FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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Mailing Address
11/F ING TOWER
308 DES VOEUX ROAD
CENTRAL
HONG KONG K3 00000

Business Address
11/F ING TOWER
308 DES VOEUX ROAD
CENTRAL
HONG KONG K3 00000
011-852-2893-8200

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009.

Commission file number: 001-34423

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

CDC Software Corporation

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

Unit 706-707, Building 9
No. 5 Science Park West Avenue
Hong Kong Science Park
Shatin, New Territories,
Hong Kong
011-852-2903-7888
Attn: Peter Yip

(Address of principal executive offices and name and telephone number of contact person)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

American Depositary Shares

Indicate the number of outstanding shares of each of the Issuer' s classes of capital or common stock as of the close of the period covered by this Annual Report:

Class of shares	Number of outstanding shares as of December 31, 2009
American Depositary Shares representing class A ordinary shares, $0.001 par value per share	**4,800,000**
class B ordinary shares, $0.001 par value per share	**24,200,000**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statement included in this filing.

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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PART I.

General Introduction

Except where the context otherwise requires and for the purposes of this Annual Report only:

all numbers discussed in this Annual Report are approximated to the closest round number. Discrepancies in tables between totals and sums of the amounts listed are due to rounding;

all references to "ADRs" are to the American depositary receipts that evidence our ADSs;

all references to "ADSs" are to our American depositary shares, each of which represents one of our class A ordinary shares;

all references to "we," "us," "our," "the Company" or "CDC Software" refer to CDC Software Corporation and its subsidiaries;

all references to "CDC Software International" refer to CDC Software International Corporation, our direct parent company;

all references to "CDC" or "CDC Corporation" refer to CDC Corporation, our ultimate parent company;

all references to "China.com" refer to China.com Inc. and its subsidiaries, as applicable;

all references to "China" refer to the People' s Republic of China, including Hong Kong;

all references to "Greater China" refer to the People' s Republic of China, including Taiwan, Hong Kong and Macau;

all references to "the PRC" refer to the People' s Republic of China, excluding Taiwan, Hong Kong and Macau;

all references to the "Middle East," "Africa" and "Latin America" do not include Iran, Syria, the Sudan, Cuba or any other countries designated as state sponsors of terrorism under applicable laws, rules and regulations; and

all references to "U.S. dollars" or "$" are to the legal currency of the United States; all references to "RMB" or "Renminbi" are to the legal currency of the PRC; and all references to "HK$" are to the legal currency of Hong Kong.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Many statements made in this Annual Report contain forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to" or other similar expressions. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

our goals and strategies;

our competitive strengths;

expectations and targets for our results of operations;

our business prospects; and

our acquisition and expansion strategy.

The forward-looking statements included in this Annual Report are subject to risks, uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of risk factors described under "Risk Factors" and elsewhere in this Annual Report, including, among other things:

we have a limited operating history as a stand-alone company;

our ability to integrate the operations of the various businesses we acquire;

our ability to grow our businesses organically in the future;

our ability to manage costs, particularly as a result of our acquisition strategy;

our ability to operate in markets in which we lack experience and have a limited operating history;

risks associated with the development and licensing of software generally, including potential delays in software development and technical difficulties that may be encountered in the development or use of our software;

the development of new software technologies and applications or services affecting our current and future business;

our ability to take advantage of opportunities to market and sell our enterprise software applications and services to customers directly and through distribution channels and business partners in emerging markets;

our ability to successfully develop, market and sell enterprise software applications for specific targeted vertical industries; and

our ability to protect intellectual property rights for our software products.

These risks are not exhaustive. Other sections of this Annual Report include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment and new risk factors emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statement.

In addition, the relatively new and rapidly changing nature of these markets in several foreign jurisdictions in which we operate, including China and India, subjects any projections or estimates relating to the growth prospects or future condition of these markets to significant uncertainties. Furthermore, if any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on those assumptions. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors."

You should not rely upon forward-looking statements as predictions of future events. Except as required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected combined and consolidated financial data should be read in conjunction with the combined and consolidated balance sheets as of December 31, 2008 and 2009, and the related combined statements of operations, cash flows and shareholders' equity for the three years then ended and the notes thereto included in "Item 18 − Financial Statements," and the information included in "Item 5 − Operating and Financial Review and Prospects." Prior to August 6, 2009, these are the combined financial statements of the Software segment of CDC Corporation. After August 6, 2009, these are the consolidated financial statements of the Company. The combined and consolidated financial statements have been prepared and presented in accordance with US GAAP.

We derived the selected combined financial data as of and for the year ended December 31, 2006 from our unaudited combined financial statements for that year. Our historical results for any prior period are not necessarily indicative of results to be expected for any future period. Our combined financial statements have been derived from the combined financial statements and historical accounting records of CDC Corporation. All of the assets, liabilities, operations and activities of our business are those that comprised the Software segment of CDC Corporation in 2008 and until August 6, 2009.

We have not prepared selected or summary combined financial data as of and for the year ended December 31, 2005 because of the significant cost and effort involved with properly preparing and verifying all the financial information needed to present our results of operations and financial position as an independent stand-alone company for that period.

The combined and consolidated financial statements reflect allocations between us and CDC Corporation of certain costs incurred by either us or CDC Corporation on behalf of the other party. CDC Corporation has incurred on our behalf costs such as directors' and officers' liability insurance and we have provided certain U.S.-based corporate functions, including legal and accounting services to CDC Corporation. We allocated costs of $5.5 million, $12.4 million and $10.1 million to CDC Corporation during 2007, 2008 and 2009, respectively.

COMBINED AND CONSOLIDATED INCOME STATEMENT DATA:

	Years ended December 31, (in thousands, except share and per share data)			
	2006	2007	2008	2009
REVENUE:				
Licenses	$46,707	$61,532	$45,340	$33,085
Maintenance	63,264	86,586	103,606	99,775
Professional services	64,825	86,924	87,971	66,666
Hardware	–	3,909	3,870	3,757
SaaS implementation and support	–	–	–	616
Total revenue	174,796	238,951	240,787	203,899
COST OF REVENUE:				
Licenses	13,039	18,772	19,946	18,699
Maintenance	9,539	11,623	15,937	14,663
Professional services	51,693	67,999	71,949	56,329
Hardware	–	3,118	2,998	3,081
SaaS implementation and support	–	–	–	411
Total cost of revenue	74,271	101,512	110,830	93,183

Gross profit	100,525	137,439	129,957	110,716
OPERATING EXPENSES:				
Sales and marketing expenses	42,383	60,864	54,177	32,483
Research and development expenses	19,842	22,832	25,909	18,005
General and administrative expenses	26,567	40,685	44,124	36,915
General and administrative expenses allocated to CDC Corporation	(572)	(5,479)	(12,379)	(10,134)
Exchange (gain) loss on deferred tax assets	–	(3,762)	3,271	(2,093)
Amortization expenses	3,468	5,730	6,843	4,533
Restructuring and other charges	1,877	1,910	5,012	3,351
Total operating expenses	93,565	122,780	126,957	83,060
Operating income	6,960	14,659	3,000	27,656
Other income, net	1,190	1,642	857	815
Income before income taxes	8,150	16,301	3,857	28,471
Income tax expense	(666)	(9,499)	(4,877)	(6,329)
Net income (loss)	7,484	6,802	(1,020)	22,142
Net (income) loss attributable to noncontrolling interest	(896)	(1,852)	126	131

Net income (loss) attributable to controlling interest	$6,588	$4,950	$(894)	$22,273
Net income attributable to controlling interest per class A ordinary share - basic and diluted	$0.26	$0.20	$(0.04)	$0.84
Net income attributable to controlling interest per class B ordinary share - basic and diluted	$0.26	$0.20	$(0.04)	$0.84
Weighted average shares of class A outstanding - basic and diluted	800,000	800,000	800,000	2,381,884
Weighted average shares of class B outstanding - basic and diluted	24,200,000	24,200,000	24,200,000	24,200,000
Total weighted average shares - basic and diluted	25,000,000	25,000,000	25,000,000	26,581,884

	Years ended December 31, (in thousands, except share and per share data)			
	2006	2007	2008	2009
COMBINED AND CONSOLIDATED BALANCE SHEET DATA:				
Cash and cash equivalents	$17,410	$23,657	$27,341	$40,349
Restricted cash	$1,983	$3,616	$3,677	$113
Working capital [(1)]	$21,954	$(46,710)	$(20,405)	$(4,561)
Total assets	$292,355	$394,720	$348,281	$399,418
Total debt [(2)]	$2,719	$44,736	$25,406	$4,364
Total invested and shareholders' equity	$175,505	$207,720	$194,807	$264,983

(1) Working capital represents current assets less current liabilities.

(2) Total debt includes short and long-term bank loans and short term loans from CDC Corporation.

B.

Capitalization and Indebtedness

Not applicable.

C.

Reasons for the Offer and Use of Proceeds

Not applicable.

D.

Risk Factors

Investing in our ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with the other information contained in this Annual Report on Form 20-F, as well as in our press releases and in other filings we may make with the SEC from time to time, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations and prospects. The market price of our ADSs could decline due to any of these risks and uncertainties, and you could lose all or part of your investment.

Risks Relating to Our Business

Disruptions in the financial and credit markets and economic downturns may adversely affect our business, results of operations and financial condition.

Demand for our products depends in large part upon the level of capital and maintenance expenditures by many of our customers. Decreased capital and maintenance spending could have a material adverse effect on the demand for our products and our business, results of operations and financial condition. Disruptions in the financial markets, including the bankruptcy or restructuring of certain financial institutions, such as the events that occurred in the second half of 2008 and have continued into and through 2009 and the present, may adversely impact the availability of credit already arranged and the availability and cost of credit in the future, which could result in the delay or cancellation of projects or capital programs on which our business depends.

In addition, continuing weakness or further deterioration in regional economies or the world economy could negatively impact the capital and maintenance expenditures of our customers and end users. There can be no assurance that government responses to the disruptions in the financial markets or to weakening economies will restore confidence, stabilize markets or increase liquidity and the availability of credit. These conditions may reduce the willingness or ability of our customers and prospective customers to commit funds to purchase our products and services, or their ability to pay for our products and services after purchase.

Our revenues fluctuate significantly from quarter to quarter, which may cause volatility in the trading price of our ADSs.

Many factors have caused, and may continue to cause, our revenues to fluctuate significantly, including:

- the recognition of a substantial portion of our software license revenues in the last month of a quarter due to the buying trends of our customers, which may result in increased volatility in quarterly revenues if customers decide to defer or cancel orders or implementations, particularly large orders or implementations, from one quarter to the next;

the gain or loss of any significant customer;

the number, timing and significance of new product announcements and releases by us or our competitors;

our ability to acquire or develop products, independently or through strategic relationships with third parties, or introduce and market new and enhanced versions of our products on a timely basis, which may result in a customer delaying the execution of a contract or, for contracts that include a new software release as an element of the contract, the deferral of revenue recognition until such release;

reductions in the historical rate at which opportunities in our pipeline develop into license agreements;

patterns of capital spending and changes in budgeting cycles by our customers. For example, in 2008 and continuing through 2009 and the present, capital spending for enterprise software applications was negatively impacted by challenging economic conditions in the United States, Europe and Asia;

market acceptance of new and enhanced versions of our products;

changes in the pricing and the mix of our products and services;

seasonal variations in our sales cycle;

the level of product and price competition;

exchange rate fluctuations; and

changes in personnel and related costs.

In addition, we expect that a substantial portion of our enterprise software application revenues will continue to be derived from renewals of maintenance contracts from customers of our software applications. These maintenance contracts typically expire on an annual basis, and if they are not renewed, the timing of cash collections from related revenues will vary from quarter to quarter, which could adversely affect our business and results of operations.

Some customers are reluctant to make large purchases before they have had the opportunity to evaluate the performance of our software applications in their business and opt to purchase our products in stages or subject to certain conditions. Additional purchases, if any, may follow only if the software performs as expected. To the extent the number of customers who opt to purchase in stages or subject to conditions remains significant or increases, our revenues could be materially and adversely affected.

Our future revenues depend in part on our installed customer base continuing to license additional products, renew customer support agreements and purchase additional services.

Recently, our installed customer base has generated increasing proportions of our license, support and service revenues. In addition, our success depends significantly on our ability to cross-sell products to our installed base of customers. Our ability to cross-sell new products may depend in part on the degree to which new products have been integrated with our existing applications, which may vary with the timing of new product acquisitions or releases. In future periods, customers may not necessarily license additional products or contract for additional support or other services. Customer support agreements are generally renewable annually at a customer' s option, and there are generally no mandatory payment obligations or obligations to license additional software. Customer support revenues are primarily influenced by the number and size of new support contracts sold in connection with software licenses and the renewal rate (both pricing and participation) of existing support contracts. If our customers decide to cancel their support agreements or fail to license additional products or contract for additional services, or if they reduce the scope of their support agreements, revenues could decrease and our operating results could be adversely affected.

Our ability to sell our products is highly dependent on the quality of our service and support offerings, and our failure to offer high quality service could have a material adverse effect on our ability to market and sell our products.

Our customers depend upon our customer service and support staff to resolve issues relating to our products. High-quality support services are critical for the successful marketing and sale of our products. If we fail to provide high-quality support on an ongoing basis, our customers may react negatively and we may be materially and adversely affected in our ability to sell additional products to these customers. This could also damage our reputation and prospects with potential customers. Our failure to maintain high-quality support services could have a material and adverse effect on our business, results of operations and financial condition.

If we are unable to successfully grow our direct and indirect sales channels, our ability to organically grow our business will be harmed, which may lead to decreased revenue growth and adversely affect our profitability.

To date, we have sold our products primarily through our direct sales force, particularly in North America. Our future revenue growth will depend in large part on recruiting, training and retaining direct sales personnel and expanding our indirect distribution channels. These indirect channels include value-added resellers, or VARs, original equipment manufacturers, or OEMs, partners, systems integrators and consulting firms.

We may experience difficulty in recruiting and retaining qualified sales personnel and in establishing third-party relationships with VARs, OEMs, partners, systems integrators and consulting firms, in part because our products are designed for certain targeted vertical industries, which means we seek persons with significant experience and expertise in these markets who may be difficult to locate and retain. If we are unable to successfully grow our direct and indirect sales channels, our ability to organically grow our business will be harmed. In addition, we are exposed to the risk that the third parties through which we indirectly sell our products and services will not devote sufficient time, attention and resources to learning our products, markets and potential customers, which could materially and adversely affect our reputation and the reputation of our products in the market.

Our strategy of developing and acquiring products for specific industry segments, or targeted vertical industries, may not be successful, which could materially and adversely affect our business, results of operations and financial condition.

Our strategy focuses on the development of industry-specific enterprise software applications. This strategy may not be successful due to numerous risks and uncertainties, including the following:

- companies in our targeted vertical industries may not select our products;
- many of our targeted vertical industries are subject to their own economic cycles, regulatory considerations and other factors beyond our control. For example, the homebuilding and real estate vertical industry is sensitive to interest rate movements and general economic conditions, and the healthcare vertical industry is subject to significant governmental regulations;
- some of our products have only been recently introduced, so they have neither a significant installed base of users nor significant recognition in their targeted vertical industry;
- development of industry-specific products is time-consuming and requires significant expertise;

we may experience difficulty in recruiting sales, business and technical personnel who have experience in a particular targeted vertical industry;

due to resource constraints, we have a limited number of developers who can focus on product development for our targeted vertical industries; and

if we decide to devote our limited resources to a targeted vertical industry, such as by dedicating a sales representative to a particular market, then that resource may not be available to focus on sales to our other targeted vertical industries.

If our strategy of developing products for specific vertical industries is not successful, our business, results of operations and financial condition could be materially and adversely affected.

In recent years, we have depended on acquisitions to increase our revenues. We may not be successful in increasing our revenues through organic growth, which may result in decreased revenues and profitability.

Our ability to achieve organic growth in our businesses is subject to a number of risks and uncertainties, including the following:

- our investments in sales and marketing, research and development and personnel training could require significant resources and may not ultimately prove successful in generating organic growth;
- we may not be successful in introducing our products and services into new and emerging markets, such as China and India; and
- our strategy to sell new products to our existing customer base, which has expanded through acquisitions, may not be successful or as profitable as we expect.

Our customers sometimes do not find our other enterprise software applications to be as attractive. In addition, the revenues generated are often less than that of an independent third-party software supplier. The lower revenues are the result of the customer viewing the purchase of the cross-sold software product as only a module to its existing enterprise software solution, rather than a complete stand-alone software product and, therefore, being less willing to pay the full market price for the product than if the sale had been made by an independent third party.

In recent years, we depended more on acquisitions to increase our revenues than on the organic growth of our businesses. Our inability to achieve organic growth in our businesses could have a material and adverse effect on our business, results of operations and financial condition.

We have acquired several companies during the past several years and intend to continue to evaluate and pursue strategic acquisitions. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions. Furthermore, we may be unable to integrate our past or future acquisitions successfully, which could result in increased costs, divert management's attention and materially and adversely affect our business, results of operations and financial condition.

We intend to continue to evaluate and pursue strategic acquisitions that can, among other things, broaden our customer base, provide enhanced geographic presence and provide new and complementary technical and commercial capabilities. Our growth strategy also involves the acquisition of, and investments in, new technologies, businesses, products and services, as well as the creation of strategic alliances in areas in which we may not currently operate.

We believe that attractive acquisition candidates currently exist in our target markets, and we continuously consider a number of transactions, some of which would be material to our operations and financial condition if consummated. We enter into discussions with other companies and assess opportunities on an on-going basis. Any such acquisitions or joint ventures, if consummated, may be funded through the use of proceeds from our initial public offering, operating cash flows, the incurrence of debt or issuance of our class A ordinary shares.

Our ability to complete future acquisitions depends upon a number of factors that are not entirely within our control, including our ability to identify suitable acquisition candidates, negotiate acceptable terms, conclude satisfactory agreements and secure financing. We may incur significant costs arising from our efforts to engage in strategic transactions and these expenditures may not result in the successful completion of acquisitions. Acquisitions and investments expose us to many potential risks and challenges, including:

- the assimilation of new operations, technologies and personnel;

unforeseen or hidden liabilities or expenses;

accounting charges;

the diversion of resources from our existing businesses, sites and technologies;

the inability to generate sufficient revenues to offset the costs and expenses of acquisitions; and

the potential loss of, or harm to, our relationships with our or the acquired company' s employees, users, licensors and other suppliers as a result of integration of new businesses.

Furthermore, we also may be unable to integrate our past or future acquisitions successfully and our acquisitions and investments may have an adverse effect on our ability to manage our business. In order to realize the benefits anticipated from each acquisition, we need to conform the operational, managerial and financial controls, procedures and policies between our corporate headquarters and the businesses we have acquired. In some instances we may acquire or invest in new technologies, businesses, products and services, or create a strategic alliance in areas in which we may not currently operate. Accordingly, acquisition integration has required, and we expect that it will continue to require, significant attention from our management and could require our management to develop expertise in new areas and manage new business relationships, which may divert management' s attention, increase transaction costs and reduce employee morale. Our ability to integrate past and future acquisitions is subject to a number of risks and uncertainties, including:

- our ability to retain and integrate key employees and manage employee morale;
- our ability to integrate or combine different corporate cultures;
- our ability to effectively integrate products, research and development, sales, marketing, accounting and finance functions and other support operations;
- our ability to maintain focus on our day-to-day operations;
- the discovery of unanticipated liabilities or other contingencies that we did not identify during the course of our due diligence investigations;
- potential claims filed by terminated employees or contractors; and
- our ability to adapt to local market conditions and business practices.

We could be prevented from, or significantly delayed in, achieving our strategic goals if we are unable to complete strategic transactions or successfully integrate acquired businesses. Our failure to complete strategic transactions or to integrate and manage acquired businesses successfully may materially and adversely affect our business, results of operations and financial condition.

Our continued international acquisitions and investments may expose us to additional regulatory and political risks, and could negatively impact our business prospects.

Several of the acquisitions and strategic transactions we have completed are located outside of the U.S. Our expansion throughout international markets exposes us to the following risks, any of which could negatively impact our business prospects:

- adverse changes in regulatory requirements, including export restrictions or controls;

potential adverse tax and regulatory consequences;

differences in accounting practices and investment requirements;

different cultures which may be relatively less accepting of our business;

difficulties in staffing and managing operations;

differences and inconsistencies in legal interpretations, laws, rules and regulations;

greater legal uncertainty and difficulty in complying with such laws and regulations;

tariffs and other trade barriers;

changes in the general economic and investment climate affecting valuations and perception of our business sectors;

political instability and fluctuations in currency exchange rates; and

different seasonal trends in business activities.

We dedicate a significant amount of resources to research and development activities and our failure to successfully develop, market or sell new products or adopt new technology platforms could have a material and adverse effect on our ability to generate revenues and sustain our profitability.

Our enterprise software applications compete in a market characterized by rapid technological advances in hardware and software development, evolving standards in computer hardware and software technology and frequent new product introductions and enhancements that may render existing products and services obsolete. We cannot assure you that we will be able to compete effectively or respond to rapid technological changes in our industry. In addition, the introduction of new products or updated versions of existing products has inherent risks, including, but not limited to, risks concerning:

product quality, including the possibility of software defects, which could result in claims against us or the inability to sell our software products;

the fit of the new products and features with a customer' s needs;

the need to educate our sales, marketing and consulting personnel to work with the new products and features, which may strain our resources and lengthen sales cycles;

market acceptance of initial product releases;

marketing effectiveness; and

the accuracy of research or assumptions about the nature and extent of customer demand.

In addition, we may need to adopt newer technology platforms for our enterprise software products as older technologies become obsolete. We cannot assure you that we will be successful in making the transition to new technology platforms for our products in the future. We may be unable to adapt to the new technology, may encounter errors resulting from a significant rewrite of the software code for our products or may be unable to complete the transition in a timely manner. In addition, as we transition to newer technology platforms for our products, our customers may encounter difficulties in the upgrade process, delay decisions about upgrading our products or review their alternatives with another supplier or competitor. Any of these risks could materially and adversely affect our business, results of operations and financial condition.

Because we commit substantial resources to developing new software products and services, if the markets for these new products or services do not develop as anticipated, or demand for our products and services in these markets does not materialize or materializes later than we expect, we will have expended substantial resources and capital without realizing sufficient offsetting or resulting revenues, and our business and operating results could be materially and adversely affected. Developing, enhancing and localizing software is expensive, and the investment in product development may involve a long payback cycle. Our future plans include significant additional investments in software research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we do not expect to receive significant revenues from these investments for several years, if at all. In 2007, 2008 and 2009, our research and development expense was $22.8 million, or approximately 9.6%, $25.9 million, or approximately 10.7%, and $18.0 million, or approximately 8.8%, of our total revenues, respectively. In addition, as we or our competitors introduce new or enhanced products, the demand for our older products and older versions of such products is likely to decline. If we are unable to provide continued improvements in the functionality of our older products or move customers with our older products to our newer products, maintenance and license revenues from older products may decline, which could have a material and adverse effect on our business, results of operations and financial condition.

The market for enterprise software applications and services is highly competitive, and any failure by us to compete effectively in such a market could result in price reductions, reduced margins or loss of market share, which may have an adverse effect on our revenues and profitability.

The business information systems industry in general, and the enterprise software industry in particular, are highly competitive and subject to rapid technological change. Many of our current and potential competitors have longer operating histories, significantly greater financial, technical and marketing resources, greater name recognition, larger technical staffs and a larger installed customer base than we do. A number of companies offer products that are similar to our products and target the same markets as we do. In addition, many of these competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements, and devote greater resources to the development, promotion and sale of their products than we can. Furthermore, because there are relatively low barriers to entry in the software industry, we expect additional competition from other established and emerging companies. Such competitors may develop products and services that compete with our products and services or may acquire companies, businesses and product lines that compete with us. It is also possible that competitors may create alliances and rapidly acquire significant market share. Accordingly, our current or potential competitors may develop or acquire products or services comparable or superior to those that we develop, combine or merge to form significant competitors or adapt more quickly than we can to new technologies, evolving industry trends and changing customer requirements. Competition could result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our strategy in this market. If we are unable to compete effectively, our business, results of operations and financial condition could be materially and adversely affected.

Future revenue growth depends in part upon our ability to adapt to technological change and successfully introduce new and enhanced products and services.

The Software as a Service (SaaS) industry is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. As we continue to grow our SaaS and other offerings, we must continue to innovate and develop new products and features to meet changing customer needs and attract and retain talented software developers. We need to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies.

In some cases, we may expend a significant amount of resources and management attention on products or services that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed, our revenues and earnings may be harmed and our operations and financial condition could be materially and adversely affected.

Interruptions or delays in service from our third-party data center hosting facilities could impair the delivery of our service and harm our business.

We currently serve certain of our customers from third-party data center hosting facilities. Any damage to, or failure of, our systems generally could result in interruptions in our service. As we continue to add data centers and add capacity in our existing data centers, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, our systems generally could result in interruptions in our service. Interruptions in our service may reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable.

As part of our current disaster recovery arrangements, our production environment and all of our customers' data is currently replicated in near real-time in a facility. Features added through acquisitions are temporarily served through alternate facilities. We do not control the operation of any of these facilities, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. Even

with the disaster recovery arrangements, our service could be interrupted and our operations and financial condition could be materially and adversely affected.

Our hosting, collection, use and retention of personal customer information create risk that may harm our business.

A number of our businesses collect, use and retain personal customer information, including credit card numbers, bank account numbers and passwords, personal and business financial data, social security numbers and other payroll information. We may also develop new business models that use personal information, or data derived from

personal information, in innovative and novel ways. In addition, we collect and maintain personal information of our employees in the ordinary course of our business. Some of this personal customer and employee information is held and some transactions are executed by third parties. In addition, as several of our products and services are Web based, the amount of data we store for our users on our servers (including personal information) has been increasing. We and our vendors use commercially available security technologies to protect transactions and personal information. We use security and business controls to limit access and use of personal information. However, a third party may be able to circumvent these security and business measures, and errors in the storage, use or transmission of personal information may result in a breach of customer or employee privacy or theft of assets, which may require notification under applicable data privacy regulations. We employ contractors and temporary employees who may have access to the personal information of customers and employees or who may execute transactions in the normal course of their duties. It is possible that one or more of these individuals may circumvent our controls, resulting in a security breach.

The ability to execute transactions and the possession and use of personal information in conducting our business subjects us to legislative and regulatory burdens that may require notification to customers or employees of a security breach, restrict our use of personal information and hinder our ability to acquire new customers or market to existing customers. As our business continues to expand to new industry segments that may be more highly regulated for privacy and data security, and to countries outside the U.S. that have more strict data protection laws, our compliance requirements and costs may increase and our operations and financial condition could be materially and adversely affected.

We have incurred losses in prior periods and may not be able to achieve or sustain profitability.

We have incurred losses in prior periods and we may not be able to achieve or sustain operating profitability or net profitability. We may incur operating and net losses in the future due to several factors, including:

- risks relating to our past and future acquisitions, including the continuing financial effects of past acquisitions such as intangible asset amortization, equity-based compensation and deferred tax expense; and

- increased expenditures related to our previously acquired businesses as we seek to increase organic growth, which may include increased sales and marketing costs, including costs associated with the expected expansion of our distribution and sales channels, and increased product development expenses.

We base our budgeting decisions regarding our operating expenses on anticipated revenue trends. However, because many of our expenses are relatively fixed, we cannot quickly reduce spending in response to revenue growth that is lower than expected. As a result, in addition to the direct impact that declines in revenues would have on profitability, shortfalls in revenues compared to the estimated revenues used to plan operating expenses could result in significantly lower income or result in a greater loss than anticipated for any given period. If revenues do not meet our expectations, or if operating expenses exceed what we anticipate or cannot be reduced accordingly, our business, results of operations and financial condition could be materially and adversely affected.

Rapid growth and a rapidly changing operating environment may strain our limited resources. Our failure to effectively manage such growth could adversely affect our ability to earn profits.

We have limited operational, administrative and financial resources, which may be inadequate to sustain the growth we want to achieve. As the demands of our customers change and if our business expands, we will need to increase our investment in our network infrastructure, facilities and other areas of operations. If we are unable to manage our growth and expansion effectively, the quality of our products and services could deteriorate and our business may suffer. Our future success will depend on, among other things, our ability to:

adapt our products and services and maintain and improve the quality of our products and services;

continue training, motivating and retaining our existing employees and attract and integrate new employees; and

develop and improve our operational, financial, accounting and other internal systems and controls.

We have entered into a $30 million four year credit facility and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

We have entered into a $30 million four year credit facility with Wells Fargo Capital Finance. In connection with the closing of this credit facility, we were required to request an advance of $15 million. We may use the proceeds of any future borrowing for general corporate purposes, for future acquisitions or expansion of our business, and, subject to certain conditions, up to $15.0 million under the credit facility may be provided by us to CDC Corporation.

This debt may adversely affect our financial condition and future financial results by, among other things:

increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;

requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions; and

limiting our flexibility in planning for, or reacting to, changes in our business and our industry.

The credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, the credit facility imposes limitations on our ability to transfer funds between us and certain of our subsidiaries, as well as between us and our ultimate parent, CDC Corporation, which could materially and adversely affect our operations and financial condition and those of our subsidiaries and affiliates. If we breach any of the covenants under our credit facility and do not obtain a waiver from the lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable.

Because we rely on local management for many of our localized businesses, our business may be materially and adversely affected if we cannot effectively manage local officers.

As a global hybrid enterprise software provider of on-premise and cloud deployments, we have interests in companies in a wide variety of local markets, including the United States, Canada, Europe, Central and South America, Australia, China and other parts of Asia. As a result, we rely on our local management with limited oversight over these businesses. If we cannot effectively manage our local officers and management, or prevent them from acting in a manner contrary to our interests or failing to act at our direction, our business, results of operations and financial condition could be materially and adversely affected.

We have been increasingly moving software development capabilities for our enterprise software applications to India and China which subjects us to risks that may result in certain staffing and management difficulties which, if not effectively addressed, could delay development of upgrades and new products that, in turn, could reduce revenues and net income and increase research and development costs.

We have established a CRM-focused software development center in Bangalore, India and an ERP and SCM-focused software development center in Shanghai, China and Nanjing, China, respectively. Such off-shoring subjects us to various risks, including the following:

inability to hire sufficient qualified programmers and developers in these markets;

risks associated with turnover of programmers and developers, particularly where we have devoted significant time and resources to train such persons to be familiar with our enterprise software applications;

challenges related to the need to remotely manage developers and programmers in India and China, particularly when the persons most familiar with the needs of the customer and the desired new functionality and features are not located in India and China;

language and other communications barriers, particularly with software development in China; and

time zone differences, which make communicating with persons in India and China more difficult.

If we are unable to adequately staff and manage our offshore research and development operations we may not realize, in full or in part, the anticipated benefits from this initiative. In addition, other events and circumstances, such as difficulties, delays or unexpected costs, may occur which could result in us not realizing all or any of the anticipated benefits, which could have a material adverse effect on our business, financial condition, and operating results.

Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

We regard our copyrights, trademarks, trade secrets, domain names and other intellectual property as important to our business. Unauthorized use of intellectual property, whether owned by us or licensed to us, may reduce our revenues, devalue our brands and property, and harm our reputation. We rely on intellectual property laws and contractual arrangements with our key employees and certain of our licensors, partners, manufacturers, distributors and others to protect our intellectual property rights. Policing unauthorized use of intellectual property is difficult and expensive, as are the steps necessary to prevent the misappropriation or infringement of our licensed technology. Despite our precautions, it may be possible for third parties to obtain and use the intellectual property used in our business without authorization. The validity, enforceability and scope of protection of intellectual property in many industries in China and certain other countries are uncertain and still evolving and may not protect intellectual property rights to the same extent as do the laws and enforcement procedures in the United States. In particular, software piracy in China and other jurisdictions in which we conduct business has been an issue of significant concern for many software publishers. Moreover, we may not prevail in any litigation that we undertake to enforce our intellectual property rights, and such litigation could result in substantial costs and diversion of our management resources.

We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially and adversely affect our business and results of operations.

Our products and services could be found to infringe on the patents, copyrights or other intellectual property rights of others. For example, in April 2008, SFA Systems filed a claim in the United States District Court for the Eastern District of Texas against defendants NetSuite, Inc., CDC Corporation and CDC Software Inc. alleging that our MarketFirst software, which is related to certain intellectual property we acquired in our acquisition of Saratoga Systems in April 2007, infringes a patent owned by SFA Systems through assignment. The plaintiff sought a permanent injunction against defendants, damages, costs, expenses, interest, attorneys' fees and other restitutional remedies. Although this matter was ultimately resolved, we were required to expend significant time and resources with respect to this matter, and generally, substantial expenses in investigating and defending against third-party infringement claims are incurred, regardless of their merit. We cannot assure you that any similar future matters may be resolved in a manner that would not have a material adverse effect on our business and results of operations. Furthermore, if we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property rights, incur additional costs to license or develop alternative technology and be forced to pay fines and damages, any of which could harm our business and results of operations.

If we lose the services of key employees, it may be costly and time-consuming for us to locate other personnel with the required skills and experience.

Our success depends on the continued efforts of our board members, our senior management and our technical, research and development, services and support, marketing and sales personnel. These persons may terminate their association or employment with us at any time. We have experienced changes in our senior management for a variety of reasons, including restructuring, medical reasons, retirement, and resignations to pursue other career opportunities. Loss of the services of key members of senior management or experienced personnel can be disruptive and causes uncertainty. In particular, we depend upon the services of Mr. Peter Yip, our chief executive officer, Bruce Cameron, our president, Matthew Lavelle, our chief financial officer and other members of our management team. Mr. Yip took a leave of absence for medical reasons between February 2005 and April 2006. During that time, two other people who served as our chief executive officer and president resigned. While Mr. Yip believes that he has recovered enough to serve as our chief executive officer, we cannot assure his continued service.

The process of hiring employees with the combination of skills and attributes required to implement our business strategy can be extremely competitive and time-consuming. We compete for a limited number of qualified individuals with more established companies with greater resources that may offer more attractive compensation or employment conditions. As a result, we may be unable to retain or integrate existing personnel or identify and hire additional qualified personnel.

Our ultimate parent corporation, CDC Corporation, determined that material weaknesses in its internal controls over financial reporting existed during 2006 and 2007 as a result of, among other things, its inability to attract and retain sufficient resources with the appropriate level of expertise in the accounting and finance departments of our organization to ensure appropriate application of U.S. GAAP, particularly in the areas of accounting for income taxes and the accounting for certain of our non-routine transactions. These material weaknesses resulted in the restatement of CDC Corporation' s financial statements for the years ended December 31, 2003, 2004 and 2005. During 2008, CDC Corporation remediated all material weaknesses in its internal controls over financial reporting that existed during 2006 and 2007.

An inability to attract or retain additional qualified senior managers or personnel in a timely manner, or the health, family or other personal problems of key personnel could have a material and adverse effect on our business, results of operations and financial condition.

If we grant employee share options and other share-based compensation in the future, our net income could be materially and adversely affected.

We adopted the 2009 Stock Incentive Plan in March 2009. Under such equity incentive plan, we may issue options or other awards to purchase up to 3.75 million class A ordinary shares. During 2009 and 2010, we granted an aggregate of 1,145,084 options and 10,000 stock appreciation rights, having a weighted average exercise price of $8.84. As a result of these grants under the plan, we have incurred significant share-based compensation expenses, and may continue to incur significant compensation expenses in future periods. The amount of these expenses are, and with respect to future awards, will be, based on the fair value of the share-based awards. Moreover, the additional expenses associated with share-based compensation may reduce the attractiveness of such incentive plan to us. We have also received approval from our shareholders, at an extraordinary general meeting held in May 2010, to amend our incentive plan to permit us to cancel and re-grant awards without shareholder approval. Any such cancellations and re-grants will increase the amount of expense we will incur. We cannot assure you that employee share options or other share-based compensation we may grant in the future will not have a material adverse effect on our profitability.

We may become a passive foreign investment company, or PFIC, which could result in adverse U.S. tax consequences to U.S. investors.

A passive foreign investment company is a foreign company with predominantly investment income or whose assets are primarily intended to generate investment income. Although we believe that we were not a PFIC for U.S. federal income tax purposes for our 2008 and 2009 fiscal years, nor for our current taxable year or in the foreseeable future, there can be no assurance in this regard. However, PFIC status is tested each year and will depend on the composition of our assets and income and the value of our assets. Because the value of our assets is likely to be determined in large part by reference to the market price of our ADSs, which is likely to continue to fluctuate in the future, we may be a PFIC for any taxable year as a result of the composition of our income or assets. If we were treated as a PFIC for any taxable year during which a U.S. investor held ADSs certain adverse U.S. federal income tax consequences would apply to the U.S. investor.

For more information on the tax consequences to you if we were treated as a PFIC, see "Item 10.E., Additional Information − Taxation − U.S. Federal Income Tax Consequences − U.S. Holders − Status as a PFIC."

Risks Relating to Our International Operations

A large part of our business is international and, as a consequence, there are a number of factors beyond our control associated with international operations that could materially and adversely affect our business, results of operations and financial condition.

Approximately 47%, 45% and 48% of our total revenues in 2007, 2008, and 2009 were derived from customers outside of North America. We anticipate that revenues from customers outside the United States will continue to account for a significant portion of our total revenues in the future, particularly as we intend to expand into targeted emerging markets, such as China, Russia, Brazil and India. Our operations outside the United States are subject to additional risks, including:

- changes in, or interpretations of, U.S. or foreign law that may materially and adversely affect our ability to sell our products, perform services or repatriate profits to the United States;

- the imposition of tariffs and other trade barriers;

hyperinflation or economic or political instability in foreign countries;

imposition of limitations on or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries;

conducting business in places where business practices and customs are unfamiliar and unknown or prohibited by applicable law;

adverse changes in regulatory requirements, including the imposition of restrictive trade policies, including changes in export restrictions;

potentially adverse tax consequences;

worldwide political conditions and political instability;

fluctuations in currency exchange rates;

the imposition of inconsistent laws or regulations;

the imposition or increase of investment requirements and other restrictions by foreign governments;

difficulty in staffing and managing our operations;

different seasonal and other trends in business activities;

differences in cultures which may be less accepting of our business;

differences in accounting practices and investment requirements;

longer collection cycles for accounts receivable;

uncertainties relating to foreign laws and legal proceedings and compliance with such laws, rules and regulations;

having to comply with a variety of U.S. laws, including the Foreign Corrupt Practices Act;

having to comply with U.S. export control regulations and policies that restrict our ability to communicate with non-U.S. employees and supply foreign affiliates and customers with products and services; and

adverse determinations or findings by applicable export control authorities restricting our ability to export goods and services.

We are required to comply with U.S. export control laws and regulations. Noncompliance with those laws and regulations could have a material adverse effect on our business.

The export and re-export of certain of our products to, and the provision of our services to customers in, certain countries are subject to U.S. export control laws and related regulations, including the Export Administration Regulations ("EAR"), 15 C.F.R. Parts 730 et seq., administered by the U.S. Department of Commerce. Accordingly, our products and services may be subject to pre-export filings; licensing requirements for certain restricted countries, parties and end users; post-export reporting; and documentation and other requirements. Although we strive to comply with applicable export requirements, we have advised the U.S. Department of Commerce of potential violations of the U.S. export control laws and regulations involving the sale of software to a customer in Syria by a reseller. We believe this sale was isolated and remediable through strengthened internal controls and procedures. Violations of export control regulations can lead to administrative, civil monetary or criminal penalties. Based on the information available at this time, we do not believe that the matters we have disclosed will result in material sanctions or penalties, and accordingly have recorded an accrual that is not material to our financial condition or results of operations. However, we cannot assure you that the U.S. Department of Commerce will not pursue penalties for any violations ultimately found to have occurred or that any penalties will not have a material adverse impact on our business, financial condition or results of operations.

A change in currency exchange rates could increase our costs relative to our revenues.

Our revenues, expenses, assets and liabilities are denominated in a number of currencies, including Australian dollars, British pounds, Canadian dollars, Euros, renminbi, South Korean won, Swedish Kronas and U.S. dollars. However, our quarterly and annual financial results are reported in U.S. dollars. In the future, we may also conduct business in additional foreign countries and generate revenues, expenses and liabilities in other foreign currencies. As a result, we are subject to the effects of exchange rate fluctuations with respect to any of these currencies and the related interest rate fluctuations. We have not entered into agreements or purchased instruments to hedge our exchange rate risks, although we may do so in the future. Any hedging policies implemented by us may not be successful, and the cost of these hedging techniques may have a negative impact on our business, results of operations and financial condition.

Risks Relating to Our Separation from, and Continuing Relationship with, CDC Corporation

We are a newly incorporated company and we have a limited history of operating as a stand-alone company. We may encounter difficulties in making the changes necessary to operate as a stand-alone company, and we may incur greater costs as a stand-alone company that may materially and adversely affect our results.

We were formed in March 2009. Prior to our initial public offering in August 2009 we operated a business unit of our ultimate parent company, CDC Corporation.

CDC Corporation and its subsidiaries currently assist us in performing some corporate functions, including legal, mergers and acquisitions, risk management, corporate finance, tax, accounting and treasury. Except as contemplated by our Services Agreement with CDC Corporation, CDC Corporation no longer has any obligation to provide these functions to us.

The Services Agreement became effective on the closing of our initial public offering in August 2009, and has an initial term expiring on December 31, 2019. Thereafter, the Services Agreement may be renewed automatically for successive two-year periods unless we or CDC Corporation elects not to renew the services by providing not less than 15 months' advance written notice. CDC Corporation may terminate the agreement at any time it ceases to own at least 50% of the total voting power of our ordinary shares. Under the Services Agreement, we and CDC Corporation provide services to each other at prices reflecting the actual costs incurred by the entity providing such services, as long as the agreement remains in effect. Pursuant to an addendum to the Services Agreement executed in May 2010, certain additional services relating to strategic business consulting services, software implementation services, software operational support services, and customer education and training services are provided to us by CDC Corporation at a price equal to the costs incurred by CDC Corporation or its subsidiaries to provide these services plus an additional gross margin of 25%. We are required to first offer CDC Corporation the right to provide these additional services; however, in the event that CDC Corporation chooses not to exercise such right, we are entitled to contract with a third party for these services in order to fulfill our obligations to our customers.

If the Services Agreement is terminated, we may not be able to replace these services in a timely manner or on terms and conditions, including costs, as favorable as those we receive from CDC Corporation. See "Item 10.C., Additional Information − Material Contracts" for more information on the services agreement. In addition, we may encounter difficulty modifying or maintaining the operational, managerial and financial controls, procedures and policies that CDC Corporation had in place over our businesses prior to our becoming a stand-alone company.

Several of our officers and directors provide services to, and devote significant amounts of their time to, our ultimate parent company, CDC Corporation, and its other subsidiaries, which may lead to conflicting demands on their time and attention.

Some of our officers and directors provide services to, and devote significant amounts of their time to, our ultimate parent company, CDC Corporation and other subsidiaries. Peter Yip, one of our directors and our Chief Executive Officer, Donald Novajosky, our General Counsel and Secretary, and Matthew Lavelle, our Chief Financial Officer, are also officers and/or employees of CDC Corporation and/or others of its subsidiaries. Raymond Ch' ien, John Clough, Simon Kwong Chi Wong and Mr. Yip, who are members of our Board of Directors, also serve as officers and/or directors of CDC Corporation and/or others of its subsidiaries.

In the past our CEO, CFO and General Counsel have allocated between 50% to 75% of their time to CDC Corporation and its other subsidiaries. In the future those officers are expected to devote the majority of their time to the management of our affairs, subject to variations from period to period due to particular circumstances. As a result, demands for the time and attention of our officers and directors from our company and CDC Corporation and its other subsidiaries may conflict from time to time. None of our officers and directors are obligated to contribute any specific number of hours per week to our affairs. If our officers' and directors' responsibilities to other CDC Corporation affiliates were to require them to devote substantial amounts of time to such affiliates in excess of their current commitment levels, it could limit their ability to devote time to our affairs, which may have a negative impact on our ability to implement our business plans and strategies.

Our historical financial information may not be representative of our results as an independent company.

For periods prior to our initial public offering in August 2009, our combined and consolidated financial statements included elsewhere in this Annual Report on Form 20-F, assume that we had existed as a separate legal entity for such financial periods presented and owned the subsidiaries transferred to us by CDC Software International from the later of their date of incorporation or acquisition. Our combined and consolidated financial statements for such periods prior to our initial public offering, do not reflect what our results of operations, financial position and cash flows would have been had our business been a stand-alone company during the periods presented. As a public company, we have incurred, and expect to continue to incur, a significantly higher level of executive compensation, legal, accounting and other expenses than we did as a wholly owned component of CDC Corporation. Furthermore, our combined and consolidated financial statements cannot be used to forecast or predict our future financial condition, results of operations or cash flows.

If we do not adequately maintain and evolve our financial reporting and management systems and our internal controls, our ability to manage and grow our business may be harmed and we may be unable to accurately report our financial results or prevent fraud, which could result in harm to our business, loss of investor confidence in our financial reporting and cause the price of our ordinary shares or ADSs to decline.

Our ability to execute our business plan and implement our growth strategy requires an effective planning and management process. We expect that we will need to continue to improve existing, and implement new, operational and financial systems, procedures and controls to manage our business effectively and support our growth in the future. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures and controls, could harm our ability to accurately forecast sales demand and record and report financial and management information on a timely and accurate basis.

Moreover, in order to comply with our obligations as a public company under Section 404 of the Sarbanes-Oxley Act of 2002, we must enhance and maintain our internal controls. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We are in the process of refining and enhancing our internal controls in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments starting with our annual report for the year ending December 31, 2010. Any failure to implement effective controls could cause us to fail to meet our reporting obligations which could cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our ordinary shares or ADSs.

Our ultimate parent corporation, CDC Corporation, identified material weaknesses in its internal control over financial reporting as of December 31, 2006 and 2007. If CDC Corporation identifies new material weaknesses our ability to report timely and accurate financial information could be materially and adversely affected.

In connection with the audit of its consolidated financial statements for the year ended December 31, 2007, CDC Corporation and its independent registered public accounting firm concluded that material weaknesses existed in CDC Corporation' s internal control over financial reporting at December 31, 2006 and 2007. In connection with the audit of CDC Corporation' s consolidated financial statements for the year ended December 31, 2008, CDC Corporation and its independent registered public accounting firm concluded that the material weaknesses that existed in CDC Corporation' s internal control over financial reporting at December 31, 2007 have been remediated. A material weakness is defined as a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company' s annual or interim financial statements would not be prevented or detected on a timely basis. The material weaknesses that existed at December 31, 2007 were noted in the financial statement close and reporting processes, income taxes and treasury management. CDC Corporation also determined that material weaknesses in its internal controls over financial reporting existed during 2005 and 2006 as a result of, among other things, its inability to attract and retain sufficient resources with the appropriate level of expertise in the accounting and finance departments of its organization to ensure appropriate application of GAAP, particularly in the areas of accounting for income taxes, foreign currency translation adjustments related to goodwill and intangible assets and the accounting for certain of our non-routine transactions. These material weaknesses resulted in the restatement of CDC Corporation' s financial statements for the years

ended December 31, 2005, 2004 and 2003. The primary cause of the material weaknesses was lack of sufficient personnel in each of these areas with appropriate expertise to ensure proper accounting and treatment in accordance with generally accepted accounting principles.

