectives for support.com; and technical support agent process improvements relating to cost management, customer satisfaction and call handle time. He achieved 72% of those goals and was paid 72% for this component of his cash incentive compensation accounting for all of the total second quarter cash incentive compensation payment of $3,389 for the second quarter of 2008. Based on the Consumer Business s performance against its revenue targets for the second quarter, Mr. Rodio achieved 0% and was paid 0% of the company portion of his cash incentive compensation. For the third and fourth quarters of 2008, as discussed above in the section entitled Executive Compensation Program Changes for 2008 and 2009, Mr. Rodio s short-term cash incentive award was modified such that 25% of his short-term cash incentive was based on revenue for our Consumer Business of $3,352,739 for the second half of 2008, and 75% of his short-term cash incentive was based on achievement against individual goals pertaining to the work from home call center and the support.com line of business. Mr. Rodio s individual goals for the third quarter of 2008 were development of a global sourcing plan; reduction of technical support agent call handling time; and cost per order improvements for support.com. He achieved 84% of those goals and was paid 84% for this component of his cash incentive compensation, accounting for $11,442 of the total third quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets for the third quarter of 2008, Mr. Rodio achieved 100% and was paid 100% of the company portion of his target cash incentive compensation for the third quarter of 2008, accounting for $4,540 of the total cash incentive compensation payment of $15,982 for the third quarter of 2008. Mr. Rodio s individual goals for the fourth quarter of 2008 were improvements in technical support agent call handling time; public relations initiatives; improvements in consumer service resolution rates; and a global workforce planning initiative. He achieved 73% of those goals and was paid 73% for this component of his cash incentive compensation, accounting for $11,923 of the total fourth quarter cash incentive compensation payment. Based on the Consumer Business s performance against its revenue targets for the fourth quarter of 2008, Mr. Rodio achieved 100% and was paid 100% of the company portion of his target cash incentive compensation, accounting for $5,444 of the total cash incentive compensation payment of $17,367 for the fourth quarter of 2008. Taking into account the changes made to the annual incentive plan in July 2008, Mr. Rodio s maximum potential short-term cash incentive award for 2008 was $60,000. Mr. Rodio actually received short-term cash incentive awards totaling $42,840 in 2008 as described above.

When we established the initial performance targets for 2008, we believed that the performance targets were set at levels that were achievable, but that required the achievement of the high-end of our internal corporate objectives. When we issued the modified performance targets for the second half of 2008 in July 2008, we continued to believe that the revised targets required achievement of the high end of our then-current internal corporate objectives, and represented substantial increases over consumer revenue for 2007 in particular, while taking into account the longer roll-out periods associated with partner engagements in the Consumer Business.

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Our named executive officers earned the following cash incentive awards for their work performed in 2008:

Executive Officer Name	Total 2008 Target Cash Incentive Potential	2008 Cash Incentive Potential (% of Salary)	Actual 2008 Cash Incentive	Actual 2008 Cash Incentive (% of Salary)
Joshua Pickus	$ 300,000	86%	$ 275,816	78.8%
Shelly Schaffer(1)	$ 132,500	50%	$ 135,834	51.2%
Michael Sayer	$ 250,000	100%	$ 297,775	119%
Richard Mandeberg	$ 60,000	25%	$ 44,200	18.4%
Anthony Rodio	$ 60,000	25%	$ 42,839	17.8%
Ken Owyang(2)	$ 42,968	37.5%	$ 42,968	37.5%

(1) As noted above, Ms. Schaffer joined us in February 2008. Amounts shown reflect awards paid from February 2008 until the end of fiscal year 2008.

(2) Due to Mr. Owyang s departure in 2008, Mr. Owyang s target cash incentive potential for the first quarter of 2008 was $31,250, or 50% of his salary paid during the first quarter. Mr. Owyang additionally was eligible for a cash incentive for the second quarter of 2008, calculated at a pro rata basis of 37.5% of his full quarter target cash incentive potential of $31,250, or $11,718. Prior to his departure, Mr. Owyang transitioned to part-time status, which resulted in a reduction of his salary rate. The figure for Mr. Owyang s cash incentive potential as a percentage of salary is measured against his actual salary paid for 2008.