CDC Corporation' s management has remediated its material weaknesses by taking the following steps:

implementing standard accounting policies related to estimates involving significant management judgments, as well as other financial reporting areas. The new policies are intended to focus on ensuring appropriate review and approval, define minimum documentation requirements, establish objective guidelines to minimize the degree of judgment in the determination of certain accruals, enforce consistent reporting practices, and enable effective account reconciliation, trend analyses, and exception reporting capabilities.

hiring a VP of Tax, as well as additional tax personnel, to perform internal control procedures related to income taxes which had previously not been performed due to insufficient qualified personnel;

continuing to consolidate CDC Corporation' s entities into geographical centers to leverage its technical accounting resources and to reduce the complexity in CDC Corporation' s month end consolidation process by eliminating duplicative accounting processes and to leverage the use of a common general ledger and financial reporting system; and

improving quality control reviews within the accounting function to ensure account analyses and reconciliations are completed accurately, timely, and with proper management review.

We cannot be certain that additional material weaknesses or significant deficiencies in internal controls over financial reporting will not be identified by CDC Corporation in the future. If the control deficiencies that have been identified recur, or if we or CDC Corporation identify additional deficiencies or fail to implement new or improved controls successfully in a timely manner, we may be unable to issue timely and accurate financial reports and investors could lose confidence in the reliability of our consolidated financial statements, and such conclusion could negatively impact the trading price of our ADSs.

We have incurred, and expect to continue to incur increased costs as a result of being a public company.

As a public company, we have incurred, and expect to continue to incur, a significantly higher level of legal, accounting and other expenses than we did as a wholly owned component of CDC Corporation. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the U.S. Securities and Exchange Commission, or SEC, and the NASDAQ Global Market, have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

The terms of our separation from CDC Corporation, the related agreements and other transactions with CDC Corporation were determined by CDC Corporation and may be less favorable to us than we could have obtained from an unaffiliated third party.

Transactions and agreements entered into between us and CDC Corporation present potential conflicts between our interests and those of CDC Corporation and are not the result of arms' length negotiations. These transactions and agreements include agreements related to the separation of our business from CDC Corporation that provide for, among other things, the terms of our various interim and ongoing relationships, as described under "Item 7.B., Major Shareholders and Related Party Transactions − Intercompany Agreements."

Because the terms of our separation from CDC Corporation and the related transactions and agreements were determined by CDC Corporation, the terms may be less favorable to us than the terms we could have obtained from an unaffiliated third party. In some cases, the terms of such transactions and agreements may be more favorable than the terms we could have obtained from an unaffiliated third party, and we may not be able replace such terms with as favorable terms when such transactions and agreements expire. In addition, because CDC Corporation continues to control us, it could cause us to amend these agreements on terms that may be less favorable to us than the current terms of the agreements. We may not be able to resolve any potential conflict, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated third party.

Our ultimate parent corporation, CDC Corporation, contends that our initial public offering in August 2009 constituted a "qualified initial public offering" under the terms of its 3.75% Senior Exchangeable Convertible Notes due 2011, or Notes, and that it is not currently

required to redeem up to $41.2 million in aggregate principal amount of Notes held by non-affiliates of CDC Corporation, plus accrued and default interest. CDC Corporation is involved in litigation with the last remaining non-affiliated holder of its outstanding Notes, which may indirectly have an adverse impact on our results of operations or the trading price of our ADSs.

In November 2006, our ultimate parent, CDC Corporation, issued $168 million in aggregate principal amount of 3.75% Senior Exchangeable Convertible Notes due 2011, or the Notes.

The Notes and the Note Purchase Agreement related thereto originally provided that, if neither CDC Software International, our direct parent, nor CDC Games International is able to complete a "qualified initial public offering," or qualified IPO, prior to November 13, 2009, holders would have the option to require CDC Corporation to redeem the notes at a redemption price of principal plus accrued and unpaid interest, calculated at the rate of 12.5% per annum applied retroactively from November 13, 2006 to the date of redemption.

As of December 31, 2009, a subsidiary of CDC Corporation, CDC Delaware Corp. was the holder of $124.8 million in principal amount, or 75.2% of the total aggregate amount outstanding of Notes, and Evolution CDC SPV Ltd., Evolution Master Fund Ltd., SPC, Segregated Portfolio M and E1 Fund Ltd., or Evolution, were the holders of an aggregate of $41.2 million, or 24.8% of the total aggregate amount outstanding of Notes.

On November 11, 2009, CDC Delaware executed an Amendment No. 1 to Notes and Note Purchase Agreement that amended the Notes and the related Note Purchase Agreement to: (i) amend the definition of Qualified IPO to provide that CDC Software, CDC Games, or any of their respective subsidiaries can consummate a QIPO; and (ii) reduce the amount of proceeds necessary to achieve a QIPO, via the definition of Minimum IPO Amount, from $100.0 million to $40.0 million.

As a result of these amendments, CDC Corporation believes that the holder redemption right provided in the Notes, which would have required CDC Corporation to pay, not later than December 16, 2009, an aggregate of approximately $52.0 million, consisting of the remaining principal outstanding on the Notes held by such non-affiliates together with accrued interest at the rate of 12.5% retroactive to the issue date of November 13, 2006, is both no longer exercisable by such holders, and is no longer of any force or effect.

Notwithstanding the foregoing, in November 2009, CDC Corporation received a notification from Evolution purporting to elect to exercise the holder redemption option under the Notes. Furthermore, on December 18, 2009, Evolution filed a notice of motion for summary judgment in lieu of complaint against CDC Corporation in the Supreme Court of the State of New York, County of New York, demanding payment of the remaining principal portion of their Notes, together with accrued and retroactive interest. Evolution has also alleged default under the Notes, and is also seeking reimbursement of fees and costs in its lawsuit against CDC Corporation. On April 28, 2010, the New York Court denied Evolution' s motion for summary judgment.

On March 2, 2010, CDC Corporation filed a complaint in the Supreme Court of the State of New York, County of New York, against Evolution alleging breach of non-disclosure agreements, breach of the note purchase agreement relating to Notes, breach of the Notes, and tortious interference with business relations. The complaint seeks recovery of compensatory damages, interest, attorneys' fees, litigation expenses and injunctive relief in excess of $295.0 million.

CDC Corporation has advised us that it may request that we provide a loan, distribution or other funding to assist it in settling any obligations it may ultimately be deemed to have under the Notes. Furthermore, because we are a controlled company, CDC Corporation may require us to provide such loan, distribution or funding, which may not be on terms as favorable or beneficial to us as we might otherwise receive in an unrelated transaction with a non-affiliate. Additionally any funding that we may provide to CDC Corporation will reduce the amount of funds we have available for other purposes.

Neither we nor any of our subsidiaries has pledged any of our or their assets or properties to secure the obligations of CDC Corporation under the Notes, nor have we or any of our subsidiaries guaranteed CDC Corporation' s performance of its obligations under the Notes. As a result, other than any loan, distribution or funding that we may be required to provide, we do not believe that any payment or other default by CDC Corporation under the Notes, or other definitive documents entered into at the issuance of the Notes, whether at maturity, upon exercise of the holders' redemption rights, or otherwise, would have a material adverse effect on our business, financial position or results of operations or those of our subsidiaries.

However, in the event that a default under the Notes results in insolvency proceedings against CDC Corporation, there can be no assurance that CDC Corporation will be able to perform its obligations to us under the Services Agreement or the Trademark License Agreement. Furthermore, there can be no assurance that we will not be named in current or future litigation resulting from any default. As a result, there

can be no assurance that a default by CDC Corporation under the Notes will not materially and adversely impact our results of operations or the trading price of our ADSs.

If any holders were to obtain judgments in their favor on their collection claims, they could then seek to execute those judgments against one or more of CDC Corporation' s assets, including CDC Corporation' s equity interest in us. In that case, if holders holding a sufficient principal amount of Notes were successful in executing on judgments in their favor, such holders might collectively be able to reduce CDC Corporation' s interest in us.

Conflicts of interest between CDC Corporation and us could be resolved in a manner unfavorable to us.

Various conflicts of interest could arise between CDC Corporation and us. Some of our officers and directors may receive shares of our class A ordinary shares or options or stock appreciation rights relating to our securities; however, many of our officers and directors own, and we expect that they will continue to own, shares of CDC Corporation, or options or SARs relating to CDC Corporation' s securities, in an amount in excess of their ownership interests in us. In addition, our chief executive officer, Mr. Peter Yip, is also the chief executive officer and vice chairman of the board of directors of CDC Corporation. Asia Pacific Online Limited, owned by the spouse of Mr. Yip and by a trust established for the benefit of Mr. Yip' s children, is CDC Corporation' s largest shareholder, holding approximately 16.75% of its outstanding shares as of February 28, 2010. Mr. Yip has continued in his role as chief executive officer and executive vice chairman of the board of directors of CDC Corporation and, therefore, does not devote his time exclusively to us as our chief executive officer. Similarly, many of our directors serve on the board of directors of CDC Corporation (and/or its affiliates) and certain of our executive officers are also officers of CDC Corporation (and/or its affiliates) and also do not devote their time exclusively to us. Ownership interests of directors or officers of CDC Corporation or CDC Software International in our class A ordinary shares or ADSs, or service as either a director or officer of these companies, could create or appear to create, potential conflicts of interest when those directors and officers are faced with decisions that could have different implications for CDC Corporation, CDC Software International and us. These decisions could, for example, relate to:

- disagreements over corporate and strategic opportunities;
- competition between us, CDC Software International and/or CDC Corporation;
- management share ownership;
- employee retention or recruiting;
- our dividend policy; and
- the services, arrangements and related pricing terms between us and CDC Corporation, including under our Services Agreement and Trademark License Agreement with CDC Corporation.

Potential conflicts of interest could also arise if we enter into any new commercial arrangements with CDC Corporation while it remains our indirect controlling shareholder. Moreover, subject to applicable law, CDC Corporation and CDC Software International will not have a duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us. In addition, a majority our directors and officers are also directors and/or officers of CDC Corporation. Our directors or officers who provide, and receive incentive compensation for, services as a director or officer of CDC Software International or CDC Corporation may face conflicts of interest with regard to the allocation of time among us, CDC Software International and CDC Corporation or in fulfilling obligations to us, CDC Software International and CDC Corporation.

Under Cayman Islands law our directors and officers generally owe us various fiduciary duties, including the duties of loyalty, honesty and good faith. This means that our officers and directors are obligated to act in our best interests, and not the best interests of other companies with which we may be affiliated or to individual shareholders and that our directors and officers are not entitled to consider the interests of

another company, or a specific group of shareholders or creditors in determining whether or not to adopt a particular course of action. To reduce the risks faced by our officers and directors, our amended and restated memorandum and articles of association require that our Audit Committee review and approve any potential conflicts of interest, including transactions involving us and the following:

any shareholder owning an interest in the voting power of us or any subsidiary of ours that gives such shareholder significant influence over us or any subsidiary of ours;

any director or executive officer of us or any subsidiary of ours and any relative of such director or executive officer;

any person in which a substantial interest in the voting power of us is owned, directly or indirectly, by any person described in the points above or over which such a person is able to exercise significant influence; and

any affiliate (other than a subsidiary) of us.

While our amended and restated memorandum and articles of association, as well as the NASDAQ Marketplace Rules to which we are subject, contain provisions that may reduce the likelihood that we will be materially and adversely affected by such conflicts, we cannot assure you that such provisions will be effective.

We may enter into business opportunity right of first refusal agreements with one or more affiliates of CDC Corporation, or entities formed by CDC Corporation or its subsidiaries, which could adversely affect our ability to pursue certain acquisition opportunities that would otherwise be available to us.

Our indirect parent company, CDC Corporation and certain subsidiaries and affiliates thereof have formed, and may in the future form, entities for the purpose of acquiring businesses in industries and geographies that are similar to those in which we now, or may, in the future, operate. Furthermore, due to the potential conflicts of interest that could arise among CDC Corporation and certain of its subsidiaries, including us, on the one hand, and such other entities on the other hand, and the officers and directors of the foregoing entities, we may enter into business opportunity right of first refusal agreements pursuant to which we may attempt to determine how potential business opportunities may be shared among us. These right of first refusal agreements would be of limited duration, and may not be enforceable against these other entities.

Although we do not currently believe that any such subsidiary or affiliate formed by CDC Corporation or its affiliates would attempt to pursue any acquisition in the industries in which we currently operate, we cannot assure you that conflicts of interest and disputes will not occur in the future, and in such cases, that they will be resolved successfully in our favor.

Because we may enter into, and be bound by, each of the right of first refusal agreements discussed above, our ability to pursue certain acquisition opportunities that would otherwise be available to us may be adversely affected. If we were unable to pursue an opportunity as a result of the restrictions contained in the right of first refusal agreements, our ability to grow our business through acquisition could be adversely affected.

We are a "controlled company" within the meaning of the NASDAQ Marketplace Rules and rely on exemptions from certain corporate governance requirements.

CDC Corporation holds more than 50% of our voting power. As a result, we are a "controlled company" within the meaning of the NASDAQ Marketplace Rules. As such, we will be exempt from NASDAQ' s corporate governance Rule 5605(b), which means that:

a majority of our Board of Directors does not need to be comprised of "independent directors" as defined by the NASDAQ Marketplace Rules; and

our compensation committee and nominating committee do not need to be comprised solely of "independent directors".

Notwithstanding this exemption, five out of eight of our directors meet the definition of "independent director" under the NASDAQ Marketplace Rules.

Although all of the directors who serve on our compensation committee are currently considered independent under the NASDAQ Marketplace Rules, we cannot assure you that any of our directors will continue to satisfy these independence requirements in the future. Furthermore, Mr. Peter Yip, who serves as one of our three directors serving on the nominating committee, is not considered an independent director under the NASDAQ Marketplace Rules.

In the event we are no longer a controlled company, we will be required to have a majority of independent directors on our board of directors and to have our compensation and nominating committees comprised solely of independent directors within one year of the date that we no longer qualify as a controlled company.

Unless we no longer qualify, or choose to no longer rely on these exemptions in the future, you will not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements.

Because CDC Corporation, as the indirect holder of all of our class B ordinary shares, controls the majority of the voting power of our ordinary shares, other shareholders will be unable to affect the outcome of shareholder votes with respect to most events.

Our class A ordinary shares have one vote per share, and our class B ordinary shares have 10 votes per share. As of April 30, 2010, CDC Corporation indirectly owns 100% of our issued and outstanding class B ordinary shares through its 100% ownership of CDC Software International, representing 98.1% of the combined voting power of our aggregate issued and outstanding ordinary shares and 84.3% of the economic interest in our outstanding ordinary shares. Accordingly, CDC Corporation has and is expected to maintain the ability to determine the outcome of shareholder votes with respect to most events that may require shareholder approval, including:

mergers, consolidations and other business combinations;

election or non-election of directors;

removal of directors; and

amendments to our memorandum and articles of association.

As a result, CDC Corporation may be able to effectively approve or prevent a merger, consolidation or other business combination, elect or not elect directors, approve or prevent the removal of a director and approve or prevent amendments to our memorandum and articles of association. CDC Corporation may also require us to extend loans to it or its subsidiaries or affiliates or third parties, upon terms that may not be as beneficial as we could obtain in an unaffiliated arms-length transaction. CDC Corporation' s interests in any of these matters may be contrary to the interests of our class A shareholders.

For more information regarding the shareholdings of CDC Corporation, see "Item 7.A., Major Shareholders and Related Party Transactions − Major Shareholders."

We may lose rights to key intellectual property rights if CDC Corporation' s indirect ownership drops below certain levels.

As CDC Corporation is our indirect parent company, we are the beneficiary of some of CDC Corporation' s intellectual property rights, including the use of its trademarks and service marks pursuant to the Trademark License Agreement entered into with it in connection with our initial public offering. If CDC Corporation ceases to own indirectly at least 50% of the total voting power of our ordinary shares, either we or CDC Corporation has the right to terminate the Trademark License Agreement, subject to a six month notice period. If we are no longer permitted to use CDC Corporation' s intellectual property, including its trademarks and service marks, we will need to expend significant time, effort and resources to establish a new brand name in the marketplace, which may not be successful. If we are unsuccessful in establishing our brand identity, our business, results of operations and financial condition could be materially and adversely affected. See "Item 10.C., Additional Information − Material Contracts."

Because CDC Corporation has not agreed to retain or otherwise indemnify us for liabilities arising from the operation of our business prior to our legal formation, third parties may seek to hold us responsible for any such liabilities.

CDC Corporation has not agreed to retain or otherwise indemnify us for any liabilities that may arise in the future from the operation of our business by other CDC Corporation subsidiaries prior to our legal formation and the contribution or transfer of that business to us. If those

liabilities are significant and we are ultimately held liable for them, we might not be able to recover any of our losses from CDC Corporation, and our business, results of operations and financial condition could be materially and adversely affected.

Risks Relating to Our ADSs

There may not be an active or liquid public market for our ADSs and the price of the ADSs may fluctuate significantly.

Prior to our initial public offering in August 2009, there was no public market for our class A ordinary shares or ADSs. While our ADSs are listed on the NASDAQ Global Market, an active or liquid public market for our ADSs may not be sustained. If an active trading market is not maintained, the liquidity and market price of our ADSs could be negatively affected.

The trading price of our ADSs has also been, and is likely to continue to be, extremely volatile. From the date of our initial public offering in August 2009 to April 30, 2010, the closing price of our ADSs ranged from $8.19 to $11.83. There is no assurance that the price of our ADSs will not fall below its historic or yearly low.

The market price of our ADSs has, and is likely to continue to fluctuate significantly due to:

- actual or anticipated quarterly variations in our operating results;
- changes in expectations as to our future financial performance or changes in financial estimates of public market analysis;
- announcements relating to our business or the business of our competitors;
- the addition or departure of key personnel;
- potential litigation or administrative investigations;
- the success of our operating strategy;
- the operating and share price performance of other comparable companies; and
- general economic, political and regulatory conditions in the countries in which we operate.

These fluctuations in the market price of, and volume for, our ADSs often have been unrelated or disproportionate to our operating performance. Broad market, political and industry factors may also decrease the price of our common shares, regardless of our operating performance. Securities class-action litigation and regulatory investigations often have been instituted against companies following steep declines in the market price of their securities.

Many of these factors are beyond our control and we cannot predict their potential effects on the price of our ADSs. If the market price of our ADSs declines significantly, you may be unable to resell your ADSs at or above the price you paid for them. In addition, the stock markets in general can experience considerable price and volume fluctuations. The market price of our ADSs could change in ways that may or may not be related to our business, our industry or our operating performance and financial condition.

Future sales, or the perception of future sales, of a substantial amount of our ordinary shares or ADSs could depress the trading price of our ADSs.

Future sales, or the perception or the availability for sale in the public market, of substantial amounts of our ordinary shares or ADSs could materially and adversely affect the prevailing trading price of our ADSs and could impair our ability to raise capital through future sales of equity securities.

As of April 30, 2010, there were 5.1 million class A ordinary shares issued, of which 4.8 million were represented by the ADSs, and 23.9 million class B ordinary shares, outstanding. The 4.8 million ADSs (and the class A ordinary shares represented thereby) are freely transferable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining 23.9 million class B ordinary shares owned by our existing shareholder are restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144. In connection with our initial public offering, in August 2009, we, our officers, directors, CDC Corporation and CDC Software International agreed to a "lock-up," meaning that, subject to specified exceptions, neither we nor they will sell any shares or engage in any hedging transactions for 270 days after the date of the prospectus relating to our initial public offering in August 2009. Following the expiration of the lock-up period in May 2010, all of these ordinary shares became eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144.

In addition, we may issue ordinary shares, or other securities, from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of ordinary shares, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be significant. We may also grant registration rights covering those shares or other securities in connection with any such acquisitions and investments.

Our ADS price could be adversely affected if our parent company materially changes its holdings in our shares, particularly if the share holdings are not disposed of in an orderly manner.

As of April 30, 2010, CDC Software International owned 100% of our outstanding class B ordinary shares, representing 98.1% of the aggregate voting power of our outstanding ordinary shares and 84.3% of the economic interest in our outstanding ordinary shares. There is no guarantee that CDC Software International will continue to hold our shares going forward for any length of time. If CDC Software International disposes, or if our investors expect CDC Software International to dispose of, a substantial portion of their shareholdings in us at any time, it could adversely affect our ADS price. For more information regarding the shareholdings of CDC Software International, see "Item 7.A., Major Shareholders and Related Party Transactions − Major Shareholders."

We may incur significant costs to avoid being considered an investment company under the Investment Company Act of 1940.

We may incur significant costs and management time to avoid investment company status under the Investment Company Act of 1940, as amended, or the Investment Company Act. Based upon an analysis of our combined historical assets as at December 31, 2009 and income for the year ended December 31, 2009, and the manner in which we operate, and intend to continue to operate our business, we do not believe we will be considered an investment company. The determination of whether or not we are an investment company is based primarily upon the composition and value of our assets, which are subject to change, particularly when market conditions are volatile. As a result, we could inadvertently become an investment company in the future. It is not feasible for us to be regulated as an investment company because application of Investment Company Act regulations are inconsistent with our strategy of actively managing, operating and promoting collaboration among our businesses.

Anti-takeover provisions in our charter documents may adversely affect the price of our ADSs.

Our amended and restated memorandum and articles of association include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving shareholders of an opportunity to sell their shares, including class A ordinary shares, at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of us in a tender offer or similar transaction. For example, our board of directors is divided into three classes, each having a term of three years, with the term of one class expiring each year. This provision would delay the replacement of a majority of our directors and would make changes to our board of directors more difficult than if such provision was not in place.

Our dual-class ordinary share structure with different voting rights could discourage others from pursuing any change of control transactions that holders of our ADSs may view as beneficial.

Our amended and restated memorandum and articles of association provide for a dual-class ordinary share structure. CDC Software International currently holds 23.9 million of our class B ordinary shares. Holders of class B ordinary shares are entitled to 10 votes per share, while holders of class A ordinary shares are entitled to one vote per share.

As of April 30, 2010, CDC Software International held class B ordinary shares representing 98.1% of our aggregate voting power, and holders of our outstanding ADSs (representing class A ordinary shares) represent 84.3% of the economic interest in our ordinary shares. Each class B ordinary share is redeemable at the option of the holder thereof at any time in accordance with our amended and restated memorandum and articles of association. Immediately following such redemption we will issue a new class A ordinary share. Class A ordinary shares are not redeemable for class B ordinary shares under any circumstances.

Due to the disparate voting powers attached to these two classes, our existing shareholder has significant voting power over matters requiring shareholder approval, including election of directors and significant corporate transactions, such as a merger or sale of our company or our assets. This concentrated control could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of ADSs may view as beneficial.

Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited.

Our corporate affairs will be governed by our amended and restated memorandum and articles of association, the Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands.

The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law. Decisions of the Privy Council (which is the final Court of Appeal for British Overseas Territories such as the Cayman Islands and certain other British commonwealth jurisdictions) are binding on a court in the Cayman Islands. Decisions of the English Courts, and particularly the House of Lords and the Court of Appeal are generally of persuasive authority, but are not binding on the courts of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

The Cayman Islands courts are also unlikely to impose liabilities against us, in original actions brought in the Cayman Islands, based on certain civil liability provisions of U.S. securities laws.

There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. While there is no binding authority on this point, this is likely to include, in certain circumstances, a non-penal judgment of a United States court imposing a monetary award based on the civil liability provisions of the U.S. federal securities laws. The Grand Court of the Cayman Islands may stay proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a United States company.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in foreign jurisdictions based on United States or other foreign laws against us or our management.

We are incorporated under the laws of the Cayman Islands. We conduct our operations in many jurisdictions throughout the world, including China. In addition, many of our directors and executive officers reside in jurisdictions outside of the United States, and substantially all of the assets of these persons are located in jurisdictions outside of the United States. As a result, it may not be possible to effect service of process within the United States or elsewhere upon these directors, executive officers and experts, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. For example, China does not have treaties with the United States and many other countries providing for the reciprocal recognition and enforcement of judgments of courts. As a result, it may be difficult or impossible for you to bring an original action against us or against these individuals in a Chinese court in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise.

Even if we pay dividends or other distributions on our class A ordinary shares, you may not receive them or any value for them if it is illegal or impractical to make them available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on class A ordinary shares or other deposited securities after deducting its fees, charge, and expenses and any taxes withheld, duties or governmental charges. You will receive these distributions in proportion to the number of class A ordinary shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our class A ordinary shares). However, the depositary is not responsible if it decides

that it is illegal or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of

ADSs. This means that you may not receive any distributions we make on our class A ordinary shares or any value for them if it is illegal or impractical to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs and may result in a U.S. federal income tax liability where dividends are actually or constructively received by the depositary even where no actual distributions are paid to an ADS holder.

Your right to participate in any future rights offerings may be limited, which may cause dilution of your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement entered into with the depositary in connection with our initial public offering, the depositary will not offer you those rights unless the distribution to ADS holders of both the rights and any related securities is either registered under the Securities Act, or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

You may not be able to exercise your right to vote.

As a holder of ADSs, you may only exercise the voting rights with respect to the underlying class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares in accordance with your instructions. Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening general meetings of shareholders is 10 days. When a general meeting of shareholders is convened, you may not receive sufficient advance notice to withdraw the shares to allow you to vote with respect to any specific matter. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your class A ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and the class A ordinary shares underlying your ADSs may not be voted as you requested.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by the ADRs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary thinks it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our headquarters and principal executive offices are located at Unit 706-707, Building 9, No. 5 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong, and our telephone number is 011-852-2893-8200. The address and telephone number of our registered office in the Cayman Islands is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. We have a corporate website that you may access at www.cdcsoftware.com. The information contained on our website and other websites operated by our subsidiaries or affiliates or referred to herein do not form a part of this Annual Report.

CDC Software Corporation was incorporated in March 2009 as an exempted company with limited liability under the Companies Law of the Cayman Islands as a wholly owned subsidiary of CDC Software International to operate the enterprise software applications business of CDC Corporation in the Americas, Europe, Middle East, Africa and Asia. As of April 30, 2010, our ultimate parent company, CDC Corporation, indirectly owned ordinary shares representing 98.1% of the combined voting power of our outstanding shares and 84.3% of the economic interest in our outstanding ordinary shares.

In May 2006, CDC Corporation established CDC Software International and contributed certain of the assets of the Software Group to CDC Software International. In August 2009, we completed our initial public offering of 4,800,000 of our class A ordinary shares represented by American Depositary Shares on NASDAQ at an offering price of $12.00 per ADS.

In connection with our initial public offering, CDC Corporation caused CDC Software International to transfer the shares of those subsidiaries through which we conduct our business to us. Such transfer included all of the issued and outstanding shares of several of CDC Software International' s operating subsidiaries, including each of Ross Systems, Inc., or Ross Systems; Pivotal Corporation, or Pivotal; Saratoga Systems, Inc., or Saratoga; Industri-Matematik International Corp., or IMI; Respond Group Limited, or Respond; MVI Holdings Limited, or MVI; c360 Solutions, Inc., or c360; and portions of Catalyst International, or Catalyst.

Prior to the fourth quarter of 2009 we were comprised of one segment, Software. After the acquisition of Truition, Inc. and gomembers, Inc. in the fourth quarter of 2009, we are now comprised of two segments, Software and Software-as-a-Service, or SaaS.

Our ultimate parent company, CDC Corporation, which is headquartered in Hong Kong, is a company listed on the NASDAQ Global Market under the stock symbol "CHINA," and is a global hybrid enterprise software provider of on-premise and cloud deployments (primarily through us), online games and internet and media services.

For more information about our relationship with CDC Corporation, see "Item 7., Major Shareholders and Related Party Transactions."

Acquisitions

Our business has been built in large part through strategic acquisitions and investments during the prior seven years. The following table sets forth a summary of our strategic acquisitions and investments related to our business completed from January 1, 2003 through December 31, 2009.

Acquisition or Investment	Date	Description
Industri-Matematik International Corp. (1)	September 2003, November 2007	Supply chain management (SCM) for distribution intensive industries
Rights to Executive Suite software	October 2003	Financial management applications
Pivotal Corporation	February 2004	Vertical customer relationship management (CRM) applications
Ross Systems, Inc.	August 2004	Extended enterprise resource planning (ERP) and SCM applications
Assets of JRG Software, Inc.	February 2006	On-demand supply chain solutions for planning and scheduling, delivered as SaaS
c360 Solutions, Inc.	April 2006	Add-on products, solutions and tools for the Microsoft Dynamics CRM platform
MVI Holdings Limited	October 2006	Real-time performance management solutions for process manufacturers

Respond Group Limited	February 2007	Enterprise class complaints, feedback and customer service solutions
Saratoga Systems Inc.	April 2007	Enterprise CRM and wireless CRM applications
Catalyst International (2)	September 2007	Integrated supply chain execution solutions and services

ISL Technologies Limited (3)	March 2008	Hong Kong based vendor of ERP systems developed for small and medium discrete manufacturers in China
WKD Solutions Ltd.	September 2009	Surrey, U.K.-based provider of supply chain event management and business activity monitoring solutions
Activplant Corporation	October 2009	Canadian-based provider of manufacturing business intelligence solutions
Truition Inc.	December 2009	Provider of on-demand e-Commerce platform provider for retailers and brand manufacturers
gomembers, Inc.	December 2009	Provider of SaaS and on-premise solutions for the not-for-profit (NFP) and non-governmental organizations (NGO) market

(1) Prior to November 2007, CDC Corporation held 51% of Cayman First Tier, or CFT, the parent company of Industri-Matematik International Corp. In November 2007, CDC Corporation, CFT and Symphony Technology Group, or Symphony, entered into a letter agreement whereby all amounts due and payable to CFT pursuant to a $25.0 million note made by Symphony were deemed discharged and paid in full in exchange for the transfer by Symphony to CFT of all of Symphony' s rights, title, and interest in Symphony' s 49% interest in CFT.

(2) Includes the Catalyst "Enabling Technology," or ET, and the Catalyst "Best of Breed" businesses, but excludes the Catalyst SAP business.

(3) We acquired a 51% stake in ISL Technologies Limited.

From January 1, 2010 to May 15, 2010, we completed the following acquisitions.

Acquisition or Investment	Date	Description
PeoplePoint Software Pty Ltd	January 2010	Australia-based provider of software solutions and services for the aged care residential, clinical and community services management markets
Assets comprising Computility business of Alliance Technologies, Inc.	February 2010	SaaS web-based association and membership management software solution
Vitova Limited (HK)	April 2010	Enterprise content management (ECM) provider in China
TradeBeam, Inc.	May 2010	Provider of on-demand SaaS supply chain visibility and global trade management solutions

From January 1, 2007 through May 15, 2010, we have invested approximately $137.4 million for the purchase of these strategic acquisitions. In January 2010, we offered to buy all of the outstanding shares of Chordiant Software, Inc., a provider of customer experience software and services, in a cash and stock transaction valued at $105.1 million. Chordiant rejected our offer on January 11, 2010.

We expect to continue to selectively pursue acquisitions to expand into new vertical industries, expand our product and service offerings, extend our geographic reach and grow our customer base. Unless otherwise indicated, each acquisition or investment described above is wholly owned by us.

B.

Business Overview

Our Business

We are a global hybrid enterprise software provider of on-premise and cloud deployments. We offer a full suite of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Supply Chain Management (SCM), Manufacturing Operations Management (MOM), Human Resources (HR), Analytics, Not-for-Profit (NFP) Management, eCommerce and other SaaS and on-premise software applications that are tightly integrated to operate smoothly across an enterprise. We offer our solutions to customers in select industries, which we refer to as our targeted vertical industries. Our software applications enable our customers to grow revenue and control costs by automating business processes and facilitating access to critical information.

Our revenues were $239.0 million, $240.8 million, and $203.9 million for the years ended December 31, 2007, 2008 and 2009, respectively.

We strive to ensure that our applications portfolio addresses the major industry-influenced technological challenges facing our customers. Companies in our targeted vertical industries generally have specific and complex business needs and often are subject to extensive regulatory requirements. We believe that the industry-specific functionality incorporated in our software applications addresses our customers' specific requirements more reliably and more cost-effectively than conventional horizontal enterprise software applications.

We believe we have developed a platform that will contribute to our future growth by facilitating organic expansion, strategic acquisitions, and leveraging of cross-selling and other business opportunities with our customers. Our platform has a unique set of attributes, including:

- multiple complementary applications enabling end-to-end business process integration;
- domain expertise in, and focus on, growing and under-penetrated vertical industries, which allows us to build a leading market position in those markets;
- a team of experienced sales and marketing personnel for direct sales along with more than 1,120 resellers, distributors and franchise owners throughout the world;
- offices and franchise partners in over 20 countries located throughout the world, which helps us meet the service and support requirements of our customers worldwide;
- research and development, or R&D, centers located in China and India that provide flexible and cost-effective R&D services;
- considerable experience in acquiring and integrating complementary businesses and assets; and

operating synergies derived from our relationship with our parent, CDC Corporation, and its affiliates.

We offer enterprise software applications that are designed to deliver industry-specific functionality. Our principal enterprise software applications include:

Enterprise and departmental solutions for process manufacturers. These solutions include enterprise resource planning, or ERP, supply chain management, or SCM, manufacturing operations management, or MOM, enterprise manufacturing intelligence, customer relationship management, or CRM, and enterprise performance management, as well as complaint management and aged care solutions;

Vertical SCM applications for distribution companies with complex, high-volume supply chains and distribution networks;

Vertical CRM applications for industries characterized by complex product offerings, business relationships and sales processes; and

SaaS applications that provide enterprise solutions for the Not-For-Profit (NFP) and Non-Governmental Organizations (NGO) market, web-based association and membership management solutions, supply chain visibility and global trade management solutions, and on-demand e-Commerce platforms for retailers and brand manufacturers.

Our Industry

Organizations rely on various enterprise software solutions to optimize their business processes in order to enhance revenue growth and control expenses. ERP software applications allow companies to establish greater financial control and standardize their business processes for operational efficiency and data transparency. SCM software applications are used to manage both supply-side and demand-side business processes, including production planning, logistics and inventory management. CRM software applications are primarily used to automate and coordinate customer-facing business processes within an organization, such as sales, marketing and customer service activities.

Conventional enterprise software applications offer broad functionality, but often must undergo time-consuming and expensive customization to meet industry-specific requirements. As a result, we believe there is significant demand for enterprise software applications that incorporate industry-specific business and regulatory compliance capabilities and that do not require extensive and costly customization. We believe that such demand is particularly strong in medium-sized enterprises and divisions of large enterprises without the resources typically required to customize conventional enterprise software applications. We also believe that the growing trend of companies shifting operations to lower cost geographies, such as China, India and Latin America, is driving a higher growth rate for ERP, SCM and CRM software applications in these regions.

Hybrid Model

In November 2009, we adopted a hybrid model of providing enterprise software solutions through on-premise and cloud deployments. Our hybrid model combines our traditional enterprise software model, which is characterized by perpetual licensing, customization capabilities and traditional implementations, with our SaaS business model, which is characterized by recurring subscriptions, usage and transactional-based pricing, hosted applications, e-Learning and on-Demand, multi-tenancy architecture and virtualization infrastructure. As a result, we believe that our hybrid model can provide for further growth in our businesses, increases in our margins, and a more predictable revenue stream, as well as help us to improve our ability to target new market segments and further penetrate our already existing vertical markets.

Our Competitive Strengths

We believe that we are one of the few global hybrid enterprise software providers of on-premise and cloud deployments. Our global platform provides us with the following competitive strengths:

We have developed a broad suite of scalable enterprise software applications. We have built a broad suite of enterprise software applications for the organizations in our targeted vertical industries, through a combination of internal development and acquisitions. These applications include ERP, SCM, manufacturing operations management, CRM and enterprise performance management. We believe that each of these applications provides the comprehensive functionality required by businesses within our targeted vertical industries to meet their objectives. Furthermore, our applications are designed to easily integrate into other enterprise applications allowing our customers to avoid the time-consuming and expensive IT services necessary to integrate individual applications provided by multiple vendors. Our enterprise software applications are also designed to enable our customers to expand their use of our products as their businesses grow by adding incremental hardware capacity without having to re-implement software or retrain personnel, thereby protecting our customers' original investment in our products, while providing us with additional license, maintenance and services revenue as our customers grow.

We have developed sophisticated products for our targeted vertical industries that can be implemented rapidly, configured and upgraded easily, and are intuitive to use. We believe that sophisticated buyers seek solutions that are closely tailored to their industry-specific requirements. This demand creates significant advantages for us relative to our competitors that offer generalized enterprise software applications. Our enterprise software applications incorporate the specific functionality required by customers in our targeted vertical industries and thus can be implemented without the significant customization that is typically required for conventional enterprise software applications. This results in significant time and cost savings, particularly for medium-sized enterprises and divisions of larger enterprises that do not have large dedicated IT staffs or budgets for software customization. In addition, because our enterprise software applications require less customization during initial implementation, customers can adopt subsequent upgrades more easily, saving them time and money. Furthermore,

because our applications are designed to meet industry-specific requirements and are more intuitive to use than conventional enterprise software applications end-user training requires fewer staff resources and is less expensive and time-consuming.

We have vertically specialized sales, service and support resources. In the current market environment, we believe medium-sized enterprises and divisions of larger enterprises are not only seeking tailored solutions, but also long-term business partners who understand and are familiar with the unique and evolving challenges of their industries. In order to

address this need and to more effectively develop, enhance and sell our industry-specific solutions, we have sought to attract and retain personnel with substantial experience in the industries we target. Our industry experts understand our customers' specific business concerns, resulting in what we believe is a more effective sales, service and support staff than those of our competitors who sell their products through a generalist sales force. Additionally, due to our focus on offering industry-specific solutions, we believe that our marketing programs are significantly more cost-effective than those of our generalist competitors.

We have a global sales, service and support network. Our global customers require local sales, service and support resources. Through a combination of direct sales and partners, we have the ability to distribute our enterprise software applications globally. As of April 30, 2010, we had 120 employees engaged in sales targeting customers in North America, Europe, the Middle East and Africa complemented by 40 channel partners in such regions. We have also invested significantly in sales and marketing in China as we believe demand for enterprise applications in China will be significant in the future and our competitors have found penetrating the market challenging. To support our global customer base we have service centers located in North America, Europe and Asia that provide support on a 24/7/365 basis.

We have a global and diverse base of highly satisfied customers. Our enterprise software applications were being used by over 6,000 companies worldwide as of December 31, 2009. During 2009, approximately 52% of our total revenues were generated in the Americas, approximately 39% in Europe, the Middle East and Africa, and approximately 9% in the Asia Pacific region. Our global and diverse customer base helps ensure that we are not dependent on any single customer, industry or geographic region. Our large global customer base also provides us with significant cross-selling opportunities for new software products as well as upgrades to their existing products. During 2009, we derived $24.5 million or approximately 74% of our license revenues from existing license customers. Additionally, approximately 90% of our maintenance revenue was renewed in 2009 providing us with a solid base of recurring revenue, which contributes to our revenue visibility. We also leverage this high degree of customer satisfaction to support our marketing and sales programs through customer case studies, media interviews, speaking engagements and sales references to generate additional leads and sales.

High quality, lower cost research, development, service and support resources We own and operate research, development, service and support centers in Shanghai and Nanjing, China and Bangalore, India to take advantage of the large number of high quality, lower cost software engineers in those regions. As of April 30, 2010, our facilities in China and India employed approximately 123 and 144 development personnel, respectively, and 27 and 19 consulting personnel, respectively, representing approximately 29% and 35% of our global research and development personnel. This strategy has enabled us to reduce our overall cost structure as the IT labor costs in China and India are substantially lower than typical IT labor costs in the US. It has also enabled us to expand the breadth of product development and accelerate delivery schedules by dedicating additional product development personnel at significantly lower costs per employee. Unlike many of our competitors, we have an established history of operations in China and India and we operate our own in-house development centers, rather than outsourcing to third parties. As a result, we believe we have maintained better control over product quality and development schedules and have experienced less staff turnover.

Our Challenges

Our business is subject to numerous challenges, which are highlighted in the section titled "Risk Factors." These risks represent challenges to the successful implementation of our strategy and to the growth and future profitability of our business. Some of these challenges are:

- our revenues fluctuate significantly from quarter to quarter, which may cause volatility in the trading price of our ADSs;

- our future revenues depend in part on our installed customer base continuing to license additional products, renew customer support agreements and purchase additional services;

our strategy of developing and acquiring products for specific industry segments may not be successful;

we dedicate a significant amount of resources to R&D activities;

we have incurred losses in prior periods and may not be able to achieve or sustain profitability;

we are a newly incorporated company and may encounter difficulties in making the changes necessary to operate as a stand-alone company, and we may incur greater costs as a stand-alone company;

our ability to manage and grow our business may be harmed and we may be unable to accurately report our financial results or prevent fraud if we do not adequately maintain and evolve our financial reporting and management systems and our internal controls; and

CDC Corporation may continue to control the majority of the voting power of our ordinary shares.

Our Growth Strategy

Our goal is to be the leading global provider of a broad suite of scalable enterprise software applications to medium-sized enterprises and divisions of large enterprises in our targeted vertical industries.

We intend to pursue the following strategies to achieve that goal:

Continue to expand and enhance our industry-specific products and expertise to strengthen our competitive advantages. In order to attract new customers and retain existing customers, we will continue to focus on offering high-quality, vertically-tailored enterprise software applications that address our customers' specialized business, industry and regulatory requirements at an affordable cost. As a result, we intend to:

develop broader and deeper product functionality to address our customers' expanding requirements;

develop additional geographically-specific functionality to address the increasingly local requirements of our customers and enable their expansion on a global basis;

attract and retain employees with business and product expertise in our targeted vertical industries; and

provide additional delivery models, such as Software-as-a-Service, or SaaS, and subscription-based hosting to address the preferences of our customers.

Capitalize on cross-selling opportunities into our installed customer base. As of May 2010, our enterprise software applications and services were being used by over 8,000 companies worldwide. However, because the licensing and implementation of software solutions involves a significant capital investment, many customers may not purchase all of the modules or applications we offer to optimize their business at one time. Therefore, our large, global customer base provides us with a significant opportunity to sell our new and existing software products, as well as upgrades for existing applications. In order to accomplish this, our sales force has dedicated sales and marketing personnel focused on selling to our installed customer base. Over time, we anticipate that software sales to our installed base of customers will increase as a percentage of our overall software license sales.

Target emerging markets for enterprise software applications. We believe that lower cost geographies, such as China, India, Latin America and Eastern Europe, represent strong growth markets for enterprise software applications as many companies continue to relocate their operations to those regions due to lower overhead and labor costs. We also believe that our enterprise software applications will have competitive advantages in our targeted vertical industries in these emerging markets because they have been designed to support both the unique vertical industry and geographic requirements of these customers. We have invested significantly in developing direct and indirect distribution resources in these lower cost geographies and intend to take advantage of our specialized products and distribution resources by continuing to target opportunities in these emerging markets. In particular, we believe we are well positioned to take advantage of the experience and infrastructure of CDC Corporation' s family of companies in China.

Expand our in-house software development, services and support centers located in China and India. We perform increasing amounts of our software development, services, and support functions at our in-house development centers located in China and India. While our product development and design decisions are made in North America, the actual development work has been increasingly moved offshore. Specifically, we have established software development centers in Shanghai and Nanjing, China and Bangalore, India. This shift has enabled us

to expand the breadth of product development and accelerate delivery schedules by dedicating additional product development personnel while reducing overall development costs. By establishing our own offshore development centers, we believe that we maintain better control over product quality and development schedules than our competitors that have outsourced their development work to third parties in these locations. Furthermore, we continue to add customer support personnel in these locations, which allows us to deliver 24/7/365 support to our customers at a lower cost. Lastly, we continue to grow our services teams in these locations. We utilize our services personnel in these centers to perform incremental work for our customers and work that can be shifted offshore. This shift enables our local services personnel to assist our customers with higher value-added services (e.g., strategic IT planning), which frees up headcount within our customers' own IT departments for more mission critical activities.

Selectively pursue acquisitions. Our management team has significant experience identifying and integrating successful acquisitions. Since 2003, we have consummated eighteen acquisitions, which have extended our geographic reach, broadened and deepened our product portfolio, and contributed to our vertical expertise. In addition, our global administrative infrastructure, sales, service and support personnel, and lower-cost research and development resources have enabled us to substantially eliminate redundant costs at our acquired companies. In order to continue to expand our geographic reach, product depth and breadth, and vertical expertise and leverage our global platform, we intend to continue to selectively pursue acquisitions.

Expand into new vertical industries. We have been successful by focusing on our targeted vertical industries. We intend to expand into new vertical industries where we believe we can establish a competitive advantage. We may pursue such expansion either through strategic acquisitions or through internal product development. We expect to target new vertical industries that have characteristics similar to our existing vertical industries, such as those characterized by complex customer and partner relationships, intricate regulatory requirements and sophisticated processes and procedures.

Software as a Service (SaaS)

We believe that today' s organizations are under increasing pressure to reduce IT costs while still selecting the best possible software to support their business processes and that "Software as a Service" (SaaS) applications enable companies to reduce up-front investment and ongoing maintenance and support costs for their software.

CDC SaaS solutions offers best-of-breed software for eCommerce, marketing automation and lead management, and membership management, with limited capital investment, rapid implementation, and minimal cost to maintain or manage the system, which saves customers time, labor, and money.

Our Enterprise Software Applications and Services

Our broad suite of enterprise software applications enables our customers to improve efficiency and profitability through company-wide integration of business and technical information across organizational boundaries and multiple departments, such as finance, general manufacturing, logistics, human resources, marketing, sales and customer service. We complement our products with a range of professional services that promote a lower total cost of ownership and faster return on investment.

Our enterprise software applications include the following:

Enterprise Resource Planning. Our ERP products enable our customers to gain greater control and visibility needed throughout their operations to improve profitability and fulfill customer demand. For companies that produce and package products through recipe and formula-based processes, our ERP solutions enable process manufacturers to better manage manufacturing operations with dynamic forecasting and scheduling, formula-based production and yield management, quality control, inventory management, complex product costing, and streamlined regulatory compliance.

Supply Chain Management. Our SCM products better enable process manufacturers to plan and forecast proactively, optimize production schedules, minimize inventory investments, and streamline distribution operations. We also offer SCM products for distribution-intensive companies that support demand-driven fulfillment in multi-company, multi-site, multi-channel environments, such as for retailers (grocery stores, specialty goods and direct merchant retailers), wholesalers (pharmaceutical and over-the-counter drug distributors) and consumer goods manufacturers, which have high volumes of order transactions and fast-moving products.

Manufacturing Operations Management. Our manufacturing operations applications are designed to help companies optimize the efficiency and effectiveness of their factories. These applications are integrated with and complement our ERP and SCM products, and also fill the manufacturing operations void in ERP, SCM and manufacturing execution systems from our competitors. Our manufacturing operations applications combine factory scheduling with real-time performance management and business intelligence to enable continuous improvement, optimization of operational resources and change management for manufacturing operators, engineers, technicians and management personnel.

Customer Relationship Management. Our CRM products are designed to improve our customers' ability to establish and maintain profitable long-term business relationships with their customers by integrating information from the entire enterprise and increasing efficiencies within the sales, marketing and service functions to create one unified business network connecting employees, partners and customers.

Enterprise Complaint Management (ECM). Our ECM applications are designed to better equip organizations to capture and process customer complaints and feedback and use this information to deliver cost reductions, increased efficiencies, improved customer satisfaction and increased profitability. These applications enable companies to improve customer satisfaction and advocacy, drive business improvements and competitive advantage as well as provide the ability to help address regulatory compliance requirements.

Human Resource Payroll (HRP). Our HRP solutions, which are currently only offered in China, focus on automating processes to enable an organization to improve business results and increase workforce performance by leveraging technology and applications to manage and mobilize a unified, global workforce. Our HRP solutions are designed to streamline the human resource management process, increase work efficiency, and support strategic decision-making. Our customers are able to automate routine daily tasks such as payroll processing, attendance, and benefits tracking, giving them more time and information to implement strategies that align the workforce with their organization' s strategic goals.

Business Analytics (BA). Our BA applications are designed to empower organizations with convenient access to information, reporting and analysis capabilities, and budget and planning systems. These tools give customers the ability to convert large volumes of data collected and stored by the business into meaningful and multi-dimensional reports and analyses for use in decision-making. These applications are sold as complementary applications to our ERP, SCM, CRM and manufacturing operations solutions.

CDC eCommerce. Our on-demand eCommerce platform for retailers and manufacturers helps them effectively sell products through multiple online sales channels and across international boundaries. The platform powers more than 150 ecommerce sites in 10 countries. CDC eCommerce provides its client base with a unique combination of technology and professional services, allowing these organizations to effectively outsource core elements of their eCommerce operations. The CDC eCommerce system facilitates each element of the online sales cycle and includes functionality in catalogue and inventory management to help ensure effective product management, advanced merchandising, analytical tools and SEO (search engine optimization) friendly URLs. In addition, CDC eCommerce offers an on demand auction platform that provides multiple selling formats (English, Dutch auctions, and fixed price), co-registration, customized category development, homepage merchandising, currency converter with real-time quotes, shipping calculator and AVS fraud protection.

Enterprise Association Management Nonprofit. CDC gomembers NFP and NGO are comprehensive software and technology solutions designed to meet the needs of member-based organizations and the meetings and convention industries. CDC gomembers NFP and NGO software and technology solutions, developed on the Microsoft .NET Framework, help customers automate a number of enterprise planning, member relationship management, transaction processing, and member-to-member communications functions using a single platform with seamless inter-processing of data across all applications. These solutions help improve operating efficiency, enhance services offered to members, and enable interaction with and between members.

CDC TradeBeam. CDC Tradebeam offers on demand solutions that streamline global trading for enterprises and their partners. CDC TradeBeam' s integrated solution provides import and export compliance and visibility including inventory management, shipment tracking, and supply chain event management, as well as global trade finance solutions such as open account and letter of credit management.

The following table sets forth the core components of our various solutions described above:

ERP	SCM	Manufacturing Operations Management	CRM	ECM	HRM (China)	BA	Enterprise Association Management NonProfit	e-Commerce
Financial Management	Supplier Management	Factory Scheduling	Sales Marketing	Complaint Management and Escalation Feedback Management Business Analytics	Human Resources Payroll Administration Attendance Tracking Employee Self-Service Benefits Management	Reporting Analysis Budget Planning	Financial Management Enterprise Association Management CRM Membership Management Meeting and event Management e commerce	On Demand Platform Online Auction Platform Order Management Online Merchandise Management Search Engine Optimizator Online Catalog Management Business Intelligence
Manufacturing Management	Demand Planning Replenishment Planning	Real-Time Performance Management	Service Partner Management					
Quality Management	Vendor Managed Inventory	Business Analytics	Business Analytics					
Track and Trace	Sales and Operations Planning	Enterprise Manufacturing Intelligence	Mobile CRM					
Regulatory Compliance	Production Scheduling	Continuous Improvement	Complaint and Feedback Management					
Materials Management	Radio Frequency Identification	Enterprise Maintenance Management	Add-On Products to Microsoft Dynamics CRM					
Inventory Control	Planning Warehouse Management	Quality Control						
Maintenance Management	Transportation Management							
Business Analytics	Execution							
Data Collection	Business Analytics							
Supply Chain Planning	Global Trade Management							

Our diverse portfolio of sophisticated enterprise software applications is targeted at medium-sized enterprises and divisions of larger enterprises in a targeted set of vertical industries. The following chart summarizes our current vertically focused products:

Industry Specialization	ERP	SCM	Manufacturing Operations Management	CRM	ECM	HRM (China)	BA	Enterprise Non-profit	e-Commerce
Food and beverage	X	X	X	X	X	X	X		
Consumer products	X	X	X	X		X	X		
Pharmaceutical and biotechnology	X	X	X	X	X	X	X		

Financial services				X	X	X	X		X
Energy	X			X	X				
Insurance				X	X				
Chemicals	X	X	X	X		X	X		
Metals and natural products	X	X	X	X		X	X		
General manufacturing	X	X		X	X	X	X		X
Logistic services		X		X					
Spare parts distribution		X		X					
Wholesale distribution		X		X					
Retail operations		X		X					X
Healthcare				X	X	X	X		
Non-profit								X	
Public sector					X			X	

Our targeted vertical industries typically have specific and often complex business, industry and/or regulatory requirements that generalist vendors are often unable to satisfy without time consuming and expensive customization. Some of the ways by which our industry-specific solutions can help our customers are shown below:

Selected Targeted Vertical Industry	CDC Software Industry-Specific Benefits
Food, beverage and consumer products	Streamline operations and supply chain functions to reduce costs and improve profits Cost-effectively respond to increasing demands of big-box retailers and large distributors Manage complex sales and distribution networks Streamline regulatory compliance Ensure consistent safety and quality of product Ensure brand protection Manage recalls and mock recalls Increase product line profitability Optimize production and inventory planning Provide customer self-service Manage recipes Control inventory Facilitate complex product costing
Pharmaceutical and biotechnology	Streamline regulatory compliance Monitor, track, control, validate and audit critical resources and activities across the manufacturing and distribution processes Maintain control and ensure product safety and quality while taking advantage of the industry trend toward outsourced and offshore manufacturing Ensure brand protection Manage recalls and mock recalls Optimize production and inventory planning Provide customer self-service Manage customer complaints to improve customer satisfaction and retention, and ensure regulatory compliance
Financial services	Differentiate product offerings Increase sales effectiveness by managing indirect relationships with decision-makers Build customer loyalty by offering unique, personalized services Improve customer experience with coordinated interactions across all departments Measure and track expenses and profitability of individual agents and brokers Increase data accuracy and accessibility Streamline time-intensive processes to reduce costs Manage customer complaints to improve customer satisfaction and retention, and ensure regulatory compliance
Energy	Integrate new products and services into the sales force Adapt complex processes to new regulatory mandates and energy conservation incentive programs while tracking the success of these programs to ensure compliance Integrate data from many different systems into a consolidated view enabling customer service to provide customers with insight into complex pricing and rebate programs
Insurance	Provide accountability throughout the entire lifecycle of a group through automated workflows between internal departments and broker channels

	Integrate with core systems either through imports or real-time connectivity eliminating data duplication, reducing data entry and errors, as well as improving sales, underwriting, and membership processes
Chemicals	Streamline operations and SCM functions to reduce costs and improve profits Optimize production and inventory planning Manage complex sales and distribution networks Facilitate automated monitors and reporting to efficiently demonstrate compliance Maintain control and ensure product safety and quality while taking advantage of the industry trend toward toll processing and outsourced and offshore manufacturing Optimize value of capital investments in production equipment and warehouse capacity

Selected Targeted Vertical Industry	CDC Software Industry-Specific Benefits
Metals and natural products (forest and agricultural products)	Streamline operations and SCM functions to reduce costs and improve profits Minimize operating costs and maintain control while taking advantage of the industry trend toward outsourced and offshore manufacturing Respond to an increasing need to outsource to meet cyclical demands Enhance customer service as a differentiator Improve productivity Optimize value of capital investments in production equipment and warehouse capacity
General manufacturing	Accelerate time to market for new products Increase sales effectiveness by managing indirect relationships with deal influencers Increase margins through improved price quoting and discounting Coordinate the management of extended sales teams including direct wholesalers and distributors
Logistics services	Collaborative Services Framework as the supply chain service bus for rapid and flexible integration with trading partners including adding new clients Trading partner portals to expose operating data critical to customer' s operations Third-party logistics billing module Ability to fulfill in a multi-brand environment, with customized processes, workflow and shipping paperwork for multi-tenant environments
Spare parts distribution	Optimization of labor intensive picking, packaging and shipping for spares and repair parts Full support for serialized, lot controlled and hazardous materials Support for same day order fulfillment or will-call for emergency vehicle off road or aircraft on ground orders Global transportation planning including export, International Air Transport Association and denied parties compliance support Department of Defense Radio Frequency Identification and battlefield readiness compliance
Wholesale operations	Support for complex pricing and sourcing models including multi-region, multi-company, multi-currency price books Integrated supply chain planning and execution for multi-channel fulfillment Optimizing for transportation and warehouse execution Customer web shop including bid management for contractors
Retail operations	Centralized order/replenishment management integrating point of sale, forecasting, merchandising and supply lead times Advanced cross dock planning with real time allocation logic designed for retail stores Ability to support a mix of push based merchandising and rapid response demand based store replenishment Direct integration with complex material handling systems including carousels, automation storage and retrieval systems, unit sortation systems
Healthcare	Gain insight into individual client requirements and expectations Improve data quality and management visibility Improve the profit potential of each client Coordinate services more consistently and effectively across all departments Manage customer complaints to improve customer satisfaction and retention, and ensure regulatory compliance

Maintenance and Support

We seek to ensure that our customers are able to quickly and easily resolve issues related to our enterprise software applications. We provide global customer support on a 24/7/365 basis through a variety of channels, including web-based support, e-mail, telephone support, technical publications and product support guides. Customer support works closely with our customers' internal support teams to assist our customers in their use of our solutions. Generally, our customer support is provided under the maintenance provisions in our license agreements for an annual fee, which is based on a percentage of

the software license fees. Customers are typically required to purchase customer support for at least one year when they enter into a license agreement. Standard maintenance agreements generally entitle a customer to certain product upgrades and product enhancements, as well as access to our support staff. In addition to standard support, we continue to expand our offerings to include remote services and extended technical support.

Professional Services

We offer professional services to customers to enable them to get the most out of our enterprise software applications. These services are principally offered on a time and materials basis as well as on a fixed fee basis and include:

Software Implementation Services. Our professional services team works with our customers, third-party resellers and systems integrators to implement our software. Our experienced professional services team includes professionals who have a deep understanding of the technical and regulatory requirements of customers in our targeted verticals and help our customers to ensure effective implementation of our products to meet their specific needs. The majority of our implementation services relate to implementing and configuring our software, but we also offer advanced interface configuration and data migration services when required. When we sell software services directly to our customers we offer these services at a fixed price for a fixed scope of work.

Education Services. We seek to ensure that our customers effectively adopt and use their enterprise software applications by delivering education and training services that fit each customer' s business needs. Education services are offered to customers as standard or customized classes at our education facilities or at the customer' s location.

Sales and Marketing

We sell our products and services through a variety of methods, including our direct sales force, our channel partners and distributors, and, for certain products, through our websites. Our direct sales force is organized by targeted vertical industry and is primarily concentrated in the United States and Western Europe. As of December 31, 2009, we had 164 employees engaged in direct sales.

In addition to our direct sales force, we sell our products through a global network of partners and distributors. These partners include value-added resellers, original equipment manufacturers, consulting and professional services companies, progressive product development organizations, and regional consulting and sales agents that meet certain criteria. Our partners and distributors pay us royalties on the sales of products and maintenance services. As of December 31, 2009, we had approximately 1,120 resellers, distributors and franchise owners, principally located outside the United States, that resell and distribute our enterprise software products. In addition, we sell add-on products, solutions and tools for the Microsoft Dynamics CRM platform both directly through an online store and through more than 1,120 authorized reseller partners worldwide.

In support of our sales force, partners and distributors, we conduct a variety of marketing programs, including telemarketing, direct mailings, online and print advertising, seminars, trade shows, public relations and on-going customer communications. We are engaged in a significant marketing effort using online channels including web-based seminars, online newsletters, and electronic direct mail. Additionally, we participate in industry, customer and analyst events and hold local events to better meet the needs of prospects, partners, distributors and customers around the world. We also hold an annual global users conference as a forum to bring together users of our products to present upcoming products and releases, share success stories and best practices and obtain feedback from our customer base on the quality of our products and services, as well as ideas for improvements and future upgrades.

We also conduct communications programs to establish and maintain relationships with key trade press and industry analysts. We have customer marketing teams targeted at working directly with our customers to obtain feedback and to track ongoing customer success stories.

We also hold joint web events with marketing partners and others, co-author business papers, and create and publish other materials that are of value to our customers and partners when making a decision to purchase one of our products.

Franchise Partner Program

We have established a Franchise Partner Program, or FPP, and have allocated an aggregate of $20.0 million for investment in channel partners to establish strategic relationships to accelerate mutual business expansion. We select participating partners in high-growth geographies including Eastern Europe, the Middle East, Latin America, India and China. For participation in the FPP, we seek partners with long-standing, successful track records in ERP, SCM and CRM. As of December 31, 2009, we have invested a total of $0.7 million in investments and another $0.8 million in loans into six partners on a global basis. Those franchise partners include:

Franchise Partner	Date	Percentage Ownership	Description
CDC CRM Solutions Private Limited (CDC CRM Solutions India)	November 2007	19 %	Reseller of CRM products.
CMT Argentina, S.A (CMT Argentina)	August 2007	10 %	Reseller of ERP products.
Business T&G, S.A (Business T.G. Spain)	May 2007	19 %	Reseller of ERP, CRM and SCM products.
Desarrollo de Recursos Estratégicos S.A. de C.V. (DRE Mexico d/b/a CDC Software Mexico)	January 2008	19 %	Reseller of CRM products.
CDC Software DO Brasil Sistemas S.A. (Ross Brazil)	June 2008	15 %	Reseller of ERP products.
Ross Enterprises S.A. (Ross Chile)	June 2008	10 %	Reseller of ERP products.

Strategic Cloud Investment Partner Program (SCIPP)

In April 2010, we established our Strategic Cloud Investment Partner Program, or SCIPP, pursuant to which we plan to make minority investments in, and form strategic reselling partnerships with, companies offering cloud-based or point solutions which we believe complement our enterprise solutions portfolio. Under SCIPP, we plan to make investments of up to $3 million in each partner, which may be structured as a capital investment, convertible note or a combination of the foregoing.

eBizNET Solutions, Inc. In May 2010, we completed the first and second stages of our planned investment in eBizNET Solutions Inc., or eBizNET, a leading provider of software-as-a-service (SaaS) supply chain execution solutions. eBizNET offers an integrated suite of on-demand SaaS Supply Chain Execution (SCE) solutions including warehouse management, transportation management, yard management, port and cargo terminal management, activity based billing and costing, and reverse logistics. Upon completion of the first stage of our investment in eBizNET, we entered into a subscription agreement whereby we provided a loan to eBizNET in the amount of $0.5 million. Upon the achievement of certain milestones, we provided an additional loan in the amount of $0.5 million. The loans are intended for working capital purposes and to accelerate business expansion. At our option, we may provide up to an additional $1.0 million in loans. The loan is convertible at our option, following the closing of the next venture capital financing completed by eBizNET Solutions Inc.

Marketbright, Inc. In May 2010, we completed the first tranche of our investment in Marketbright, Inc., an on-demand software-as-a-service (SaaS) marketing automation company. Marketbright delivers the leading SaaS marketing automation solution, enabling more than 20,000 users at companies to make contact, manage leads and convert prospects to customers. Upon completion of the first tranche of our investment in Marketbright, Inc., we acquired 1,764,705 shares of Series B Preferred Stock of Marketbright, Inc. for $0.9 million. The Series B Preferred Stock Purchase Agreement provides that in the event the milestones to be agreed upon between Marketbright, Inc. and us are achieved, we will acquire an additional 1,764,705 shares of Series B Preferred Stock for an additional $0.9 million.

Product Development

To meet the increasingly sophisticated needs of our customers in our targeted vertical industries and address potential new markets, we strive to invest in, and enhance the functionality of, our existing product offerings and related services and develop new product solutions. During 2008 and 2009, we spent $25.9 million and $18.0 million, respectively, on research and development activities.

Our development process involves a system in which we obtain product input from a variety of sources, including product and design forums, specialty industry groups, market trends, changes in industry and regulatory requirements and customer surveys. The input is conveyed through internal product boards, made up of technical, sales and marketing personnel that provide advice to the product manager who then produces a product plan. Generally, under the product plans, specific major new releases are made every 12 to 18 months, with minor product releases on a six-month basis.

Under our product development model, decisions regarding the direction of our product lines are made in North America, with the actual development work being increasingly moved off-shore, principally in China and India. We have established a software development center in Shanghai, China to develop our enterprise and departmental solutions for process manufacturers and a software development center in Bangalore, India to develop our vertical CRM products, both of which have achieved Microsoft Gold Certification.

Our China management team has substantial industry experience. Executives in leadership roles in China have an average of approximately 16 years of technology industry experience each inside and outside of China. Furthermore, we have an established history of operations in China, and as such, have developed strong government relationships. Shanghai is our key development center in China today, but we have established a beachhead in Nanjing as well, since Nanjing offers lower operating costs than Shanghai, providing us an ability to maintain a low cost structure in China. We also have a partnership with one of China' s leading universities, the Nanjing University, to ensure we can hire top talent as needed. More than 200,000 students graduate from Nanjing' s universities each year. Nanjing' s total operating costs are lower than Shanghai' s. Our India management team also has substantial industry experience, with executives in leadership roles in India having an average of approximately 14 years of technology industry experience each inside and outside of India. Our presence in India allows us to take advantage of the well-educated, highly skilled workforce available in that region at reasonable operating costs.

As of December 31, 2009, our software development centers in China and India employed approximately 123 and 144 development personnel and 27 and 19 consulting personnel, respectively. This shift of development capabilities to our offshore facilities has enabled us to expand the breadth of product development and accelerate delivery schedules while reducing overall development costs. By managing our own internal development centers, rather than outsourcing to third parties (as is frequently practiced in the software industry) we believe we have maintained better control over product quality and development schedules.

We now have approximately 29% of our global R&D organization in China, and intend to increase that percentage over time. This strategy is intended to further reduce our overall cost structure as China' s IT labor costs are lower than typical IT labor costs in the US and India. We have experienced only modest salary increases in China relative to other regions, such as India. Turnover rates have also been relatively low in China.

One of our acquisition advantages is our ability to migrate R&D efforts to our China and India operations. Our acquired companies typically have an R&D spend as a percentage of revenue above the CDC Software corporate average. We are able to leverage our offshore capabilities to lower that spend level, or accelerate development schedules, in a short period of time after completing acquisitions.

Intellectual Property

We regard the protection of our trademarks, service marks, copyrights, trade secrets, domain names, and other intellectual property rights as crucial to our success. We rely on a combination of copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions and other similar measures to protect our proprietary information and technology. In addition to the protection generally available to unregistered trademarks under the laws of many jurisdictions, we also protect our trademarks through registration primarily in the United States and Canada, although we do seek such protection elsewhere in selected key markets. Protection may not be available in every country in which our intellectual property and technology is used. As part of our confidentiality procedures, we have policies of entering into non-disclosure and confidentiality agreements with our employees, consultants, corporate alliance members, customers and prospective customers. We also enter into license agreements with respect to our technology, documentation and other proprietary information. These licenses are nonexclusive and generally perpetual. We also provide for source code escrow arrangements under some of our license agreements. See "Risk Factors − Risks Relating to Our Business."

We currently sub-license and distribute the intellectual property and technology of third parties. As we continue to develop intellectual property and introduce new products and services that require new technology, we anticipate that we may need to obtain licenses for additional third-party technology.

Obligations under our credit facility with Wells Fargo Capital Finance are secured by a first priority security interest in all of the assets of Ross Systems, CDC Software Corporation, CDC Software, Inc., and Pivotal Corporation, including without limitation, all accounts, equipment, inventory, chattel paper, records, intangibles, deposit accounts and cash and cash equivalents, with the exception of certain intellectual property.

Acquisitions

Our business has been built in large part through strategic acquisitions and investments during the prior seven years. A summary of our strategic acquisitions and investments related to our business that have been completed since January 1, 2003 is set forth herein under "Item 4.A., Information on the Company – History and Development of the Company − Acquisitions."

Competition

The enterprise software industry is very competitive and subject to rapid technological change. A number of companies offer products that are similar to our products and target the same vertical industries as us. Some of our potential competitors may have significantly greater financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their products. In addition to competing with the internal IT departments of our customers with their own legacy and homegrown systems, our major competitors in each of our targeted vertical industries include:

Integrated ERP and SCM in the food and beverages, consumer products, pharmaceutical and biotechnology, chemicals, metals and natural products industries: Epicor, Infor, Lawson, Manhattan Associates, Microsoft, Oracle, QAD, Sage, SAP and various other small vendors.

Vertical CRM in the financial services, business services, homebuilding and real estate, general manufacturing, and healthcare industries: Consona, Microsoft, NetSuite, Oracle, Sage, Salesforce.com, SalesLogix, SAP and various other small vendors.

Extended Supply Chain solutions in the distribution industries: i2, Infor, Logility, Manhattan Associates, Oracle, Red Prairie and SAP.

HR Payroll: Oracle, SAP and various local providers in the China market, including BenQ Group, Cityray Technology, Kingdee International Software Group, Shanghai Kayang Information System, Strategy Software Systems, UFIDA Software and Vanguard.

In addition, our major competitors in the Hybrid/SaaS industry include: Ariba, Concur Tech, Intuit, Netsuite, RightNow, Salesforce.com, Blackboard, Unica and Art Tech Group.

Legal Proceedings

We currently, and from time to time, are, subject to claims arising in the ordinary course of our business. Except as described below, we are not currently subject to any such claims that we believe could reasonably be expected to have a material and adverse effect on our business, results of operations and financial condition.

Marjorie Fudali. In June 2003, Marjorie Fudali, or Fudali, filed a civil action in the United States District Court for the District of Columbia against Pivotal, alleging that she was owed commission in the amount of $0.4 million plus override commissions under a compensation plan allegedly agreed between her and a former senior executive of Pivotal, and wages under District of Columbia wage laws. In early 2004, Pivotal' s motion to dismiss the wage law claim was granted. In July 2004, Fudali amended her complaint to add a promissory estoppel claim. In August 2004, Pivotal filed a motion for summary judgment, which was denied by the Court, ruling that factual disputes

existed, which should be resolved at trial. Shortly before the jury trial, which was scheduled to occur in January 2007, Fudali alleged that new facts came into light and amended her damages claim to $2.3 million. As a result, the jury trial was adjourned. The jury trial took place in October 2007, and a verdict against Pivotal was returned. The Court ordered Fudali to provide a calculation of the amount to which Fudali believed she was entitled based on the verdict. Fudali provided two alternative calculations in the amounts of $1.9 million and $1.8 million. Pivotal challenged those calculations. In November 2008, the Court found that two of Pivotal' s challenges could not yet properly be raised, but upheld the remainder of the challenges. The Court thus entered judgment for Fudali in the amount of $1.2 million. Pivotal challenged that amount on the grounds the Court deferred in November 2008. Post-judgment discovery requests were received from Fudali' s counsel, and in February 2009, Pivotal filed a motion for protection from the discovery request. In April 2009, the Court denied Pivotal' s motion for protection and required Pivotal to either provide the information requested by Fudali' s counsel or post a bond in the amount of the current judgment. In April 2009, Pivotal was required to post a bond in the amount of $1.2 million with respect to this matter. Post-judgment discovery is ongoing. We intend to vigorously defend such action.

Sunshine Mills. In May 2008, Sunshine Mills, Inc., a customer of CDC Software, filed a claim in the Circuit Court of Franklin County, Alabama alleging various tort-based and other causes of action relating to the sale and implementation of a Ross Systems ERP system. The claim filed by Sunshine Mills did not specify the amount of damages. A jury trial was scheduled for May 2009. In March 2009, the Court granted our motion to continue and the trial date is pending. Discovery is ongoing. We intend to vigorously defend such action. Our management considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

Cerro Wire, Inc. In June 2009, Cerro Wire, Inc., a customer of Ross filed a claim in the Circuit Court of Morgan County, Alabama alleging various tort and contract based causes of action relating to the sale and implementation of a Ross Systems ERP system. The claim demanded the refund of approximately $0.3 million in fees paid by Cerro Wire to Ross, together with a cancellation of additional amounts owed to Ross related to the sale of the ERP system and compensatory damages. Discovery is ongoing. We intend to vigorously defend such action. Our management considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

Hanna's Candles. In October 2009, Hanna' s Candles, Inc. filed a complaint in the Circuit Court of Washington County, Arkansas, for an unspecified amount of damages, alleging fraud and contract claims relating to the sale and implementation of a Ross ERP system. In November 2009, Ross Systems removed this action to the U.S. District Court for the Western District of Arkansas and filed an answer denying all claims and a counterclaim for unpaid fees. Discovery is ongoing. We intend to vigorously defend this action. Our management considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

AERT. In November 2009, Advanced Environmental Recycling Technologies, Inc. (AERT) filed a complaint in the Circuit Court of Washington County, Arkansas, alleging tort and contract based claims relating to the sale and implementation of a Ross ERP system, for an unspecified amount of damages. In December 2009, Ross filed an answer denying all claims and a counterclaim for unpaid fees. Discovery is ongoing. Ross intends to vigorously defend this action. Our management considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

A. Menarini Industrie Farmaceutiche Riunite. In February 2009, we and our subsidiary, Grupo CDC Software Iberica, SL, or Ross Systems Iberica, received a letter from A. Menarini Industrie Farmaceutiche Riunite, or A. Menarini, a company that licensed Ross' s iRennaissance product, or Iren, under a Software License Agreement dated March 31, 1999. A. Menarini alleges that, in 2008, it identified certain failures in the Iren software that relate to French VAT on service transactions, and which have allegedly led to the loss of VAT credits by A. Menarini and its affiliates. As a result, A. Menarini has asserted that it has suffered damages of 10.0 million, or approximately $14.0 million, and asserted claims therefor. In February 2009, we responded to these claims and denied the merit of, and any liability with respect to, such claims. In March 2009, we and Ross Systems Iberica received a summons to appear in the Commercial Court of Evry in April 2009 and an order permitting the appointment of a special master to investigate this dispute. A hearing on the request for appointment of a special master was held in April 2009, at which time the judge took the matter under advisement. A ruling was issued in May 2009 by the Commercial Court of Evry pursuant to which the Special Master declined to rule on the case. In June 2009, A. Menarini appealed the decision of the Commercial Court of Evry, which reversed the lower court ruling. The matter is proceeding with the review of claims by an independently-appointed technical expert. Management is currently evaluating this matter and no estimate of potential loss, if any, is available at this time. Furthermore, management intends to continue to vigorously dispute this matter.

184 Front Street Ltd. In March 2009, 184 Front Street Ltd. obtained a default judgment against us in the amount of approximately $0.4 million (CAD), in the Ontario Superior Court of Justice representing accelerated rental amounts payable under a lease for our former premises in Toronto, Ontario, Canada. Management intends to vigorously defend such action.

King & Spalding LLP. In April 2010, King & Spalding LLP filed suit against us in the Superior Court of Fulton County, Georgia, in the amount of approximately $0.4 million plus interest and costs, alleging breach of contract, promissory estoppels and unjust enrichment, relating to our non-payment of disputed invoices. Management intends to vigorously defend such action.

Our Relationship with CDC Corporation

We were incorporated in March 2009 as an exempted company with limited liability under the Companies Law of the Cayman Islands as a wholly owned subsidiary of CDC Software International to operate the enterprise software applications business of CDC Corporation in the Americas, Europe, Middle East, Africa and Asia. As of April 30, 2010, CDC Corporation indirectly owned ordinary shares representing 98.1% of the combined voting power of our outstanding shares and 84.3% of the economic interest in our outstanding ordinary shares.

We are comprised of the former Software segment of CDC Corporation. In May 2006, CDC Corporation established CDC Software International and contributed certain of the assets of the Software Group to CDC Software International. Before the completion of our initial public offering, CDC Corporation caused CDC Software International to transfer the shares of those subsidiaries through which we conduct our business to us. Such transfer included all of the issued and outstanding shares of several of CDC Software International' s operating subsidiaries, including each of Ross Systems, Inc.,

or Ross Systems, Pivotal Corporation, or Pivotal, Saratoga Systems, Inc., or Saratoga, Industri-Matematik International Corp., or IMI, Respond Group Limited, or Respond, MVI Holdings Limited, or MVI, c360 Solutions, Inc., or c360, and portions of Catalyst International, or Catalyst.

CDC Corporation indirectly owned all of our ordinary shares prior to our initial public offering in August 2009. CDC Corporation, which is headquartered in Hong Kong, is a company listed on the NASDAQ Global Market under the stock symbol "CHINA." CDC Corporation is a global provider of enterprise software (primarily through us), online games and internet and media services.

CDC Corporation continues to control our business operations through its shareholdings of more than 50% of our total voting power. As such, we are a "controlled corporation" within the meaning of the NASDAQ Marketplace Rules, and are exempt from NASDAQ' s corporate governance Rule 5605(b). This means that a majority of our Board of Directors does not need to be comprised of "independent directors" as defined by NASDAQ, and our compensation committee and nominating committee do not need to be comprised solely of "independent directors" as defined by NASDAQ Marketplace Rules.

We continue to leverage our relationship with CDC Corporation and its affiliates by, among other things, entering into a Trademark License Agreement with CDC Corporation prior to the consummation of our initial public offering pursuant to which we and CDC Corporation license the use of various trademarks of the other. Under the agreement we license the "CDC" name and logo, on a non-exclusive basis and CDC Corporation licenses from us, certain of our and our subsidiaries' trademarks, including "The Customer Driven Company," and the logos for "Pivotal," "Respond," "Ross Systems" and others, on a non-exclusive basis. No royalty is payable by either party until the earlier of five years after the consummation of our initial public offering in August 2009 or CDC Corporation ceases to own at least 50% of the total voting power of our ordinary shares, upon which each party shall pay the other an annual royalty in arrears of $10,000 during the term of the Trademark License Agreement. If CDC Corporation ceases to own indirectly at least 50% of the total voting power of our ordinary shares, each party has the right to terminate the Trademark License Agreement, subject to a six month notice period.

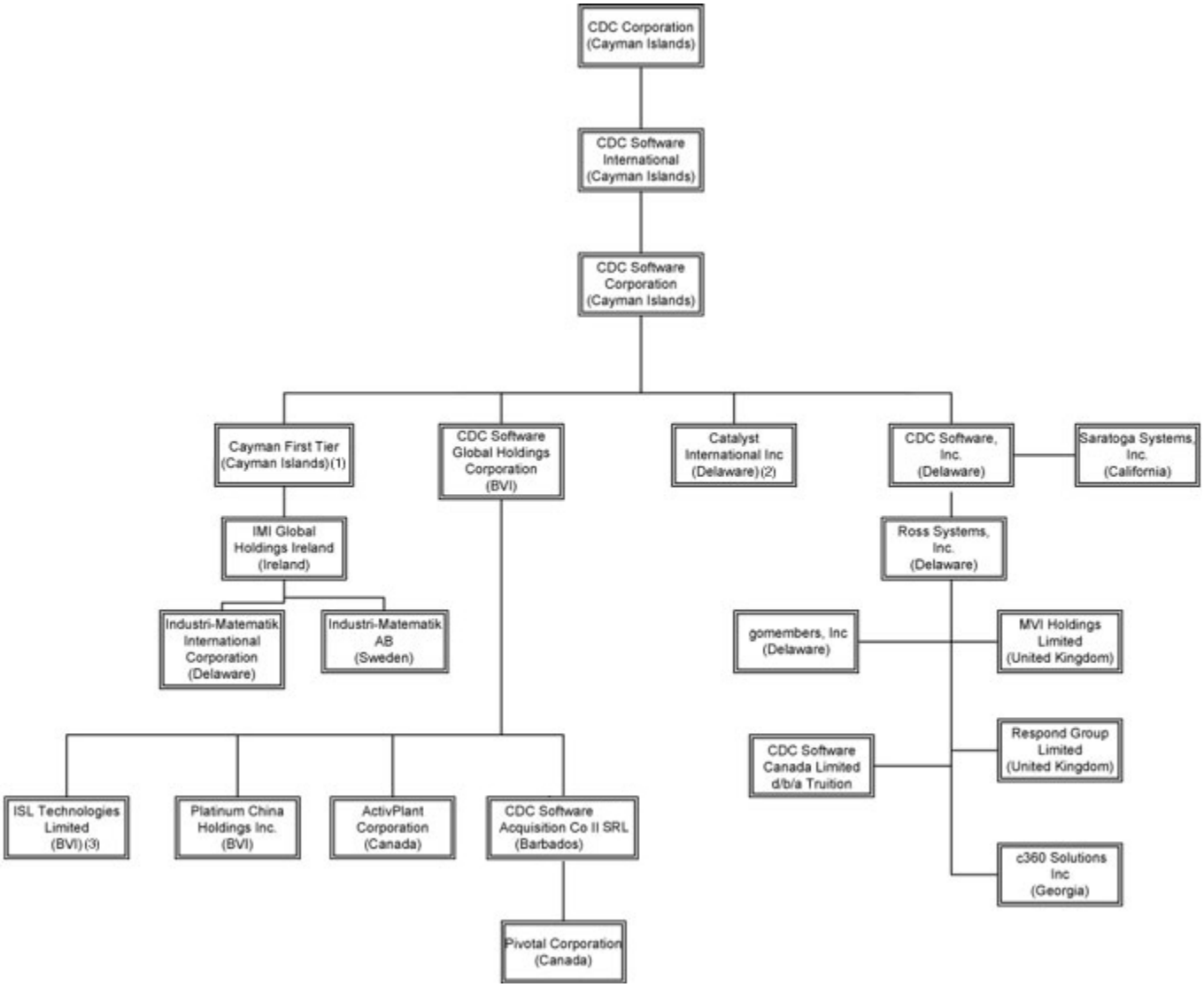
We also entered into a Services Agreement with CDC Corporation prior to the consummation of our initial public offering pursuant to which CDC Corporation and we are obligated to provide certain services to each other at prices reflecting the actual costs incurred by the entity providing such services, as long as the agreement remains in effect. Certain additional services relating to strategic business consulting services, software implementation services, software operational support services, and customer education and training services are provided to us by CDC Corporation at a price equal to the costs incurred by CDC Corporation or its subsidiaries to provide these services plus an additional gross margin of 25%. We are required to first offer CDC Corporation the right to provide these additional services; however, in the event that CDC Corporation chooses not to exercise such right, we are entitled to contract with a third party for these services in order to fulfill our obligations to our customers. In addition, we expect to continue to pursue cross-selling and other sales and marketing-related initiatives between us and CDC Corporation' s Global Services Group.

Some of our officers and directors provide services to, and devote significant amounts of their time to, our ultimate parent company, CDC Corporation and its other subsidiaries. Peter Yip, one of our directors and our Chief Executive Officer, Donald Novajosky, our General Counsel and Secretary, and Matthew Lavelle, our Chief Financial Officer, are also officers and/or employees of CDC Corporation and/or others of its subsidiaries. Raymond Ch' ien, John Clough, Peter Yip and Simon Kwong Chi Wong, who are members of our Board of Directors, also serve as officers and/or directors of CDC Corporation and/or others of its subsidiaries.

C.

Our Corporate Structure

The following table sets forth our corporate structure after giving effect to the contribution by our immediate parent, CDC Software International Corporation, to us of the assets and liabilities relating to CDC Corporation' s Software segment in August 2009:



All entities in the chart are wholly-owned unless otherwise noted.

(1)

Prior to November 2007, CDC Corporation held 51% of Cayman First Tier, or CFT, the parent company of Industri-Matematik International Corp. In November 2007, CDC Corporation, CFT and Symphony Technology Group, or Symphony, entered into a letter agreement whereby all amounts due and payable to CFT pursuant to a $25.0 million note made by Symphony were deemed discharged and paid in full in exchange for the transfer by Symphony to CFT of all of Symphony' s rights, title, and interest in Symphony' s 49% interest in CFT.

(2)

Includes the Catalyst "Enabling Technology" or ET, and the Catalyst "Best of Breed" businesses, but excludes the Catalyst SAP business.

(3)

We have a 51% stake in ISL Technologies Limited.

D.

Property, Plants and Equipment

Facilities

As of May 15, 2010, we owned no real estate and our major leased facilities included our:

principal executive offices in Hong Kong, where CDC Corporation, our parent company, has leased approximately 8,000 square feet, approximately 40% of which we occupy, our subsidiary, Integrated Systems Limited, has leased 5,960 square feet, approximately 100% of which we occupy;

corporate, research and development, sales, marketing, consulting and support facilities in Atlanta, Georgia, where we lease approximately 27,500 square feet;

professional services, education and research and development facilities in Vancouver, British Columbia, where we lease approximately 12,267 square feet;

sales, marketing and support facilities in Northampton, England, where we lease approximately 11,500 square feet;

product development, support and services facilities in Linkoping, Sweden, and Hassleholm, Sweden, where we lease approximately 12,700 square feet and approximately 11,800 square feet, respectively; data center and hosting facilities in Globen, Stockholm, Sweden, where we lease approximately 4,100 square feet; and operational, services and data center facilities in Stockholm, Sweden, where we lease approximately 17,000 square feet;

product development centers in Bangalore, India, where we lease approximately 40,000 square feet, and Shanghai, China, where we lease approximately 33,215 square feet;

operational facilities for certain of our enterprise software subsidiaries located in Toronto, Ontario, Canada, and London, Ontario, Canada, where we lease approximately 7,200 square feet and 12,400 square feet, respectively;

sales, marketing, consulting and support, professional services, education and research in Milwaukee, Wisconsin, where we lease approximately 41,000 square feet; and

operational facilities for certain of our SaaS operations located in San Mateo, California, where we lease approximately 25,000 square feet.

We and our subsidiaries also lease additional office space in various other locations in the United States, Canada, Europe, Asia and Australia used primarily for local sales, services, support and administrative services.

We believe that our premises are sufficient for our needs in the near future.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion of our financial condition and results of operations together with our combined and consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 20-F. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those anticipated in these forward-looking statements as a result of factors including, but not limited to, those set forth in "Item 3.D., Key Information – Risk Factors" and "Item 11., Quantitative and Qualitative Disclosures About Market Risk."

Overview

Operating Segments

Historically, results of the Company have been accounted for based on one segment: Software. The recent acquisitions of Truition and gomembers in November 2009 added a new line of business: SaaS. Starting in 2009, results have been reported in two segments: Software and SaaS. Refer to "Note 3-Business Combinations and Investments" in "Item 18 – Financial Statements," for discussion of acquisitions during 2009.

Products and Services

We are a global provider of a broad suite of scalable enterprise software applications to customers in select industries, which we refer to as our targeted vertical industries. Our software applications enable our customers to grow revenue and control costs by automating business processes and facilitating access to critical information. Our principal enterprise software applications include:

Enterprise and departmental solutions for process manufacturers in the food and beverage, consumer products, pharmaceutical and biotechnology, chemicals, metals and natural products industries. These solutions include enterprise resource planning, or ERP, supply chain management, or SCM, manufacturing operations management, customer relationship management, or CRM, and enterprise performance management;

Vertical SCM applications for distribution companies with complex, high-volume supply chains and distribution networks, such as spare parts distribution, wholesale and retail operators and logistics services providers. These solutions include demand management, advanced global order management, warehouse management, yard management, transportation management, labor management and slotting optimization;

Vertical CRM applications for industries characterized by complex product offerings, business relationships and sales processes, such as the financial services, homebuilding and real estate, chemicals, general manufacturing, energy, insurance and healthcare industries; and

SaaS applications that provide on-premise enterprise solutions for the Not-For-Profit (NFP) and Non-Governmental Organizations (NGO) market and on-demand e-Commerce platforms for retailers and brand manufacturers.

Acquisitions

Our business has been built in large part through strategic acquisitions and investments. The following table sets forth a summary of our strategic acquisitions and investments related to our business completed from January 1, 2007 to December 31, 2009. We will continue to selectively pursue acquisitions to expand into new vertical industries, expand our product and service offerings, extend our geographic reach and grow our customer base. Unless otherwise indicated, each acquisition or investment described below is wholly owned by us.

Acquired company	Date
Respond Group Ltd. (Respond)	Feb-07
Saratoga Systems Inc. (Saratoga)	Apr-07
Catalyst International, Inc. (Catalyst) (1)	Sep-07
Industri-Matematik International Corp. (IMI) (2)	Nov-07
Integrated Solutions Limited (ISL) (3)	Mar-08
WKD Solutions Limited	Sep-09
Activplant Corporation	Oct-09
Truition Inc.	Dec-09
gomembers, Inc.	Dec-09

(1)

Includes the Catalyst "Enabling Technology" or ET, and the Catalyst "Best of Breed" businesses, but excludes the Catalyst SAP business.

(2)

Prior to November 2007, CDC Corporation held 51% of Cayman First Tier, or CFT, the parent company of Industri-Matematik International Corp. In November 2007, CDC Corporation, CFT and Symphony Technology Group, or Symphony, entered into a letter agreement whereby all amounts due and payable to CFT pursuant to a $25.0 million note made by Symphony were deemed discharged and paid in full in exchange for the transfer by Symphony to CFT of all of Symphony' s rights, title, and interest in Symphony' s 49% interest in CFT.

(3)

We acquired a 51% stake in ISL Technologies Limited.

For a list of all acquisitions, see "Item 4.A., Information on the Company – History and Development of the Company – Acquisitions."

Disclosure Controls and Procedures

Because we view our internal control over financial reporting as an integral part of our disclosure controls and procedures and we comprise a significant portion of CDC Corporation' s operations, it should be noted that CDC Corporation identified material weaknesses in its internal control over financial reporting as of December 31, 2006 and 2007. CDC Corporation and its independent registered public accounting firm concluded that the material weaknesses that existed in CDC Corporation' s internal control over financial reporting at December 31, 2007 were remediated as of December 31, 2008. The material weaknesses that existed at December 31, 2007 were noted in the financial statement close and reporting processes, income taxes and treasury management. CDC Corporation also determined that material weaknesses in its internal controls over financial reporting existed during 2005 and 2006 as a result of, among other things, its inability to attract and retain sufficient resources with the appropriate level of expertise in the accounting and finance departments of its organization to ensure appropriate application of US GAAP, particularly in the areas of accounting for income taxes, foreign currency translation adjustments related to goodwill and intangible assets and the accounting for certain of our non-routine transactions. These material weaknesses resulted in the restatement of CDC Corporation' s financial statements for the years ended December 31, 2005, 2004 and 2003. The primary cause of the material weaknesses was lack of sufficient personnel in each of these areas with appropriate expertise to ensure proper accounting and treatment in accordance with US

GAAP. In 2008, CDC Corporation remediated the material weaknesses by hiring additional qualified personnel in key areas within accounting and finance, implementing standard accounting policies across the organization and continuing to consolidate accounting functions to shared service centers in North America and Europe.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, goodwill and intangible assets, business combinations, capitalization of software costs, investments, accounts receivable and allowance for doubtful accounts, deferred tax valuation allowance, stock based compensation, and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies are described in "Note 2- Summary of Significant Accounting Policies" of "Item 18, Financial Statements."

We believe the following critical accounting policies are some of the more critical judgment areas in the application of our accounting policies that affect our financial condition and results of operations.

Revenue Recognition

We generally recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. If an acceptance period is required, revenue is generally recognized upon the earlier of customer acceptance or the expiration of the acceptance period. In most circumstances, we recognize revenue on arrangements that contain certain acceptance provisions when we have historical experience that the acceptance provision is perfunctory. Our agreements with our customers, resellers and distributors generally do not contain product return rights. When our agreements contain product return rights, revenue is not recognized until such time when the product return right provision expires. If the fee is not fixed or determinable due to the existence of extended payment terms, revenue is recognized periodically as payments become due, provided all other conditions for revenue recognition are met. Discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period in which the related revenue is recorded. Such provisions are calculated based on relevant historical data.

The specific accounting guidance we follow in connection with our revenue recognition policy includes Accounting Standards Codification (ASC) 605-25, *Revenue Recognition – Multiple-Element Arrangements,* ASC 605-35, *Revenue Recognition – Construction-Types and Production-Type Contracts,* and ASC 605-985, *Revenue Recognition – Software*.

We generally do not sell software or software licenses to customers on a stand-alone basis; therefore, allocation of fees to the software component of multiple element arrangements is determined using the residual method. According to this method, we measure the amount of the arrangement fee allocated to the delivered elements based on the difference between the arrangement fee and the Vendor Specific Objective Evidence (VSOE) of fair value of the undelivered elements. The amount allocated to the software license is calculated by subtracting the VSOE of fair value for maintenance, consulting and integration services, and training services from the total arrangement fee in accordance with ASC 605-985. For those agreements that provide for significant services or custom development that are essential to the software' s functionality, the software license and contracted services are recognized under the percentage of completion method as prescribed by the provisions of ASC 605-35.

When software licenses incorporating third-party software products are sold or our products are sold with third-party products that complement our software, we recognize as revenues the gross amount of sale of the third-party products. The recognition of gross revenues is in accordance with criteria established in ASC 605-985, because we are ultimately responsible for the fulfillment and acceptability of the products purchased, and we have full latitude in establishing pricing and assume all credit risks.

Revenues related to professional services and the provision for training services for software products are deferred and recognized as the services are delivered, assuming all other basic criteria for revenue recognition have been met. In accordance with ASC 605-985, the Company recognizes amounts associated with reimbursements from customers for out-of-pocket expenses as revenue. Such amounts have been included in professional services revenue. For professional services revenues that are provided on a fixed fee basis, revenue is recognized on a proportional performance method, which is generally based upon labor hours incurred as a percentage of total estimated labor hours to complete the project. Provisions for estimated losses on incomplete contracts are made in the period in which the losses are determined.

Revenues related to hardware are generally recognized upon shipment by the hardware vendor and transfer of title to the customer.

Revenues related to support and maintenance agreements on software products are deferred and recognized ratably over the terms of the agreements, which are typically one year.