In the annual compensation review conducted in the fourth quarter of 2008, the potential short-term cash incentive amounts were not changed for the named executive officers for 2009. For more information about our short-term cash incentive awards and payouts for 2008, see the 2008 Summary Compensation Table and 2008 Grants of Plan-Based Awards Table below.

Long-Term Equity Awards

We make long-term equity awards to our named executive officers to encourage them to work to create long-term value for our stockholders through sustained performance. Our long-term equity program for the entire company, including named executive officers, consists of equity grants under our 2000 Omnibus Equity Incentive Plan and our employee stock purchase program. Although we may issue a variety of equity awards under our 2000 Omnibus Equity Incentive Plan, we generally only issue stock option awards as long-term equity compensation. We believe that awarding stock options, as opposed to restricted stock or restricted stock units, is the most effective way of rewarding and encouraging our named executive officers for performance because each executive will derive benefit from his or her stock options only if the market value of our common stock increases. Stock option awards in this way encourage our named executive officers to continue to work for sustained company performance after the executive has received the stock option award.

Stock options granted by the Compensation Committee are generally time-based, typically vesting over a four-year period, and are granted with an exercise price equal to the closing price of our common stock as reported on the Nasdaq Global Select Market on the date of grant. Historically, stock-based awards are granted in conjunction with the executive s hiring, and are then reviewed and supplemented annually. In certain instances, we have also granted performance-based stock option awards, which stock options were exercisable only if our common stock achieves certain pre-established value levels. For 2008, we only granted time-based stock options.

2008 Stock Option Awards

We typically grant equity awards on regularly-scheduled grant dates determined in advance by the Compensation Committee, and the exercise prices for such stock options are established based on the scheduled grant date rather than the date of authorization by the Compensation Committee. New employees are generally granted stock options on the third business day of the month following their date of hire. Similarly, annual performance-related awards are made on a date determined in advance by the Compensation Committee based upon the completion of our annual performance review process, which typically occurs in October of each year. The Compensation Committee does not have a policy regarding whether such regularly-scheduled stock option grants will be made if the Compensation Committee or the executive is at the time in possession of material non-public information, but will consider the appropriateness of such grants on a case-by-case basis. The Compensation Committee has the sole authority to grant equity awards to our Chief Executive Officer and other named executive officers.

For 2008, our Chief Executive Officer s annual long-term equity award was made on February 14, 2008 following the Compensation Committee s assessment of his performance in January 2008, consistent with the terms of his offer letter, as further described below. Based on subjective discretion and its performance assessment of our Chief Executive Officer, our Compensation Committee awarded Mr. Pickus a stock option for 250,000 shares of our common stock as his annual long-term equity award. In determining the number of shares subject to this stock option, the Compensation Committee considered the benchmarking review discussed above and our desire to encourage Mr. Pickus performance on behalf of the company in 2009, along with the effective burn rate for equity awards under the 2000 Omnibus Equity Incentive Plan.

Concurrent with the grant to our Chief Executive Officer, the Compensation Committee awarded each of Mr. Mandeberg and Mr. Rodio stock options for 30,000 shares of our common stock. In determining the number of shares subject to these stock options, which fell outside of the annual long-term equity award process, the Compensation Committee considered the importance of the roles played by Mr. Mandeberg and Mr. Rodio as business leaders of our Consumer Business, the benchmarking review discussed above, and our desire to encourage the performance of Mr. Mandeberg and Mr. Rodio on behalf of the company in 2009.