Revenue from hosting, maintenance fees and the sale of consulting services relating to SaaS arrangements are recognized ratably over the term of the arrangement. Set-up and implementation revenue is deferred until the solution is delivered and then recognized ratably over the longer of the term of the arrangement or the estimated customer life. Transactions fees from processing transactions for customers are recognized once the transaction is complete.

Software license revenues are normally generated through licensing with end-users, value-added resellers (VARs) and distributors, and through the sale of the software with or incorporating third-party products. VARs and distributors do not have rights of return, price protection, stock rotation rights, or other features that may preclude revenue recognition. When software licenses are sold indirectly to end-users through VARs, we recognize as revenues the net fee receivable from the VARs. License revenues from distributors are calculated at an agreed upon percentage of the distributors' net selling price to the end-user. We typically do not earn any portion of fees for services provided by the distributor to the end-user. We earn maintenance fees based on an agreed upon percentage of the maintenance fees that the distributor earns from the end-user.

Recognition of revenues from the licensing of our software products requires management judgment with respect to determination of fair values and in determining whether to use the gross versus net method of reporting for certain types of revenues. The timing of our revenue recognition could differ materially if we were to incorrectly determine the fair value of the undelivered elements in an arrangement for which we are using the "residual" method. The composition of revenues and cost of revenues would change if we made a different assessment on the gross versus net method of reporting sales of software licenses that incorporate third-party software products.

Goodwill and Intangible Assets

Our long-lived assets include goodwill and other intangible assets. Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Goodwill and indefinite-lived intangible assets are not amortized. All other intangible assets are amortized over their estimated useful lives. Goodwill and intangible assets are tested for impairment based on our Software and SaaS reporting units.

Goodwill is assigned to reporting units based on the reporting unit classification of the entity to which the goodwill is attributable. We have determined our reporting units based on an analysis of our operating segments: (a) the nature of products and services; (b) the nature of the production process; (c) the type and class of customers; (d) the method to distribute products or provide services; and (e) the nature of the regulatory environment. In 2008 we reported goodwill in the Software segment. In 2009, with the acquisition of gomembers and Truition, goodwill is now reported in both the Software and SaaS reporting segments. Of the total amount in goodwill at December 31, 2009, $145.7 million and $9.9 million was assigned to Software and SaaS reporting segments, respectively.

Our intangible assets other than goodwill represent trademarks and trade names, software applications and programs, customer base and contracts, and business licenses and partnership agreements. Definite-lived intangible assets are carried at cost less accumulated amortization. Amortization is computed using the greater of the straight-line method over the estimated useful life of the respective asset or the undiscounted cash flows method.

The estimated useful lives of these intangible assets are as follows:

Intangible asset class	Estimated useful life
Trademarks	Indefinite
Trade names	3 to 5 years
Software applications and programs	3 to 7.5 years
Customer base and contracts	1 to 20 years
Business licenses and partnership agreements	1 to 7 years

We test goodwill and intangible assets with an indefinite useful life for impairment on an annual basis as of December 31. This testing, carried out using the guidance and criteria described in (ASC) 350, *Intangibles – Goodwill and Other*, compares carrying values to fair values at the reporting unit level and, when appropriate, the carrying value of these assets is reduced to fair value. Factors that could trigger an impairment charge include, but are not limited to, significant changes in our overall business or in the manner or use of the acquired assets, underperformance against projected future operating results, and significant negative industry or economic trends. Any impairment losses recorded in the future could have a material adverse impact on our financial condition and results of operations for the periods in which such impairments occur.

During 2008 and 2009, we performed the required impairment tests on goodwill and indefinite-lived intangibles based on our Software and SaaS reporting units. We tested goodwill for impairment, utilizing a combination of the expected discounted cash flows method of the income approach and the guideline company method of the market approach. Indefinite-lived intangible assets consist of trademarks. In testing trademarks for impairment, we estimated fair value using the relief from royalty method in which a royalty rate multiplied by the forecasted royalty base is used to calculate an income stream attributable to the asset.

With the income approach, cash flows that are anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an estimated weighted average cost of capital of 17% and 19% for Software and SaaS, respectively, reflecting returns to both equity and debt investors. We believe that this is a relevant and beneficial method to use in determining fair value because it explicitly considers the future cash-flow generating potential of the respective reporting unit.

In the guideline method of the market approach, the value of a reporting unit is estimated by comparing the subject to similar businesses, or "guideline" companies, whose securities are actively traded in public markets. The comparison is generally based on data regarding each of the company' s stock

prices and earnings, which is expressed as a fraction known as a "multiple." The premise of this method is that if the guideline public companies are sufficiently similar to each other, then their multiples should be similar. The multiples for the guideline companies are analyzed, adjusted for differences as compared to the subject company, and then applied to the applicable business characteristics of the subject company to arrive at an indication of the fair value. We believe that the inclusion of a market approach analysis in the fair value calculation is beneficial as it provides an indication of value based on external, market-based measures.

In the application of the income approach, financial projections were developed for use in the discounted cash flow calculations. Significant assumptions included revenue growth rates, margin rates, SG&A costs, and working capital and capital expenditure requirements over a period of five years. Revenue growth rate and margin rate assumptions were developed using historical Company data, current backlog, specific customer commitments, status of outstanding customer proposals, and future economic and market conditions expected. Consideration was then given to the SG&A costs, working capital, and capital expenditures required to deliver the revenue and margin determined. The other significant assumption used with the income approach was the assumed rate at which to discount the cash flows. The rate was determined by utilizing the weighted average cost of capital method. The material assumptions used for the income approach were consistent in 2008 and 2009.

In the application of the market approach, we considered valuation multiples derived from comparable companies that were identified as belonging to a group of industry peers for each reporting unit. The variability in respect to revenues multiple for comparable companies ranged from 0.9 (low) to 5.9 (high) for Software and from 0.8 (low) to 7.4 (high) for SaaS. The variability in respect to the EBITDA multiple ranged from 10.8 (low) to 17.1 (high) for Software and from 11.5 (low) to 63.3 (high) for SaaS. We selected the median for revenues and EBITDA multiples of the comparable companies adjusted for profitability and size and then applied such adjusted multiples to the reporting unit. Finally, we applied the market approach by calculating a simple average of fair values based on revenues and EBITDA multiples. The comparable companies selected for the market approach were similar to the reporting unit in terms of business description and markets served; therefore, the results of the income approach and market approach were equally weighted and compared to the carrying value of the reporting unit. This test of fair value indicated that no impairment existed at December 31, 2009. Different weighting of the two methods would have had no impact on our analysis as the fair value of the reporting unit under each approach exceeded its carrying value. Our methodologies for valuing goodwill as of December 31, 2009 have not changed when compared to the prior years.

A one percentage point change in the discount rate would have impacted the fair value of the Software reporting unit by approximately $11.0 million and an increase of the discount rate by more than seven percentage points would have indicated a potential impairment in 2009. A one percentage point change in the long term growth rate would have impacted the fair value of the reporting unit by approximately $7.5 million and a decrease of the long term growth rate by more than 13 percentage points would have indicated a potential impairment in 2009.

A one percentage point change in the discount rate would have impacted the fair value of the SaaS reporting unit by approximately $1.0 million and an increase of the discount rate by more than four percentage points would have indicated a potential impairment in 2009. A one percentage point change in the long term growth rate would have impacted the fair value of the reporting unit by approximately $0.5 million and a decrease of the long term growth rate by more than seven percentage points would have indicated a potential impairment in 2009.

We also annually review and adjust the carrying value of amortized intangible assets if facts and circumstances suggest they may be impaired. If this review indicates that amortized intangible assets may not be recoverable, as determined based on the undiscounted cash flows of the entity acquired over the remaining amortization period, the carrying value of intangible assets will be reduced by the estimated shortfall in discounted cash flows. Management judgment is required in the assessment of useful lives of amortized intangibles, and our estimates of future cash flows require judgment based on our historical and

anticipated results and are subject to many factors including our assessment of the discount rate used and the amounts and timing of future cash flows. We performed our annual test for impairment of goodwill and indefinite lived intangible assets at year-end as required by ASC 350 and determined that there was no impairment for the years ended December 31, 2008 and 2009. As of our most recent annual goodwill impairment test, the fair values of Software and SaaS reporting units exceeded their carrying values by more than 20% and 15%, respectively. As of December 31, 2009, $64.2 million of our identifiable intangible assets were subject to amortization.

Some of the more significant estimates and assumptions inherent in the goodwill impairment estimation process using the market approach include the selection of appropriate guideline companies, the determination of market value multiples for the guideline companies, the subsequent selection of an appropriate market value multiple for the business based on a comparison of the business to the guideline companies, the determination of applicable premiums and discounts based on any differences in marketability between the business and the guideline companies, projected earnings and revenues for the business and when considering the income approach, include the required rate of return used in the discounted cash flow method, which reflects capital market conditions and the specific risks associated with the business. Other estimates inherent in the income approach include long-term growth rates and cash flow forecasts for the business.

Estimates of fair value result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions at a point in time. The judgments made in determining an estimate of fair value can materially impact our results of operations. The valuations are based on information available as of the impairment review date and are based on expectations and assumptions that have been deemed reasonable by management. Any changes in key assumptions, including failure to meet business plans, a further deterioration in the market or other unanticipated events and circumstances, may affect the accuracy or validity of such estimates and could potentially result in an impairment charge.

Business Combinations

We have made a number of acquisitions and may make strategically important acquisitions in the future. We account for acquired businesses using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Amounts allocated to acquired in-process research and development are expensed at the date of acquisition. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations. The valuations are based on information available near the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

For intangible assets, we typically use the income method. This method starts with a forecast of all of the expected future net cash flows. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows and the assessment of the asset' s life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory or economic barriers to entry. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. In addition, acquired deferred revenue is recognized at fair value to the extent it represents a legal obligation assumed by us in accordance with ASC 805, *Business Combinations*. We consider service contracts and post-contract customer support contracts to be legal obligations of the acquired entity. We estimate the fair value of acquired deferred revenue based on prices paid by willing participants in recent exchange transactions. Management judgment is also required in determining an appropriate fair value for deferred revenue. If the fair values we determined for deferred revenue acquired were lower, our revenue for all periods would have been lower.

At December 31, 2008 and 2009, we had deferred revenue balance of $54.5 million and $53.2 million, respectively. Deferred revenue from acquisitions totaled $0.1 million and $2.3 million at December 31, 2008 and 2009, respectively.

Capitalization of Software Costs

We capitalize computer software product development costs incurred in developing a product once technological feasibility has been established and the product is available for general release to customers. We evaluate realizability of the capitalized amounts based on expected revenue from the product over the remaining product life. Where future revenue streams are not expected to cover remaining unamortized amounts, we either accelerate amortization or expense the remaining capitalized amounts. Amortization of such costs is computed as the greater of the amount calculated based on (1) the ratio of current product revenue to projected current and future product revenue or (2) the straight-line basis over the expected economic life of the product (not to exceed five years). Software costs related to the development of new products incurred prior to establishing technological feasibility or after general release are expensed as incurred. When technological feasibility of the underlying software is not established until substantially all product development is completed, including the development of a working model, we expense the costs of such development because the impact of capitalizing such costs would not be material.

Management judgment is required with respect to the determination of technological feasibility and the determination of the expected product revenue used to assess realizability of the capitalized amounts. The experience of our research and development personnel and our historical track record associated with the development of similar products factor into determining the technological feasibility of the products. Expected revenue is based on the short-term financial plan approved by management. If we were to determine that technological feasibility occurs at a different stage of the process, we may capitalize more or less software development costs. If our assumptions about realizability were to change, our reported operating expenses could increase in the short-term by any amounts we write off. As of December 31, 2008 and 2009, capitalized software development costs, net, were $7.3 million and $3.6 million, respectively, and related accumulated amortization totaled $8.8 million and $9.0 million, respectively.

During 2009, our software development process has been redesigned to provide more frequent updates to the software. As a result of this change there is a very short time period between reaching technological feasibility of a modification to our software and making the modified version of our software generally available. Therefore the value of software to be capitalized on an annual basis is expected to decrease when compared with recent years.

Deferred Tax Valuation Allowance

We record a valuation allowance on our deferred tax assets in an amount that is sufficient to reduce the deferred tax assets to an amount that is more likely than not to be realized. In reaching this determination, we consider the future reversals of taxable temporary differences, future taxable income, exclusive of taxable temporary differences and carryforwards, taxable income in prior carryback years and tax planning strategies. As of December 31, 2008 and 2009, we have provided a valuation allowance of $36.0 million and $31.3 million against our net deferred tax assets. For our calendar year ended December 31, 2009, the valuation allowance decreased by $4.8 million, which is the result of the tax effects of our operations, the change in exchange rates for our international subsidiaries, additional valuation allowance required for businesses acquired during the year, as well as our determination of the amount that will be realized based on anticipated future earnings for specific subsidiaries in specific jurisdictions. Any change in our assessment of how much of our deferred tax assets will be realized in the future would be adjusted through the income tax provision.

Stock-based Compensation

During 2008 and in prior years, certain of our employees have been granted CDC Corporation share options under CDC Corporation' s share incentive plans.

Equity-based compensation expense recognized under ASC 718, *Compensation – Stock Compensation* in the combined and consolidated statements of operations for the year ended December 31, 2007, 2008, and 2009 was $1.7 million, $1.5 million, and $2.0 million, respectively. The estimated fair value of our equity-based awards, less expected forfeitures, is amortized over the awards' vesting period on a straight-line basis.

Under ASC 718, the fair value of share-based awards is calculated through the use of option-pricing models, even though such models were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from CDC Corporation' s option grants. These models also require subjective assumptions regarding future share price volatility and expected lives of each option grant.

Contingencies

We regularly assess the estimated impact and probability of various uncertain events, or contingencies, and account for such events in accordance with ASC 450, *Contingencies.* Under ASC 450 contingent losses must be accrued if available information indicates it is probable that the loss has been or will be incurred given the likelihood of the uncertain event, and the amount of the loss can be reasonably estimated.

Management judgment is required in deciding the amount and timing of accrual of a contingency. For example, legal proceedings are inherently uncertain, and in order to determine the amount of any reserves required, we assess the likelihood of any adverse judgments or outcomes in pending and threatened litigation, as well as potential ranges of probable losses. As of December 31, 2008 and 2009, we had $5.2 million and $1.8 million, respectively, accrued for legal fees and contingencies. A determination of the amount of loss accrual required for these contingencies is made after analysis of each individual matter. The amount of such accruals may change in the future due to changes in approach or new developments in each case.

Recently Issued Accounting Standards

The following new accounting standards are discussed in "Item 8., Financial Statements – Note 2 – Summary of Significant Accounting Policies":

ASC 820-10-65-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* was issued in April 2009 and is effective January 1, 2010.

ASC 825, *Interim Disclosures about Fair Value of Financial Instruments* was adopted June 30, 2009.

ASU No. 2009-01 (formerly SFAS No. 168), *"Topic 105 – Generally Accepted Accounting Principles – FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* was adopted September 30, 2009.

ASU No. 2009-05, *Measuring Liabilities at Fair Value* was adopted September 1, 2009.

ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* was adopted December 31, 2009.

ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* was issued October 2009 and is effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010.

ASU No. 2009-14, *Software (Topic 985) – Certain Revenue Arrangements That Include Software Elements* was issued October 2009 and is effective January 1, 2011.

ASU No. 2009-15**,** *Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing* was issued October 2009 and is effective January 1, 2010.

ASU No. 2009-16, *Accounting for Transfers of Financial Assets,* an amendment of ASC 860-10 (formerly SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* issued in June 2009*)* was issued in December 2009 and is effective January 1, 2010.

ASU No. 2009-17, *Improvements to Financial Reporting by Enterprises involved with Variable Interest Entities,* an amendment to ASC 810-10 (formerly SFAS No. 167, *Amending FASB interpretation No. 46(R)* issued in June 2009*)* was issued in December 2009 and is effective January 1, 2010.

A. Operating Results

The following table summarizes our historical results of operations and as percentages of total revenue for the years ended December 31, 2007, 2008 and 2009:

	Years ended December 31, (in thousands, except percentages)					
	2007		2008		2009	
REVENUE:						
Licenses	$61,532	26 %	$45,340	19 %	$33,085	16 %
Maintenance	86,586	36 %	103,606	43 %	99,775	49 %
Professional services	86,924	36 %	87,971	36 %	66,666	33 %
Hardware	3,909	2 %	3,870	2 %	3,757	2 %
SaaS implementation and support	–	0 %	–	0 %	616	0 %
Total revenue	238,951	100%	240,787	100%	203,899	100%
COST OF REVENUE:						
Licenses	18,772	8 %	19,946	8 %	18,699	9 %
Maintenance	11,623	5 %	15,937	7 %	14,663	7 %
Professional services	67,999	28 %	71,949	30 %	56,329	28 %
Hardware	3,118	1 %	2,998	1 %	3,081	2 %
SaaS implementation and support	–	0 %	–	0 %	411	0 %

Total cost of revenue	101,512	42 %	110,830	46 %	93,183	46 %
Gross profit	137,439	58 %	129,957	54 %	110,716	54 %
OPERATING EXPENSES:						
Sales and marketing expenses	60,864	25 %	54,177	22 %	32,483	16 %
Research and development expenses	22,832	10 %	25,909	11 %	18,005	9 %
General and administrative expenses	40,685	17 %	44,124	18 %	36,915	18 %
General and administrative expenses allocated to CDC Corporation	(5,479)	2 %	(12,379)	5 %	(10,134)	5 %
Exchange (gain) loss on deferred tax assets	(3,762)	2 %	3,271	1 %	(2,093)	1 %
Amortization expenses	5,730	2 %	6,843	3 %	4,533	2 %
Restructuring and other charges	1,910	1 %	5,012	2 %	3,351	2 %
Total operating expenses	122,780	51 %	126,957	53 %	83,060	41 %
Operating income	14,659	6 %	3,000	1 %	27,656	14 %
Other income, net	1,642	1 %	857	0 %	815	0 %
Income before income taxes	16,301	7 %	3,857	2 %	28,471	14 %
Income tax expense	(9,499)	4 %	(4,877)	2 %	(6,329)	3 %
Net income (loss)	6,802	3 %	(1,020)	0 %	22,142	11 %
Net (income) loss attributable to noncontrolling interest	(1,852)	1 %	126	0 %	131	0 %

Net income (loss) attributable to controlling interest	$4,950	2 %	$(894)	0 %	$22,273	11 %

Results of Operations of Our Reportable Segments for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2009

	Year ended December 31, 2008		
	Software	SaaS	Total
		(in thousands)	
Licenses	$45,340	$–	$45,340
Maintenance	103,606	–	103,606
Professional services	87,971	–	87,971
Hardware	3,870	–	3,870
Total revenue	**240,787**	**–**	**240,787**
		–	
Licenses	19,946	–	19,946
Maintenance	15,937	–	15,937
Professional services	71,949	–	71,949
Hardware	2,998	–	2,998
Total cost of revenue	110,830	–	110,830
Gross profit	**129,957**	**–**	**129,957**
		–	
Sales and marketing expenses	54,177	–	54,177
Research and development expenses	25,909	–	25,909

General and administrative expenses	44,124	–	44,124
General and administrative expenses allocated to Parent	(12,379)	–	(12,379)
Exchange (gain) loss on deferred tax assets	3,271	–	3,271
Amortization expenses	6,843	–	6,843
Restructuring and other charges	5,012	–	5,012
Total operating expenses	**126,957**	**–**	**126,957**
Operating income	**$3,000**	**$–**	**$3,000**
Other income, net			857
Income before income taxes			3,857
Income tax expense			(4,877)
Net loss			(1,020)
Net loss attributable to noncontrolling interest			126
Net loss attributable to controlling interest			**$(894)**

	Year ended December 31, 2009		
	Software	SaaS	Total
	(in thousands)		
Licenses	$32,825	$260	$33,085
Maintenance	99,692	83	99,775
Professional services	66,454	212	66,666

Hardware	3,757	–	3,757
SaaS implementation and support	–	616	616
Total revenue	**202,728**	**1,171**	**203,899**
Licenses	18,651	48	18,699
Maintenance	14,613	50	14,663
Professional services	56,035	294	56,329
Hardware	3,081	–	3,081
SaaS implementation and support	–	411	411
Total cost of revenue	92,380	803	93,183
Gross profit	**110,348**	**368**	**110,716**
Sales and marketing expenses	32,347	136	32,483
Research and development expenses	17,822	183	18,005
General and administrative expenses	36,784	131	36,915
General and administrative expenses allocated to Parent	(10,105)	(29)	(10,134)
Exchange (gain) loss on deferred tax assets	(2,093)	–	(2,093)
Amortization expenses	4,511	22	4,533
Restructuring and other charges	2,871	480	3,351

Total operating expenses	**82,137**	**923**	**83,060**
Operating income (loss)	**$28,211**	**$(555)**	**$27,656**
Other income, net			815
Income before income taxes			28,471
Income tax expense			(6,329)
Net income			22,142
Net loss attributable to noncontrolling interest			131
Net income attributable to controlling interest			**$22,273**

Revenue

Software Segment

	Years ended December 31,		Change	
	2008	2009	Amount	%
	(in thousands, except percentages)			
Licenses	$45,340	$32,825	$(12,515)	-28%
Maintenance	103,606	99,692	(3,914)	-4 %
Professional services	87,971	66,454	(21,517)	-24%
Hardware	3,870	3,757	(113)	-3 %
Total Revenue	$240,787	$202,728	$(38,059)	-16%

Total revenue decreased by $38.1 million or 16% from 2008 to 2009. Approximately $9.1 million of this decrease is attributed to fluctuations in currencies. We believe the remaining decrease is attributed to a weakened global economy. Our revenue mix also changed, with license revenue accounting for 19% of total revenue in 2008 compared to 16% in 2009, maintenance revenue increased from 43% in 2008 to 49% in 2009, service revenue declined from 36% in 2008 to 33% in 2009 and hardware remained unchanged at 2% of revenue in both 2008 and 2009.

License revenue decreased by $12.5 million or 28% from 2008 to 2009. We believe the weaker economy put pressure on our customers' ability to spend and lengthened the time for decision making. This trend started in the later periods of 2008 and continued throughout 2009. Approximately $1.5 million of the decrease is attributed to fluctuations in foreign currencies.

Maintenance revenue decreased by $3.9 million or 4% from 2008 to 2009. This decrease was primarily driven by a $4.6 million decline due to fluctuations in foreign currencies and a $7.3 million decrease in revenue due to attrition. This decline was partially offset by $6.4 million in new license sales that occurred throughout the year and $1.4 million in revenue from the success of our Maintenance "win-back" program, which was launched in the second half of 2008.

Professional services revenue decreased by $21.5 million or 24% from 2008 to 2009. Our professional services revenue is largely impacted by the performance of our license revenue as customers purchase new licenses or functionalities. Our license sales began declining in the second half of 2008 and were under economic pressure throughout most of 2009, which directly impacted our

professional services revenue. Additionally, in 2008 we experienced greater success than in 2009 with our efforts to maximize the use of our software within our install base, which contributed to lower revenue in 2009. Approximately $3.1 million of the decrease from 2008 to 2009 is attributed to fluctuations in currencies.

SaaS Segment

	Years ended December 31,		Change	
	2008	2009	Amount	%
	(in thousands, except percentages)			
Licenses	$ –	$ 260	$260	N/A
Maintenance	–	83	83	N/A
Professional services	–	212	212	N/A
SaaS implementation and support	–	616	616	N/A
Total Revenue	$ –	$ 1,171	$1,171	N/A

In the fourth quarter of 2009, CDC Software acquired two SaaS companies, gomembers, a provider of SaaS and on-premise enterprise solutions for the Not-For-Profit (NFP) and Non-Governmental Organizations (NGO) market, and Truition, an on-demand e-Commerce platform provider for retailers and brand manufacturers, as part of our strategy to expand our offering in the growing on-demand software market.

Gross Margin

Software Segment

	Years ended December 31,					
	2008		2009		Change	
	Amount	% of Revenues	Amount	% of Revenues	Amount	%
	(in thousands, except percentages)					
Licenses	$25,394	56 %	$14,174	43 %	$(11,220)	-44%
Maintenance	87,669	85 %	85,079	85 %	(2,590)	-3 %
Professional services	16,022	18 %	10,419	16 %	(5,603)	-35%
Hardware	872	23 %	676	18 %	(196)	-22%

Software gross margin	$129,957	54 %	$110,348	54 %	$(19,609)	-15%

Licenses' gross margin as a percentage of revenue decreased from 56% in 2008 to 43% in 2009. The decrease was primarily attributed to lower license revenue impacted by a weakening global economy. The majority of the cost of licenses relates to the amortization of our software development, which is a fixed cost that is not impacted by the fluctuations in revenue. As a result, the decline in license revenue has a more immediate impact to gross margin as a percentage of revenue.

Professional services' gross margin as a percentage of revenue decreased from 18% to 16% from 2008 to 2009 as a result of a decrease in revenue. We operate with a certain amount of fixed costs to preserve skill set and intellectual capital. As revenues declines, the amount of fixed cost becomes a larger percentage of service costs and did not decrease at the same rate of the revenue decline during 2009, which negatively impacted professional services' gross margin in 2009.

SaaS Segment

	Years ended December 31,					
	2008		2009		Change	
	Amount	% of Revenues	Amount	% of Revenues	Amount	%
	(in thousands, except percentages)					
Licenses	$ –	N/A	$ 212	82 %	$ 212	–
Maintenance	–	N/A	33	40 %	33	–
Professional services	–	N/A	(82)	-39 %	(82)	–
SaaS implementation and support	–	N/A	205	33 %	205	–
Software gross margin	$ –	N/A	$ 368	31 %	$ 368	N/A

SaaS implementation and support is a new segment introduced in the fourth quarter of 2009 resulting from the acquisition of Truition and gomembers.

Operating Income

Software Segment

Operating income for the year ended December 31, 2008 was $3.0 million or 1% of revenue, compared to $28.2 million or 14% of revenue for the year ended December 31, 2009.

We experienced a significant reduction in our sales and marketing expenses, from $54.2 million in 2008 to $32.3 million in 2009. This reduction was largely driven by the annualized impact of a reduction of approximately 50 sales and marketing personnel during 2008 and another decrease of approximately 40 personnel in 2009. Research and development expenses (R&D) decreased by $8.1 million in 2009 compared to 2008 due to cost savings on normal R&D costs and transitioning additional R&D personnel from on-shore locations to our off-shore R&D centers in India and China.

General and administrative expenses decreased by $7.2 million in 2009 compared to 2008. This was primarily attributed to decreases including $3.0 million in professional fees, $2.2 million in bad debt expenses and $1.8 million in personnel costs.

General and administrative expenses allocated to CDC Corporation decreased $2.3 million in 2009, compared to 2008 due to general and administrative expenses decreasing as discussed above.

We experienced a favorable $5.4 million change in 2009 compared to 2008 from the impact of exchange (gain)/loss on deferred tax assets. We recorded a $3.3 million foreign currency exchange loss in 2008 compared to a $2.1 million foreign currency gain in 2009.

Restructuring and other charges decreased $2.1 million in 2009 when compared to 2008 due to lower employee termination expenses resulting from lower headcount reductions in 2009 compared to 2008.

Income Taxes

We recorded an income tax expense of $4.9 million in 2008 as compared to $6.3 million in 2009. Our total income tax provision is determined entity by entity in each taxing jurisdiction in which we operate. A portion of the fluctuations in our income tax expense was a result of the changes in income at the entity level.

Periodically, we must assess the likelihood that our deferred tax assets will be recovered from future taxable income. In making this assessment, all available evidence must be considered, including the current economic climate, our expectations of future taxable income, and our ability to project such income and the appreciation of our investments and other assets. As of December 31, 2009, management concluded that it is more likely than not that the Company will realize a substantial portion of our existing deferred tax asset and, therefore, management released a valuation allowance of approximately $1.0 million. As of December 31, 2009, we continued to have a valuation allowance of approximately $28.5 million relating primarily to net operating losses.

SaaS Segment

Operating loss for the year ended December 31, 2009 was $0.6 million for our SaaS segment, which was recently created due to the acquisitions in the fourth quarter of 2009.

Operating loss is largely associated with the combination of lower maintenance revenue resulting from the recording of deferred revenue balance at fair market value from the acquisitions as required in accordance with ASC 805 and from involuntary employee termination costs following the acquisitions.

Results of Operations of Our Operating Segments for the Year Ended December 31, 2007 Compared to the Year Ended December 31, 2008:

	Year ended December 31, 2007		
	Software	SaaS	Total
	(in thousands)		
Licenses	$61,532	$–	$61,532
Maintenance	86,586	–	86,586
Professional services	86,924	–	86,924
Hardware	3,909	–	3,909
Total revenue	238,951	–	238,951
Licenses	18,772	–	18,772
Maintenance	11,623	–	11,623
Professional services	67,999	–	67,999
Hardware	3,118	–	3,118
Total cost of revenue	101,512	–	101,512
Gross profit	**137,439**	**–**	**137,439**
Sales and marketing expenses	60,864	–	60,864
Research and development expenses	22,832	–	22,832

General and administrative expenses	40,685	–	40,685
General and administrative expenses allocated to Parent	(5,479)	–	(5,479)
Exchange (gain) loss on deferred tax assets	(3,762)	–	(3,762)
Amortization expenses	5,730	–	5,730
Restructuring and other charges	1,910	–	1,910
Total operating expenses	**122,780**	**–**	**122,780**
Operating income (loss)	**$14,659**	**$–**	**14,659**
Other income, net			1,642
Income before income taxes			16,301
Income tax expense			(9,499)
Net income			6,802
Net income attributable to noncontrolling interest			(1,852)
Net income attributable to controlling interest			**$4,950**

	Year ended December 31, 2008		
	Software	**SaaS**	**Total**
	(in thousands)		
Licenses	$45,340	$–	$45,340
Maintenance	103,606	–	103,606
Professional services	87,971	–	87,971

Hardware	3,870	–	3,870
Total revenue	**240,787**	**–**	**240,787**
		–	
Licenses	19,946	–	19,946
Maintenance	15,937	–	15,937
Professional services	71,949	–	71,949
Hardware	2,998	–	2,998
Total cost of revenue	110,830	–	110,830
Gross profit	**129,957**	**–**	**129,957**
		–	
Sales and marketing expenses	54,177	–	54,177
Research and development expenses	25,909	–	25,909
General and administrative expenses	44,124	–	44,124
General and administrative expenses allocated to Parent	(12,379)	–	(12,379)
Exchange (gain) loss on deferred tax assets	3,271	–	3,271
Amortization expenses	6,843	–	6,843
Restructuring and other charges	5,012	–	5,012
Total operating expenses	**126,957**	**–**	**126,957**
Operating income	**$3,000**	**$–**	**$3,000**

Other income, net	857
Income before income taxes	3,857
Income tax expense	(4,877)
Net loss	(1,020)
Net loss attributable to noncontrolling interest	126
Net loss attributable to controlling interest	**$(894)**

Revenue

	Years ended December 31,		Change	
	2007	2008	Amount	%
	(in thousands, except percentages)			
Licenses	$61,532	$45,340	$(16,192)	-26%
Maintenance	86,586	103,606	17,020	20 %
Professional services	86,924	87,971	1,047	1 %
Hardware	3,909	3,870	(39)	-1 %
Total Revenue	$238,951	$240,787	$1,836	1 %

Total revenues were essentially unchanged from 2007 to 2008, increasing by approximately 1%, or $1.8 million, from $239.0 million in 2007 to $240.8 million in 2008. Our mix of total revenues changed significantly, with license revenues decreasing from 26% to 19% of total revenues, maintenance revenues increasing from 36% to 43% of total revenues and professional services revenues increasing slightly from 36% to 37% of total revenues.

License revenues decreased by 26%, or $16.2 million, from $61.5 million in 2007 to $45.3 million in 2008. We believe this decrease primarily resulted from the weakening global economy, which caused customers to reduce expenditures on software applications and delay their planned purchases. This trend accelerated in the latter half of 2008.

Maintenance revenues increased by 20%, or $17.0 million, from $86.6 million in 2007 to $103.6 million in 2008. This increase was in part due to $6.5 million in maintenance revenue related to the full year impact of the Catalyst acquisition. Catalyst, a provider of enterprise supply chain software and hardware solutions, was acquired in September 2007. Our maintenance retention rate was 92% and the application of our contractual consumer price increase clause contributed $2.4 million to the increase. This more than offset the smaller amount of new maintenance revenue from new license sales of $9.1 million associated with the decrease in license sales in 2008. The increase in our maintenance revenues was also due in part to $5.5 million from increased sales to our existing customer base and $0.6 million from our success in winning back former customers through a “win-back” program that we put in place in the second half of 2008. These increases were partially offset by a $6.9 million decrease due to lost customers.

Professional services revenues increased slightly from $86.9 million in 2007 to $88.0 million in 2008 primarily due to our concentrated effort in targeting our installed-base customers with additional professional services. Demand for software

implementation grew as our customers had more upgrades in 2008 as well as additional applications to install. As capital budgets tightened for our customers on new license sales, the need to do more with their existing systems became apparent through the relatively stable demand for our professional services.

Gross Margin

	Years ended December 31,					
	2007		2008		Change	
	Amount	% of Revenues	Amount	% of Revenues	Amount	%
	(in thousands, except percentages)					
Licenses	$42,760	69 %	$25,394	56 %	$(17,366)	-41%
Maintenance	74,963	87 %	87,669	85 %	12,706	17 %
Professional services	18,925	22 %	16,022	18 %	(2,903)	-15%
Hardware	791	20 %	872	23 %	81	10 %
Software gross margin	$137,439	58 %	$129,957	54 %	$(7,482)	-5 %

Gross profit decreased by 5% or $7.5 million, from $137.4 million in 2007 to $130.0 million in 2008. The majority of the decrease in our total gross profit was due to the decline in license sales as previously discussed, which decreased by $17.4 million, or 41%, for 2008 as compared to 2007. On a percentage basis, 2007 gross profit was 58% compared to gross profit of 54% for 2008.

Gross profit from licenses decreased by 41%, or $17.4 million, from $42.8 million in 2007 to $25.4 million in 2008. We have experienced growth of license revenue in the first half of 2008, but sales slowed down dramatically in the second half due to sudden deterioration of global market. Cost of software licenses increased by 6%, or $1.2 million, from $18.8 million in 2007 to $19.9 million in 2008. The increase during 2008 was predominantly due to amortization of capitalized software development for the new releases of our Ross ERP and Pivotal CRM products. When combined with decreased license revenues this increase in cost of software licenses resulted in a 14% decrease in license gross margin percentage.

Gross profit from maintenance increased by 17% or $12.7 million from $75.0 million in 2007 to $87.7 million in 2008. Cost of maintenance increased by 37%, or $4.3 million, from $11.6 million in 2007 to $15.9 million in 2008. $2.8 million of the increase in cost of revenues from maintenance was substantially due to the full year impact of the Catalyst acquisition in 2007 and was partially offset by our headcount reduction. When combined with increased maintenance revenues, this increase resulted in a 2% decrease in maintenance gross margin percentage.

Gross profit from professional services decreased by $2.9 million from 2007 to 2008. Cost of professional services increased by 6%, or $4.0 million, from $68.0 million in 2007 to $71.9 million in 2008 as a result of an increase in the number of professional service projects associated with the implementation of new versions of our software products. The increase in cost of professional services combined with a lower effective billing rate in connection with new software products that became generally available in 2008, led to a 17% decrease in professional services gross margin percentage.

Operating Income

Operating income for the year ended December 31, 2008 was $3.0 or 1% of revenue compared to $14.7 million or 6% of revenue for the year ended December 31, 2007.

Sales and marketing expenses decreased 11%, or $6.7 million, from $60.9 million in 2007 to $54.2 million in 2008. The majority of this decrease was attributable to headcount decreases of approximately 50 people in the third quarter of 2008 resulting from the realignment of our sales force with the demands of the market.

Research and development expenses increased 13% or $3.1 million, from $22.8 million in 2007 to $25.9 million in 2008. The increase was primarily due to costs incurred in the development of new releases for our Ross ERP and Pivotal CRM products, which were incrementally offset by headcount reductions in the third quarter of 2008.

General and administrative expenses increased 8% or $3.4 million, from $40.7 million in 2007 to $44.1 million in 2008, primarily related to the increase in accounting and finance personnel who perform shared service center functions.

General and administrative expenses allocated to our parent increased 126% from $5.5 million in 2007 to $12.4 million in 2008. Included in these types of expenses are expenses incurred by our shared service centers on behalf of and for the account of entities under common control of CDC Corporation, which are excluded from the combined and consolidated financial statements. The shared service center performs certain back office accounting and finance support functions, such as billing, collections, payroll processing, accounts payable processing, vendor maintenance, cash management, accounting, consolidations, and financial closing and reporting. During 2008 we integrated the vast majority of our previously decentralized back office functions of our wholly-owned subsidiaries as well as of other entities under common control of CDC Corporation into the shared service center operated by us, resulting in a higher proportion of services and associated costs performed by the shared service center and allocated to other subsidiaries of CDC Corporation benefiting from these services.

Exchange (gain)/loss changed by $7.0 million, from a $3.8 million gain in 2007 to a $3.3 million loss in 2008. This is due to exchange gains and losses associated with a deferred tax asset at our Pivotal subsidiary.

Amortization expenses increased by 19% or $1.1 million from $5.7 million in 2007 to $6.8 million in 2008. The majority of this increase was attributable to the full year impact of the Catalyst acquisition.

Restructuring and other charges increased 162% or $3.1 million, from $1.9 million in 2007 to $5.0 million in 2008. The increase was primarily due to employee terminations at our Ross and Pivotal locations. Headcount reduced by approximately 25 in general and administrative, 28 in service and support, 46 in research and development and 53 in sales and marketing for a total of 152. These headcount reductions were concentrated in the third quarter of 2008.

Income Taxes

We recorded income tax expense of $9.5 million in 2007 as compared to $4.9 million in 2008. Our total income tax provision is determined entity by entity in each taxing jurisdiction in which we operate. A portion of the fluctuations in income tax expense was a result of the changes in income at the entity level. In addition, in 2008, we recorded tax expense of $0.5 million related to a change in valuation allowance.

Periodically, we must assess the likelihood that our deferred tax assets will be recovered from future taxable income. In making this assessment, all available evidence must be considered, including the current economic climate, our expectations of future taxable income, and our ability to project such income and the appreciation of our investments and other assets. As of December 31, 2008, management concluded that it was more likely than not that the Company will realize a substantial portion of the existing deferred tax asset and, therefore, management released a valuation allowance of approximately $2.0 million. As of December 31, 2008, we continued to have a valuation allowance of approximately $36.0 million relating primarily to net operating losses.

B.

Liquidity and Capital Resources

The following table sets forth the summary of our cash flows for the periods presented:

	Years ended December 31,		
	2007	2008	2009
		(in thousands)	
Net cash provided by operating activities	$17,979	$33,948	$53,659
Net cash used in investing activities	(89,492)	(10,014)	(28,753)
Net cash provided by (used in) financing activities	77,045	(19,748)	(12,601)
Effect of exchange rate changes on cash	715	(502)	703
Net increase (decrease) in cash and cash equivalents	6,247	3,684	13,008
Cash and cash equivalents at beginning of period	17,410	23,657	27,341
Cash and cash equivalents as at end of period	$23,657	$27,341	$40,349

Sources and Uses of Cash for the Year ended December 31, 2009

Operating Activities

Net cash provided by operating activities increased from $33.9 million in 2008 to $53.7 million in 2009. This $19.8 million increase resulted in part from an increase in net income adjusted for noncash charges and gains of $9.6 million, from $35.6 million in 2008 to $27.1 million in 2009. In addition, working capital decreased by $5.8 million.

Investing Activities

Net cash used in investing activities increased by $18.8 million, from $10.0 million in 2008 to $28.8 million in 2009. This reflects an increase in cash requirements for our purchase of WKD Solutions, Activplant, Truition and gomembers in 2009, which totaled $26.9 million, and $1.1 million for the purchase of marketable securities, all of which were offset by an $8.4 million decrease in cash used for capitalized software, restricted cash and purchase of property and equipment.

Financing Activities

Net cash used in financing activities decreased by $7.2 million, from $19.8 million in 2008 to $12.6 million in 2009. This was due in part to our receipt of $43.4 million in proceeds from the sale and issuance of our class A ordinary shares, offset by a $28.6 million repayment on

the loan from our parent, a $6.2 million increase in cash paid on short term loans, a $1.1 million increase for purchases of treasury stock, and a $0.5 million increase in the payment of capital lease obligations.

Future cash requirements and sources of liquidity

Future cash requirements

In the foreseeable future, we expect that our primary cash requirements will be to fund working capital including payment of contractual obligations, research and development expenses, debt repayments, and fund contingent consideration payable for certain of our acquisitions.

The following table summarizes our contractual obligations as of December 31, 2009:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Operating lease obligations [1]	$17,541	$6,265	$7,487	$2,948	$ 841
Short-term debt obligations	$4,364	$4,364	$–	$–	$ –
Purchase consideration payables [2]	$2,994	$2,184	$810	$–	$ –
Franchise partner loans	$2,277	$2,277	$–	$–	$ –

(1) Operating lease obligations consist of future minimum payments under non-cancelable operating leases.

(2) Purchase considerations include fixed and adjustable payments contingent upon meeting certain performance requirements.

At December 31, 2009, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $7.8 million. This liability represents an estimate of tax positions that we have taken in our tax returns that may ultimately not be sustained upon examination by the tax authorities. Since the ultimate amount and timing of any future cash settlements cannot be predicted with reasonable certainty, the estimated liability has been excluded from the contractual obligations table.

Future sources of liquidity

We believe that cash flows from operating activities and our existing cash and cash equivalents of $40.3 million as of December 31, 2009, will be sufficient to fund our currently anticipated uses of cash for the next twelve months. Thereafter, our ability to fund these expected uses of cash will depend on our future results of operations, performance, and cash flow. Our ability to do so will also be subject to prevailing economic conditions and to financial, business, regulatory, legislative and other factors, many of which are beyond our control. If we do not generate sufficient cash from operations or do not otherwise have sufficient cash and cash equivalents, we may need to borrow against our lines of credit or issue other long or short-term debt or equity, if the market and the terms of our existing debt instruments permit.

Credit Line Agreements

Our Catalyst subsidiary has a line of credit classified as a short-term bank loan with a financial institution under which the subsidiary may borrow up to $6.0 million. This line of credit had an outstanding balance of $5.3 million and $3.7 million as of December 31, 2008 and 2009,

respectively, and the unused portion was $0.9 million and $2.3 million at December 31, 2008 and 2009, respectively. Accrued unpaid interest is payable monthly based upon the higher of LIBOR for the applicable interest rate period plus 2.2% per annum or 5%, but under no circumstance will the interest rate be less than 5.0% per annum. The line of credit is secured by the assets of the subsidiary. As of December 31, 2009, we were in compliance with our leverage ratio covenant of less than 3.5% and fixed charge coverage ratio of greater than 1.25%.

On April 27, 2010, our Ross subsidiary entered into a Credit Agreement ("Credit Agreement") with Wells Fargo Capital Finance, LLC (formerly Wells Fargo Foothill, LLC), as agent. Pursuant to the Credit Agreement, Wells Fargo Capital Finance made available a senior secured revolving credit facility of up to $30.0 million (the "Credit Facility"). Under the Credit Facility, the Company is an unsecured guarantor, each of the Company' s subsidiaries, Pivotal Corporation and CDC Software, Inc., are secured guarantors, and Ross is the borrower. Advances under the Credit Facility may be used for among other things, general corporate purposes, strategic growth initiatives such as mergers and acquisitions, working capital and capital expenditures, and, subject to certain conditions, up to $15.0 million under the Credit Facility may be provided by us to CDC Corporation.

The Credit Facility provides that revolving loans and letters of credit may be provided, subject to availability requirements, which are determined pursuant to a borrowing base calculation of a percentage of our trailing twelve month maintenance revenue, as defined in the Credit Agreement. Borrowings under the Credit Facility bear interest at either a Base Rate or LIBOR Rate, as the Company may elect from time to time.

Obligations under the Credit Facility are secured by a first priority security interest in all of borrower' s and the secured guarantors' assets, including without limitation, all accounts, equipment, inventory, chattel paper, records, intangibles, deposit accounts and cash and cash equivalents, as well as certain intellectual property.

The Credit Facility expires on April 27, 2014 and contains customary affirmative and negative covenants for credit facilities of its type, including limitations on the Company with respect to the incurrence of indebtedness, making of investments, creation of liens, disposition of property, making of restricted payments and transactions with affiliates. In addition, the Credit Facility imposes limitations on our ability to transfer funds between us and certain of our subsidiaries as well as between us and our ultimate parent, CDC Corporation, which could materially and adversely affect our operations and financial condition and those of our subsidiaries and affiliates. The Credit Facility also includes financial covenants including minimum EBITDA, fixed charge coverage ratio requirements and recurring revenue requirements.

As of April 30, 2010, we had approximately $15.0 million of availability under the Credit Facility.

Uncertainties regarding our liquidity

We believe the following uncertainties are the most significant uncertainties regarding our liquidity:

Ability to Grow Revenue and Manage Costs – If we are unable to continue to grow our revenue or experience a decline in revenue or if we are unable to manage costs and reduce operating expenses, our ability to generate positive cash flows from operating activities in a sufficient amount to meet our cash needs would be adversely affected.

Integrating the Operations of Acquired Businesses – Integration of our acquired businesses could affect our liquidity as continuing integration of the businesses and operations into ours may require significant cash resources.

Future Acquisitions – Our existing cash and net cash provided by operating activities may be insufficient if we face unanticipated cash needs such as for the funding of a future acquisition. In addition, if we acquire a business in the future that has existing debt, our cash requirements for servicing debt may increase.

Convertible Notes – In November 2006, CDC Corporation issued $168.0 million in aggregate principal amount of unsecured 3.75% senior exchangeable convertible notes due 2011 (the "Notes") to a total of 12 institutional accredited investors in a private placement

exempt from registration under the Securities Act. While the maturity date of the Notes is November 13, 2011, the Notes originally contained provisions that, subject to certain terms and conditions, may require

CDC Corporation to repurchase all or any portion of the outstanding Notes held by a note holder, in cash, for an amount equal to the sum of: (i) the principal of the Notes; (ii) all accrued and unpaid interest; and (iii) such additional amounts as are set forth in the Notes (the "Holder Redemption Provision"). The accrued and unpaid interest amount included in the Holder Redemption Provision is based on an interest premium of 12.5%, applied retrospectively as of the issue date.

Between December 2008 and December 2009, CDC Delaware Corp. a wholly-owned subsidiary of CDC Corporation ("CDC Delaware") repurchased an aggregate of $126.8 million in principal amount of the Notes. As of December 31, 2009, an aggregate of $166.0 million in principal amount of the Notes was outstanding, with $41.2 million held among affiliates of Evolution Capital Management ("Evolution"), and the remaining $124.8 million held by CDC Delaware.

On November 11, 2009, CDC Delaware executed an Amendment No. 1 to the Notes and note purchase agreement related thereto (the "Note Purchase Agreement") that amended the Notes and Note Purchase Agreement (collectively, the "Amendments") to: (i) amend the definition of Qualified IPO to provide that CDC Software, CDC Games, or any of their respective subsidiaries can consummate a QIPO; and (ii) reduce the amount of proceeds necessary to achieve a Qualified QIPO, via the definition of Minimum IPO Amount, as defined in the Notes, from $100.0 million to $40.0 million. As a result of these Amendments, CDC Corporation believes that the Holder Redemption Provision, which would have required CDC Corporation to pay not later than December 16, 2009 an aggregate of approximately $52.0 million (the "Put Amount"), is both no longer exercisable by the note holders and is no longer of any force or effect. Notwithstanding the foregoing, later in November 2009, CDC Corporation received a redemption notice from Evolution demanding payment of the Put Amount.

On December 18, 2009, Evolution filed a notice of motion for summary judgment in lieu of complaint against CDC Corporation in the Supreme Court of the State of New York, County of New York, demanding payment of the Put Amount together with default interest, totaling in excess of $53.0 million (the "New York Case"). Evolution has also alleged default under the Notes, and is also seeking reimbursement of fees and costs in the New York Case. Although CDC Corporation is not currently required to do so, in the event that it is required to settle the full amount of the potential Note obligations, it would not have sufficient liquidity to do so and would need to obtain cash from its subsidiaries, including CDC Software, in the form of additional intercompany borrowings or dividends in order to settle its obligations under the Notes. Neither the Company nor any of its subsidiaries has pledged any of its or their assets or properties to secure the obligations under the Notes, nor has the Company or its subsidiaries guaranteed CDC Corporation' s performance of its obligations under the Notes. The Notes represent an obligation of CDC Corporation and not an obligation of the Company or any of its subsidiaries. As a result, the Company does not believe that any potential default by CDC Corporation under the Notes (or other agreements entered into in connection with the issuance of the Notes) would have a material adverse effect on the business, financial position or results of operations of the Company or its subsidiaries.

Fair value of Financial Instruments

The carrying amount of cash, restricted cash, accounts receivable and payable, receivables from our parent, and other short-term financial assets and liabilities approximate carrying values due to their short-term nature or interest rates that are comparable to current market rates.

Amounts Due from CDC Corporation

We had receivables balances due from CDC Corporation in the amounts of $14.2 million and $34.2 million at December 31, 2008 and 2009, respectively, which arose from the selling of goods and services in the normal course of business and allocation of overhead costs to wholly owned subsidiaries of CDC Corporation. Prior to February 24, 2010, these balances were unsecured and payable upon demand generally within one year. Included in the net receivable at December 31, 2008 are interest-bearing receivables in the amount of $45.3 million and interest-bearing payables in the amount of $12.5 million. The average net interest-bearing receivable during the year ended December 31, 2009 was $27.1 million.

In August 2009 immediately after our IPO, we began to accrue interest on all amounts due from CDC Corporation. As of December 31, 2009, we had a net receivable of $34.2 million from CDC Corporation, which is intended to be settled in the next 5 years. Refer to "Note 11 – Related Party Transactions" in Item 18, Financial Statements, for additional details.

On February 24, 2010, CDC Corporation and CDC Software entered into an interest bearing loan agreement (the "Loan Agreement"), which sets forth the terms and conditions upon which CDC Corporation is required to repay aggregate amounts of inter-company debt owed to CDC Software. As of December 31, 2009, the amount of such inter-company debt was $34.2 million, and such amount may increase or decrease over time, depending upon factors such as: (i) the terms and conditions, and the application thereof, of the Loan Agreement and that certain Services Agreement dated as of August 5, 2009 by and between CDC Software and CDC Corporation, as amended in May 2010; (ii) the application of U.S. GAAP by each of CDC Software and CDC Corporation; (iii) the application of internal accounting policies and procedures of each of CDC Software and CDC Corporation; (iv) any payments permitted pursuant to the terms of the Loan Agreement; and (v) such other factors or considerations as may be agreed between the management or board of directors of each of CDC Software and CDC Corporation. The outstanding balance bears interest at the higher of either: (a) four percent per annum; or (b) the LIBOR rate plus two and a half percent, per annum. The outstanding principal amount of the Loan together with accrued interest thereon is due and payable by CDC Corporation on February 24, 2015 (the "Maturity Date"). The Maturity Date may be extended for additional one year periods by the mutual written agreement of the parties. CDC Corporation may pre-pay any or the entire outstanding principal amount and any accrued but unpaid interest at any time, in its sole discretion and without penalty in cash or other assets as mutually agreed between the parties.

On March 30, 2010, CDC Corporation repaid $7.0 million in the amount due to the Company, in a transaction approved by the boards of directors of both CDC Corporation and the Company, through the payment of $4.2 million in cash and the transfer of an aggregate of 276,543 of the Company' s class A ordinary shares held by CDC Corporation' s subsidiary to a subsidiary of the Company at a price of $10.125 per share, the average closing price for the Company' s American Depositary Shares on the NASDAQ Global Market for the ninety 90 trading day period ended March 25, 2010.

Short-Term Loan from CDC Corporation

We had short-term loans from CDC Corporation of $33.7 million and nil at December 31, 2008 and 2009, respectively. The 2008 balance was primarily related to funding received from CDC Corporation to finance our acquisition activities, reduced by overhead allocations to CDC Corporation. These amounts were unsecured, payable upon demand and beared no interest. During 2009, the short-term loan was repaid.

C.

Research and Development, Patents and Licenses, etc.

In 2007, 2008 and 2009, after acquiring Ross and Pivotal, we incurred significant research and development expenses. As discussed in "Item 5., Operating and Financial Review and Prospects – Critical Accounting Policies and Estimates – Capitalization of Software Costs," we capitalize certain software development costs and expense others. This capitalization of software costs will not continue in 2010. As part of our overall strategy to develop and introduce more proprietary products to sell across our business lines and service offerings, we anticipate that our research and development costs may increase on an absolute basis and as a percentage of overall revenue.

Our research and development and support personnel work closely with our customers and prospective customers to determine their requirements and to design enhancements and new releases to meet their needs. We periodically release enhancements and upgrades to our core products. In the years ended December 31, 2007, 2008 and 2009, we invested $22.8 million, $25.9 million and $18.0 million in research and development, respectively. Research and development activities take place in our facilities in Shanghai and Nanjing, China and Bangalore, India. For additional information regarding product development see "Item 4.B., Information on the Company – Business Overview – Our Competive Strengths."

D.

Trend Information

In 2009 we made further operational improvements in our Software segment as a result of process efficiencies in all operating expenses. These efficiencies allowed for an improved profitability in 2009 despite the economic challenges to our top line revenue. We also consummated several strategic acquisitions in 2009. We anticipate that we will continue to execute our strategies through targeted acquisitions and investments in our products, including key partnerships with leading software vendors. See also "Item 3.D., Key Information – Risk Factors."

In light of the risks and uncertainties surrounding our Company and the geographic markets in which we operate, shareholders, investors and prospective investors should keep in mind that we cannot guarantee that the forward-looking statements described in this Annual Report will or can materialize.

E.

Off-balance Sheet Arrangements

Under the terms of the stock purchase agreements with our franchise partners, we have agreed to grant convertible and demand loans of up to an aggregate of $2.3 million, of which nil was outstanding at December 31, 2009. In our on-going business, we have not entered into transactions involving, or otherwise formed relationships with, unconsolidated entities or financial partnerships established for the purpose of facilitating off-balance sheet arrangements, commitments or other contractually limited purposes.

F.

Tabular Disclosure of Contractual Obligations

See "Item 5.B., Operating and Financial Review and Prospects – Liquidity and Capital Resources – Future cash requirements and sources of liquidity" above.

G.

Safe Harbor

See “General Introduction – Special Note on Forward-Looking Statements.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Executive Officers

The following table sets forth certain information regarding our directors and executive officers as of April 30, 2010.

Name	Age	Position/ Title	Class of Directorship
Francis Kwok-Yu Au	40	Director	I, term to expire in 2010
Raymond K. F. Ch' ien	58	Director	II, term to expire in 2011
Carrick John Clough	62	Chairman of the Board	III, term to expire in 2012
Dr. Chung Kiu Wong	63	Vice Chairman of the Board, Chief Executive Officer, CDC Global Services	II, term to expire in 2011
Simon Kwong Chi Wong	58	Director Chief Executive Officer, China.com, Inc. and CDC Games Corporation	I, term to expire in 2010
Dato' Sin Just Wong	44	Director	II, term to expire in 2011
Peter Yip	58	Vice Chairman of the Board and Chief Executive Officer of CDC Software and CDC Corporation	III, term to expire in 2012
Lee Lam	50	Director	I, term to expire in 2010
Matthew Lavelle	44	Chief Financial Officer, CDC Software and CDC Corporation	
Bruce Cameron	57	President	

Alan MacLamroc	55	Chief Product & Technology Officer
Donald Novajosky	39	General Counsel, CDC Software, Vice President and Associate General Counsel, CDC Corporation
Lee Reisterer	53	Senior Vice President, Professional Services
Niklas Rönnbäck	44	President, CDC Supply Chain
Anil Dwivedi	40	Vice President, Japan and Korea
Paul Elswood	40	President, CDC Respond
Edmund Lau	50	Vice President, Greater China, CDC Software
Oscar Pierre	54	Managing Director, Spain
Nagaraja Prakasam	39	Managing Director, India
Nicolas Cron	47	Managing Director, France
Mark Sutcliffe	45	President, CDC Factory
Paul Plaia	40	President, CDC Gomembers
Frank Hung	48	Managing Director, Australia and New Zealand
Hilton Law	38	Managing Director, Southwest APAC

Francis Kwok-Yu Au has served as an independent director of CDC Software International since July 2007 and has served as an independent director of our board since our formation in March 2009. Mr. Au has also served as a director of CDC Games Corporation and its parent, CDC Games International Corporation, since September 2008 and May 2007, respectively. Mr. Au is the CEO of Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, which has offices in Hong Kong, Beijing and Shanghai. Mr. Au is responsible for leading all aspects of Cowen' s businesses in Asia including capital markets, M&A and private placements. Prior to his appointment as CEO of Cowen Latitude Asia, Mr. Au was the President and co-founder of Latitude Capital Group, which was founded in 2002 and acquired by Cowen Group in 2008. He is based in the firm' s Hong Kong office and currently focuses on covering the alternative energy, consumer, health care, industrial, media and technology sectors in Asia. Previously, Mr. Au was the Head of Media investment banking in Greater China for Lehman Brothers-Asia. Mr. Au has extensive investment banking experience across all areas of corporate finance including equity and debt capital raising, as well as mergers and acquisition advisory having worked in both Lehman' s New York and Hong Kong offices in the Technology, Telecom and Industrial/LBO Groups. Mr. Au holds a master of business administration from Harvard Business School and a bachelor' s degree in Economics/East Asian Studies from Columbia University.

Dr. Raymond K. F. Ch' ien has served as an independent director of our board since our formation in March 2009. Dr. Ch' ien has also served as Chairman of the board of directors of CDC Corporation since January 1999. He served as acting chief executive officer of CDC Corporation between March 2004 and March 2005, and chief executive officer of CDC Corporation from March 2005 until August 2005. Dr. Ch' ien is Chairman and a member of the executive and remuneration committees of CDC Corporation' s Hong Kong listed subsidiary, China.com Inc. Dr. Ch' ien is also Chairman of MTR Corporation Limited and Hang Seng Bank Limited, serves on the boards of the Hongkong and Shanghai Banking Corporation Limited, Swiss Reinsurance Company Limited, Convenience Retail Asia Limited, Hong Kong Mercantile Exchange Limited and China Resources Power Holdings Company Limited. Dr. Ch' ien received a Doctoral Degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. He was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal. In August 2008, Dr. Ch' ien was conferred the honour of Chevalier de l' Ordre du Merite Agricole of France.

Carrick John Clough has served as an independent director of CDC Software International since May 2006, has served as an independent director of our board since our formation in March 2009, and has served as chairman of our Board since June 2009. In addition, Mr. Clough has served as the Chairman of the executive committee of CDC Corporation board of directors since August 2005 and Chairman of the board of Praxa Limited, a subsidiary of CDC Corporation. Mr. Clough also currently serves as a Special Advisor to General Atlantic LLC since December 2000. Before joining General Atlantic, Mr. Clough gained over 25 years of management experience in the IT industry internationally. He was a co-founder and managing director of the CSSL Group, a mid-range software distributor and hardware reseller in Asia. Prior to co-founding the CSSL Group, Mr. Clough held the position of general manager of JBA in Asia, an Australia-based worldwide mid-range software distributor, and gained working experience as a consultant in the United Kingdom and Europe. Mr. Clough received his education in New Zealand.

Dr. Chung Kiu Wong has served as a member of our board since our formation in March 2009, and has served as a vice chairman of our board since June 2009. Dr. Wong also served as an independent director of CDC Software International between March 2007 and November 2007. Dr. Wong has served as Chief Executive Officer of our CDC Global Services business unit since April 2010. Dr. Wong is one of the co-founders of iASPEC, a group of companies that provide information technology consulting services, software products and services in Hong Kong, China and in North America. iASPEC was established in 1988 and continues to maintain its headquarters in Hong Kong. Dr. Wong obtained his Ph.D. in Mathematics from the University of California. He served as the Principal Architect in a State of California government data centre from 1975 to 1981 and received the Distinguished Services Award from the State of California in 1979. Dr. Wong returned to China in 1982 and has held senior positions in international information technology companies in China and Hong Kong. Dr. Wong is a Distinguished Fellow of the Hong Kong Computer Society. He has served as a member of the University Grants Committee and a member of the Advisory Committee on Creative Industry of the Central Policy Unit in the Hong Kong SAR Government. Dr. Wong currently serves as chairman and member in the Advisory Committees of various engineering faculties and information technology academic departments in the local universities and those in China.

Simon Kwong Chi Wong has served as a director of CDC Software International since October 2006 and as a member of our board since our formation in March 2009. Mr. Wong has also served as the Chief Executive Officer of CDC Games since December 2009, and as Chief Executive Officer of our affiliate China.com, Inc. since March 2010. In addition, Mr. Wong has served as a director of CDC Games Corporation since September 2008 and its parent, CDC Games International, since September 2006, and as a director of CDC Corporation, since August 2005. Mr. Wong is a partner of Argo Global Capital, LLC, or AGC. Prior to joining AGC, he was a director and executive vice president of Transpac Capital Ltd., one of the oldest and largest private equity investment firms in Asia, managing an $820.0 million portfolio with investments in approximately 200 companies in East Asia and the United States. Prior to joining Transpac, Mr. Wong was deputy managing director of Cony Electronics Products Ltd. and Hung Nien Electronics Ltd. in Hong Kong and president of Cony Electronics Inc. in Chicago. Mr. Wong serves on the boards of Fountain Set (Holdings) Limited and Glory Mark Hi-Tech (Holdings) Ltd. Mr. Wong has served previously as chairman of the Hong Kong Venture Capital Association and was vice chairman of The Hong Kong Electronic Industries Association. He is also a committee member of the Hong Kong Young Industrialists Council, member of Financial Services Advisory Committee of Hong Kong Trade Development Council and board member of Monte Jade Science and Technology Association of Hong Kong. Mr. Wong received his bachelor of science and master of business administration degrees from the Chinese University of Hong Kong.

Dato' Sin Just Wong has served as an independent director of our board since April 2010, and has served as an independent director of China.com, Inc. since November 1999. Dato' Wong also served as director of CDC Games International Corporation until October 2007, and as director of CDC Software International until November 2008. Dato' Wong has over 20 years of accounting, investment banking and venture capital experience, and has held senior positions with a number of premier international investment banks. He is the founder of SBI E2 Capital Group of companies and currently serves as the Chairman of SBI E2-Capital Asset Management Ltd. He is also an independent non-executive director of CSI Properties Limited (formerly Capital Strategic Investment Limited) and China Zenith Chemical Group Limited, Non-Executive Chairman of Westminster Travel Limited and the Non-Independent Non-Executive Director of Intelligent Edge Technologies Berhad. He was the Executive Co-Chairman of CIAM Group Limited (formerly E2-Capital (Holdings) Limited, listed on the Hong Kong Stock Exchange) until May 2008. He is involved in various social and charitable organizations in Hong Kong and China, is the Chairman of the General Donations and Special Events Committee of The Community Chest of Hong Kong, and holds a Bachelor Degree in Engineering from the University of London, England.

Peter Yip has served as executive chairman of the board and as chief executive officer of CDC Software International since May 2006 and has served as a vice chairman of our board and as our chief executive officer since our formation in March 2009. In addition, Mr. Yip served as the chief executive officer and vice chairman of the board of directors of our parent, CDC Corporation, from 1999 until February 2005 and again since his reappointment in April 2006. Mr. Yip has been a director of our affiliate CDC Games since December 2006 and was chief executive officer of CDC Games International from May 2007 until December 2009. Mr. Yip was a founder of CDC Corporation. Mr. Yip is also chairman of China Pacific Capital, and has over two decades of entrepreneurial and direct investment experience in the U.S. and the Asia Pacific region in which he has co-founded or provided seed funding to a number of successful start-up entities, including Linkage Online, Gartner Group Asia, YipKon Business Systems and Online Software Asia. Mr. Yip previously held management positions at KPMG Consulting and Wharton Applied Research. In 2000, the Wharton Business School presented Mr. Yip with its Asian Alumni Entrepreneur Award. Mr. Yip received a master' s degree in business administration from the Wharton School and both a master' s degree and a bachelor' s degree in electrical engineering from the University of Pennsylvania. He also holds an associate degree and an honorary doctorate degree from Vincennes University in Indiana.

Dr. Lee G. Lam has served as an independent director of our board since September 2009. Dr. Lam has also served as an independent non-executive director of our affiliates, China.com, Inc., since December 2006, as well as CDC Games International Corporation since May 2007 and CDC Games Corporation since September 2008. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law (and has completed the Bar Course) from the City University of Hong Kong, a LLM in law from the University of Wolverhampton in the U.K., and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational operations and general management, strategy consulting, corporate governance, investment

banking, and direct investment experience in the telecommunications, media and technology (TMT), retail, property and financial services sectors. He is Chairman of Monte Jade Science and Technology Association of Hong Kong Limited, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong

Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing.

Matthew Lavelle has served as the Chief Financial Officer of CDC Software International since October 2008 and has served in the same capacity with us since our formation in March 2009. Mr. Lavelle joined CDC Corporation in July 2008 as Vice President of Finance and was promoted to Chief Financial Officer in October 2008. Prior to joining CDC, Mr. Lavelle held several positions in the financing and accounting industry. From February 2006 to July 2008, he was Vice President of Finance Airport and Desk Top Services at SITA Inc., a provider of air transport communication and information technology solutions. From 1990 to 2006, he served in numerous capacities of increasing responsibility at United Parcel Service, or UPS, including Controller and Vice President of Finance. Mr. Lavelle holds a Bachelor of Science from the University of Scranton in Pennsylvania. He is a member of the Georgia Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Bruce Cameron has served as President of CDC Software International since August 2008 and has served as our President since our formation in March 2009. Mr. Cameron had previously served as the Executive Vice President of Global Sales and Marketing for CDC Software since June 2008. Prior to that, he was the Senior Vice President of Global Sales from September 2007 to June 2008. Previously, he was Senior Vice President of Global Sales for CDC Software' s CRM product line from January 2006 until September 2007. From January 2005 to September 2006, Mr. Cameron was our Vice President Sales for North America. Mr. Cameron was previously General Manager of the homebuilding vertical at Pivotal Corporation, a company we acquired, which he joined in April 2004. Mr. Cameron has over 26 years of experience in application software management, and has held several positions in the software industry including General Manager at Delano Inc., an e-CRM company from December 1999 to May 2001, Worldwide Vice President of Sales at QAD International, an ERP company from 1996 through 1999, General Manager and Senior Vice president at JBA International, an ERP company, from 1989 through 1995, and Vice President of Sales and then President of Cimcorp Inc., a MES systems company from 1986 through 1989. Mr. Cameron holds a BSME degree from Rochester Institute of Technology.

Alan MacLamroc has served as Chief Product & Technology Officer of CDC Software International since April 2007 and has served in the same capacity with us since our formation in March 2009. Mr. MacLamroc is responsible for product marketing, product management, product engineering and lead global corporate IT. Mr. MacLamroc has more than 20 years of technology management experience, including seven years serving as chief technology officer. Most recently, Mr. MacLamroc served as Chief Technology Officer at CompuCredit, an information and technology-driven provider and direct marketer of branded credit cards and related fee-based products and services. Prior to CompuCredit, Mr. MacLamroc served as Chief Technology Officer for MAPICS, Inc., an enterprise business software provider. Prior to MAPICS, he served as Chief Technology Officer at Clarus, a provider of web-based commerce applications. He has also served in a variety of senior technology management positions at System Software Associates (SSA), IBM and Sprint. Mr. MacLamroc holds a bachelor' s of business administration degree in computer information systems and personnel management from Washburn University, and an master of business administration in finance from the University of Missouri.

Donald L. Novajosky has served as General Counsel for CDC Software Corporation since June 2009, Secretary since April 2010, and has served as Vice President and Associate General Counsel of CDC Corporation since April 2009. Mr. Novajosky joined CDC Corporation as Corporate Counsel in November 2006. From 2005 to 2006, Mr. Novajosky held positions with the law firms of Reed Smith LLP and Hutchison Law Group PLLC, where his practice focused on general corporate, securities, mergers and acquisitions and other corporate matters. From June 2003 to July 2005, Mr. Novajosky was the Director, Legal of Cytogen Corporation, a publicly-traded biopharmaceutical company in Princeton, New Jersey. Prior to that, Mr. Novajosky held positions with the law firms of Hale and Dorr LLP (now Wilmer Cutler Pickering Hale and Dorr) and Buchanan Ingersoll Rooney PC. Mr. Novajosky received a juris doctor degree, magna cum laude, from New York Law School, where he was a member, editor and published author of the New York Law School Law Review. Mr. Novajosky also received a bachelor of science degree in finance from Pennsylvania State University.

Lee R. Riesterer has served as Senior Vice President of Professional Services for CDC Software Corporation since April 2009, and has served as Vice President of CRM Professional Services since April 2008. Mr. Riesterer joined CDC Software Corporation as Vice President of Expert Services in July 2007. From June 2004 to July 2007, Mr. Riesterer was the President of The Brookhaven Group, LLC, a privately held consulting firm based in Atlanta, Georgia focused on the enterprise applications market including customer relationship management, enterprise resource planning, supply chain management, web-based collaboration and training, information security, and governance, risk and compliance solutions. Mr. Riesterer has experience in providing a variety of consulting services including business strategy development, go-to-market planning, market and product positioning, and new product and services development and packaging. Mr. Riesterer began his professional career at Digital Equipment Corporation where he held a number of leadership roles in the Sales and

Professional Services organization including management of the North American Solutions Business Practice, providing complex enterprise-wide systems integration and consulting services to Fortune 500 corporate clients. Mr. Riesterer majored in political science with a minor in business administration at the State University of New York at Binghamton.

Niklas Rönnbäck has served as Senior Vice President, EMEA for CDC Software International since October 2008 and has served in the same capacity with us since our formation in March 2009. He is responsible for the EMEA operations of CDC Supply Chain, the "supply chain management for distributors" division of CDC Software. Mr. Rönnbäck is also responsible for all CDC Software operations activity in the Nordic countries and the Baltic states. Prior to such time, Mr. Rönnbäck served as Senior Vice President, Services for EMEA since January 2008. His responsibilities included customer service across all product lines in EMEA. Mr. Rönnbäck joined CDC Software in 2004 as Services Director. He has served in a variety of management roles at CDC Software including Vice President, Operations at CDC Supply Chain from January 2007 to December 2007, Global Services Director at CDC Supply Chain from April 2006 to December 2006, Services Director at IMI from August 2004 to March 2006. Mr. Rönnbäck brings more than 15 years of enterprise software experience, specifically in the implementation of ERP, order management and warehouse management systems. Prior to joining CDC Software, he was President at Öhrwall & Rönnbäck, a privately held logistics and supply chain consultancy firm from January 1999 to August 2004. Mr. Rönnbäck received his MSc and Licentiate degree in industrial logistics from Luleå University of Technology.

Anil Dwivedi has served as the Vice President, Japan of CDC Software International since April 2008 and has served in the same capacity with us since our formation in March 2009. In this role, Mr. Dwivedi is responsible for expanding reseller channels in those countries, and identifying and evaluating merger and acquisition opportunities, including the expansion of the CDC Software franchise partner program to Japan and Korea. Prior to joining CDC Software in April 2008, Mr. Dwivedi served in various executive leadership positions in the enterprise software industry in China and Japan including senior business development management roles at Wipro Japan KK in Yokohama, Japan from June 2000 to March 2008, where his responsibilities included consulting large Japanese corporations on their IT and off-shoring strategies and selling services related to web technologies, infrastructure, security and ERP; and at HCL in Japan and India from May 1997, where his role was focused on sales of SAP services and alliance with SAP. Mr. Dwivedi is a graduate of the Indian Institute of Technology and the Indian Institute of Management.

Paul Elswood has served as Managing Director, United Kingdom and Ireland for CDC Software International since January 2009 and has served in the same capacity with us since our formation in March 2009. Mr. Elswood is responsible for the CDC Software operations activity in the United Kingdom and Ireland. In July 2009, his responsibility was extended to include Netherlands, Belgium and Luxembourg. Prior to this role Mr. Elswood served as Vice President, EMEA, for the CDC Respond division of CDC Software with responsibility for all client facing activities. Mr. Elswood joined CDC Software in February 2007 as Vice President, Services for EMEA, within the CDC Respond division of CDC Software. Mr. Elswood brings more than 17 years of enterprise software experience across many industry verticals including, Financial Services, Government, Healthcare, Retail and Fast Moving Consumer Goods. Prior to joining CDC Software, he worked within Oracle' s Retail Global Business Unit from November 2005 to January 2007 and Accenture from November 1992 to October 2004. Mr. Elswood holds a bachelor of engineering degree from the University of Birmingham.

Edmund Lau has served as Vice President, Greater China for CDC Software International since January 2007 and has served in the same capacity with us since our formation in March 2009. He is responsible for sales, services and business development in Greater China (Hong Kong, Taiwan and China). Prior to this role, Mr. Lau served as President of Viador from January 2006 to January 2007, a leading provider of web-based business intelligence solutions. At Viador, Mr. Lau also served in senior sales positions that included vice president of worldwide sales from 2003 to 2005 and Vice President of International Sales from 2001 to 2003, where he expanded company sales in Europe and Asia Pacific, particularly in the Greater China area from 1985 to 1990. Mr. Lau had also previously served as General Manager of the China/Hong Kong region for Hamilton/Brighton Technology Ltd., a US-based IT company.

Oscar Pierre has served as Senior Vice President, South Europe and Latin America for CDC Software since September 2005. Mr. Pierre is responsible for operations activity for all of South Europe and Latin America. In this role, Mr. Pierre works closely with other global division heads to deliver solutions that meet area customer needs. Prior to this role, Mr. Pierre served as Vice President, European and Latin American

operations for Ross Systems. He joined Ross Systems when it acquired the company he founded, Software International SA, and became the managing director of the Spanish-speaking markets. Prior to Ross Systems, he worked at Data-Pack SA, an ERP software distributor, where he was a managing director before its acquisition by Computer Associates. He then assumed the duties of divisional manager and vice general manager of Computer Associates' Spanish branch.

Nagaraja Prakasam has served as our Managing Director for South and Southeast Asia since January 2010, and has also served as our Managing Director, India since January 2007. In these capacities, Mr. Prakasam is responsible for sales in the South and Southeast Asia region, as well as overseeing the company' s Bangalore development center. Previously, he was Senior Director of India Operations from June 2006 until December 2006. Mr. Prakasam joined Ross Systems in September 1997, prior to the acquisition of Ross by CDC Software, and has over 18 years of experience in product development, sales and managing offshore research and development, services, IT and support operations for enterprise software companies. Mr. Prakasam holds a B.E. degree from Thiagarajar College of Engineering, India and an MBA degree from Kennesaw State University, USA.

Frank Hung has served as Managing Director, Australia and New Zealand since January 2007 and is responsible for operations activity for all of Australia and New Zealand. Mr. Hung has over 25 years of experience in the technology sector and has held various international and senior management positions throughout Asia, Australia, New Zealand and Canada. Before joining CDC Software, Mr. Hung served as the Managing Director, Australia and Chief Operating Officer (Asia Pacific) for Maximizer Software from 2001 to 2006 (TSX: MAX), overseeing all CRM operations for the company throughout the entire Asia Pacific region. Prior to Maximizer Software, Mr. Hung served as Chief Operating Officer (Asia) for Powerlan Limited from 1999 to 2001 (ASX: PWR).

Hilton Law has served as Managing Director for Southwest APAC since November 2009, where he is responsible for channel partner development, strategic planning, corporate development and management of the company in that region. Since March 2005, Mr. Law has also served as CEO of Integrated Solutions Ltd., a business unit of CDC Software. With more than 20 years of experience in the information technology industry, Mr. Law has served in a variety of senior management roles throughout China and Asia/Pacific. Previously, from April 2000 to November 2002, he was General Manager of SOLAR Inc. Limited, the joint venture of PCCW Limited and Computer Associates International, Inc. Mr. Law serves as a council member of the Information and Software Industry Association, and has served as a director of Tera Age O/B Amazing World Corp Limited, a Mobility Solution Provider.

Nicolas Cron is serving CDC Software as General Manager, VP of Southern Europe since October 2009. Mr. Cron has a combined experience of 13 years in the software industry where he held several management positions including General Manager Southern Europe at Torex Ltd, a POS solution company from September 2007 to September 2009, General Manager France at SSA Global Inc., an back office solutions company from January 2001 to November 2006, European Sales Director at Dendrite Inc., a CRM company from January 1997 to December 2000. Before joining the IT industry in 1997, Mr. Cron spent another 13 years in the FMCG market where he gained experience in sales and marketing with prestigious companies such as Danone group. Mr. Cron holds a commercial degree from Institut de la Salle, France.

Mark Sutcliffe has served as Senior Vice President of CDC Software International and President of CDC Factory, one of CDC Software' s Enterprise Divisions, since October 2006. Mr. Sutcliffe is responsible for business and product strategy for the CDC Factory Product Division world-wide as well as operations in North America. Mr. Sutcliffe has over 20 years experience as an entrepreneur and leader in software business and product strategy. From 1998 to 2006, Mr. Sutcliffe was founder, majority shareholder and Chief Product Strategist of MVI Technology, an Enterprise Manufacturing Intelligence company in the UK which was acquired by CDC Software International in October 2006. From 1985 to 1998, Mr. Sutcliffe was a founder and board member of Mercia Software, a UK-based start up, where he was responsible for sales and marketing and Manufacturing Sector product strategy. Mr. Sutcliffe holds a masters degree in management science from The University of Aston Management School.

Paul Plaia has served as Senior Vice President of CDC Software and President of CDC gomembers, since November 2009 and is responsible for all aspects of the business including strategic direction, sales, marketing, services, development and M&A. Mr. Plaia holds more than 20 years of management experience in information technology and finance. From 1996 to 2009, Mr. Plaia served as President and CEO of gomembers. Prior to that, from February 1995 to February 1996, Mr. Plaia was Treasurer of Orange Technologies, a software company based in the Washington D.C. area, and was founder and Managing Partner of Plaia & Company, Certified Public Accountants and Technology Consultants. Mr. Plaia began his professional career with Grant Thornton, an international assurance and management consulting firm. He is a certified public accountant and holds a BBA in finance and information technology from Oglethorpe University in Atlanta, Georgia.

B.

Compensation

Directors

During the fiscal year ended December 31, 2009, we paid our directors an aggregate of approximately $67,507 in compensation and granted them options with respect to 542,084 class A ordinary shares, all having an exercise price of $8.45 per share, and which expire on September 11, 2016. Directors are reimbursed for all expenses incurred in connection with each meeting of the board of directors and when carrying out their duties as directors of CDC Software.

Directors who are employees of us or our affiliates do not receive any fees for their service on our board or committee thereof. Our policy with respect to compensation for our independent non-executive directors for board and committee service is as follows:

with respect to board service, each director receives $12,500 per year;

with respect to audit committee service, each director receives $15,000 per year, with the chairman of the audit committee receiving an additional $20,000 per year;

with respect to compensation committee service, each director receives $7,500 per year;

with respect to nominating committee service, each director receives $7,500 per year;

with respect to executive committee service, each director receives $15,000 per year, with the chairman of the executive committee receiving an additional $20,000 per year; and

our chairman of the board receives an additional $40,000 per year for services in that capacity.

Director compensation is not linked to attendance.

From the date of our initial public offering in August 2009 to September 2009, in the event that a non-executive director was concurrently a member of the board of directors of CDC Corporation or certain of its subsidiaries, the fees payable to such non-executive director for service on our board or any committee thereof was 65% of the fees set forth above, for such time as our director was also a member of the board of CDC Corporation or certain subsidiaries thereof. After September 2009, non-executive directors were compensated at 100% of such fees, regardless of concurrent board service.

As of December 31, 2009, our directors had been granted a total of 8,564,999 options or SARs relating to class A ordinary shares of CDC Corporation of which 8,494,584 remain outstanding with exercise prices ranging between $0.87 and $8.52 per share.

Executive Officers

During the fiscal year ended December 31, 2009, we paid our executive officers named in "Item 6.A., Directors, Senior Management and Employees – Directors and Senior Management" as a group compensation (including salary, bonus and other incentives) an aggregate of approximately $7.6 million and granted them options to purchase 423,084 ADSs related to our class A ordinary shares, with exercise prices ranging between $8.45 and $9.60 per share. In the fiscal year end December 31, 2009, the annual remuneration range of our executive officers named in "Item 6.A., Directors, Senior Management and Employees – Directors and Senior Management" (including salary, bonus and other incentives) ranged from $102,000 to $3.5 million.

During 2009, our executive officers, excluding Mr. Yip, were granted a total of 93,334 options or SARs relating to the class A common shares of CDC Corporation, all of which remain outstanding with exercise prices ranging between $0.92 and $2.80 per share.

We pay compensation to some of our executive officers in currencies other than the U.S. dollar. The amounts reflected in this section are reported in U.S. dollars based on the currency exchange rates as of December 31, 2009.

Asia Pacific Online Limited

Effective January 1, 2010, we entered into a new executive services agreement between the Company and Asia Pacific On-Line Ltd. ("APOL") for the services of our Chief Executive Officer, Mr. Peter Yip (the "2010 CDC Software ESA").

The 2010 CDC Software ESA provides for, among other things, (i) the termination of that certain Executive Services Agreement dated as of December 19, 2008, as amended to date (the "Existing Services Agreement") by and among CDC Corporation Limited., an affiliate of the Company' s parent, APOL and Mr. Yip; (ii) a renewed term; (iii) a revised scope of services; and (iv) revised compensation terms.

The 2010 CDC Software ESA has a three (3) year term, and provides that APOL shall receive, in exchange for Mr. Yip' s services as Chief Executive Officer of the Company, the following cash compensation:

annual cash remuneration, payable monthly in arrears as a Management Fee under Section 4.1 of the 2010 CDC Software ESA, in the aggregate amount of $800,000 per year; and

a potential cash bonus of up to $800,000 per annum, payable in amounts of up to $200,000 per quarter, promptly after the Company' s quarterly earnings announcements, based upon the Company' s Adjusted EBITDA performance for such quarter.

The cash compensation payable under the 2010 CDC Software ESA will be reviewed at least once per year during the term thereof.

All awards of options and stock appreciation rights previously-granted to Mr. Yip and APOL shall remain outstanding, and together with the New Options, shall continue to vest in accordance with their terms, provided, that, Mr. Yip continues to provide services to the Company remains employed by the Company on the relevant vesting date; and (ii) this 2010 CDC Software ESA has not otherwise been terminated.

If the Agreement is terminated for a reason other than cause, Mr. Yip' s death or by APOL by giving 6 months advance notice, Mr. Yip and APOL' s options accelerate and fully vest. In addition, in the event that Mr. Yip' s death or disability is tangibly related to the performance of the duties by Mr. Yip for the Company, then Mr. Yip and APOL' s options shall accelerate and fully vest. In the event a change of control of the Company occurs, and the Agreement is terminated for a reason other than cause, Mr. Yip' s death or by APOL giving 6 months advance notice of termination, then Mr. Yip and APOL' s options shall accelerate and fully vest. In addition, in the event a change of control of the Company occurs, and Mr. Yip remains in good standing with the Company or its successor through the first anniversary of such change in control, then Mr. Yip and APOL' s options shall accelerate and fully vest. A change of control shall be deemed to occur in the event any person, other than the Company or APOL, becomes the owner of 20% or more of the combined voting power the Company' s outstanding securities.

The Company will reimburse APOL for Mr. Yip' s reasonable expenses incurred in the performance of his duties related to travel and entertaining in accordance with the policies of the Company. In addition, as long as APOL beneficially owns at least 5% of the shares of CDC Corporation, and Mr. Yip, together with one or more members of his immediate family, is the beneficial owner of at least 50% of APOL, APOL will be entitled to nominate one director to our board, subject to the approval of our shareholders. APOL and Mr. Yip have also agreed to, subject to certain exceptions, non-competition and non-solicitation periods of 12 months after the termination of the 2010 CDC Software ESA.

The following table sets forth information with respect to options to purchase our class A ordinary shares granted to APOL, which were outstanding as of March 31, 2010.

Date of Grant	Grantee	Amount of Options	Exercise Price	Expiration Date	Vesting Terms
9/11/2009	APOL	299,084	$8.45	9/11/2016	Equal quarterly installments over 3 years
3/1/2010	APOL	250,000	$10.15	3/1/2017	Equal quarterly installments over 3 years

Effective as of January 1, 2010, CDC Corporation also entered into a new executive services agreement with APOL for the provision of services by Mr. Yip as Chief Executive Officer of CDC Corporation.

Equity in Affiliated Companies

As of February 28, 2010, Mr. Yip beneficially owned 16.78% or 19,881,660 ordinary shares of CDC Corporation and holds 6,999,999 options or share appreciation rights, or SARs through APOL.

As of February 28, 2010, Mr. Yip also beneficially owned 22,500 ordinary shares in China.com Inc., a 79.2%-owned subsidiary of CDC Corporation, in his individual capacity and 539,160 shares of China.com through APOL, or less than 1%. In addition, Mr. Yip holds 425,000 options in China.com in his individual capacity and 7,063,232 options in China.com through APOL.

As of March 31, 2010, other than Mr. Yip, none of our directors or executive officers beneficially held in excess of 1% interest in CDC Corporation, CDC Games Corporation and China.com Inc.

Equity Compensation Plans

Our directors, executive officers and employees may be eligible to receive equity incentives or to participate in our equity incentive plan. The following describes the equity incentive plans of CDC Software in which many of our directors, executive officers and employees may participate.

CDC Software Corporation 2009 Stock Incentive Plan

We have adopted our 2009 Stock Incentive Plan, or the 2009 Plan. A summary of the material terms of the 2009 Plan is set forth below.

Purpose. The 2009 Plan is intended to make available incentives that will assist us in attracting and retaining key employees and to encourage them to increase their efforts to promote our business and the business of our subsidiaries. We may provide these incentives through the grant of share options, share appreciation rights, restricted share awards, restricted unit awards, performance shares, performance cash, deferred compensation awards or other rights or benefits under the 2009 Plan.

Shares Subject to 2009 Plan. Subject to adjustments under certain conditions, the maximum aggregate number of our class A ordinary shares which may be issued pursuant to all awards under the 2009 Plan is 3.75 million. As of December 31, 2009, we had granted an aggregate of 895,084 options to purchase, and 10,000 SARs relating to, our ADSs, having a weighted average exercise price of $8.48, of which 880,084 and 10,000, respectively, remained outstanding as of such date.

Appropriate adjustments will be made in the number of authorized shares and in outstanding awards to prevent dilution or enlargement of grantees' rights in the event of a stock split or other change in our capital structure. Shares as to which an award is granted under the 2009 Plan that remain unexercised when the award expires, is forfeited or is otherwise terminated, may be the subject of the grant of further awards under the 2009 Plan. Shares covered by an award granted under the 2009 Plan shall not be counted as used unless and until they are actually issued and delivered to the grantee. The shares available will not be reduced by awards settled in cash.

Administration. The administrator of the 2009 Plan may be a committee appointed by our board of directors, which committee we intend to consist solely of two or more "outside directors" so that awards granted pursuant to the 2009 Plan may qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code. Subject to the provisions of the 2009 Plan, the administrator determines in its discretion the persons to whom and the times at which awards are exercisable, the types and sizes of such awards, and all of their terms and conditions. All awards must be evidenced by a written agreement between us and the grantee. The administrator may amend the terms of any outstanding award granted under the 2009 Plan, provided that any amendment adversely affecting the rights of a grantee under such award shall not be made without his or her written consent. The administrator has the authority to construe and interpret the terms of the 2009 Plan and awards granted under it.

Eligibility. Awards may be granted under the 2009 Plan to employees, directors, and consultants of ours or any related entity, including any parent, subsidiary or other business in which we, any parent or subsidiary holds a substantial ownership interest. While we may grant incentive share options only to employees, we may grant non-qualified share options, share appreciation rights, restricted share awards, restricted unit awards, performance shares and performance cash to any eligible grantee.

Share Options. The administrator may grant non-qualified share options, "incentive share options" within the meaning of Section 422 of the Internal Revenue Code, or any combination of these. The exercise price of each non-qualified share option may not be less than 85% of the fair market value of our shares on the date of grant unless otherwise determined by the administrator. Any incentive share option granted to a

person who owns shares possessing more than 10% of the voting power of all classes of shares of us or any parent or subsidiary at the time of the grant must have an exercise price not less than 110% of the fair market value of our shares on the date of grant and a term not exceeding five years from the date of

grant thereof. The exercise price of each incentive share option granted to all other persons may not be less than the fair market value of our shares on the date of grant and shall have a term not exceeding seven years from the date of grant thereof. The administrator may amend the exercise price of any option provided that any amendment adversely affecting the rights of a grantee shall not be made without his or her written consent. Options shall first become exercisable or vest according to the terms, conditions, performance criteria and restrictions set forth in the award agreement, as determined by the administrator at the time of grant. Unless a longer period is provided by the administrator, an option generally will remain exercisable up to one month following the cessation of employment, except that if cessation of employment is as a result of the grantee' s death or disability, the option generally will remain exercisable for the one-year period following such cessation, but in any event not beyond the expiration of its term.

Share Appreciation Rights. A share appreciation right gives a grantee the right to receive the appreciation, if any, in the fair market value of our shares on the date of its exercise over the exercise price. We may pay the appreciation either in cash or in shares in accordance with the terms of the grantee' s award agreement. The administrator may grant share appreciation rights under the 2009 Plan in tandem with a related share option or as a freestanding award. A tandem share appreciation right is exercisable only at the time and to the same extent that the related option is exercisable, and its exercise causes the related option to be canceled as to the number of shares with respect to which the tandem share appreciation right was exercised. The exercise price of a tandem share appreciation right shall be the exercise price per share under the related share option. Freestanding share appreciation rights vest and become exercisable at the times and on the terms established by the administrator. The exercise price of a freestanding share appreciation right shall not be less than 85% of the fair market value of our shares on the date of grant. The term of any share appreciation right granted under the 2009 Plan is seven years or such other term as set forth in the applicable award agreement.

Restricted Share Awards. The administrator may grant restricted share awards under the 2009 Plan subject to vesting conditions set forth in the award agreement as determined by the administrator (including vesting conditions based on service or performance criteria). Shares granted as restricted share awards may not be transferred by the grantee until vested. A grantee' s rights in unvested restricted shares generally will lapse and his unvested restricted shares will be forfeited back to us one month following his termination of employment with us for any reason, unless the administrator determines otherwise in its sole discretion, provided that we shall reimburse the grantee for any consideration paid by him for the restricted shares upon its issuance. Grantees holding restricted shares will have all the rights of a shareholder with respect to such award (including the right to any dividends paid), subject to the restrictions in his award agreement, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award. The 2009 Plan also authorizes the administrator to establish a deferred compensation award program under which selected grantees may elect to receive fully vested restricted shares in lieu of compensation otherwise payable in cash or in lieu of cash or shares otherwise issuable upon the exercise of share options, share appreciation rights, performance shares or performance cash.

Restricted Unit Awards. Restricted units granted under the 2009 Plan mean the right, awarded to a grantee pursuant to an award agreement, to receive an amount in cash equal to the fair market value of one share for such consideration, if any, and subject to such terms set forth in the award agreement and such other restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions and other terms as established by the administrator. The administrator may grant restricted unit awards subject to the attainment of performance goals similar to those described below in connection with performance shares and performance units, or may make the awards subject to vesting conditions similar to those applicable to restricted share awards. Grantees have no voting rights or rights to receive cash dividends with respect to restricted unit awards until our shares are issued in settlement of such awards. However, the administrator may grant restricted unit awards that entitle their holders to receive dividend equivalents, which are rights to receive additional restricted units for a number of shares whose value is equal to any cash dividends we pay.

Performance Shares and Performance Cash. The administrator may grant performance shares and performance cash under the 2009 Plan, which are awards that will result in a payment to a grantee only if specified performance goals are achieved during a specified performance period. Performance share awards are denominated in our shares, while performance cash awards are denominated in cash. To the extent earned, performance share and performance cash awards may be settled in cash, shares, including restricted shares, or any combination of these. Unless otherwise provided in the award agreement, if a grantee' s service terminates due to death or disability before the completion of the applicable

performance period, the final award value is determined at the end of the period on the basis of the performance goals attained during the entire period, but payment is prorated for the portion of the period during which the grantee continuously remained in service.

Maximum Grants. The maximum number of shares that may be subject to options or share appreciation rights which may be awarded to any grantee during any annual period is one million in the aggregate. The maximum number of shares which may be awarded to any grantee during any annual period as restricted shares, restricted units or performance shares is 500,000 in the aggregate. The maximum amount of performance cash which any grantee may earn during any annual period is $500,000. These maximum grants are included so that awards granted pursuant to the 2009 Plan will qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code.

Transfer Restrictions. The 2009 Plan provides that incentive share options may not be transferred except by will or the laws of descent and distribution. The administrator has discretion to permit transfers of other awards where it concludes such transferability is appropriate and desirable.

Change in Control. If a change in control occurs, the administrator has discretion to provide for such adjustments to outstanding awards under the 2009 Plan as it deems necessary or appropriate (including the assumption or substitution of such awards and the acceleration of the vesting or exercisability of such awards), provided that the administrator determines that such adjustments do not have a substantial adverse economic impact on the award holder as determined at the time of the adjustment. A "change in control" is defined generally under the 2009 Plan as a sale or other disposition of substantially all of our assets, the acquisition by any person of more than 50% of our voting shares (including by way of a merger, consolidation or otherwise), and certain changes in our board of directors.