On March 5, 2008, the third business day of the first month following Ms. Schaffer s commencement of employment with the company, Ms. Schaffer received a stock option for 449,000 shares of our common stock. This stock option award was granted pursuant to the terms of the employment offer letter entered into between Ms. Schaffer and us. In determining the number of shares subject to this stock option, the Compensation Committee considered the benchmarking review discussed above and our desire to hire Ms. Schaffer and to encourage Ms. Schaffer s performance on behalf of the company in 2009.

Our Compensation Committee also authorized the grant of annual long-term equity awards to our named executive officers (other than our Chief Executive Officer) for 2008 at its October meeting. Our other named executive officers annual long-term equity awards had a grant date of November 3, 2008 under our advance authorization practice described above. Again based on subjective discretion and its performance assessment of our named executive officers other than our Chief Executive Officer, our Compensation Committee awarded annual stock options for the following shares: Ms. Schaffer, 50,000 shares; Mr. Sayer, 50,000 shares; Mr. Mandeberg, 50,000 shares; and Mr. Rodio, 50,000 shares. The Compensation Committee decided to make a uniform award to all of our non-CEO named executive officers, in light of the consistency of their performance and the equal importance of each of their roles to our success. In determining the number of shares subject to these stock options, the Compensation Committee again considered the benchmarking review discussed above and our desire to retain and motivate our named executive officers performance in 2009, along with the effective burn rate for equity awards under the 2000 Omnibus Equity Incentive Plan. For more information about our equity awards made in 2008, see the 2008 Grants of Plan-Based Awards Table below.

Employee Stock Purchase Plan

Our named executive officers may also participate in our Employee Stock Purchase Plan on the same terms as the rest of our employees. Our Employee Stock Purchase Plan is a broad-based stock purchase plan that enables all eligible employees to purchase shares of our common stock at a discounted price in order to share in our future success. The Employee Stock Purchase Plan qualifies under Section 423 of the Internal Revenue Code and is required to be made available to all employees, including all executive officers, serving a minimum

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numbers of hours. The Employee Stock Purchase Plan allows employees to acquire shares of our common stock through periodic payroll deductions of up to 15% of their total compensation, up to a maximum of 1,000 shares per employee in each offering period. Since July 2006, the price at which all employees may purchase our common stock under the Employee Stock Purchase Plan has been 85% of the lesser of the closing price of our common stock on the Nasdaq Global Select Market at the beginning and end of each 6-month purchase period. As of January 31, 2009, which was the end of the most recent 6-month purchase period, the purchase price for a share of our common stock under the Employee Stock Purchase Plan was $1.71 (rounded to the nearest cent).

Other Benefits

We also provide our named executive officers with certain employee benefits that are generally consistent with both the employee benefits we provide to all of our employees and that are provided by other employers in Silicon Valley. These benefits consist of a tax-qualified defined contribution plan, which we refer to as our 401(k) plan (and to which we do not make any contributions), health benefits, life insurance benefits, and other welfare benefits. We do not provide any special employee benefits for our named executive officers other than increased life insurance coverage equal to $300,000 per person, which increased coverage is also available to each of our employees who hold a position equal to or above the director level. Our employees who hold a position below the director level receive $150,000 in life insurance coverage per person.

Tax Implications of Compensation Policies

Section 162(m) of the Internal Revenue Code places a limit of $1,000,000 on the amount of compensation we may deduct for federal income tax purposes in any one year with respect to the compensation we pay to certain of our most highly compensated officers. In order to maintain flexibility in compensating our executive officers in a manner designed to promote achievement of corporate goals, the Compensation Committee will not necessarily limit executive compensation to that which is deductible under Section 162(m) of the Internal Revenue Code. However, we currently expect that our executive officers will earn cash compensation less than $1,000,000 per year in the foreseeable future.

Employment Arrangements, Termination of Employment Arrangements and Change in Control Arrangements

We have employment arrangements with our named executive officers to assist with attraction and retention. The following paragraphs summarize the employment-related agreements for our current named executive officers and provide additional information that we believe is helpful to an understanding of the information disclosed in the compensation tables and narratives below. For more information about post-termination payments under these employment arrangements, see Potential Payments Upon Termination or Change-in-Control below.