Amendment and Termination. The 2009 Plan will continue in effect until the 10th anniversary of its approval by the shareholders, unless earlier terminated by our board of directors. Our board of directors may amend, suspend or terminate the 2009 Plan as it shall deem advisable, except that no amendment may adversely affect a grantee with respect to awards previously granted unless such amendments are in connection with compliance with applicable laws; provided that our board of directors may not make any amendment in the 2009 Plan that would, if such amendment were not approved by the shareholders, cause the 2009 Plan to fail to comply with any requirement of applicable laws, unless and until shareholder approval is obtained. No award may be granted during any suspension of the 2009 Plan or after termination of the 2009 Plan.

CDC Software Corporation 2009 Employee Share Purchase Plan

We have also adopted our 2009 Employee Share Purchase Plan, or the 2009 ESPP. A summary of the material terms of the 2009 ESPP is set forth below.

The 2009 ESPP allows eligible employees to purchase our class A ordinary shares represented by American Depositary Shares, or Shares, at a discount through payroll deductions during two annual purchase periods.

Purpose. The 2009 ESPP is intended to make available incentives that will assist us in attracting and retaining key employees and to encourage them to increase their efforts to promote its business and the business of our subsidiaries.

Administration. The 2009 ESPP is administered by the Compensation Committee of our Board. The Compensation Committee may make such rules and regulations and establish such procedures for the administration of the 2009 ESPP as it deems appropriate, and shall have authority to interpret the 2009 ESPP, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law and shall take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the 2009 ESPP or the administration or interpretation thereof.

Eligibility. All employees of the company and each Subsidiary (as defined in the 2009 ESPP) designated for participation therein by the Compensation Committee shall be eligible to participate in the 2009 ESPP, provided that each such employee:

(i) has been employed by the Company or any Subsidiary (or any predecessor thereof), in the manner set forth in clauses (iii) and (iv) below, for a period of at least one hundred and eighty (180) days (continuous or otherwise) prior to the Plan Period (as defined in the 2009 ESPP) during which participation is to commence, provided that no employee who has been employed

for two years, for purposes of Section 423(b)(4)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), or more can be excluded under this clause (i);

(ii) does not own, for purposes of Section 423 of the Code, immediately after the right is granted, stock possessing 5% or more of the total combined voting power or value of all classes of capital stock of the Company or of a Subsidiary;

(iii) customarily works more than 20 hours per week; and

(iv) customarily works more than five months in a year;

provided, that, notwithstanding the foregoing, the employment of an employee of a Subsidiary which ceases to be a Subsidiary shall, automatically and without any further action, be deemed to have been terminated (and such employee shall cease to be an Eligible Employee thereunder).

Purchases and Reserved Shares. The two purchase periods over every twelve-month time span are from October 1 to March 31 of the following year and April 1 to September 30 of the same year. Participants in the ESPP may select payroll deductions in whole percentages, from 1% to 10% of base salary. Shares are purchased using the funds set aside through the payroll deductions at the end of each purchase period at a 15% discount to the lower of the market value of Shares on the first day of the applicable purchase period or the last day of the applicable purchase period. The maximum number of shares that a participant may purchase in any single purchase period shall be $25,000 of the fair market value of Shares for each calendar year, or $12,500 of fair market value of Shares for each purchase period.

The purchase price for each Share shall be the lesser of 85% of the Fair Market Value (as defined in the 2009 ESPP) of such Share at the beginning or the end of an Investment Period (as defined in the 2009 ESPP).

We have reserved an aggregate of 500,000 Shares for issuance under the 2009 ESPP, of which an aggregate of no more than 100,000 Shares are available for purchase during any purchase period, subject to adjustment in case of changes affecting Shares.

Amendment and Termination. Our Board may at any time, or from time to time, amend the 2009 ESPP in any respect; provided, however, that the 2009 ESPP may not be amended in any way that would cause, if such amendment were not approved by the holders of the Company' s ordinary shares, the 2009 ESPP to fail to comply with: (i) the requirements for employee stock purchase plans as defined in Section 423 of the Code; or (ii) any other requirement of applicable law or regulation; unless and until the approval of the holders of the applicable ordinary shares is obtained. No amendment of the 2009 ESPP shall alter or impair any rights outstanding at the time of such amendment to purchase Shares pursuant to any offer thereunder.

The 2009 ESPP and all rights of employees thereunder shall terminate: (i) on the date that participating employees become entitled to purchase a number of Shares greater than the number of reserved Shares remaining available for purchase; or (ii) at any time, at the discretion of our Board.

In the event that the 2009 ESPP terminates under circumstances described in (i) above, reserved Shares remaining as of the termination date shall be subject to participating employees on a pro rata basis. No termination of the 2009 ESPP shall alter or impair any rights outstanding at the time of such termination to purchase Shares pursuant to any offering of the right to purchase Shares thereunder.

C. Board Practices

Terms of Directors

Our Board is divided into three different classes designated as Class 1 directors, Class 2 directors and Class 3 directors. Our amended and restated memorandum and articles of association provide that at the first annual general meeting after listing on the NASDAQ Global Market, all Class 1 directors shall retire from office and be eligible for re-election. At the second annual general meeting after listing on the NASDAQ Global Market, all Class 2 directors shall retire from office and be eligible for re-election. At the third annual general meeting after listing on the NASDAQ Global Market, all Class 3 directors shall retire from office and be eligible for re-election. At each subsequent annual general

meeting, one-third of our directors, or if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. The directors to retire by rotation shall include any director who wishes to retire and not to offer himself for re-election. The further directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire will be determined by agreement between themselves or by lot. A retiring director shall remain in office until the close of the meeting at which he retires, and is eligible for re-election.

Our directors have the power to appoint any person as a director either to fill a vacancy or as an addition to our Board. Any director so appointed may hold office only until the next following annual general meeting, and is then eligible for re-election. A director may be removed from office, with or without cause, by a resolution of shareholders or, with cause, by a resolution of directors.

No director has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation in which he or she is a director or executive officer, to engage in normal business activities of such person or corporation.

Directors may vote on any contract or proposed contract or arrangement in which they are interested, provided that they provide a general notice to our board that (a) they are a member of a specified company or firm and are to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) that they are to be regarded as interested in any contract or arrangement that may after the date of the notice be made with a specified person who is connected with them. Our Board may exercise all of our powers to raise or borrow money and receive such remuneration as determined by our board of directors or designated committee.

There are no family relationships between any of the named directors and executive officers. Further, the directors of the Company are not parties to any agreements in relation to this board service with the Company, or any of its subsidiaries, which provide for benefits upon the directors' termination.

Committees of our Board of Directors

During the fiscal year ended December 31, 2009, CDC Software Corporation' s Board had four standing committees:

the audit committee;

the compensation committee;

the nominating committee; and

the executive committee.

Audit Committee

Pursuant to the terms of the audit committee charter, the purpose of the audit committee is to provide an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems and to oversee the audit process. The audit committee' s primary duties and responsibilities are to oversee that:

management has maintained the reliability and integrity of our accounting policies and financial reporting and disclosure practices;

management has established and maintained processes to assure that an adequate system of internal control is functioning within our company; and

management has established and maintained processes to assure compliance by us with all applicable laws, regulations and corporate policies.

Pursuant to the terms of the audit committee charter, the audit committee has the ultimate authority and direct responsibility for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. In addition, the audit committee is responsible for the review and approval of all material related party transactions, and reviews potential conflict of interest situations. The audit committee will also have the responsibility to review our compliance with the Sarbanes-Oxley Act of 2002. This includes reviewing documentation of our internal controls and key processes and procedures in order to report on compliance with Section 404, "Management Assessment of Internal Controls." We have appointed to the audit committee directors who qualify as an independent director for purposes of the rules and regulations of the SEC, the NASDAQ Global Market and the Sarbanes-Oxley Act of 2002. The audit committee' s charter is compliant with the rules and regulations of the NASDAQ Global Market. As of April 30, 2010, Messrs. Clough, Lam and SJ Wong serve on the audit committee with Mr. Clough serving as chairman.

Compensation Committee

Pursuant to the terms of the compensation committee charter, the compensation committee has the following primary duties and responsibilities:

- assist our Board in discharging its responsibilities with respect to executive officer, non-officer employee, consultant and director compensation;
- supervise the administration of our equity incentive plans and any other plans and programs designed and intended to provide compensation for our officers, such as our 2009 Stock Incentive Plan; and
- undertake such other duties as are assigned by law, our amended and restated memorandum and articles of association, or our Board.

In particular, the compensation committee is responsible for evaluating the performance of the chief executive officer and other executive officers in light of our goals and objectives and, based on this evaluation, determining the compensation of the chief executive officer and executive officers, including salary, bonus, share option grants, other equity incentive grants, perquisites and other direct or indirect benefits. In addition, the compensation committee reviews and approves for executive officers, their employment, severance, retirement and change of control agreements, and any other special or supplemental benefits, if and as appropriate. As of April 30, 2010, Messrs. Au and Clough serve on the compensation committee with Mr. Clough serving as chairman.

Nominating Committee

Pursuant to the terms of the nominating committee charter, the nominating committee has the following primary duties and responsibilities:

- recommend to our Board the director nominees for the annual general meeting of shareholders;
- identify and recommend candidates to fill vacancies occurring between annual general meetings of shareholders; and
- undertake such other duties as are assigned by law, our amended and restated memorandum and articles of association, or our board.

In particular, the nominating committee develops and recommends criteria to be used to identify and evaluate persons to serve on our Board, reviews the composition of each committee and presents recommendations for committee memberships to our board as needed, and, if requested by our board, assists our board in evaluating the performance of our board, each committee of our board and individual members. As of April 30, 2010, Messrs. Au, Clough and Yip serve on the nominating committee with Mr. Au serving as chairman.

Executive Committee

Our Board has delegated the following duties and responsibilities to the executive committee:

to act for our Board during any interim period between meetings of the full board; and

to act for and in lieu of the full board and to approve transactions requiring approval by our board that does not exceed aggregate consideration to be paid of more than $10.0 million in cash and equity, with the equity component not to exceed one million of our class A ordinary shares.

As of April 30, 2010, Dr. Ch' ien and Messrs. Au, Clough, Simon Kwong Chi Wong and Yip serve on the executive committee with Dr. Ch' ien serving as chairman.

Controlled Corporation

Under the NASDAQ' s corporate governance rules, we are a "controlled corporation" because CDC Corporation continues to hold more than 50% of our voting power. Because we are a controlled corporation, we are exempt from NASDAQ' s corporate governance Rule 5605(b) which means that:

a majority of our Board does not need to be comprised of "independent directors" as defined by NASDAQ. In spite of this exemption, five out of eight directors are considered independent under the NASDAQ rules; and

our compensation committee and nominating committee do not need to be comprised solely of "independent directors" as defined by NASDAQ. Nevertheless, all of the directors who serve on the compensation committee are considered independent under the NASDAQ rules. Mr. Peter Yip, who serves as one of our three directors serving on the nominating committee, is not considered an independent director under the NASDAQ rules.

In the event we are no longer a controlled company, we will be required to have a majority of independent directors on our Board and to have our compensation and nominating committees comprised solely of independent directors within one year of the date that we no longer qualify as a controlled company.

Duties of Directors

In general, under Cayman Islands law, our directors have a duty of loyalty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skills that each director possesses and not such care, diligence and skills as would be displayed by a reasonable person in the circumstance. In fulfilling their duties of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association. In certain limited circumstances, a shareholder has the right to seek damages on our behalf through a derivative action in the name of the company, if a duty owed by our directors is breached. Our directors will not generally owe duties directly to shareholders. See "Item 10.C., Additional Information − Exchange Controls − Differences in Corporate Law" for additional information on our standard of corporate governance under Cayman Islands law.

D. Employees

As of December 31, 2009, we had 1,407 full-time employees. With respect to our full-time employees, 616 are in support, professional services and consulting positions, 204 are in sales, marketing and business development positions, 379 are in research and development positions and 208 are in various finance, general and administrative positions. Of our 1,407 employees, approximately 33 of them spend a portion of their time providing services to CDC Corporation, our ultimate parent, pursuant to a Services Agreement. See "Item 10.C., Additional Information − Material Contracts − Services Agreement." On a continuing basis, we aim to attract, retain and motivate highly qualified technical, sales and management personnel, particularly highly skilled technical personnel and engineers involved in new product development and productive sales personnel. From time to time, we also employ independent contractors to support our research and development, marketing, sales and support and administrative organizations. Our employees are not represented by any collective bargaining unit, and we have never experienced a work stoppage. Further, of such 1,407 persons, approximately 521 are employed in North America, 342 in Europe, and 544 in Australia, Hong Kong, the PRC and Asia.

Furthermore, in May 2010, in connection with our execution of an amendment to the services agreement between us and CDC Corporation we transferred approximately 90 employees to CDC Corporation.

E. Share Ownership

Beneficial ownership of our ordinary shares by our directors, senior executive officers, and major shareholders is determined in accordance with the rules of the Securities and Exchange Commission, and generally includes voting or investment power with respect to those shares. In computing the number of ordinary shares beneficially owned by a person, and the percentage ownership of that person, ordinary shares subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days are deemed beneficially owned and outstanding, but such ordinary shares are not deemed outstanding for the purposes of computing the ownership percentage of any other person. Excluding Mr. Yip, as of April 30, 2010, our officers and directors beneficially owned an aggregate of 89,417 class A ordinary shares, which represented 1.8% of our class A ordinary shares. As of April 30, 2010, Mr. Yip beneficially owned 101,508 class A ordinary shares, which represented 2.0% of our class A ordinary shares. Mr. Yip does not have different voting rights than other holders of our class A ordinary shares.

Our directors, executive officers and employees may be eligible to receive equity incentives or to participate in our equity incentive plan. For a description of our equity compensation plans, see "Item 6B., Directors, Senior Management and Employees −Compensation − Equity Compensation Plans."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

We are a publicly traded corporation.

The following table sets forth information concerning each person known by us who beneficially own 5% or more of our class A ordinary shares as of April 30, 2010:

	Beneficial Ownership	
Shareholder	Shares	Percent
Portolan Capital Management, LLC (1)	414,964	8.2 %
Robeco Investment Management, Inc. (2)	1,067,390	21.0 %
Heartland Advisors, Inc. (3)	401,000	7.9 %
CDC Software Subsidiary Corporation (4)	276,543	5.4 %

*

Based on 5,076,543 CDC Software Corporation class A ordinary shares outstanding as of April 30, 2010.

(1)

Based upon a Schedule 13-G filed jointly by Portolan Capital Management, LLC (Portolan) and George McCabe, the Manager of Portolan, with the Securities and Exchange Commission on February 10, 2010.

(2)

Based upon Amendment No. 1 to a Schedule 13-G filed by Robeco Investment Management, Inc. with the Securities and Exchange Commission on February 10, 2010.

(3)

Based upon a Schedule 13-G filed jointly by Heartland Advisors, Inc. (Heartland) and William J. Nasgovitz, President and control person of Heartland, with the Securities and Exchange Commission on February 10, 2010. Mr. Nasgovitz specifically disclaims beneficial ownership of such securities.

(4)

On March 30, 2010, CDC Corporation reduced the inter-company balance owed to us by an aggregate of $7.0 million, through the payment of $4.2 million in cash, and the transfer of an aggregate of 276,543 of our class A ordinary shares to a subsidiary of ours, CDC Software Subsidiary Corporation, at a price of $10.125 per share, the average closing price for our American Depositary Shares on the NASDAQ Global Market for the ninety (90) trading day period ended March 25, 2010.

Our ordinary shares are divided into class A ordinary shares and class B ordinary shares. With respect to matters requiring a shareholder vote, holders of class A ordinary shares and holders of Class B ordinary shares vote together as one class. Each class A ordinary share is entitled to one vote and each class B ordinary share is entitled to ten votes. Our major shareholders do not have different voting rights. We issued class A ordinary shares represented by ADSs in our initial public offering.

As of April 30, 2010, CDC Corporation indirectly owned 100% of our issued and outstanding class B ordinary shares through its 100% ownership of CDC Software International, representing 98.1% of the combined voting power of our aggregate issued and outstanding ordinary shares and 84.3% of the economic interest in our outstanding ordinary shares. Accordingly, CDC Corporation has and is expected to maintain the ability to determine the outcome of shareholder votes with respect to most events that may require shareholder approval.

Of the 5,076,543 class A ordinary shares issued and outstanding as of April 30, 2010, 4,800,000, or approximately 17.5% of the combined total of our outstanding class A and class B ordinary shares, were held by a single holder of record in the United States, the Deutsche Bank Trust Company Americas, the depositary for our ADS program.

For a discussion of risks associated with the holdings of our major shareholders, see "Item 3.D., Key Information − Risk Factors − Risks Relating to Our Separation from, and Continuing Relationship with, CDC Corporation."

B.

Related Party Transactions

Employment Agreements

Certain of our senior executive officers are parties to employment agreements with us and other companies in the CDC Corporation group under which they are entitled to a base salary, allowances and performance based bonuses and, in some cases, share options under our and CDC Corporation' s equity incentive plans. Under these employment agreements, a senior executive officer' s employment may be terminated for cause, at any time, without prior notice, for certain acts of the officer,

including, but not limited to, material violation of policies and regulations of CDC Corporation or its affiliates, failure to perform agreed duties or a conviction of a crime. These employment agreements may be terminated by either party at any time upon three months' prior written notice.

Effective January 1, 2010, we entered into a new executive services agreement with Asia Pacific On-Line Limited for the services of our Chief Executive Officer, Mr. Peter Yip (the "2010 CDC Software ESA"). For a description of the 2010 CDC Software ESA, see "Item 6.B., Directors, Senior Management and Employees – Compensation."

Indemnification Agreements with Directors and Officers

We have entered into indemnification agreements with our directors and certain of our officers that may require us to indemnify them against liabilities that may arise by reason of their status or service as directors or officers, and to advance their expenses, including legal expenses, incurred as a result of any investigation, suit or other proceeding against them as to which they could be indemnified. Generally, the maximum obligation under such indemnifications is not explicitly stated and, as a result, the overall amount of these obligations cannot be reasonably estimated. If we were to incur a loss in connection with these arrangements, it could affect our business, operating results and financial condition.

Intercompany Agreements

Upon the consummation of our initial public offering in August 2009, we entered into: (i) a Services Agreement with CDC Corporation under which CDC Corporation and CDC Software are obligated to provide certain services to each other, which was subsequently amended in May 2010; and (ii) a Trademark License Agreement, pursuant to which we and CDC Corporation license the use of various trademarks of the other. For descriptions of such agreements see "Item 10.C., Additional Information − Material Contracts."

Loan Agreement

On February 24, 2010, we entered into a loan agreement with CDC Corporation with respect to certain inter-company balances owed to us from CDC Corporation. For a description of such agreement, see "Item 10.C., Additional Information − Material Contracts."

C.

Interests of experts and counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A.

Consolidated Statements and Other Financial Information

We have appended our consolidated statements and other financial information as of and for the year ended December 31, 2009 commencing on page F-1 of this Annual Report.

B.

Significant Changes

Not applicable.

ITEM 9. THE OFFER AND LISTING

A.

Offer and Listing Details

American Depositary Shares, or ADSs, representing our class A ordinary shares have been quoted on NASDAQ under the symbol "CDCS" since our IPO on August 6, 2009. Prior to August 6, 2009, there was no public market for our ADSs or ordinary shares. The following table sets forth, for the periods indicated, the high and low closing prices per ADS as reported on NASDAQ. On December 31, 2009, the closing price for our ADSs on NASDAQ was $9.66 per ADS.

	Closing prices	
	High	Low
	(in U.S. dollars per ADS)	
2009:		
Third quarter	9.99	8.19
Fourth quarter	10.10	8.50
2010:		
First quarter	11.83	9.52
Past six calendar months:		
November 2009	10.10	9.20
December 2009	9.94	8.93
January 2010	11.25	10.05
February 2010	10.38	9.52
March 2010	11.83	10.15
April 2010	11.75	9.63

B.

Plan of Distribution

Not applicable.

C.

Markets

American Depositary Shares, or ADSs, representing our class A ordinary shares have been quoted on NASDAQ under the symbol "CDCS" since our IPO on August 6, 2009. Prior to August 6, 2009, there was no public market for our ADSs. There can be no assurance we can continue to satisfy the relevant criteria for maintaining our listing on NASDAQ.

D.

Selling Shareholders

Not applicable.

E.

Dilution

Not applicable.

F.

Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A.

Share Capital

Not Applicable.

B.

Memorandum and Articles of Association

We incorporate by reference into this Annual Report on Form 20-F the description of our Amended and Restated Memorandum and Articles of Association contained in Amendment No. 4 to our Registration Statement on Form F-1 (File No. 333-160600) filed with the SEC on August 4, 2009.

C.

Material Contracts

Credit Agreement

On April 27, 2009, CDC Software Corporation and our subsidiary, Ross Systems, Inc., entered into a Credit Agreement with Wells Fargo Capital Finance, LLC (formerly Wells Fargo Foothill, LLC), as agent. Pursuant to the Credit Agreement, Wells Fargo Capital Finance made available to us a senior secured revolving credit facility of up to $30.0 million. Under the credit facility, we are an unsecured guarantor; each of our subsidiaries, Pivotal Corporation and CDC

Software, Inc., is a secured guarantor, and Ross is the borrower. Advances under the credit facility may be used for, among other things, general corporate purposes, strategic growth initiatives such as mergers and acquisitions, working capital and capital expenditures, and, subject to certain conditions, up to $15.0 million under the credit facility may be provided by us to CDC Corporation.

The credit facility provides that revolving loans and letters of credit may be provided, subject to availability requirements, which are determined pursuant to a borrowing base calculation of a percentage of our trailing twelve month maintenance revenue, as such is defined in the credit agreement. Borrowings under the credit facility bear interest at either a base rate or LIBOR rate, as we may elect from time to time.

Pursuant to a security agreement by and among Ross Systems; CDC Software, Inc.; Pivotal Corporation and Wells Fargo, the obligations under the credit facility are secured by a first priority security interest in all of borrower' s and the secured guarantors' assets, including without limitation, all accounts, equipment, inventory, chattel paper, records, intangibles, deposit accounts and cash and cash equivalents, including certain intellectual property.

The credit facility expires on April 27, 2014, and contains customary affirmative and negative covenants for credit facilities of this type, including limitations on us with respect to the incurrence of indebtedness, making of investments, creation of liens, disposition of property, making of restricted payments and transactions with affiliates. The credit facility also includes financial covenants including minimum EBITDA, fixed charge coverage ratio requirements and recurring revenue requirements. In addition, the credit facility imposes limitations on our ability to transfer funds between us and certain of our subsidiaries as well as between us and our ultimate parent, CDC Corporation, which could materially and adversely affect our operations and financial condition and those of our subsidiaries and affiliates. We are required to maintain certain minimum amounts outstanding from closing until January 27, 2012.

Services Agreement

Upon the consummation of our initial public offering in August 2009, we entered into a Services Agreement with CDC Corporation under which CDC Corporation and CDC Software are obligated to provide certain services to each other. The services that we and CDC Corporation provide to each other include:

legal services;

human resources services;

insurance services;

accounting and auditing services;

investor relations services;

information technology services;

marketing services;

mergers and acquisitions services; and

occupancy support services.

The Services Agreement, which was effective upon completion of our initial public offering in August 2009, has an initial term expiring on December 31, 2019. Thereafter, the Services Agreement automatically renews for successive two-year periods unless we or CDC Corporation elect not to renew the Services Agreement by providing not less than 15 months' advance written notice. CDC Corporation has the right to terminate the agreement at any time it ceases to own at least 50% of the total voting power of our ordinary shares.

Under the Services Agreement, except as otherwise provided by the May 2010 amendment described below, we and CDC Corporation provide services to each other at prices reflecting the actual costs incurred by the entity providing such services, as long as the agreement remains in effect. Amounts payable pursuant to the Services Agreement may increase or decrease depending on a number of factors, including whether the costs of providing such services materially changes based upon our negotiations.

On May 28, 2010, we entered into an amendment to the Services Agreement, which provides that CDC Corporation or its subsidiaries shall provide us with certain additional services, including strategic business consulting services, software implementation services, software operational support services, and customer education and training services at a price equal to the costs incurred by CDC Corporation or its subsidiaries to provide these services plus an additional gross margin of 25%. We are required to first offer CDC Corporation the right to provide these additional services; however, in the event that CDC Corporation chooses not to exercise such right, we are entitled to contract with a third party for these services in order to fulfill our obligations to our customers.

We believe that the payments and the payment terms under the Services Agreement are reasonable.

Trademark License Agreement

Upon the consummation of our initial public offering in August 2009, we entered into a Trademark License Agreement, pursuant to which we and CDC Corporation license the use of various trademarks of the other. Under this agreement, we license the "CDC" name and logo, on a non-exclusive basis, and CDC Corporation licenses from us certain of our and our subsidiaries' trademarks, including "The Customer Driven Company," and the logos for "Pivotal," "Respond," "Ross Systems" and others, on a non-exclusive basis. No royalty is payable by either party until the earlier of five years after the consummation of the offering or CDC Corporation ceases to own at least 50% of the total voting power of our ordinary shares, upon which each party shall pay the other an annual royalty in arrears of $10,000 during the term of the Trademark License Agreement. Each party has the right to terminate the agreement at any time CDC Corporation ceases to own at least 50% of the total voting power of our ordinary shares.

Loan Agreement

We had a net receivables balance due from CDC Corporation of $14.2 million and $34.2 million at December 31, 2008 and 2009, respectively, which arose from the selling of goods and services in the normal course of business and the allocation of overhead costs to wholly owned subsidiaries of CDC Corporation. Prior to August 2009, interest was applied at 6 months LIBOR plus 2%. Included in the net receivable amount at December 31, 2008 and 2009 are interest-bearing receivables in the amount of $45.3 million and $58.9 million, respectively, and interest-bearing payables in the amount of $12.5 million and $24.8 million, respectively. The average net interest-bearing receivable during 2009 was $16.6 million. From and after the date of our initial public offering in August 2009, these balances bear interest at the higher of either: (a) four percent (4%) per annum or (b) the LIBOR rate plus two and a half percent (2.5%) per annum.

On February 24, 2010, we entered into a loan agreement with respect to these inter-company balances. The loan agreement provides for interest to accrue monthly at the higher of either four (4%) percent per annum, or the LIBOR Rate (as defined in the Loan Agreement) plus two and a half percent (2.5%) per annum. Interest and principal are due at maturity on February 24, 2015. The maturity date may be extended for additional one (1) year periods by the mutual written agreement of the parties. On March 30, 2010, CDC Corporation reduced the inter-company balance by $7.0 million in a transaction approved by the boards of directors of both companies, through the payment of $4.2 million in cash and the transfer of an aggregate of 276,543 of our class A ordinary shares, which were held by CDC Corporation' s subsidiary, to a subsidiary of ours, at a price of $10.125 per share, the average closing price for our American Depositary Receipts on the NASDAQ Global Market for the ninety (90) trading day period ended March 25, 2010. This reduced the inter-company balance to $30.0 million. The highest amount outstanding on the inter-company loan from January 1, 2009 to March 31, 2010 was $35.8 million.

Intercompany agreements relating to CDC Corporation shares

In circumstances where our material contracts have provided that class A ordinary shares of CDC Corporation may be issued in connection with various of our acquisitions, we have entered into intercompany agreements with CDC Corporation, which provide that in the event CDC Corporation issues its class A ordinary shares in satisfaction of such obligations, there shall be created an intercompany liability from us to CDC Corporation in the amount of the fair market value of the CDC Corporation class A ordinary shares issued. As part of our acquisition of c360 Solutions, Inc., in April 2006, 600,000 shares of class A ordinary shares of CDC Corporation, in twelve quarterly installments of 50,000 shares each, have been issued to the sellers as certain milestone targets were achieved, which led to an increase in our short term loan from CDC Corporation, resulting in a balance of $0.9 million (200,000 shares per annum valued at $4.49 per share, the market price of CDC Corporation stock on the consummation date of the acquisition) in 2007 and $0.3 million in 2008 (50,000 shares valued at $5.49 per share).

3.75% Senior Exchangeable Convertible Notes Due 2011

In November 2006, our ultimate parent, CDC Corporation, issued $168 million in aggregate principal amount of 3.75% Senior Exchangeable Convertible Notes due 2011, the "Notes."

The Notes and the Note Purchase Agreement related thereto originally provided that, if neither CDC Software International, our direct parent, nor CDC Games International is able to complete a "qualified initial public offering," or Qualified IPO, prior to November 13, 2009, then holders would have the option to require CDC Corporation to redeem the Notes at a redemption price of principal plus accrued and unpaid interest, calculated at the rate of 12.5% per annum applied retroactively from November 13, 2006 to the date of redemption.

As of December 31, 2009, a subsidiary of CDC Corporation, CDC Delaware Corp. was the holder of $124.8 million in principal amount, or 75.2% of the total aggregate amount outstanding of Notes, and Evolution CDC SPV Ltd., Evolution Master Fund Ltd., SPC, Segregated Portfolio M and E1 Fund Ltd., or, collectively, Evolution, were the holders of an aggregate of $41.2 million, or 24.8% of the total aggregate amount outstanding of Notes.

On November 11, 2009, CDC Delaware executed an Amendment No. 1 to the Notes and the Note Purchase Agreement that amended the Notes and the related Note Purchase Agreement to: (i) amend the definition of Qualified IPO to provide that CDC Software, CDC Games, or any of their respective subsidiaries can consummate a Qualified IPO; and (ii) reduce the amount of proceeds necessary to achieve a Qualified IPO, via the definition of Minimum IPO Amount, from $100.0 million to $40.0 million.

As a result of these amendments, CDC Corporation believes that the holder redemption right provided in the Notes, which would have required CDC Corporation to pay, not later than December 16, 2009, an aggregate of approximately $52.0 million, consisting of the remaining principal outstanding on the Notes held by such non-affiliates together with accrued interest at the rate of 12.5% retroactive to the issue date of November 13, 2006, is both no longer exercisable by such holders, and is no longer of any force or effect.

Notwithstanding the foregoing, in November 2009, CDC Corporation received a notification from Evolution purporting to elect to exercise the holder redemption option under the Notes. Furthermore, on December 18, 2009, Evolution filed a notice of motion for summary judgment in lieu of complaint against CDC Corporation in the Supreme Court of the State of New York, County of New York, demanding payment of the remaining principal portion of their Notes, together with accrued and retroactive interest. Evolution has also alleged default under the Notes, and is also seeking reimbursement of fees and costs in its lawsuit against CDC Corporation. On April 28, 2010, the New York Court denied Evolution' s motion for summary judgment.

On March 2, 2010, CDC Corporation filed a complaint in the Supreme Court of the State of New York, County of New York, against Evolution alleging breach of non-disclosure agreements, breach of the Note Purchase Agreement relating to the Notes, breach of the Notes, and tortious interference with business relations. The complaint seeks recovery of compensatory damages, interest, attorneys' fees, litigation expenses and injunctive relief in excess of $295.0 million.

Short-Term Loan from CDC Corporation

We had short-term loans from CDC Corporation of $33.7 million and nil at December 31, 2008 and 2009, respectively, that were primarily related to funding received from CDC Corporation to finance our acquisition activities, reduced by overhead allocations to CDC Corporation. These amounts were unsecured, payable on demand, and accrued no interest. During 2009, the short-term loan was repaid.

Other Agreements

In October 2006, our subsidiary, Ross Systems, entered into an agreement to acquire 100% of the shares of MVI Holdings Limited, or MVI, a provider of real-time performance management solutions for the food and beverage, consumer products, pharmaceuticals and chemicals industries. Under the terms of the agreement, Ross Systems paid approximately $6.0 million of cash at closing, subject to various adjustments. In addition, Ross Systems agreed to pay up to a maximum of $12.0 million of additional consideration based upon the revenues of MVI in each of the first three years following the closing. In September 2008, Ross Systems entered into an addendum to the purchase agreement pursuant to which Ross Systems extended the earn out period to include a fourth year and provided that the amounts payable for the third and fourth years would equal a percentage of adjusted operating profit, as defined in that addendum. In January 2010, Ross Systems entered into a subsequent addendum to the purchase agreement pursuant to which the parties amended the purchase agreement as follows: (i) amended the amounts to be paid for the third installment thereunder to $2.1 million and the fourth installment to $1.6 million; (ii) provided that the third installment would

be payable on or before June 30, 2010 and the fourth installment would be payable in three tranches in August 2010, October 2010 and January 2011; (iii) removed the holdback and indemnity provisions as they relate to the third and installments; and (iv) deleted all restrictions on the operation of MVI and the CDC Factory businesses placed on Ross Systems under the stock purchase agreement and first addendum.

D.

Exchange Controls

General

There are no exchange control restrictions on payments of dividends on our class A ordinary shares or on the conduct of our operations in Hong Kong, where our principal executive offices are located, or the Cayman Islands, where CDC Software is incorporated. In addition, both Hong Kong and the Cayman Islands are not party to any double tax treaties and no exchange control regulations or currency restrictions exist in these countries.

We are a Cayman Islands company and our affairs are governed by, among other things, the Companies Law of the Cayman Islands. The following is a summary of material differences between the Companies Law and general corporate law in the United States insofar as they relate to the material terms of our class A ordinary shares.

Differences in Corporate Law

We are a Cayman Islands company and our affairs are governed by, among other things, the Companies Law (2007 Revision) of the Cayman Islands. The following is a summary of material differences between the Companies Law and general corporate law in the United States insofar as they relate to the material terms of our class A ordinary shares. The Companies Law of the Cayman Islands is modeled after that of England but does not follow recent United Kingdom statutory enactments and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of some significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. In certain circumstances the Cayman Islands Companies Law allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands company and a company incorporated in another jurisdiction (provided that it is permitted by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan of merger or consolidation must then be authorized by either (a) a special resolution (usually a majority of 66 2/3% in value) of the shareholders of each company voting together as one class if the shares to be issued to each shareholder in the consolidated or surviving company will have the same rights and economic value as the shares held in the relevant constituent company or (b) a shareholder resolution of each company passed by a majority in number representing 75% in value of the shareholders voting together as one class. A shareholder has the right to vote on a merger or consolidation regardless of whether the shares that he holds otherwise give him voting rights. No shareholder resolution is required for a merger between a parent company (i.e., a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company. The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Cayman Islands Registrar of Companies is satisfied that the requirements of the Companies Law (which includes certain other formalities) have been complied with, the Registrar of Companies will register the plan of merger or consolidation.

Where the merger or consolidation involves a foreign constituent company, and where the surviving company is a Cayman Islands company, the procedure is similar, save that with respect to the foreign constituent company, the director of the surviving or consolidated company is required to make a declaration to the effect that, having made due inquiry, he is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby

the rights of creditors of the foreign company are and continue to be suspended or restricted; (v) that the foreign company is able to pay its debts as they fall due and that the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the foreign company; (vi) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company: (i) consent or approval to the transfer has been obtained, released or waived; (ii) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; (iii) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iv) the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (v) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Companies Law provides for a right of dissenting shareholders to be paid a payment of the fair value of their shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows: (a) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (d) within seven days following the date of the expiration of the period set out in paragraph (b) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree on the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; and (e) if the company and the shareholder fail to agree on a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder) must file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the Court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or a recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company. Moreover, Cayman Islands law also has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, schemes of arrangement will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a "scheme of arrangement," which may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedure of which is more rigorous and takes longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meeting summoned for that purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the Court the view that the transaction should not be approved, the Court can be expected to approve the arrangement if it determines that:

- we are not proposing to act illegally or beyond the scope of our corporate authority, and the statutory provisions as to majority vote have been complied with;

- the shareholders have been fairly represented at the meeting in question;

- the arrangement is such as a businessman would reasonably approve; and

- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a "fraud on the minority."

If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Squeeze-out Provisions. When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through other means under these statutory provisions, such as a share capital exchange, asset acquisition or the acquisition of control of an operating business through contractual arrangements.

Shareholders' Suits. Our Cayman Islands counsel is not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed their availability (although, the reported cases were unsuccessful for technical reasons). In principle, we will normally be the proper plaintiff and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

a company is acting or proposing to act illegally or beyond the scope of its authority;

the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or

those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

Indemnification. The Companies Law of the Cayman Islands does not limit the extent to which a company' s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own actual fraud or willful default.

Inspection of Books and Records. Holders of our class A ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association). However, we provide our shareholders with annual audited financial statements.

Director Independence. Neither Cayman Islands law nor our amended and restated memorandum and articles of association require that a majority of our directors be independent. We intend to rely on the "controlled company" exceptions under the NASDAQ Marketplace Rules, under which we will not be required to comply with NASDAQ regulations that would otherwise require a majority of our Board to be comprised of independent directors.

Restrictions on Nonresident or Foreign Shareholders

Under Cayman Islands law there are no limitations on the rights of nonresident or foreign shareholders to hold or vote our class A ordinary shares.

Anti-Money Laundering − Cayman Islands

In order to comply with legislation or regulations aimed at the prevention of money laundering we may adopt and maintain anti-money laundering procedures, and we may require shareholders to provide evidence to verify their identity and source of funds. Where permitted, and

subject to certain conditions, we may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

We reserve the right to request such information as is necessary to verify the identity of a shareholder, unless in the particular case we are satisfied that an exemption applies under the Money Laundering Regulations (2008 Revision) of the Cayman Islands, as amended and revised from time to time, or the Regulations. Depending on the circumstances of each application, a detailed verification of identity might not be required where:

the shareholder makes the payment for his investment from an account held in the applicant' s name at a recognised financial institution; or

the shareholder is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the laws of, a recognised jurisdiction; or

the purchase of shares is made through an intermediary that is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the laws of a recognised jurisdiction and assurance is provided in relation to the procedures undertaken with respect to the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognized by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

We also reserve the right to refuse to make any redemption payment to a shareholder if our directors suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by us with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law, 2003 of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

E. Taxation

The following is a discussion of the material Cayman Islands and U.S. federal income tax consequences of an investment in our ADSs or class A ordinary shares based upon laws and relevant interpretations thereof in effect as of the date of this Annual Report, all of which are subject to change. This discussion does not address all possible tax consequences relating to an investment in our ADSs or class A ordinary shares, such as the tax consequences under state, local and other tax laws. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of our ADSs or class A ordinary shares.

Cayman Islands Taxation

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any ADSs or class A ordinary shares under the laws of their country of citizenship, residence or domicile.

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the ADSs or class A ordinary shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor' s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

No stamp duty, capital duty, registration or other issue or documentary taxes are payable in the Cayman Islands on the creation, issuance or delivery of the ADSs or class A ordinary shares. The Cayman Islands currently has no form of income, corporate or capital gains tax and

no estate duty, inheritance tax or gift tax. There are currently no Cayman Islands' taxes or duties of any nature on gains realised on a sale, exchange, conversion, transfer or redemption of the ADSs or class A ordinary shares. Payments of dividends and capital in respect of the ADSs or class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the ADSs or class A ordinary shares, nor will gains derived from the disposal of the ADSs or class A ordinary shares be subject to Cayman Islands income or corporation tax as the Cayman Islands currently has no form of income or corporation taxes.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, have applied for and obtained an undertaking from the Governor of the Cayman Islands that no law enacted in the Cayman Islands during the period of 20 years from the date of the undertaking imposing any tax to be levied on profits, income, gains or appreciation shall apply to us or our operations and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable (directly or by way of withholding) on the ADSs or class A ordinary shares, debentures or other obligations of ours.

U.S. Federal Income Tax Consequences

The following is a discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of our ADSs or class A ordinary shares. It does not address any federal estate or gift tax or foreign, state or local tax consequences. This discussion only applies to original purchasers of our ADSs who hold ADSs or class A ordinary shares as capital assets for U.S. federal income tax purposes. It does not purport to discuss all aspects of U.S. federal income taxation that may be relevant to particular investors, such as:

banks and certain financial institutions;

insurance companies;

partnerships or entities classified as partnerships for U.S. federal income tax purposes or persons holding ADSs or class A ordinary shares through such entities;

dealers in securities or currencies;

traders in securities that elect to use a mark-to-market method of accounting for securities holdings;

tax-exempt entities;

persons liable for alternative minimum tax;

persons holding our ADSs or class A ordinary shares as part of a position in a straddle or as part of a hedging transaction or conversion transaction;

persons that enter into a constructive sale transaction with respect to our ADSs or class A ordinary shares;

persons owning or treated as owning 10% or more of our voting shares; or

persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar.

This discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing and proposed U.S. Treasury regulations promulgated thereunder, published rulings by the U.S. Internal Revenue Service, or the IRS, and court decisions, all as currently in effect as of the date of this Annual Report. These authorities are subject to change, possibly on a retroactive basis. Please consult your own tax advisors concerning the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of our ADSs or class A ordinary shares in your particular circumstances.

For purposes of this discussion, you are a U.S. holder if for U.S. federal income tax purposes, you are a beneficial owner of our ADSs or class A ordinary shares who or which is:

an individual citizen or resident of the United States;

a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or of any political subdivision of the United States;

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

a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or the trust elects under U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds our ADSs or class A ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ADSs or class A ordinary shares, you should consult your tax advisors.

The discussion below assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for United States federal income tax purposes. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are pre-released may be taking actions that are inconsistent with the claiming, by U.S. holders of American depositary shares, of foreign tax credits for U.S. federal income tax purposes. Such actions may also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate U.S. holders, as described below. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate U.S. holders could be affected by future actions that may be taken by parties to whom ADSs are pre-released.

U.S. Holders

Dividends. Subject to the discussion under "Status as a PFIC" below, the gross amount of our distributions to you, other than *pro rata* distributions of our ADSs or class A ordinary shares or rights with respect to our ADSs or class A ordinary shares, including any amount withheld in respect of PRC taxes, generally will be included in your gross income as foreign source dividend income (i) if you are a non-corporate U.S. holder, on the date of actual or constructive receipt by the depositary, in the case of ADSs, or by you, in the case of class A ordinary shares, and (ii) if you are a corporate U.S. holder, on the date such dividends accrue to the depositary, in the case of ADSs, or to you, in the case of class A ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Dividends received by U.S. holders that are corporations generally will not be eligible for a dividends received deduction. Subject to applicable limitations, dividends paid to a non-corporate U.S. holder in taxable years beginning before January 1, 2011 will constitute qualified dividend income subject to tax at capital gains rates (generally 15%) provided that (1) the ADSs or the class A ordinary shares are readily tradable on an established securities market in the United States, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding periods and other requirements are met. Under IRS authority, class A ordinary shares, or ADSs representing such shares, will be considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the NASDAQ market. You should consult your tax advisors regarding the availability of the lower income tax rate for dividends paid with respect to our ADSs or class A ordinary shares.

Distributions in excess of our current and accumulated earnings and profits, as determined in accordance with U.S. tax accounting principles, will first be treated, for U.S. federal income tax purposes, as a nontaxable return of capital to the extent of the U.S. holder' s basis in our ADSs or class A ordinary shares and thereafter as gain from the sale or exchange of a capital asset. The character of such gain is described below under "Sales and Other Dispositions of our ADSs or Class A Ordinary Shares."

If we do not calculate our earnings and profits in accordance with U.S. tax accounting principles, we may be required to report the entire amount of any distribution as a dividend. We may not calculate our earnings and profits in accordance with U.S. tax accounting principles, and, therefore, the entire amount of any distributions may be reported to investors as taxable dividend distributions.

If PRC withholding taxes apply to dividends paid to you with respect to our ADSs or class A ordinary shares, subject to certain conditions and limitations, and subject to the discussion above regarding concerns expressed by the U.S. Treasury, such PRC withholding taxes will be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. The rules governing foreign tax credits are complex and, therefore, you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Sales and Other Dispositions of our ADSs or Class A Ordinary Shares. For U.S. federal income tax purposes, and subject to the discussion under "Status as a PFIC" below, a gain or loss recognized by a U.S. holder on the sale or other disposition of our ADSs or class A ordinary shares will be subject to U.S. federal income tax as capital gain or loss in an amount equal to the difference between that U.S. holder' s basis in our ADSs or class A ordinary shares and the amount realized on the disposition. A U.S. holder' s basis in our ADSs or class A ordinary shares will generally equal the amount the holder paid for such ADSs or class A ordinary shares. Such capital gain or loss will be long-term

capital gain or loss if the U.S. holder has held our ADSs or class A ordinary shares for more than one year at the time of the sale or exchange. The

maximum rate of tax on long-term capital gain recognized before January 1, 2011 is generally reduced to 15% for taxpayers other than corporations. The deductibility of capital losses is subject to limitations. Generally, gain or loss recognized by a U.S. holder will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. You are urged to consult your tax advisors regarding the tax consequences if a foreign tax is imposed on gain on a disposition of our ADSs or class A ordinary shares, including the availability of the foreign tax credit under your particular circumstances.

Status as a PFIC. Based on the projected composition of our income and valuation of our assets, including goodwill, we do not believe that we were a PFIC for 2008, we do not believe we were a PFIC in 2009, and we do not expect to become one in the foreseeable future, although there can be no assurance in this regard. A company is considered a PFIC for any taxable year if either:

at least 75% of its gross income is passive income; or

at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation' s assets and receiving our proportionate share of the other corporation' s income.

In determining that we are not a PFIC, we are relying on our projected acquisition and capital expenditure plans for the current year and for future years. In addition, this determination is based on our current valuation of our assets, including goodwill. In calculating goodwill, we have valued our total assets based on our projected total market value and have made a number of assumptions regarding the amount of this value allocable to goodwill. We believe our valuation approach is reasonable. However, it is possible that the IRS will challenge the valuation of our goodwill, which may also result in us being classified as a PFIC. In addition, if our actual acquisitions and capital expenditures do not match our projections, we may become a PFIC.

We must make a separate determination each year as to whether we are a PFIC and, as a result, our PFIC status may change. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. The calculation of goodwill will be based, in part, upon the market value of our stock and ADSs from time to time, which may be volatile. If we are a PFIC for any taxable year during which you hold our ADSs or class A ordinary shares, you will be subject to special tax rules discussed below. Because PFIC status is a factual determination for each taxable year, it cannot be made until the close of the taxable year.

If we are a PFIC for any taxable year during which you hold ADSs or class A ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of our ADSs or class A ordinary shares, unless you make a mark-to-market election as discussed below. Any distribution you receive in a taxable year that is greater than 125% of the average annual distribution you received during the shorter of the three preceding taxable years or your holding period for the ADSs or class A ordinary shares will be treated as an excess distribution. Under these special tax rules:

the excess distribution or gain will be allocated ratably over your holding period for the ADSs or class A ordinary shares;

the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and

the amount allocated to each other year will be subject to income tax at the highest rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or excess distribution cannot be offset by any net operating loss, and gains (but not losses) realized on the transfer of the ADSs or class A ordinary shares cannot be treated as capital gains, even if you hold the ADSs or class A ordinary shares as capital assets. In addition, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us in taxable years beginning prior to January 1, 2011 if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

You will be required to file IRS Form 8621 if you hold our ADSs or class A ordinary shares in any year in which we are classified as a PFIC.

If we are a PFIC for any taxable year during which you hold our ADSs or class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, a U.S. holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

A U.S. holder may avoid some of the adverse tax consequences of owning shares in a PFIC by making a "qualified electing fund" election. The availability of this election requires that we provide information to shareholders making the election. We do not intend to provide you with the information you would need to make or maintain a qualified electing fund election and you will, therefore, not be able to make such an election with respect to your ADSs or class A ordinary shares.

Alternatively, a U.S. holder owning marketable stock in a PFIC may make a mark-to-market election for stock of a PFIC to elect out of the tax treatment discussed above. If you make a mark-to-market election for the ADSs, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs as of the close of your taxable year over your adjusted basis in such ADSs or class A ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or class A ordinary shares over their fair market value as of the close of your taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the stock included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or class A ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or class A ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or class A ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or class A ordinary shares. Your basis in the ADSs or class A ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless ADSs or class A ordinary shares are no longer regularly traded on NASDAQ or the IRS consents to the revocation of the election.

The mark-to-market election is available only for stock that is regularly traded on (i) a national securities exchange that is registered with the U.S. Securities and Exchange Commission, including NASDAQ, or (ii) an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. We expect that the ADSs or class A ordinary shares will be listed on the NASDAQ Global Market and, consequently, we expect that, assuming the ADSs or class A ordinary shares are so listed and are regularly traded, the mark-to-market election would be available to you were we to be or become a PFIC.

Although we believe that we will not be a PFIC for our current taxable year or for later taxable years, there can be no assurance in this regard. You are urged to consult your tax advisers concerning the U.S. federal income tax consequences of holding ADSs or class A ordinary shares if we are considered a PFIC in any taxable year.

Non-U.S. Holders

Generally, you will not be subject to U.S. federal income tax or withholding on dividends received from us with respect to our ADSs or class A ordinary shares unless the dividends are effectively connected with your conduct of a trade or business in the U.S. and, if an applicable income tax treaty so requires as a condition for you to be subject to U.S. federal income tax on a net basis with respect to such income, the dividends are attributable to a permanent establishment that you maintain in the U.S. In such cases, you will generally be taxed in the same manner as a U.S. holder.

Generally, you will not be subject to U.S. federal income tax or withholding on any gain realized on the sale or other disposition of our ADSs or class A ordinary shares unless:

the gain is effectively connected with your conduct of a trade or business in the United States and, if an applicable income tax treaty so requires as a condition for you to be subject to U.S. federal income tax on a net basis with respect to such income, the gain is attributable to a permanent establishment that you maintain in the United States; or

you are an individual present in the United States for at least 183 days in the taxable year of sale or disposition and either your gain is attributable to an office or other fixed place of business that you maintain in the United States or you have a tax home in the United States.

If you are a corporate non-U.S. holder, your earnings and profits attributable to the effectively connected gain may be subject to an additional branch profits tax at a rate of 30% or a lower rate if you are eligible for the benefits of an applicable tax treaty.

Backup Withholding and Information Reporting

Payment of dividends and proceeds from the sale or other disposition of our ADSs or class A ordinary shares that are made to you in the United States (and in certain cases, outside the United States) will generally be subject to information reporting to the IRS, unless you are an exempt recipient such as a corporation. In addition, a backup withholding tax generally will apply to those payments unless the beneficial owner provides an accurate taxpayer identification number and complies with certification procedures or otherwise establishes an exemption from backup withholding.

Any amount withheld under the backup withholding rules may be credited against a U.S. holder' s U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS.

F.

Dividends and Paying Agents

Not applicable.

G.

Statement by Experts

Not applicable.

H.

Documents on Display

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If a contract or document is filed as an exhibit to a registration statement or other filing or report we make with the SEC, the contract or document is deemed to modify the description contained in this Annual Report. We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules, under the Securities Act covering the class A ordinary shares represented by the ADSs, which were offered and sold in our initial public offering. A related registration statement on Form F-6 was filed to register the issuance of the ADSs. You should review the exhibits for a complete description of the contract or document.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. However, we are allowed six months to file our annual report with the SEC instead of approximately three, and we are not required to disclose certain detailed information regarding executive compensation that is required from U.S. domestic issuers. Also, as a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Copies of this Annual Report on Form 20-F and its accompanying exhibits, as well as reports and other information, when filed, may be inspected without charge and may be copied at prescribed rates at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public

Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. You may access the Securities and Exchange Commission' s website at http://www.sec.gov.

We are required to furnish our shareholders with annual reports, which include a review of operations and annual audited consolidated financial statements prepared in conformity with US GAAP.

I. Subsidiary Information

For a listing of our material subsidiaries, see "Item 4.C., Information on the Company − Our Corporate Structure."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Most of our monetary assets and liabilities are denominated in Australian dollars, Canadian dollars, Euros, British pounds, Hong Kong dollars, Swedish Krona, Chinese Renminbi, or RMB, and U.S. dollars. We currently do not plan to enter into any hedging arrangements, such as forward exchange contracts and foreign currency option contracts, to reduce the effect of our foreign exchange risk exposure. If we decided to enter into any such hedging activities in the future, we cannot assure you that we would be able to effectively manage our foreign exchange risk exposure. As exchange rates in these currencies vary, our revenues and operating results, when translated, may be materially and adversely impacted and vary from expectations. The effect of foreign exchange-rate fluctuations on our financial results for the years ended December 31, 2008 and 2009 was not material.

The RMB is not freely convertible into foreign currencies. On January 1, 1994, the Chinese government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People' s Bank of China. However, the unification of the exchange rates does not imply the convertibility of RMB into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the People' s Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People' s Bank of China. Approval of foreign currency payments by the People' s Bank of China or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. Our cash denominated in RMB equaled $2.0 million and $1.8 million at December 31, 2008 and 2009, respectively. Since we do not expect significant increases in our cash denominated in RMB, the historical and future impacts of these restrictions did not and are not expected to have a material impact on our liquidity and capital resources.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

D.

American Depositary Shares

Since our initial public offering in August 2009, our class A ordinary shares trade in the form of American Depositary Shares, or ADSs, represented by American Depositary Receipts, or ADRs. Each ADS represents one class A ordinary share, issued by Deutsche Bank Trust Company Americas, as Depositary, pursuant to a Deposit Agreement dated August 5, 2009.

Fees and Charges

The following table summarizes the fees and charges payable by holders of ADSs:

Persons Must Pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property.
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.

$0.02 (or less) per ADS	Any distribution of cash proceeds to a holder.
A fee equivalent to the fee that would be payable if securities distributed to you had been class A ordinary shares and the class A ordinary shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities, which are distributed by the depositary to ADS holders.

$0.02 (or less) per ADSs per calendar year	Depositary services.
Registration or transfer fees	Transfer and registration of class A ordinary shares on our share register to or from the name of the depositary or its agent when a holder deposits or withdraw class A ordinary shares.
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement). Converting foreign currency to U.S. dollars.
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, including any applicable interest and penalties thereon and any share transfer or other taxes or governmental charges, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary.
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary.

Holders of our ADSs are responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of such holder' s ADSs. The depositary may refuse to register any transfer of a holder' s ADSs or allow such holder to withdraw the deposited securities represented by ADSs until such taxes or other charges are paid. The depositary may apply payments owed to the holder of ADSs or sell deposited securities represented by such holder' s ADSs to pay any taxes owed and the holder will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to the holder of such ADSs any net proceeds, or send to such holder any property, remaining after it has paid the taxes. Each holder agrees to indemnify CDC Software Corporation, the depositary, the custodian and each of their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such holder.

Fees and Payments to Us

Deutsche Bank, as depositary, has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADS program, including investor relations expenses and stock exchange application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors.

Further, the depositary has agreed to reimburse us for certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time.

The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Reimbursement of Fees and Payments in 2009

During 2009, Deutsche Bank has made the following payments to us, or on our behalf:

Payment:	To:	For:
$192,000	CDC Software Corporation	Reimbursement at the rate of $40,000 per million ADSs issued in our initial public offering toward the establishment and maintenance of the ADR program.
$30,000	DLA Piper US LLP	Documentary and regulatory filing fees of CDC Software' s counsel incurred in the establishment of the ADR program.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On April 27, 2010, we entered into a credit agreement with Wells Fargo Capital Finance in connection with our consummation of a credit facility of up to $30.0 million. Under certain restrictive covenants contained in the credit agreement, we may not pay dividends on our shares unless we meet certain cash availability requirements, both before and after giving effect to any such proposed dividends.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, under the supervision and with the participation of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the Company' s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Act), as of the end of the period covered by this Annual Report. Management concluded that, as of December 31, 2009, the Company' s disclosure controls and procedures were effective.

Because we view our internal control over financial reporting as an integral part of our disclosure controls and procedures, it should be noted that our ultimate parent corporation, CDC Corporation, identified material weaknesses in its internal control over financial reporting as of December 31, 2006 and 2007. CDC Corporation and its independent registered public accounting firm concluded that the material weaknesses that existed in CDC Corporation' s internal control over financial reporting at December 31, 2007 were remediated as of December 31, 2008. The material weaknesses that existed at December 31, 2007 were noted in the financial statement close and reporting processes, income taxes and treasury management. CDC Corporation also determined that material weaknesses in its internal controls over financial reporting existed during 2005 and 2006 as a result of, among other things, its inability to attract and retain sufficient personnel with the appropriate level of expertise in the accounting and finance departments of its organization to ensure appropriate application of the accounting principles generally accepted in the United States of America ("GAAP") particularly in the areas of accounting for income taxes, foreign currency translation adjustments related to goodwill and other intangible assets and the accounting for certain of our non-routine transactions. These material weaknesses resulted in the restatement of CDC Corporation' s financial statements for the years ended December 31, 2005, 2004 and 2003. The primary cause of the material weaknesses was lack of sufficient personnel in each of these areas with appropriate expertise to ensure proper accounting and treatment in accordance with generally accepted accounting principles.

Based on the continued performance of procedures by management designed to ensure the reliability of our financial reporting, we believe that the consolidated financial statements in this report fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods, presented, in conformity with GAAP.

We have disclosure controls and procedures in place including a quarterly certification (management representation) process that requires signoff by executive management and the business unit executives and also signoff by managers of the corporate finance departments, senior leadership at the corporate office and other business and finance employees who are significantly involved in the financial reporting process. These processes help to ensure that Company employees at various levels make full and complete representations concerning, and assume accountability for, the accuracy and integrity of our financial statements and other public disclosures.

Attached as exhibits to this Annual Report on Form 20-F are certifications of our CEO and CFO, which are required by Rule 13a-14 of the Act. This Disclosure Controls and Procedures section includes information concerning management' s evaluation of disclosure controls and procedures referred to in those certifications and, as such, should be read in conjunction with the certifications of the CEO and CFO.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management' s assessment regarding internal control over financial reporting or an attestation report of the Company' s registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Change in Internal Control over Financial Reporting

Our executive, regional and financial management are committed to achieving and maintaining a strong control environment. In addition, management remains committed to the process of developing and implementing improved corporate governance and compliance initiatives. In 2009, the following changes took place:

We have taken steps to integrate the back office functions of our recent acquisitions in a timely manner after the acquisitions are completed. This includes integration of accounting systems and other back office functions to our shared service center in Atlanta, Georgia.

We have continued to improve quality control reviews within the accounting function to ensure account analyses and reconciliations are completed accurately, timely, and with proper management review.

As a result of our VP of Treasury leaving the company during 2009, all treasury controls were reassigned to other key personnel within the Company who have adequate knowledge of our treasury transactions and control requirements. We continue to place a strong focus on treasury controls to further improve the effectiveness of controls in this area.

We intend to continue to monitor our internal controls and, if further improvements or enhancements are identified, take steps to implement such improvements or enhancements.

Inherent Limitations over Internal Controls

Our system of controls is designed to provide reasonable, not absolute, assurance regarding the reliability and integrity of accounting and financial reporting. Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following:

Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes.

Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures.

The design of a control system must reflect the fact that resources are constrained, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

ITEM 15T. CONTROLS AND PROCEDURES

Not applicable.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that John Clough is an audit committee financial expert. Mr. Clough is an independent audit committee member, as such term is defined in the listing standards applicable to us. See "Item 6.C., Directors, Senior Management and Employees−Board Practices."

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer as well as all of our directors, other officers and employees. We undertake to provide to any person, without charge, upon request, a copy of such Code of Conduct. Such a request may be sent to the address on the cover of this Form 20-F to the attention of Investor Relations.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche LLP served as our independent registered public accounting firm for the fiscal year ended December 31, 2008 and 2009, for which audited financial statements appear in this Annual Report on Form 20-F.

(a) *Audit Fees.* Aggregate audit fees billed were $1.0 million in fiscal 2008 and $1.1 million in fiscal 2009. Audit fees consist of fees billed for the annual audit of our consolidated financial statements and the statutory financial statements of our subsidiaries.

(b) *Audit-Related Fees.* Aggregate audit-related fees billed were $0.6 million in fiscal 2008, and nil in fiscal 2009. Audit-related fees consisted of fees billed for attestation services that were not required by statue or regulation, fees related to audits and registration statements of subsidiaries in connection with the subsidiary securities filings, consultation services concerning financial accounting and other services that are traditionally performed by the external auditor.

(c) *Tax Fees.* Aggregate tax fees billed were $43,000 in fiscal 2008 and $263,500 in fiscal 2009. Tax fees included fees billed for tax compliance services, including the preparation of original and amended tax returns and claims for refund; tax consultations, such as assistance in connection with tax audits and appeals, transfer pricing, and requests for rulings or technical advice from taxing authorities; tax planning services; and expatriate tax compliance, consultation and planning services.

(d) *All Other Fees.* There were no other fees billed to us in fiscal 2008 or 2009.

(e)

(1) Audit Committee Pre-approval Policies and Procedures

The audit committee of our board of directors is responsible, among other matters, for the oversight of the external auditor subject to the requirements of applicable securities and corporate laws. The audit committee has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by our independent public accounting firm, or the Policy. Under the Policy, proposed services are approved either by (i) general pre-approval, which provides pre-approval by the audit committee without consideration of specific case-by-case services; or (ii) specific pre-approval, which provides the specific pre-approval of the audit committee. The audit committee may delegate either type of pre-approval authority to one or more of its members. The appendices to the Policy set out the audit, audit-related, tax and other services that have received the general pre-approval of the audit committee; these services are subject to annual review by the audit committee. All other audit, audit-related, tax and other services must receive a specific pre-approval from the audit committee.

(2) Percentage of Services Approved by the Audit Committee

During fiscal 2009, all of the fees for services provided to us by Deloitte & Touche LLP described in each of paragraphs (b) through (d) above were approved by our audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. Fees were approved either by general or specific approval, as described in paragraph (e)(1) above. For 2008, such fees

were approved by the audit committee of our parent, CDC Corporation pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Issuer Purchases of Equity Securities

Period (1)	(a) Total Number of Shares/ADSs Purchased (1)	(b) Average Price Paid Per Share/ADS	(c) Total number of Shares/ADSs Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Approximate Dollar Value of Shares/ADSs that May Yet Be Purchased Under the Plans or Programs (2)
September 1, 2009 to September 30, 2009	4,300	$ 8.98	4,300	$ 2,161,386
October 1, 2009 to October 31, 2009	23,319	$ 8.80	23,319	$ 1,956,179
November 1, 2009 to November 30, 2009	5,300	$ 9.64	5,300	$ 1,905,087
December 1, 2009 to December 31, 2009	88,044	$ 9.38	88,044	$ 1,079,234
TOTAL	120,963	$ 9.13	120,963	$ 1,079,234

(1) American Depositary Shares representing our class A ordinary shares began trading on the NASDAQ Global Market on August 6, 2009.

(2) Such purchases of our class A ordinary shares represented by ADSs by us during our fiscal year ended December 31, 2009 were made pursuant to plans or programs approved by our board of directors. On September 8, 2009, we announced the commencement of a repurchase program for up to $1.0 million of our ADSs, which was ratified by our board of directors on September 14, 2009. From January 1, 2010 to March 31, 2010, we repurchased an additional 116,743 of our ADSs at an average price per ADS of $10.22. On February 19, 2010, our board of directors ratified an increase in the amount of our ADSs we repurchased to $2.2 million. We have also entered into 10b5-1 trading plans to facilitate the repurchase of our ordinary shares during trading blackout periods through pre-arrangements with brokers based upon specified guidelines and parameters set forth in each trading plan. In May 2010, we entered into a 10b5-1 trading plan for the repurchase of up to an additional $1.85 million of our ADSs.

ITEM 16F. CHANGES IN REGISTRANT' S CERTIFYING ACCOUNTANT

Not Applicable.

ITEM 16G. CORPORATE GOVERNANCE

Because CDC Corporation owns more than 50% of the total voting power of our ordinary shares, we are a "controlled company" under the NASDAQ Stock Market Rules. We intend to rely on certain exemptions that are available to controlled companies from NASDAQ corporate governance requirements, including the requirement that we have a nominating committee that is composed entirely of independent directors.

As a result of our use of the "controlled company" exemptions, our investors will not have the same protection afforded to shareholders of companies that are subject to all of NASDAQ' s corporate governance requirements.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statement pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

We have appended our Consolidated Financial Statements as of and for the year ended December 31, 2009 on pages F-1 to F-54 of this Annual Report.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	Amended and Restated Memorandum and Articles of Association **
4(a).1	Form of Underwriting Agreement by and among Lazard Capital Markets LLC, JMP Securities LLC, Cantor Fitzgerald & Co., Janney Montgomery Scott LLC, Macquarie Capital (USA) Inc. Morgan Keegan & Company, Inc., CDC Software Corporation, CDC Software International Corporation and CDC Corporation **
4(a).2	Form of Deposit Agreement by and among CDC Software Corporation, Deutsche Bank Trust Company Americas and the holders and beneficial owners of ADSs **
4(a).3	Merger Agreement, dated as of April 16, 2007, by and among CDC Software, Inc., a Delaware corporation, CDC Merger Sub, Inc., a California corporation, Saratoga Systems Inc., a California corporation, Mark R. Elconin and Alvin W. Smith *
4(a).4	Stock Purchase Agreement, dated as of October 6, 2006, among Ross Systems Inc., Advantage Growth Fund, John Caines, Siobhan Sutcliffe, Mark Sutcliffe, Rob Archer, Robin Wight, Steve Massey, Alistair Norman, Richard Tester, Roy Thomas, John Clement, Richard Craig, Phil Hignett, Colin Downes, Dan Saunders, Robin West, James Wood, James Cutter, Andy Neilson, Sarah Weston and Di Judd related to the acquisition of MVI Holdings Limited *
4(a).5	Addendum to Stock Purchase Agreement, dated as of September 12, 2008, among Ross Systems Inc., Advantage Growth Fund, John Caines, Siobhan Sutcliffe, Mark Sutcliffe, Rob Archer, Robin Wight, Steve Massey, Alistair Norman, Richard Tester, Roy Thomas, John Clement, Richard Craig, Phil Hignett, Colin Downes, Dan Saunders, Robin West, James Wood, James Cutter, Andy Neilson, Sarah Weston and Di Judd *

4(a).6 Addendum No. 2 to Stock Purchase Agreement, dated as of January 31, 2010, among Ross Systems Inc., Advantage Growth Fund, John Caines, Siobhan Sutcliffe, Mark Sutcliffe, Rob Archer, Robin Wight, Steve Massey, Alistair Norman, Richard Tester, Roy Thomas, John Clement, Richard Craig, Phil Hignett, Colin Downes, Dan Saunders, Robin West, James Wood, James Cutter, Andy Neilson, Sarah Weston and Di Judd ☐

4(a).7 Share Purchase Agreement, dated as of February 16, 2007, among Ross Systems, Inc., 3i plc, The Parkmead Group Plc, James Heavey, Cathal Naughton and Michael Breare related to the acquisition of Respond Group Limited *

4(a).8 Merger Agreement dated as of September 4, 2007 by and among CDC Software Corporation, CI Acquisition Corporation, Catalyst International, Inc., Comvest Investment Partners II LLC, CLYS Holdings, LLC, Terrance L. Mealey, Peter Knight, William G. Nelson, John Gorman, Nigel Davies and S. Michael Godshall *

4(a).9 Letter Agreement dated as of November 13, 2007 by and among Symphony Technology II-A, L.P. Cayman First Tier and Chinadotcom Capital Limited *

4(a).10 Services Agreement, dated as of August 6, 2009, by and between the Company and CDC Corporation ☐

4(a).11 Addendum No. 1 to Services Agreement dated as of May 28, 2010 by and between the Company and CDC Corporation ☐

4(a).12 Trademark License Agreement, dated as of August 6, 2010, by and between the Company and CDC Corporation ☐

4(a).13 Loan Agreement, dated as of February 24, 2010, by and between the Company and CDC Corporation ****

4(a).14 Credit Agreement dated as of April 27, 2010 by and among the Company, Ross Systems, Inc. and Wells Fargo Capital Finance, LLC ☐

4(a).15 Security Agreement dated as of April 27, 2010 by and among CDC Software, Inc., Ross Systems, Inc., Pivotal Corporation and Wells Fargo Capital Finance ☐

4(b).1 Form of Deed of Indemnity - Directors/Officers *

4(c).1 CDC Software Corporation 2009 Stock Incentive Plan *

4(c).2 Form of CDC Software Corporation 2009 Stock Incentive Plan Option Award Agreement ☐

4(c).3 CDC Software Corporation 2009 Employee Share Purchase Plan ***

4(c).4	Amended and Restated Executive Services (CEO) Agreement by and among Mr. Peter Yip, Asia Pacific Online Limited and CDC Corporation Limited dated as of December 19, 2008 *
4(c).5	First Amendment to Amended and Restated Executive Services (CEO) Agreement *
4(c).6	Executive Services Agreement effective as of January 1, 2010 by and among Mr. Peter Yip, Asia Pacific Online Limited and CDC Corporation *****
6	Details of how EPS information is calculated can be found in Note 16 to our Combined and Consolidated Financial Statements ☐
8	List of significant subsidiaries of the Company ☐
12.1	Certification of Chief Executive Officer required by Rule 13a-14(a) ☐
12.2	Certification of Chief Financial Officer required by Rule 13a-14(a) ☐
13(a).1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ☐
13(a).2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ☐

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* Incorporated by reference to our registration statement on Form F-1 (Reg. No. 333-160600) filed with the Securities and Exchange Commission, or the Commission, on July 16, 2009.

**

Incorporated by reference to Amendment No. 4 to our registration statement on Form F-1 (Reg. No. 333-160600) filed with the Commission on August 4, 2009.

***

Incorporated by reference to Exhibit 1.01 to our current report on Form 6-K filed with the Commission on October 13, 2009.

****

Incorporated by reference to our current report on Form 6-K filed with the Commission on April 2, 2010.

*****

Incorporated by reference to our current report on Form 6-K filed with the Commission on May 20, 2010.

☐

Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf on this 1st day of June, 2010.

CDC SOFTWARE CORPORATION

By:
/s/ Peter Yip

Peter Yip

Chief Executive Officer

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Index to Financial Statements

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☐ Filed herewith.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CDC Software Corporation:

We have audited the accompanying combined and consolidated balance sheets of CDC Software Corporation and subsidiaries (the "Company") as of December 31, 2008 and 2009, and the related combined and consolidated statements of operations, invested and shareholders' equity and cash flows for the years then ended. These combined and consolidated financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on these combined and consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined and consolidated financial statements present fairly, in all material respects, the financial position of CDC Software Corporation and subsidiaries as of December 31, 2008 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the combined and consolidated financial statements, on January 1, 2009 the Company changed its method of accounting for non-controlling interests to conform to ASC 810, *Non-controlling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51* (ASC 810) and retrospectively adjusted the 2007 and 2008 combined and consolidated financial statements for the change.

/s/ DELOITTE & TOUCHE LLP
Atlanta, Georgia
June 1, 2010

CDC Software
COMBINED AND CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of U.S. dollars, except share and per share data)

	December 31, 2008	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$27,341	$40,349
Restricted cash	3,677	113
Accounts receivable (net of allowance of $4,644 and $5,090 at December 31, 2008 and December 31, 2009, respectively)	53,014	44,660
Marketable securities	–	1,084
Prepayments and other current assets	7,333	7,970
Deferred tax assets	7,089	3,215
Total current assets	98,454	97,391
Property and equipment, net	5,711	5,288
Goodwill	135,987	155,617
Intangible assets	72,907	72,032
Deferred tax assets	32,664	32,051

Receivable from Parent	–	34,166
Note receivable due from related parties	600	680
Investment in cost method investees	740	604
Other assets	1,218	1,589
Total assets	$348,281	$399,418
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$10,429	$12,185
Purchase consideration payables	355	2,184
Income tax payable	2,259	3,853
Short-term bank loans	5,876	4,364
Short-term loan from Parent	19,530	–
Accrued liabilities	23,578	23,048
Restructuring accruals, current portion	1,974	2,015
Deferred revenue	54,507	53,152
Deferred tax liabilities	351	1,151
Total current liabilities	118,859	101,952

Deferred tax liabilities	25,460	21,875
Restructuring accruals, net of current portion	239	–
Purchase consideration payables, net of current portion	–	810
Other liabilities	8,599	9,628
Total liabilities	153,157	134,265
Contingencies and commitments		
Invested and Shareholders' equity:		
Class A ordinary shares, $0.001 par value; 50,000,000 shares authorized;		
Nil and 4,800,000 shares issued as of December 31, 2008 and December 31, 2009, respectively; Nil and 4,679,037 shares outstanding as of December 31, 2008 and December 31, 2009, respectively	–	5
Class B ordinary shares, $0.001 par value; 27,000,000 shares authorized;		
Nil and 24,200,000 shares issued and outstanding as of December 31, 2008 and December 31, 2009, respectively	–	24
Additional paid-in capital	–	249,219
Equity investment	203,817	–
Common stock held in treasury; Nil and 120,963 shares at December 31, 2008 and December 31, 2009, respectively	–	(1,118)
Retained earnings (accumulated deficit)	(5,430)	16,843
Accumulated other comprehensive loss	(3,580)	10

Total invested and shareholders' equity	194,807	264,983
Noncontrolling interest	317	170
Total equity	195,124	265,153
Total liabilities and equity	$348,281	$399,418

The accompanying notes are an integral part of these combined and consolidated financial statements.

CDC Software
COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands of U.S. dollars, except share and per share data)

	Years ended December 31,		
	2007	2008	2009
REVENUE:			
Licenses (including royalties from related parties of $386, $1,091 and $1,287, respectively)	$61,532	$45,340	$33,085
Maintenance (including royalties from related parties of $144, $185 and $250, respectively)	86,586	103,606	99,775
Professional services (including royalties from related parties of Nil, Nil, and $32, respectively)	86,924	87,971	66,666
Hardware	3,909	3,870	3,757
SaaS implementation and support	–	–	616
Total revenue	238,951	240,787	203,899
COST OF REVENUE:			
Licenses	18,772	19,946	18,699
Maintenance	11,623	15,937	14,663
Professional services	67,999	71,949	56,329
Hardware	3,118	2,998	3,081

SaaS implementation and support	–	–	411
Total cost of revenue	101,512	110,830	93,183
Gross profit	137,439	129,957	110,716
OPERATING EXPENSES:			
Sales and marketing expenses	60,864	54,177	32,483
Research and development expenses	22,832	25,909	18,005
General and administrative expenses	40,685	44,124	36,915
General and administrative expenses allocated to Parent	(5,479)	(12,379)	(10,134)
Exchange (gain) loss on deferred tax assets	(3,762)	3,271	(2,093)
Amortization expenses	5,730	6,843	4,533
Restructuring and other charges	1,910	5,012	3,351
Total operating expenses	122,780	126,957	83,060
Operating income	14,659	3,000	27,656
Other income (expense):			
Interest Income	1,441	396	402
Interest income from Parent, net	245	639	838
Interest expense	(44)	(276)	(318)

Other income, net	–	98	(107)
Other income (expense), net	1,642	857	815
Income before income taxes	16,301	3,857	28,471
Income tax expense	(9,499)	(4,877)	(6,329)
Net income (loss)	6,802	(1,020)	22,142
Net (income) loss attributable to noncontrolling interest	(1,852)	126	131
Net income (loss) attributable to controlling interest	$4,950	$(894)	$22,273
Net income attributable to controlling interest per class A ordinary share - basic and diluted	$0.20	$(0.04)	$0.84
Net income attributable to controlling interest per class B ordinary share - basic and diluted	$0.20	$(0.04)	$0.84
Weighted average shares of class A outstanding - basic and diluted	800,000	800,000	2,381,884
Weighted average shares of class B outstanding - basic and diluted	24,200,000	24,200,000	24,200,000
Total weighted average shares - basic and diluted	25,000,000	25,000,000	26,581,884

The accompanying notes are an integral part of these combined and consolidated financial statements.

CDC Software
COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of U.S. dollars, except share and per share data)

	Years ended December 31,		
	2007	2008	2009
OPERATING ACTIVITIES:			
Net income (loss)	$6,802	$(1,020)	$22,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	3,084	4,201	3,122
Amortization expense	18,435	22,609	18,941
Provision for bad debt	2,694	3,139	1,756
Stock compensation expenses	1,695	1,548	2,041
Deferred income tax provision	6,725	1,706	3,776
Exchange (gain) loss on deferred tax assets	(3,762)	3,271	(2,093)
Loss (gain) on disposal of property and equipment	(216)	(44)	139
Accrued interest income from Parent	(245)	(639)	(838)
Interest income on restricted cash	–	(155)	–
Changes in operating assets and liabilities:			
Accounts receivable	(11,586)	6,173	10,230

Note receivable due from related parties	(145)	(440)	–
Deposits, prepayments and other receivables	(1,774)	1,513	749
Other assets	(201)	754	(128)
Accounts payable	(668)	(699)	1,024
Accounts payable due to Parent	(155)	–	–
Income tax payable	(950)	1,838	1,451
Accrued liabilities	(5,869)	(5,138)	(3,534)
Deferred revenue	7,038	(3,521)	(4,868)
Other payables	(30)	112	–
Other liabilities	(2,893)	(1,260)	(251)
Net cash provided by operating activities	17,979	33,948	53,659
INVESTING ACTIVITIES:			
Acquisitions, net of cash acquired	(72,299)	(39)	(26,856)
Payment for prior year acquisitions	–	(387)	–
Purchases of property and equipment	(4,947)	(2,109)	(1,010)
Purchases of intangible assets	(150)	–	–
Capitalized software	(9,948)	(7,269)	(3,556)

Purchase of marketable securities	–	–	(804)
Investment in cost method investees	(515)	(210)	(108)
Decrease (increase) in restricted cash	(1,633)	–	3,581
Net cash used in investing activities	(89,492)	(10,014)	(28,753)
FINANCING ACTIVITIES:			
Proceeds from issuance of class A ordinary shares	–	–	48,000
Issuance costs related to class A ordinary shares	–	–	(4,610)
Borrowings from Parent (advances to Parent)	52,759	(24,191)	(52,797)
Capital contribution from Parent	23,714	–	–
Borrowings on short-term loan	905	4,541	–
Payments on short-term loan	–	–	(1,656)
Purchases of treasury stock	–	–	(969)
Payments for capital lease obligations	(333)	(98)	(569)
Net cash provided (used) by financing activities	77,045	(19,748)	(12,601)
Effect of exchange differences on cash	715	(502)	703
Net increase in cash and cash equivalents	6,247	3,684	13,008
Cash and cash equivalents at beginning of year	17,410	23,657	27,341

Cash and cash equivalents at end of year	$23,657	$27,341	$40,349

The accompanying notes are an integral part of these combined and consolidated financial statements.

CDC Software
COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of U.S. dollars, except share and per share data)

	Years ended December 31,		
	2007	2008	2009
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Income taxes, net of refunds	$3,346	$1,330	$2,346
Interest	$44	$276	$318
Non-cash transactions			
Transfer of Catalyst SAP business to CDC Corporation	$(7,499)	$–	$–
CDC Corporation shares and stock options issued as consideration for the acquisition of subsidiaries	$898	$898	$225
Purchase of equipment under capital lease	$1,000	$–	$410

The accompanying notes are an integral part of these combined and consolidated financial statements.

CDC Software
COMBINED AND CONSOLIDATED STATEMENTS OF INVESTED AND SHAREHOLDERS' EQUITY
(Amounts in thousands of U.S. dollars, except share data)

	Class A common stock	Class B common stock	Common shares	Additional paid in capital	Equity Investment	Class A shares held in treasury	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total equity	Comprehensive income
Balance at January 1, 2007	–	–	$ –	$–	$176,860	$–	$ (6,981)	$ 5,626	$ 15,968	$191,473	
Foreign currency translation adjustments	–	–	–	–	–	–	–	4,361	(1,769)	2,592	$ 2,592
Stock compensation expense	–	–	–	–	1,695	–	–	–	–	1,695	–
Capital contribution from Parent	–	–	–	–	23,714	–	–	–	–	23,714	–
Net income for the year	–	–	–	–	–	–	4,950	–	1,852	6,802	6,802
Acquisition of noncontrolling interest	–	–	–	–	–	–	–	–	(16,031)	(16,031)	–
Adoption of uncertain tax position	–	–	–	–	–	–	(2,505)	–	–	(2,505)	–
Comprehensive income	–	–	–	–	–	–	–	–	–	–	$ 9,394

Balance at December 31, 2007	–	–	–	–	202,269	–	(4,536)	9,987	20	207,740	
Foreign currency translation adjustments	–	–	–	–	–	–	–	(13,567)	(4)	(13,571)	$ (13,57
Stock compensation expense	–	–	–	–	1,548	–	–	–	–	1,548	–
Net loss for the year	–	–	–	–	–	–	(894)	–	(126)	(1,020)	(1,020
Noncontrolling interest of acquired companies	–	–	–	–	–	–	–	–	427	427	–
Comprehensive income	–	–	–	–	–	–	–	–	–	–	$ (14,59
Balance at December 31, 2008	–	–	–	–	203,817	–	(5,430)	(3,580)	317	195,124	
Issuance of class A ordinary shares	4,800,000	–	5	43,385	–	–	–	–	–	43,390	$ –
Issuance of class B ordinary shares	–	24,200,000	24	203,793	(203,817)	–	–	–	–	–	–
Purchases of treasury stock	(120,963)	–	–	–	–	(1,118)	–	–	–	(1,118)	–

Foreign currency translation adjustments	–	–	–	–	–	–	–	3,590	(16)	3,574	3,574
Stock compensation expense	–	–	–	2,041	–	–	–	–	–	2,041	–
Net income for the year	–	–	–	–	–	–	22,273	–	(131)	22,142	22,14
Comprehensive income	–	–	–	–	–	–	–	–	–	–	$ 25,71
Balance at December 31, 2009	4,679,037	24,200,000	$ 29	$249,219	$–	$ (1,118)	$ 16,843	$ 10	$ 170	$265,153	

The accompanying notes are an integral part of these combined and consolidated financial statements.

CDC Software
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of U.S. dollars, except share and per share data)

1. ORGANIZATION AND BUSINESS OPERATIONS

On August 6, 2009, the Software segment of CDC Corporation (CDC Software or the Company) became a stand-alone public company upon completion of an initial public offering on NASDAQ. CDC Software is a leading global provider of a broad suite of scalable enterprise software applications to customers in select industries. The Company' s software applications enable its customers to grow revenue and control costs by automating business processes and facilitating access to critical information.

The Company' s principal enterprise software applications include:

Enterprise and departmental solutions for process manufacturers. These solutions include enterprise resource planning, or ERP, supply chain management, or SCM, manufacturing operations management, customer relationship management, or CRM, and enterprise performance management;

Vertical SCM applications for distribution companies with complex, high-volume supply chains and distribution networks. These solutions include demand management, advanced global order management, warehouse management, yard management, transportation management, labor management and slotting optimization;

Vertical CRM applications for industries characterized by complex product offerings, business relationships and sales processes; and

Software as a Service (SaaS) applications enable companies to reduce up-front investment and ongoing maintenance and management costs for their software.

Historically, the Company has operated through one reportable segment: Software. The recent acquisitions of Truition and gomembers in November 2009 added a new line of business and a new reporting segment: SaaS. Refer to Note 3 for discussion of acquisitions during 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Combination, Consolidation and Basis of Presentation

Prior to August 6, 2009, the financial statements of CDC Software were combined because each underlying entity was majority owned by CDC Corporation (the Parent). After August 6, 2009, the financial statements of CDC Software are consolidated. Prior to August 6, 2009, the Parent' s net investment in the Company is presented as invested equity in the accompanying combined financial statements.

The accompanying combined and consolidated financial statements of CDC Software have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The combined and consolidated financial statements include the accounts of the Company and its majority-owned or controlled subsidiaries after eliminations of all intercompany accounts, transactions and profits. Noncontrolling interests in the net assets and earnings or losses of a consolidated investee are reflected in the noncontrolling interest line items in the Company' s combined and consolidated balance sheets and statements of operations. This noncontrolling interest treatment adjusts the Company' s combined and consolidated results of operations to reflect only the Company' s share of the earnings or losses of the consolidated investee company.

The combined and consolidated financial statements reflect allocations between the Company and CDC Corporation of certain costs incurred by either the Company or CDC Corporation on behalf of the other party. CDC Corporation has incurred certain corporate costs on behalf of the Company, such as board of directors insurance. A subsidiary of the Company operates a shared service center which performs all back office accounting and finance support functions such as billing, collections, payroll processing, accounts payable processing and vendor maintenance, cash management, accounting, consolidations and financial closing and reporting for CDC Corporation and all of its commonly-controlled entities. Expenses incurred by the shared service center to perform these functions are allocated to entities under common control of CDC Corporation based on headcount and revenue. The Company allocated costs of $5,479, $12,379, and $10,134 to CDC Corporation for the years ended December 31, 2007, 2008 and 2009, respectively. In the opinion of management, such allocation is reasonable. However, the allocations are not necessarily indicative of costs that might have been assessed had such services been contracted directly with third parties. Management has not conducted an independent study to determine any basis of providing such services to third parties.

CDC Software
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of U.S. dollars, except share and per share data)

(b) Use of Estimates

The preparation of the combined and consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions.

(c) Cash and Cash Equivalents

The Company considers all cash held in banks and investments with an original maturity of three months or less when purchased to be cash equivalents. Except for the restricted cash disclosed in Note 5, none of the Company' s cash and cash equivalents is restricted as to withdrawal or use.

(d) Property and Equipment and Depreciation

Leasehold improvements, furniture and fixtures, office equipment, computer equipment and motor vehicles are stated at cost less accumulated depreciation. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the assets' estimated useful lives. The estimated useful lives of the property and equipment are as follows:

Asset class	Estimated useful life
Leasehold improvements	Over the lesser of the lease term or the estimated useful life
Furniture and fixtures	1 to 10 years
Office equipment	3 to 5 years
Computer equipment	1 to 3 years
Motor vehicles	3 to 5 years

(e) Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets of businesses acquired. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Intangibles – Goodwill and Other* requires companies to test goodwill for impairment on an annual basis or an interim basis if an event occurs that might reduce the fair value of a reporting unit below its carrying

value. ASC 350 also requires that an identifiable intangible asset that is determined to have an indefinite useful economic life should not be amortized, but instead tested separately for impairment using a fair value based approach. All other intangible assets are amortized over their estimated useful lives.

The Company' s intangible assets represent trademarks, trade names, software applications and programs, customer base and contracts. Definite-lived intangible assets are carried at cost less accumulated amortization. Amortization is computed using the greater of the straight-line method over the estimated useful life of the respective asset or in the ratio of expected cash flows for each period as a proportion of total expected cash flows over the life of the asset. The estimated useful lives of these intangible assets are as follows:

Intangible asset class	Estimated useful life
Trademarks	Indefinite
Trade names	3 to 5 years
Software applications and programs	3 to 7.5 years
Customer base and contracts	1 to 20 years
Business licenses and partnership agreements	1 to 7 years

The Company evaluates goodwill and indefinite-lived intangible assets for impairment on an annual basis and more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. These events or changes can include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, or a more-likely-than-not expectation that a significant portion of the business will be sold or otherwise discontinued. The Company tests goodwill for impairment, utilizing a combination of the expected discounted future cash flows and a market approach that uses comparable market multiple valuation techniques. Indefinite-lived intangible assets consist of trademarks. The Company tests trademarks for impairment by estimating fair value using the relief from royalty method in which a royalty rate multiplied by the forecasted royalty base is used to calculate an income stream attributable to the asset. Goodwill and indefinite-lived intangible assets are tested for impairment based on two reporting units: Software and SaaS. The Company performed its annual test for impairment of goodwill and indefinite lived intangible assets at year-end as required by ASC 350 and determined that there was no impairment for the years ended December 31, 2008 and 2009.

CDC Software
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of U.S. dollars, except share and per share data)

(f) Software Development Costs

The Company capitalizes computer software product development costs incurred in developing a product once technological feasibility has been established and capitalization of product software development costs stops once the product is available for general release to customers. The Company evaluates realizability of the capitalized amounts based on expected revenue from the product over the remaining product life. Where future revenue streams are not expected to cover remaining unamortized amounts, the Company expenses the remaining capitalized amounts. The amortization of such costs is computed as the greater of the amount calculated based on (i) the ratio of current product revenue to projected current and future product revenue or (ii) the straight-line basis over the expected economic life of the product (not to exceed three years). Software costs related to the development of new products incurred prior to establishing technological feasibility or after general release are expensed as incurred. When technological feasibility of the underlying software is not established until substantially all product development is completed, including the development of a working model, the Company expenses the costs of such development because the impact of capitalizing such costs would not be material.

(g) Investments

The Company adopted the disclosure requirements of ASC 820, *Fair Value Measurements and Disclosures* effective January 1, 2008. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and expands disclosures about the use of fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price). The adoption of ASC 820 did not have a material effect on the combined and consolidated financial statements. See Note 7, Fair Value Measurements for discussion relating to ASC 820.

Investments for which the Company does not have the ability to exercise significant influence (generally, when the Company has an investment of less than 20% ownership and no representation on the company' s Board of Directors) and for which there is not a readily determinable fair value, are accounted for using the cost method. Dividends and other distributions of earnings from investees, if any, are included in income when declared. The Company periodically evaluates the carrying value of its investments accounted for under the cost method of accounting and any impairment is included in the Company' s combined and consolidated statement of operations. See "Note 3 − Business Combinations and Investments" for the discussion relating to Investment in Franchise Partners.

(h) Impairment of Long-lived Assets

Long-lived assets (other than goodwill and indefinite lived intangible assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These events or changes can include a significant decrease in the market price the long-lived asset, a significant adverse change in the extent or manner in which the long-lived asset is being used, a significant adverse change in legal factors or in the business climate that could affect the value of the long-lived asset, an accumulation of costs significantly in excess of the amount originally expected for the acquisition of the long-lived asset, or a current expectation that, more likely than not, the long-lived asset will be sold or otherwise disposed of before the end of its previously estimated useful life. An impairment loss is recognized when the carrying amount of a long-lived asset (other than goodwill and indefinite lived intangible assets) exceeds the sum of the undiscounted cash flows expected to result from the asset' s use and eventual disposition. An impairment loss is measured as the amount by which the carrying amount exceeds the fair value of the asset.

(i) Foreign Currency Translation

The financial statements of the Company' s foreign operations have been translated into United States dollars (U.S. dollars) from their local functional currencies in accordance with ASC 830, *Foreign Currency Matters*. Under ASC 830, all assets and liabilities

are translated at year-end exchange rates. Income statement items are translated at an average exchange rate for the year. Translation adjustments are not included in determining net income, but are accumulated and reported as a component of equity as accumulated other comprehensive income. Realized and unrealized gains and losses which result from foreign currency transactions are included in determining net income (loss), except for intercompany foreign currency transactions that are of a long-term investment nature, for which changes due to exchange rate fluctuations are accumulated and reported as a component of equity as accumulated other comprehensive income.

CDC Software
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of U.S. dollars, except share and per share data)

(j) Advertising Expenses

Advertising expenses are charged to expenses when incurred and are included in general and administrative expenses in the accompanying consolidated statement of operations. For the years ended December 31, 2007, 2008, and 2009, advertising expenses totaled $1,273, $1,767, and $873, respectively.

(k) Shipping and Handling

Shipping and handling costs incurred by the Company are included in cost of revenue in the accompanying combined and consolidated statements of operations for all periods presented. Shipping and handling costs are not separately billed to customers.

(l) Revenue Recognition

The Company generally recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectibility is reasonably assured. If an acceptance period is required, revenue is generally recognized upon the earlier of customer acceptance or the expiration of the acceptance period. In some circumstances, the Company recognizes revenue on arrangements that contain certain acceptance provisions when it has historical experience that the acceptance provision is perfunctory. The Company' s agreements with its customers, resellers and distributors do not contain product return rights. If the fee is not fixed or determinable due to the existence of extended payment terms, revenue is recognized periodically as payments become due, provided all other conditions for revenue recognition are met. Discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period in which the related revenue is recorded. Such provisions are calculated after considering relevant historical data. Revenue is recorded net of sales taxes.

The specific accounting guidance that the Company follows in connection with its revenue recognition policy includes ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements,* ASC 605-35, *Revenue Recognition – Construction-Types and Production-Type Contracts,* and ASC 605-985, *Revenue Recognition – Software*).

In addition to these basic criteria, there are specific revenue recognition policies for each major stream of revenue.

On Premise Software

Revenue from the sale of software products often includes a combination of software licenses, consulting and integration services, hardware, and the provision of training and maintenance services. Consulting and integration services consist of programming, installation and implementation services. Vendor Specific Objective Evidence (VSOE) of fair value for each of the above noted elements are determined as follows:

Software Licenses*:* The Company generally does not sell software or software licenses to its customers on a stand-alone basis; therefore, allocation of fees to the software component of multiple element arrangements is determined using the residual method. According to this method, the Company measures the amount of the arrangement fee allocated to the delivered elements based on the difference between the arrangement fee and the VSOE of fair value of the undelivered elements. The amount allocated to the software license is calculated by subtracting the VSOE of fair value for maintenance, consulting and integration services, and training services from the total arrangement fee in accordance with ASC 605-985. For those agreements that provide for significant services or custom development that are essential to the software' s functionality, the software license and contracted services are recognized under the percentage of completion method as prescribed by the provisions of ASC 605-35.

When software licenses incorporating third-party software products are sold or sold with third-party products that complement the software, the Company recognizes the gross amount of sales of third-party products as revenue in accordance with ASC 605-45-50, *Principal Agent Considerations*.

Consulting, Integration Services and Training*:* Consulting and integration services include programming, installation and implementation of the software products. VSOE of fair value for programming, consulting and integration services and for training services, respectively, is determined based on transactions where such services are rendered on a stand-alone basis to customers.

Historically, a substantial majority of the Company' s stand-alone programming, consulting and integration services and stand-alone training services are priced within a narrow range of the median value of the stand-alone sales. Variation in pricing for such services is due to differences in transaction volume and type of arrangement (beta site versus established sites). VSOE of fair value for consulting, integration and training services is established by region by an analysis of stand-alone sales of services

over the preceding one year period. In a multiple-elements arrangement, if the stated rates for such services fall below the established VSOE of fair value, then revenue from the delivered elements is deferred accordingly and recognized as the services are delivered, assuming all other criteria for revenue recognition have been met.