Joshua Pickus

On April 6, 2006, Mr. Pickus was appointed our President and Chief Executive Officer. In connection with this appointment, we entered into an offer letter with Mr. Pickus. This offer letter was amended and restated on December 23, 2008 solely for 409A purposes. Our arrangement with Mr. Pickus provided for him to receive an annual base salary of $350,000 and a short-term cash incentive target of $300,000 for 2006. Our Compensation Committee did not change Mr. Pickus annual base salary or short-term cash incentive target for either 2007, 2008 or 2009. Based on the Radford survey data reviewed by the Compensation Committee for 2008, Mr. Pickus base salary for 2008 was in approximately the 50th percentile and his short-term cash incentive target was in approximately the 70th percentile for software and Northern California technology companies with under $200 million in revenue.

Under the terms of our arrangement with Mr. Pickus, in 2006, we granted Mr. Pickus an option to purchase 1,300,000 shares of common stock, which option vests in equal monthly installments over 48 months. Under the

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terms of our arrangement with Mr. Pickus, in 2006, we also granted Mr. Pickus two additional options, each providing for a right to purchase 200,000 shares of common stock, vesting in equal monthly installments over 48 months, subject to Mr. Pickus continued employment. These two additional options to purchase 200,000 shares of common stock only become exercisable, to the extent vested, following the date as of which the fair market value of our common stock has first equaled or exceeded $6 per share, and $9 per share, respectively, for 20 consecutive trading days. As of the date of this Proxy Statement, the fair market value of our common stock has already exceeded $6 per share for 20 consecutive trading days, so one option grant for 200,000 shares of common stock will be fully exercisable as it vests over time, subject to Mr. Pickus continued employment.

Pursuant to Mr. Pickus amended and restated offer letter, in the event of his involuntary termination, Mr. Pickus would be entitled to severance pay equal to 12 months of salary and 50% of his target short-term cash incentive in effect for the fiscal year in which he is terminated. If Mr. Pickus is involuntary terminated within 12 months following a change of control of the company, Mr. Pickus would be entitled to severance pay equal to 12 months of salary, 100% of his target short-term cash incentive in effect for the fiscal year in which he is terminated and the immediate vesting and exercisability of Mr. Pickus option grants. In addition, if any amount payable to Mr. Pickus is subject to the excise tax imposed by Internal Revenue Code Section 4999 or similar state tax or assessment, we will pay Mr. Pickus an amount necessary to place Mr. Pickus in the same after-tax position had no such excise tax been imposed or assessed, as well as an amount to pay the income and excise taxes resulting from the payment of the excise tax amount. Under the terms of the offer letter, the maximum amount payable by us resulting from excise taxes imposed on Mr. Pickus is $1,500,000.

Shelly Schaffer

Ms. Schaffer joined us as Executive Vice President, Finance on February 29, 2008. As noted above, Ms. Schaffer assumed the title of Chief Financial Officer upon the filing of our annual report on Form 10-K for the fiscal year ended December 31, 2007 on March 13, 2008. In connection with her appointment to these roles, we entered into an offer letter with Ms. Schaffer. Our arrangement with Ms. Schaffer provided for her to receive an annual base salary of $265,000 and a short term cash incentive target of $132,500 for 2008. Based on the Radford survey data reviewed by the Compensation Committee for 2008, both Ms. Schaffer s base salary and short-term cash incentive target for 2008 were in approximately the 60th percentile for software and Northern California technology companies with under $200 million in revenue. The Compensation Committee did not change Ms. Schaffer s annual base salary or short-term cash incentive target for 2009. In addition, effective March 4, 2008, Ms. Schaffer was granted an option to purchase 449,000 shares of our common stock. Twenty-five percent of this option vested one full year after the grant date, and thereafter the option vests in equal monthly installments over the following 36 months, subject to Ms. Schaffer s continued employment.

Pursuant to the terms of Ms. Schaffer s offer letter, if Ms. Schaffer is terminated without cause or resigns for good reason, Ms. Schaffer would be entitled to severance pay equal to six months of base salary and 50% of the short-term cash incentive target in effect for the year in which she is terminated. If such termination or resignation followed a change of control of the company, Ms. Schaffer would also be entitled to vest in 50% of any remaining unvested shares underlying her initial grant of the option to purchase 449,000 shares of common stock.

Michael Sayer

Mr. Sayer, who was initially appointed our Senior Vice President of Worldwide Sales, became the General Manager and Executive Vice President of our Enterprise Solutions Group effective January 29, 2008. Mr. Sayer s offer letter was amended and restated on October 27, 2008 for 409A purposes and to amend certain other terms. On April 6, 2009, we amended and restated Mr. Sayer s offer letter to provide that a $250,000 lump sum payment and continued health care coverage may be provided to Mr. Sayer under certain circumstances following the closing of an Enterprise Sale (as such term is defined in the amended and restated employment offer letter) as more fully described in the amended and restated employment offer letter. The Asset Sale will

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qualify as an Enterprise Sale for purposes of the amended and restated employment offer letter and any payment made in connection with an Enterprise Sale would be in lieu of (and not in addition to) any other severance provisions provided for in the offer letter. Under the terms of our offer letter with Mr. Sayer, he was entitled to an annual salary of $250,000 and a potential bonus of up to $250,000. Our Compensation Committee did not change Mr. Sayer s annual base salary or short-term cash incentive target for 2007 or 2008. For 2009, his base salary was frozen and his maximum potential bonus was reduced to $150,000. Based on the Radford survey data reviewed by the Compensation Committee for 2008, Mr. Sayer s base salary for 2008 was in approximately the 50th percentile and his short-term cash incentive target was in approximately the 70th percentile for software and Northern California technology companies with under $200 million in revenue. After the compensation adjustments effective for 2009, both Mr. Sayer s base salary and short-term cash incentive target are in approximately the 50th percentile. In addition, effective May 22, 2006, Mr. Sayer was granted an option to purchase 450,000 shares of common stock. Twenty-five percent of this option vested one full year after the grant date, and thereafter the option vests in equal monthly installments over the following 36 months, subject to Mr. Sayer s continued employment.

Pursuant to the terms of Mr. Sayer s amended and restated offer letter, if Mr. Sayer is terminated without cause or resigns for good reason (other than in connection with an Asset Sale), Mr. Sayer would be entitled to severance pay equal to six months of base salary for the year in which he is terminated. If such termination or resignation followed a change of control of the company, Mr. Sayer would also be entitled to vest in 50% of any remaining unvested shares underlying his initial grant of the option to purchase 450,000 shares of common stock.

Richard Mandeberg

Mr. Mandeberg, who was initially appointed our Senior Vice President, Consumer Business Development, became was appointed our Chief Revenue Officer for our Consumer Business effective August 4, 2008. Mr. Mandeberg s offer letter was amended and restated on October 6, 2008 for 409A purposes and to amend certain other terms. Under the terms of our offer letter with Mr. Mandeberg, he was entitled to an annual salary of $240,000 and an annual potential target short-term cash incentive of $60,000. Our Compensation Committee did not change Mr. Mandeberg s annual base salary or short-term cash incentive target for 2007 or 2008. For 2009, his base salary was increased to $250,000 and his maximum bonus potential was increased to $125,000. Based on the Radford survey data reviewed by the Compensation Committee for 2008, both Mr. Mandeberg s base salary and his short-term cash incentive target for 2008 were below the 50th percentile for software and Northern California technology companies with under $200 million in revenue. After the compensation adjustments effective for 2009, both Mr. Mandeberg s base salary and short-term cash incentive target are in approximately the 50th percentile. In addition, effective December 18, 2006, Mr. Mandeberg was granted an option to purchase 374,000 shares of common stock. Twenty-five percent of this option vested one full year after the grant date, and thereafter the option vests in equal monthly installments over the following 36 months, subject to Mr. Mandeberg s continued employment.

Pursuant to the terms of Mr. Mandeberg s offer letter, if Mr. Mandeberg is terminated without cause or resigns for good reason, Mr. Mandeberg would be entitled to severance pay equal to six months of base salary and 50% of the short-term cash incentive target in effect for the year in which he is terminated. If such termination or resignation followed a change of control of the company, Mr. Mandeberg would also be entitled to vest in 50% of any remaining unvested shares underlying his initial grant of the option to purchase 374,000 shares of common stock.

Anthony Rodio

Mr. Rodio, who was initially appointed our Chief Marketing Officer, was appointed our Chief Operating Officer for our Consumer Business effective August 4, 2008. Mr. Rodio s offer letter was amended and restated on October 6, 2008 for 409A purposes and to amend certain other terms. Under the terms of our offer letter with Mr. Rodio, he was entitled to an annual salary of $220,000 and an annual potential target short-term cash

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incentive of $55,000. Effective November 1, 2007, we increased Mr. Rodio s annual base salary to $240,000. Mr. Rodio s annual potential target short-term cash incentive continued to be 25% of his annual base salary, meaning that his annual incentive target increased to $60,000. Our Compensation Committee did not change Mr. Rodio s annual base salary or short-term cash incentive target for 2008, but it increased his base salary for 2009 to $250,000 and increased his maximum bonus potential to $125,000. Based on the Radford survey data reviewed by the Compensation Committee for 2008, Mr. Rodio s base salary for 2008 was in approximately the 50th percentile and his short-term cash incentive target for 2008 was below the 50th percentile for software and Northern California technology companies with under $200 million in revenue. After the compensation adjustments effective for 2009, both Mr. Rodio s base salary and short-term cash incentive target are in approximately the 50th percentile. In addition, effective September 6, 2006, Mr. Rodio was granted an option to purchase 399,000 shares of common stock. Twenty-five percent of this option vested one full year after the grant date, and thereafter the option vests in equal monthly installments over the following 36 months, subject to Mr. Rodio s continued employment.

Pursuant to the terms of Mr. Rodio s offer letter, if Mr. Rodio is terminated without cause or resigns for good reason, Mr. Rodio would be entitled to severance pay equal to six months of base salary and 50% of the short-term cash incentive target in effect for the year in which he is terminated. If such termination or resignation followed a change of control of the company, Mr. Rodio would also be entitled to vest in 50% of any remaining unvested shares underlying his initial grant of the option to purchase 399,000 shares of common stock.

2008 Summary Compensation Table

The following table shows compensation information for 2006, 2007 and 2008 for our Chief Executive Officer, our Chief Financial Officer, and our other three executive officers, plus our former Chief Financial Officer. We refer to the individuals listed in the table below as our named executive officers.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($)(1) (d)	Option Awards ($)(2) (e)	Non-Equity Incentive Plan Compensation ($)(3) (f)	All Other Compensation ($)(4) (g)	Total ($) (h)
Joshua Pickus	2008	350,000		969,235	275,816	252	1,595,303
	2007	350,000		956,709		288	1,306,997
President and Chief Executive Officer	2006	258,462		561,872	288,000	162	1,108,496
Shelly Schaffer(5)	2008	221,853	115,000	144,708	135,834	231	617,626
Chief Financial Officer and Executive Vice President of Finance and Administration							
Michael Sayer	2008	250,000		263,156	297,775	252	811,183
	2007	250,000		219,903	59,471	288	529,662
Executive Vice President, General Manager Enterprise	2006	153,525		129,108	94,374	108	408,365
			31,250				
Richard Mandeberg	2008	240,000		267,835	44,200	252	552,287
	2007	240,000		216,140	45,438	288	501,866
Executive Vice President, Chief Revenue Officer, CSG							
Anthony Rodio	2008	240,000		240,087	42,839	252	523,178
	2007	223,333		188,582	40,753	288	452,956
Executive Vice President, Chief Operating Officer, CSG							
Ken Owyang(6)	2008	113,879		62,614	42,968	147	219,608
	2007	250,000		101,986	99,835	288	452,109
Former Chief Financial Officer and Senior Vice President of Finance and Administration	2006	241,844		175,281	59,375	216	496,756

20,000

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(1) The amount disclosed in column (d) for 2008 reflects a one-time signing bonus made at the time of hiring as compensation for opportunities foregone by Ms. Schaffer when she left her prior place of employment, included earned but unpaid bonus compensation. The amount disclosed in column (d) for 2006 reflects a discretionary cash award that was not directly tied to achieving pre-determined objectives.

(2) The amounts disclosed in column (e) for 2008 are the amounts of compensation cost recognized by us in fiscal year 2008 related to stock option awards made in 2008 and in prior fiscal years, as described in Statement of Financial Accounting Standards No. 123(R). We estimate the fair value of stock options granted using the Black-Scholes option pricing model. This pricing model requires a number of complex assumptions including volatility, expected term, risk-free interest rate, and expected dividends. We based our expected volatility on a weighted average calculation combining both historical volatility of our common stock price and implied volatility from traded options on our common stock. The expected term represents the period that our stock options are expected to be outstanding and was determined based on historical experience of similar stock options considering the contractual terms of the stock options, vesting schedules and expectations of future employee behavior. The average assumptions used to calculate the fair value of stock options granted in 2008 were volatility of 53.2%, risk-free rate of 1.95%, expected dividend of 0, expected forfeiture rate of 14.0% and expected life of 4.3 years. For more information about the assumptions used for stock options awarded in previous years, please refer to Note 1 to our audited financial statements located in our Annual Report on Form 10-K for the year ended December 31, 2008, as amended, a copy of which is being delivered to you simultaneously with this proxy statement, and to Note 1 to our audited financial statements located in our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission on March 13, 2008.

(3) The amounts disclosed in column (f) for 2008 reflect the aggregate short-term cash incentive awards earned for all four quarters of the 2008 fiscal year under the annual incentive plan. Payouts for earned awards were made both in 2008 and 2009.

(4) Our employees may participate in our 401(k) plan, which is a tax-qualified defined contribution plan. We do not provide any type of matching contributions on any employee s contribution to the 401(k) plan. The amounts disclosed in column (i) include life insurance premiums for $300,000 of term life insurance for each named executive officer.

(5) As disclosed above, Ms. Schaffer joined us in February 2008. Amounts shown reflect awards paid from February 2008 until the end of fiscal 2008.

(6) By a Current Report on Form 8-K filed with the Securities and Exchange Commission on February 4, 2008, we reported that Mr. Owyang would be departing, and would cease to act as our Chief Financial Officer effective upon the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Our 10-K for the fiscal year ended December 31, 2007 was filed on March 13, 2008, and Ms. Schaffer succeeded Ms. Owyang as Chief Financial Officer at that time.

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2008 Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to grants of plan-based awards in 2008 to our named executive officers, including short-term cash incentive awards and equity awards. The options granted to our named executive officers in 2008 were granted under our 2000 Omnibus Equity Incentive Plan, unless otherwise noted. All options were granted at the closing price for our common stock on the Nasdaq Global Select Market on the date of the grant.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name (a)	Grant Date (b)	Approval Date (if different than Effective Grant Date) (b1)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#)(2) (j)	Exercise or Base Price of Option Awards ($/Sh) (k)	Grant Date Fair Value of Stock Option Awards ($) (l)
Joshua Pickus(3)	2/14/08	2/6/08								250,000	3.70	1.57
			198,093	282,990	282,990							
Shelly Schaffer(4)	3/5/08											
	11/3/08	2/1/08										
		10/27/08										