Many of the Company' s software arrangements include consulting implementation services sold separately under consulting engagement contracts. Consulting revenue from these arrangements is generally accounted for separately from new software license revenue because the arrangements qualify as service transactions as defined in ASC 605-985. The more significant factors considered in determining whether the revenue should be accounted for separately include the nature of services (i.e., consideration of whether the services are essential to the functionality of the licensed product), degree of risk, availability of services from other vendors, timing of payments and impact of milestones or acceptance criteria on the realizability of the software license fee. Revenue for consulting services is generally recognized as the services are performed. If there is a significant uncertainty about the project completion or receipt of payment for the consulting services, revenue is deferred until the uncertainty is sufficiently resolved. Contracts with fixed or not to exceed fees are recognized on a proportional performance basis.

If an arrangement does not qualify for separate accounting of the software license and consulting transactions, then new software license revenue is generally recognized together with the consulting services based on contract accounting using either the percentage-of-completion or completed-contract method. Contract accounting is applied to any arrangements: (1) that include milestones or customer-specific acceptance criteria that may affect collection of the software license fees; (2) where services include significant modification or customization of the software; (3) where significant consulting services are provided for in the software license contract without additional charge or are substantially discounted; or (4) where the software license payment is tied to the performance of consulting services.

Hardware: Hardware revenue is generally recognized upon shipment by the hardware vendor and transfer of title to the customer.

Maintenance*:* The maintenance renewal rates are always priced based on a percentage of the software license fee. Maintenance renewal rates as a percentage of license fee is set at a fixed rate for each geographical area in which the Company operates. Maintenance renewal rates may be different for the same basic product sold in different geographical areas due to different market variables such as competitors' pricing and distribution channels. Substantially all maintenance renewals are priced at a standard percentage of software license fees and therefore the Company determined that it has established a VSOE of fair value for maintenance. The Company' s policy and business practice is for customers to renew their maintenance services at the stated rate indicated in the contract. Revenue related to maintenance is deferred and recognized ratably over the terms of the maintenance agreements, which are normally one year.

Hosting and Software as a Service (SaaS)

Revenue from hosting, maintenance fees and the sale of consulting services relating to SaaS arrangements are recognized ratably over the term of the arrangement. Set-up and implementation revenue is deferred until the solution is delivered and then recognized ratably over the longer of the term of the arrangement or the estimated customer life. Transactions fees from processing transactions for customers are recognized once the transaction is complete.

Arrangements with Value-added Resellers (VARs) and Distributors*:* The Company enters into software license arrangements with certain established VARs in which the VARs agree to sell the Company' s software to end-users. In the vast majority of these arrangements, the VARs are obligated to pay the Company only as and if sales are made to the end-users. The fee received is calculated on a stipulated percentage of the individual sales earned by the VARs which is stated in the sales contract. Pursuant to ASC 605-985, the fee relating to VARs transactions is not fixed or determinable until the software is sold by the VARs to the end users. Consequently, the Company does not recognize any revenue for VARs transactions until all of the criteria specified in ASC 605-985 are met; this point coincides with the sell-through to the end-users because at that point, the Company has persuasive evidence of an arrangement (a signed contract with VARs), the fee is fixed or determinable, delivery has occurred, and collection is reasonably assured. VARs and distributors

do not have rights of return, price protections, rotation rights, or other features that would preclude revenue recognition. The Company does not typically earn any portion of fees for services provided by the distributor to the end-user. The Company earns maintenance fees based upon an agreed-upon percentage of the maintenance fees that the distributor earns from the end-user.

CDC Software
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(Amounts in thousands of U.S. dollars, except share and per share data)

VARs have a sole discretion and responsibility to determine and negotiate the sales price of the Company' s software with the end-users. VARs are also responsible for billing and collecting from the end-users and assume all credit risks.

(m) Deferred Revenue

Deferred revenue represents billings for software, maintenance, hosting, SaaS, and services in advance of services being rendered. The Company reports deferred revenue as a liability on the combined and consolidated balance sheets when there is a contractual obligation to provide services or a software product to the customer, but the services have not yet been completed or the product has not yet been delivered, and thus no recognition of revenue has taken place.

(n) Income Taxes

Income taxes are determined under the liability method as required by ASC 740, *Income Taxes*. Income tax expense computed on a separate return method and is based on pre-tax financial accounting income. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance based on the amount of tax benefits that, based on available evidence, are not more likely than not to be realized.

As of December 31, 2008 and 2009, the Company has recognized a liability for unrecognized income tax benefits of $7,809 and $8,933, respectively. Of this amount, $872 and $1,101 relates to accrued interest and penalties as of December 31, 2008 and 2009, respectively. For the years ended December 31, 2007, 2008 and 2009, the combined and consolidated statement of operations includes a net expense of $357, $125 and $347, respectively, related to unrecognized income tax benefits. Included in this amount, $243, $325 and $228, relates to accrued interest as of December 31, 2007, 2008, and 2009, respectively.

If the Company' s liability for unrecognized income tax benefits were recognized in full, $4,819 would affect its effective tax rate.

It is expected that the amount of unrecognized tax benefits will change for various reasons in the next 12 months; however, the Company does not expect that change to have a significant impact on its financial position or results of operations

The following table describes the tax years that remain subject to examination by major tax jurisdictions:

Tax Jurisdictions	Open Years
United States (federal and state)	1995 - 2009
Non - United States	1999 -2009

(o) Share-based Compensation Expenses

During 2009 and in prior years, certain employees of the Company have been granted share options under the Company' s share incentive plans and CDC Corporation share options under CDC Corporation' s share incentive plans.

Equity-based compensation expense recognized under ASC 718, *Compensation – Stock Compensation* in the combined statements of operations for the year ended December 31, 2007, 2008 and 2009 was $1,695, $1,548 and $2,041, respectively. The estimated fair value of the Company' s equity-based awards, less expected forfeitures, is amortized over the awards' vesting period on a straight-line basis.

Under ASC 718, the fair value of share-based awards is calculated through the use of option-pricing models, even though such models were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Parent' s option grants. These models also require subjective assumptions, including future share price volatility and expected lives of each option grant.

(p) Earnings (Loss) Per Share

The Company computes earnings (loss) per share in accordance with ASC 260, *Earnings Per Share*. Under the provisions of ASC 260, basic earnings or loss per share is computed by dividing the net income or loss attributable to controlling interest for the year by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is computed by dividing the net income or loss attributable to controlling interest for the year,

adjusted for any impact to net income or loss by dilutive common equivalent shares, by the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares, composed of incremental common shares issuable upon the exercise of stock options, are included in diluted earnings or loss per share to the extent that such shares are dilutive.

(q) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their original amount less an estimate made for uncollectible amounts. The Company does not charge interest on third party receivables.

(r) Comprehensive Income

Comprehensive income includes net earnings or loss as well as any additional other comprehensive income items. The Company' s only other comprehensive income item consists of foreign currency translation adjustments.

(s) Restructuring Charges and Related Expenses

The Company accounts for exit or disposal activities in accordance with ASC 420, *Exit or Disposal Activities* and ASC 712, *Compensation – Nonretirement Postemployment Benefits*. In accordance with ASC 420, a business restructuring is defined as an exit activity that includes but is not limited to a program that is planned and controlled by management, and materially changes either the scope of a business or the manner in which that business is conducted. Business restructuring charges include (i) one-time termination benefits related to employee separations, (ii) contract termination costs, and (iii) other costs associated with the consolidation or closing of facilities. ASC 712 prescribes the accounting for the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement.

A liability is recognized and measured at its fair value for one-time termination benefits once the plan of termination is communicated to employees and it meets all of the following criteria: (i) management commits to a plan of termination, (ii) the plan identifies the number of employees to be terminated, their job classifications or functions, locations and the expected completion date, (iii) the plan establishes the terms of the benefit arrangement, and (iv) it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. Contract termination costs include costs to terminate a contract or costs that will continue to be incurred under the contract without benefit to the Company. A liability is recognized and measured at its fair value when the Company either terminates the contract or ceases using the rights conveyed by the contract. A liability is recognized and measured at its fair value for other associated costs in the period in which the liability is incurred.

(t) Defined Contribution Plans

The Company has a defined contribution (401k) plan for its employees. Under the plan, employees are eligible for a Company match of 100% of the first 3% of pre-tax salary contributed to the plan up to a maximum of $2 per year. Due to the cash flow limitations of the Company, the match was suspended for 2009.

(u) Recent Accounting Pronouncements

In December 2007, the FASB issued guidance now codified as FASB Accounting Standards Codification (ASC) 805, *Business Combinations* (ASC 805). Under ASC 805, an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. This Standard also requires the fair value measurement of certain other assets and liabilities related to the acquisition such as contingencies and research and development. The Company adopted this

Standard effective January 1, 2009. The acquisitions consummated in 2009 and described in Note 3 were accounted for according to this Standard.

In December 2007, the FASB issued guidance now codified as ASC 810, *Non-controlling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51* (ASC 810). These provisions establish accounting and reporting Standards for noncontrolling interests (minority interests) in subsidiaries, and clarify that a noncontrolling interest in a subsidiary should be accounted for as a component of equity separate from the parent' s equity. The amended guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and is applied prospectively, except for presentation and disclosure requirements, which will apply retrospectively. The Company adopted the applicable sections of ASC 810 effective January 1, 2009 and the presentation of disclosure requirements have been applied to all of the combined and consolidated financial statements, notes and other financial data retrospectively for all periods presented.

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In April 2008, the FASB issued guidance now codified as ASC 350-30-65-1, *Determination of the Useful Life of Intangible Assets*. The guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under intangibles accounting. It also requires expanded disclosure related to the determination of intangible asset useful lives. The amended guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. The Company adopted this Standard effective January 1, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

In June 2008, the FASB issued guidance now codified as ASC 260-65-2, *Earnings per Share.* The guidance clarifies that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are to be included in the computation of earnings per share under the two-class method. The amended guidance is effective January 1, 2009. The Company adopted this Standard effective January 1, 2009. The adoption did not have a material impact on the combined consolidated financial statements.

In June 2008, the FASB issued guidance now codified as ASC 840, *Accounting by Lessees for Maintenance Deposits.* The guidance applies accounting for maintenance deposits paid by a lessee which are refunded only if the lessee performs specified maintenance activities. The guidance requires the lessee to account for these deposits as deposit assets. The amended guidance is effective January 1, 2009. The Company adopted this Standard effective January 1, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

In November 2008, the FASB issued guidance now codified as ASC 350-30-65-2, *Accounting for Defensive Intangible Assets.* This Standard applies to all acquired intangible assets in situations in which the acquirer does not intend to actively use the asset but intends to hold (lock up) the asset to prevent its competitors from obtaining access to the asset (a defensive intangible asset), unless the intangible asset must be expensed in accordance with other literature. This Standard requires a defensive intangible asset to be accounted for as a separate unit of accounting and not included as part of the cost of the acquirer' s existing intangible asset(s) because the defensive intangible asset is separately identifiable. Additionally, the defensive intangible asset should be assigned a useful life that reflects the entity' s consumption of the expected benefits related to the asset. This Standard is effective for fiscal years beginning on or after December 15, 2008. The Company adopted this Standard effective January 1, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

In April 2009, FASB issued guidance now codified as ASC 820-10-65-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly.* This guidance identifies circumstances that indicate a transaction is not orderly, and emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. The amended guidance is effective January 1, 2010, with early adoption permitted. The Company does not expect the adoption of this Standard to have a material impact on the combined and consolidated financial statements.

In April 2009, FASB issued guidance now codified as ASC 825, *Interim Disclosures about Fair Value of Financial Instruments*. The amendment expands the fair value disclosures required for all financial instruments requiring entities to disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments in financial statements on an interim and annual basis and to highlight any changes from prior periods. The amended guidance is effective for the first interim reporting period ending after June 15, 2009, with earlier application permitted. The Company adopted this Standard effective June 30, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

In June 2009, the FASB issued ASU No. 2009-01 (formerly SFAS No. 168), *"Topic 105 – Generally Accepted Accounting Principles – FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This Standard establishes the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB

to be applied by nongovernmental entities in the preparation of financial statements in conformity with US GAAP. The Codification does not change current US GAAP, but is intended to simplify user access to all authoritative US GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009. The Company adopted this Standard effective September 30, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

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In August 2009, the FASB issued ASU No. 2009-05, *Measuring Liabilities at Fair Value*. This Standard amends ASC 820, *Fair Value Measurements* (ASC 820). The new guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following methods: 1) a valuation technique that uses a) the quoted price of the identical liability when traded as an asset or b) quoted prices for similar liabilities or similar liabilities when traded as assets and/or 2) a valuation technique that is consistent with the principles of ASC 820 (e.g. an income approach or market approach). The new guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to adjust to include inputs relating to the existence of transfer restrictions on that liability. This Standard is effective the first reporting period, including interim periods, beginning after issuance. The Company adopted this Standard effective September 1, 2009. The adoption did not have a material impact on the combined and consolidated financial statements.

In September 2009, the FASB issued ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, that amends ASC 820 to provide guidance on measuring the fair value of certain alternative investments such as hedge funds, private equity funds and venture capital funds. The ASU indicates that, under certain circumstances, the fair value of such investments may be determined using net asset value (NAV) as a practical expedient, unless it is probable the investment will be sold at something other than NAV. In those situations, the practical expedient cannot be used and disclosure of the remaining actions necessary to complete the sale is required. The ASU also requires additional disclosures of the attributes of all investments within the scope of the new guidance, regardless of whether an entity used the practical expedient to measure the fair value of any of its investments. The disclosure provisions of this ASU are not applicable to an employer' s disclosures about pension and other postretirement benefit plan assets. This Standard is effective for interim and annual periods ending after December 15, 2009. The adoption of this Standard did not have an impact on the Company' s combined and consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements.* This Standard provides principles for allocation of consideration among its multiple-elements, allowing more flexibility in identifying and accounting for separate deliverables under an arrangement. This Standard introduces an estimated selling price method for valuing the elements of a bundled arrangement if vendor-specific objective evidence or third-party evidence of selling price is not available, and significantly expands related disclosure requirements. It is effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Alternatively, adoption may be on a retrospective basis, and early application is permitted. The Company has not completed an assessment the adoption of this Standard will have on its combined and consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-14, *Software (Topic 985) – Certain Revenue Arrangements That Include Software Elements.* This Standard reduces the types of transactions that fall within the current scope of ASC 605-985, *Revenue Recognition – Software*. Existing software revenue recognition guidance requires that its provisions be applied to an entire arrangement when the sale of any products or services containing or utilizing software when the software is considered more than incidental to the product or service. As a result of the amendments included in ASU No. 2009-14, many tangible products and services that rely on software will be accounted for under the multiple-element arrangements revenue recognition guidance rather than under the software revenue recognition guidance. Under this ASU, the following components would be excluded from the scope of software revenue recognition guidance: the tangible element of the product, software products bundled with tangible products where the software components and non-software components function together to deliver the product' s essential functionality, and undelivered components that relate to software that is essential to the tangible product' s functionality. This ASU also provides guidance on how to allocate transaction consideration when an arrangement contains both deliverables within the scope of software revenue guidance (software deliverables) and deliverables not within the scope of that guidance (non-software deliverables). This Standard is effective January 1, 2011. Early adoption is permitted. The Company has not completed an assessment the adoption of this Standard will have on its combined and consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-15**,** *Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing*. This Standard amends ASC 470*, Debt with Conversion and Other Options*, and ASC 260, *Earnings Per Share*. Specifically, this new Standard requires companies to mark stock loan agreements at fair value and recognize the cost of the agreements by reducing the amount of additional paid-in capital on their financial statements. These amendments are effective January 1, 2010. The Company does not expect the adoption of this Standard to have a material impact on its combined and consolidated financial statements.

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In December 2009, the FASB issued ASU No. 2009-16, *Accounting for Transfers of Financial Assets,* an amendment of ASC 860-10 (formerly SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* issued in June 2009*)*. This Standard removes the concept of a qualifying special-purpose entity and clarifies that the objective is to determine whether a transferor and all of the entities included in the transferor' s financial statements being presented have surrendered control over transferred financial assets. This Standard is effective January 1, 2010. The Company has not completed an assessment the adoption of this Standard will have on its combined and consolidated financial statements.

In December 2009, the FASB issued ASU No. 2009-17, *Improvements to Financial Reporting by Enterprises involved with Variable Interest Entities,* an amendment to ASC 810-10 (formerly SFAS No. 167, *Amending FASB interpretation No. 46(R)* issued in June 2009*)*. This Standard provides guidance in determining whether an enterprise has a controlling financial interest in a variable interest entity. This determination identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of a variable interest entity that most significantly impacts the entity' s economic performance, and the obligation to absorb losses or the right to receive benefits of the entity that could potentially be significant to the variable interest entity. This Standard also requires ongoing reassessments of whether an enterprise is the primary beneficiary and eliminates the quantitative approach previously required for determining the primary beneficiary. New provisions of this Standard are effective January 1, 2010. The Company has not completed an assessment the adoption of this Standard will have on its combined and consolidated financial statements.

3.

BUSINESS COMBINATIONS AND INVESTMENTS

During 2009, the Company made the following acquisitions to improve supply chain visibility and expand its market share in the manufacturing and on-demand e-Commerce industries:

a.

WKD Solutions Limited (WKD)

In September 2009, the Company acquired a 100% equity interest in WKD, a United Kingdom based developer of supply chain event management software. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of WKD' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. The amount of revenue and net loss related to WKD hereafter included in the Company' s combined and consolidated statement of operations for the year ended December 31, 2009 is $72 and $21, respectively. Under the terms of the share purchase agreement, the Company paid $1,807 at closing, subject to various adjustments.

The purchase price has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$640	
Property and equipment, net		

Goodwill	954	
Trade name	37	5 years
Proprietary software	131	4 years
Noncompete agreements	25	0.5 years
Customer relationships	319	10 years
Total assets acquired	2,111	
Deferred tax liabilities	(144)	
Current liabilities	(160)	
Total liabilities assumed	(304)	
Net assets acquired	$1,807	

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b.

Activplant Corporation (Activplant)

In October 2009, the Company acquired a 100% equity interest in Activplant, a Canadian based provider of enterprise manufacturing intelligence solutions. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of Activplant' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. The amount of revenue and net loss related to Activplant hereafter included in the Company' s combined and consolidated statement of operations for the year ended December 31, 2009 is $940 and $154, respectively. Under the terms of the share purchase agreement, the Company paid $7,025 at closing, subject to various adjustments.

The purchase price has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$900	
Property and equipment, net	67	
Goodwill	3,716	
Trade name	123	5 years
Proprietary software	642	3 years
Noncompete agreements	47	1 year
Customer relationships	2,596	20 years
Total assets acquired	8,091	
Current liabilities	(689)	

Long term liabilities	(377)
Total liabilities assumed	(1,066)
Net assets acquired	$7,025

c.

Truition, Inc. (Truition)

In November 2009, the Company acquired a 100% equity interest in Truition, a Canadian based provider of on-demand e-Commerce platforms for retailers and brand manufacturers. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of Truition' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. The amount of revenue and net loss related to Truition hereafter included in the Company' s combined and consolidated statement of operations for the year ended December 31, 2009 is $584 and $309, respectively. Under the terms of the share purchase agreement, the Company paid $12,450 at closing, subject to various adjustments.

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The purchase price has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$2,200	
Property and equipment, net	1,159	
Goodwill	6,591	
Trade name	219	5 years
Proprietary software	1,602	7.5 years
Noncompete agreements	76	1 year
Customer relationships	2,364	6.67 years
Total assets acquired	14,211	
Current liabilities	(1,377)	
Long term liabilities	(384)	
Total liabilities assumed	(1,761)	
Net assets acquired	$12,450	

d.

gomembers, Inc. (gomembers)

In November 2009, the Company acquired 100% of the assets of gomembers, a U. S. based provider of SaaS and on-premise solutions for the Not-For-Profit and Non-Governmental Organizations. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of gomembers' operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. The amount of revenue and net loss related to gomembers hereafter included in the Company' s combined and consolidated statement of operations for the year ended December 31, 2009 is $ $458 and $115, respectively. Under the terms of the share purchase agreement, the Company paid $6,700 at closing, subject to various adjustments. In addition, the Company agreed to pay additional consideration of up to $1,000 payable in 2011. Payments are based on gomembers generating an EBITDA (earnings before interest, taxes, depreciation, and amortization expense) margin equal to or exceeding the EBITDA margin for CDC Software during the twelve months ending November 30, 2011. The amount of the payment is based on a sliding scale and can range from $700 to $1,000. As of the date of the acquisition, the Company accrued $810 for these contingent payments based on management' s estimate of fair value of the amount to be paid.

The purchase price has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$1,184	
Property and equipment, net	59	
Goodwill	3,359	
Trade name	160	5 years
Proprietary software	1,790	7 years
Customer relationships	3,360	20 years
Total assets acquired	9,912	
Current liabilities	(2,402)	
Long term liabilities	(810)	
Total liabilities assumed	(3,212)	
Net assets acquired	$6,700	

Due to the synergies expected with the Company' s existing businesses and competition encountered during the bid process, the purchase price for WKD, Activplant, Truition, and gomembers resulted in the recognition of goodwill. This goodwill is not deductible for tax purposes. Goodwill was allocated to the Software segment for WKD and Activplant and the SaaS segment for Truition and gomembers.

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e.

Pro Forma Effect of WKD, Activplant, Truition, and gomembers Acquisitions

The following unaudited pro forma combined and consolidated information reflects the Company's combined and consolidated results of operations for the year ended December 31, 2008 and 2009, as if the acquisitions of WKD, Activplant, Truition, and gomembers had occurred on January 1, 2008 and January 1, 2009, respectively. The pro forma results have been prepared for informational purposes only and do not purport to be indicative of what the Company's combined and consolidated results of operations would have been had the acquisitions of these subsidiaries actually taken place on January 1, 2008 and January 1, 2009, and may not be indicative of future results of operations.

	Year ended December 31, 2008 Unaudited	Year ended December 31, 2009 Unaudited
Revenue	$257,447	$215,529
Net income from controlling interest	$(12,523)	$12,461

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During 2008, the company made the following acquisitions.

a.

Integrated Solutions Limited (ISL)

In March 2008, the Company acquired 51% interest in ISL, a Hong Kong-based vendor of ERP systems designed for small and medium-sized discrete manufacturers in China. Under the terms of the agreement, the Company paid approximately $762 at closing for such majority interest in ISL. In accordance with ASC 805, *Business Combinations*, this acquisition has been accounted for under the purchase method of accounting, and the results of ISL' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition.

b.

Investment in Franchise Partners

During 2008, the Company invested in 3 different Franchise Partners: DRE Mexico, Ross Brazil and Ross Chile for a total of $210. These Franchise Partners are included in the Software segment.

i.

In January 2008, the Company acquired 19% of the equity of DRE Mexico, a reseller of CRM products. Under the terms of the share purchase agreement, the Company paid $90 at closing. The Company accounts for this investment under the cost method of accounting.

ii.

In June 2008, the Company acquired 19% of the equity of Ross Brazil, a reseller of ERP products. Under the terms of the share purchase agreement, the Company agreed to pay $96 of which $78 was paid through December 31, 2009 and the remaining $18 will be paid in 2 equal installments during 2010. The results of Ross Brazil' s operations have been included in the Company' s combined and consolidated financial statements in accordance with ASC 810-10-15, *Consolidation – Variable Interest Entities* since the date of acquisition because the Company is the primary beneficiary.

iii.

In June 2008, the Company acquired 19% of the equity of Ross Chile, a reseller of ERP products. Under the terms of the share purchase agreement, the Company agreed to pay $147 of which $80 was paid through December 31, 2009 and the remaining $27 will be paid in 3 installments during 2010. The results of Ross Chile' s operations have been included in the Company' s combined and consolidated financial statements in accordance with ASC 810-10-15 since the date of acquisition because the Company is the primary beneficiary.

During 2007, the Company made the following acquisitions:

a.

Respond Group Ltd. (Respond)

In February 2007, the Company acquired a 100% equity interest in Respond through the acquisition of its entire issued share capital. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of Respond' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. Respond is a provider of enterprise class complaints, feedback and customer service solutions.

Under the terms of the share purchase agreement, the Company paid $14,743 at closing, subject to various adjustments. In addition, the Company agreed to pay up to a maximum of $14,000 of additional consideration based upon 2007, 2008 and 2009 revenue. As of December 31, 2009, the contingent consideration period has expired and the Company determined that these contingent payments are not probable; therefore, no additional payments were made associated with this acquisition.

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The purchase price of $14,743 for Respond has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$3,819	
Property and equipment, net	304	
Goodwill	11,634	
Trade name	430	5 years
Developed technologies	2,080	7 years
Customer base	2,180	8 years
Noncompete agreements	30	3 years
Total assets acquired	20,477	
Current liabilities	(5,734)	
Total liabilities assumed	(5,734)	
Net assets acquired	$14,743	

Due to the synergies expected with the Company' s existing businesses and competition encountered during the bid process, the purchase price resulted in the recognition of goodwill. This goodwill is not deductible for tax purposes and is allocated to the Software segment.

b.

Saratoga Systems Inc. (Saratoga)

In April 2007, the Company acquired a 100% equity interest in Saratoga through a merger. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of Saratoga' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. Saratoga is a provider of enterprise CRM and wireless CRM applications.

Under the terms of the agreement, the Company agreed to pay not more than $35,000 in cash in connection with the merger, with $30,000 paid at closing and $5,000 placed into escrow for an 18-month period and subject to holdback in the event of breaches of representations and warranties and various other adjustments. Pursuant to the terms of the purchase agreement, the Company has made claims for breaches of representations and warranties by the sellers, which claims are currently in arbitration. Such amounts in escrow will be released upon conclusion of the arbitration between the Company and the sellers.

The Company' s plan to integrate certain activities at Saratoga was accounted for in accordance with ASC 420 and ASC 712. These costs primarily include the closure of facilities and employee terminations in the United States, United Kingdom and Sweden. Such costs have been recognized as liabilities assumed in the acquisition. During 2007, the Company recorded a liability of $1,730 as a result of severance costs and relocation costs related to the acquisition with a corresponding adjustment to goodwill. At December 31, 2008 and 2009, the Company had $59 and Nil, respectively, remaining in accrued restructuring charges in the accompanying combined balance sheets related to this integration.

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The purchase price of $34,846 including direct expense related to the acquisition for Saratoga has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Current assets	$7,908	
Property and equipment, net	200	
Other assets	318	
Goodwill	26,634	
Trade name	640	5 years
Developed technologies	2,560	6 years
Customer base	11,740	8 years
Total assets acquired	50,000	
Current liabilities	(15,080)	
Long term liabilities	(74)	
Total liabilities assumed	(15,154)	
Net assets acquired	$34,846	

Due to the synergies expected with the Company' s existing businesses and competition encountered during the bid process, the purchase price resulted in the recognition of goodwill. This goodwill is not deductible for tax purposes and is allocated to the Software segment.

c.

Catalyst International, Inc.

In September 2007, the Company acquired a 100% equity interest in Catalyst International, Inc. through a merger. The interest in Catalyst International, Inc. included the following businesses: Catalyst SAP, Catalyst BOB, and Catalyst ET. The Catalyst SAP business was immediately distributed to CDC Corporation and Catalyst BOB and Catalyst ET, collectively referred to as Catalyst, are owned by the Company. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting, and the results of Catalyst' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. Catalyst is a provider of enterprise supply chain software and hardware solutions.

Under the terms of the agreement, the Company agreed to pay not more than $29,500 in cash in connection with the acquisition of Catalyst International, Inc., with $25,000 paid at closing and $4,500 placed in escrow for a 24-month period and subject to holdback in the event of breaches of representations and warranties and various other adjustments. Pursuant to the terms of the purchase agreement, the Company has made claims for breaches of representations and warranties by the sellers, which claims are currently in arbitration. Such amounts in escrow will be released upon conclusion of the arbitration between the Company and the sellers.

The Company' s plan to integrate certain activities at Catalyst was accounted for in accordance with ASC 420, and ASC 712. These costs primarily include the closure of facilities and employee terminations in the United States and United Kingdom. Such costs have been recognized as liabilities assumed in the acquisition. During 2007, the Company recorded a liability of $704 as a result of severance and relocation costs related to the acquisition. At December 31, 2008 and 2009, the Company had Nil and Nil, respectively, in accrued restructuring charges in the accompanying combined balance sheet related to this integration.

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The purchase price of $22,101 including direct expense related to the acquisition for Catalyst has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

	Total Catalyst International, Inc. Acquisition	Catalyst SAP Distribution to CDC Corporation	Catalyst Acquisition	Useful Life
Current assets	$ 8,523	$ (1,404)	$7,119	
Property and equipment, net	351	(54)	297	
Goodwill	16,118	(3,063)	13,055	
Trade name	1,230	(690)	540	5 - 10 years
Developed technologies	2,110	–	2,110	6 years
Customer base	11,520	(2,385)	9,135	10 years
Total assets acquired	39,852	(7,596)	32,256	
Current liabilities	(10,163)	54	(10,109)	
Long term liabilities	(89)	43	(46)	
Total liabilities assumed	(10,252)	97	(10,155)	
Net assets acquired	$ 29,600	$ (7,499)	$22,101	

Due to the synergies expected with the Company' s existing businesses and competition encountered during the bid process, the purchase price resulted in the recognition of goodwill. Goodwill was allocated based on the Company' s best estimate of

relative fair values. The goodwill assigned to the Company is not deductible for tax purposes and is allocated to the Software segment.

d.

Industri-Matematik International Corp. (IMI)

In September 2003, the Company acquired a 51% equity interest in Cayman First Tier (CFT), an investment holding company organized in the Cayman Islands which owns a 100% equity interest in IMI for $25,000 in cash. In accordance with ASC 805, this acquisition has been accounted for under the purchase method of accounting and the results of IMI' s operations have been included in the Company' s combined and consolidated financial statements since the date of acquisition. IMI is a provider of supply chain management solutions in North America and Europe. The remaining 49% equity interest of CFT was held by Symphony Technology Group (Symphony), a private equity firm focused on enterprise software and services, which previously owned 100% of IMI.

In November 2003, CFT loaned $25,000 to Symphony (Symphony Note) to provide Symphony with additional capital to fund future Symphony investments. The loan was secured by Symphony' s 49% holding in IMI (through CFT). Principle and interest on the Symphony Note was due and payable in full in November 2007.

In November 2007, the Company, CFT and Symphony entered into a letter agreement whereby all amounts due and payable to CFT pursuant to the Symphony Note were deemed discharged and paid in full in exchange for the transfer by Symphony to CFT of all of Symphony' s rights, title, and interest in Symphony' s 49% interest in CFT. As of the date of the transfer, there was approximately $28,000 outstanding under the Symphony Note ($25,000 in principal and $3,000 in accrued interest).

The Company has determined that the value of the 49% equity interest in CFT exceeded the carrying value of the Symphony Note. No impairment charge was recorded, and the Company' s interest in the Symphony Note of $14,282 was considered purchase price consideration for the 49% minority interest in CFT and was accounted for in accordance with ASC 805.

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The purchase price of $14,282 including direct expense related to the acquisition for IMI has been allocated to the assets acquired and the liabilities assumed based on management' s estimate of their respective fair values as of the date of acquisition as follows:

		Useful Life
Goodwill	$11,177	
Capitalized software	1,475	4 years
Customer base	4,621	4 years
Trade name	446	5 years
Total assets acquired	17,719	
Deferred revenue	(1,785)	
Current liabilities	(1,652)	
Total liabilities assumed	(3,437)	
Net assets acquired	$14,282	

Due to the synergies expected with the Company' s existing businesses the purchase price resulted in the recognition of goodwill. The goodwill is not deductible for tax purposes and is allocated to the Software segment.

e.

Investment in Franchise Partners

During 2007, the Company invested in 3 different Franchise Partners: Business T. G. Spain, CMT Argentina and CDC CRM Solutions India, for a total of $517. These Franchise Partners are included in the Software segment.

i.

In May 2007, the Company acquired 19% of the equity in Business T G. Spain, a reseller of ERP, CRM & SCM products. Under the terms of the share purchase agreement, the Company paid $431 at closing. The Company accounts for this investment under cost method of accounting.

ii.

In August 2007, the Company acquired 10% of the equity in CMT Argentina, a reseller of CRM and c360 products. Under the terms of the share purchase agreement, the Company paid $84 at closing. The Company accounts for this investment under cost method of accounting.

iii.

In November 2007, the Company acquired 19% of the equity in CDC CRM Solutions India, a reseller of CRM products. Under the terms of the agreement, the Company paid $2 at closing. CDC CRM Solutions India is a start up entity and the Company is the sole source of funding. The Company funds the capital invested in CDC CRM Solutions India via an interest bearing loan of which $298 was outstanding at December 31, 2008 and 2009. These loans are eliminated during consolidation along with the capital investment. The results of CDC CRM Solutions India' s operations have been included in the Company' s combined and consolidated financial statements in accordance with ASC 810-10-15 since the date of acquisition because the Company is the primary beneficiary.

4.

RESTRUCTURING AND OTHER CHARGES

The following table sets forth the components of restructuring and other charges recorded in the combined and consolidated statements of operations:

	Years ended December 31,		
	2007	2008	2009
Restructuring charges, net of adjustments to income	$540	$4,365	$3,322
Legal settlements	1,370	647	29
Total restructuring and other charges, net	$1,910	$5,012	$3,351

For the year ended December 31, 2007, the Company' s Software segment incurred and charged to expense a net amount of $540 in restructuring costs comprised of $3,604 related to restructuring activities offset by $3,064 for adjustments to estimated lease termination costs. At IMI, restructuring costs were $2,130, comprised of $2,096 related to employee termination costs and $34 for closure of offices. At Pivotal, restructuring costs were $856, comprised of $306 related to employee termination costs and

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$550 related to legal fees. At Pivotal, the restructuring liability was reduced during 2007 by $3,064 due principally to a change in estimate relating to a lease termination. During 2007, in connection with the Company' s acquisition of Saratoga and Catalyst the restructuring liability was increased by $1,730 and $704, respectively, due to lease facility closure costs and workforce reduction costs.

For the year ended December 31, 2008, the Company' s Software segment incurred and charged to expense $4,365 in restructuring costs, principally at the Company' s corporate level and the subsidiaries Ross and Pivotal. At the corporate level, the restructuring cost of $1,000 related to employee termination expenses. At Pivotal, restructuring costs were $1,698, comprised of $1,653 related to employee termination costs and $45 related to adjustment of estimates related to a lease termination and other exit costs. At Ross, the restructuring costs of $1,065 were entirely related to employee termination expenses. The remaining $602 restructuring costs were entirely related to employee termination expenses at various subsidiaries.

For the year ended December 31, 2009, the Company incurred and charged to expense $3,322 in restructuring costs, primarily due to a workforce reduction and lease termination. Of this total, $2,842 and $480 was allocated to the Software and SaaS segments, respectively. Total workforce reduction cost was $2,631, including $1,497 in Ross, $387 in Catalyst and $369 at the Company' s corporate level. Total early termination of lease cost was $420, primarily in Pivotal.

At December 31, 2008 and 2009 the Company had a total of $2,213 and $2,015, respectively, in accruals relating to business restructuring activities.

The change in the accrued liability balance associated with the exiting costs at December 31, 2008, is as follows:

	Workforce Reduction	Lease Termination	Other Exit Costs	Total
Balance at January 1, 2008	$810	$ 1,729	$ 750	$3,289
Expensed in 2008	4,266	67	217	4,550
Adjustments related to acquired subsidiaries	–	(70)	–	(70)
Adjustments to income	(13)	(172)	–	(185)
Amounts paid	(4,067)	(1,087)	(217)	(5,371)
Balance at December 31, 2008	$996	$ 467	$ 750	$2,213

Restructuring accruals were presented as follows in the combined and consolidated balance sheet at December 31, 2008:

	Workforce Reduction	Lease Termination	Other Exit Costs	Total
Current	$ 996	$ 228	$ 750	$1,974
Non-current	–	239	–	239
Balance at December 31, 2008	$ 996	$ 467	$ 750	$2,213

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The change in the accrued liability balance associated with the exiting costs at December 31, 2009, is as follows:

	Workforce Reduction	Lease Termination	Other Exit Costs	Total
Balance at January 1, 2009	$996	$ 467	$ 750	$2,213
Expensed in 2009	2,893	738	300	3,931
Adjustments to income	(262)	(318)	–	(580)
Amounts paid	(2,602)	(874)	(73)	(3,549)
Balance at December 31, 2009	$1,025	$ 13	$ 977	$2,015

Restructuring accruals were presented as follows in the combined and consolidated balance sheet at December 31, 2009:

	Workforce Reduction	Lease Termination	Other Exit Costs	Total
Current	$ 1,025	$ 13	$ 977	$2,015
Balance at December 31, 2009	$ 1,025	$ 13	$ 977	$2,015

5.

RESTRICTED CASH

The Company had $3,677 and $113 of restricted cash at December 31, 2008 and 2009, respectively.

At December 31, 2008 and 2009, the restricted cash balance was comprised of $365 and Nil, respectively, serving as collateral for an irrevocable standby letter of credit that provides financial assurance that the Company will fulfill its obligations with respect to the operating lease agreement at Pivotal Corporation, a subsidiary of the Company. The letter of credit is renewed annually. The cash is held in custody by the issuing bank and is restricted as to withdrawal or use. The Company had $3,273 and $101 at December 31, 2008 and 2009, respectively, in various escrow accounts as collateral for pending litigation settlements. During 2009, the Company paid $3,219 for a pending litigation settlement from the escrow account. Refer to Note 21 for discussion on contingencies.

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6.

ACCOUNTS RECEIVABLE

Unbilled receivables represent the recognized sales value of the Company' s products and services that had not been billed and were not billable to the customers at the balance sheet date. The balances will be billed upon the fulfillment of certain conditions agreed between the parties.

	December 31,	
	2008	2009
Accounts receivable:		
Amounts billed	$53,957	$45,044
Unbilled	3,701	4,706
Accounts receivable, gross	57,658	49,750
Allowance for doubtful accounts	(4,644)	(5,090)
Accounts receivable, net	$53,014	$44,660

	December 31,		
	2007	2008	2009
Allowance for doubtful accounts:			
Balance at beginning of year	$4,832	$5,679	$4,644
Additions	2,694	3,139	1,756
Write-offs, net of recoveries	(1,847)	(4,174)	(1,310)

Balance at end of year	$5,679	$4,644	$5,090

7.

FAIR VALUE MEASUREMENTS

Certain of the Company' s financial and nonfinancial assets and liabilities are reported at fair value in the accompanying balance sheets in accordance with ASC 820. ASC 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The valuation techniques required by ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and

Level 3 – Significant inputs to the valuation model are unobservable (supported by little or no market activities). These inputs may be used with internally developed methodologies that reflect in the Company' s best estimate of fair value from the market participant.

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At December 31, 2008, there were no assets or liabilities measured at fair value on a recurring basis. The following table summarizes the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 at each hierarchical level:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance at December 31, 2009
Financial assets:				
Marketable securities	$ 1,084	$ –	$ –	$ 1,084
Total financial assets	$ 1,084	$ –	$ –	$ 1,084
Financial liabilities:				
Purchase consideration payables	$ –	$ –	$ 810	$ 810
Total financial liabilities	$ –	$ –	$ 810	$ 810

The fair value of cash, restricted cash, accounts receivable and payable, receivable from Parent, and other short-term financial assets and liabilities approximate carrying value due to their short-term nature or interest rates which are comparable to current market rates.

The valuation technique used to measure fair value for our Level 1 assets is a market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets. There is no public market for the purchase consideration payables included in Level 3. As a result, there are no market-based price points available for comparison or any public information that could be used as a benchmark. Therefore, we used a model-based approach to measure fair value for our Level 3 liabilities. The model-based approach included assumptions in the following areas: time to maturity, probability the contingent payments will be payable in the future, and risk-free rate.

The following table summarizes changes in Level 3 liabilities measured at fair value on a recurring basis:

Balance at December 31, 2008	Total realized and unrealized gains (losses) included in earnings	Total unrealized gains (losses) included in other comprehensive income	Total realized and unrealized gains (losses) included in minority interests	Purchases, sales, issuances, settlements, net	Balance at December 31, 2009

Financial liabilities:						
Purchase consideration payables	$ –	$ –	$ –	$ –	$ 810	$ 810
Total financial liabilities	$ –	$ –	$ –	$ –	$ 810	$ 810

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8.

PROPERTY AND EQUIPMENT

Depreciation expense was $3,084, $4,201 and $3,122 for the years ended December 31, 2007, 2008 and 2009, respectively. The following table summarizes the Company' s property and equipment as of December 31:

	2008	2009
Leasehold improvements	$411	$37
Furniture and fixtures	2,924	3,334
Office equipment	1,494	2,464
Computer equipment	6,626	7,480
Other	1,531	1,531
	12,986	14,846
Less: Accumulated depreciation	(7,275)	(9,558)
Property and equipment, net	$5,711	$5,288

9.

GOODWILL

The changes in the carrying amount of goodwill for the years ended December 31, 2008 and 2009 are as follows:

	Software	SaaS	Total
Balance at January 1, 2008	$145,380	$–	$145,380

Foreign currency adjustment	(8,909)	–	(8,909)
Goodwill acquired during the year	(322)	–	(322)
Subsequent realization of tax benefit from acquired companies	(572)	–	(572)
Unrecognized income tax benefits of uncertain positions	410	–	410
Balance at December 31, 2008	135,987	–	135,987
Foreign currency adjustment	2,956	–	2,956
Goodwill acquired during the year	6,724	9,950	16,674
Balance at December 31, 2009	$145,667	$9,950	$155,617

Subsequent utilization of tax benefits from acquired companies represents the release of valuation allowances on deferred tax assets existing at the time the acquisitions occurred.

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10. INTANGIBLE ASSETS

The following table summarizes the Company' s amortizable intangible assets as of December 31:

	2008			2009		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Capitalized software:						
Capitalized software	$37,803	$(18,364)	$19,439	$40,189	$(27,117)	$13,072
Acquired technologies	40,735	(27,527)	13,208	46,504	(33,358)	13,146
Total capitalized software	78,538	(45,891)	32,647	86,693	(60,475)	26,218
Other intangible assets:						
Customer base and contracts	51,240	(20,327)	30,913	60,985	(24,745)	36,240
Trademarks	2,095	(624)	1,471	2,694	(996)	1,698
Total other intangible assets	53,335	(20,951)	32,384	63,679	(25,741)	37,938
Total Intangible Assets	$131,873	$(66,842)	$65,031	$150,372	$(86,216)	$64,156

The intangible assets with definite useful lives are amortized on the greater of straight-line method over the estimated economic lives of the assets or in proportion to expected undiscounted cash flows. The Company had trademarks not subject to amortization with carrying values of $7,876 as of December 31, 2008 and 2009.

The following table summarizes the actual amortization expense and the estimated amortization expense for each of the past three years and each of the following five years based on the current amount of capitalized software and other intangible assets subject to amortization:

Year ended December 31:	Cost of Revenue: Capitalized Software	Cost of Revenue: Acquired Technologies	Operating Expenses: Other Intangible Assets	Total
Actual:				
2007	$5,851	$ 7,010	$ 5,564	$18,435
2008	$9,020	$ 6,761	$ 6,828	$22,609
2009	$8,965	$ 5,443	$ 4,533	$18,941
Estimated:				
2010	$11,149	$ 5,675	$ 4,817	$21,641
2011	$1,924	$ 4,176	$ 4,652	$10,752
2012	$–	$ 1,631	$ 3,827	$5,458
2013	$–	$ 920	$ 3,338	$4,258
2014 and thereafter	$–	$ 742	$ 21,387	$22,129

11. RELATED PARTY TRANSACTIONS

The combined and consolidated financial statements reflect allocations between the Company and CDC Corporation of certain costs incurred by either the Company or CDC Corporation on behalf of the other party. Refer to Note 2 for discussion of corporate overhead allocations.

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Historically, transactions between the Company and CDC Corporation have been accounted for as either a Receivable from Parent or Short-term Loan from Parent. During 2009, the Short-term Loan from Parent was repaid and the outstanding Receivable from Parent of $34,166 was classified as a non-current asset in accordance with the Loan Agreement entered into between the Company and CDC Corporation on February 24, 2010 (Note 22).

In addition to the transactions and balances detailed elsewhere in these combined and consolidated financial statements and notes thereto, the Company had certain receivable and short-term loan balances due from and due to other companies under common control of CDC Corporation in the net payable amount of $19,530 and net receivable amount of $34,166 for the years ended December 31, 2008 and 2009, respectively. The net loan and net receivable amounts are comprised of the following Receivable from Parent and Short-term Loan from Parent:

Net receivable from Parent balances of $14,197 and $34,166 at December 31, 2008 and 2009, respectively, arose from the selling of goods and services, allocation of overhead costs to wholly owned subsidiaries of the Parent, and payments made on behalf of the Parent. Prior to February 24, 2010, these balances were unsecured and payable upon demand. The average net interest-bearing receivable during 2009 was $22,295. Included in the net receivable at December 31, 2008 are interest-bearing receivables in the amount of $45,323 and interest-bearing payables in the amount of $12,507. The average net interest-bearing receivable during 2008 was $14,195. Prior to August 2009, interest was applied at 6 months LIBOR plus 2%. Upon the effectiveness of the Registration Statement in August 2009, these balances bear interest at the higher of either: (a) four percent per annum or (b) the LIBOR rate plus two and a half percent, per annum.

Short-term loan from Parent is primarily related to repayment of loan from Parent and overhead allocations to Parent. Prior to August 2009, these amounts were unsecured, payable upon demand and beared no interest.

The changes in the net receivable and net loan amounts as of December 31, 2008 and 2009 are as follows:

	Receivable from Parent	Short-term loan to Parent	Net receivable (loan)
Balance at January 1, 2008	$ 8,555	$ (51,848)	$ (43,293)
Borrowings from Parent (advances to Parent)	(3,784)	15,596	11,812
General and administrative expenses allocated to Parent	8,956	3,423	12,379
Interest income from Parent	639	–	639

CDC Corporation shares and stock options issued as consideration for the acquisition of subsidiaries	–	(898)	(898)
Foreign currency adjustment	(169)	–	(169)
Balance at December 31, 2008	14,197	(33,727)	(19,530)
Borrowings from Parent (advances to Parent)	12,702	29,961	42,663
General and administrative expenses allocated to Parent	6,143	3,991	10,134
Interest income from Parent	838	–	838
CDC Corporation shares and stock options issued as consideration for the acquisition of subsidiaries	–	(225)	(225)
Foreign currency adjustment	286	–	286
Balance at December 31, 2009	$ 34,166	$ –	$ 34,166

The Company had revenue from sales to franchise partner investees accounted for under the cost method in the amount of $530, $1,276, and $1,569 for the years ended December 31, 2007, 2008 and 2009. These amounts are recorded on a net basis and included in Royalties from related parties in the combined statements of operations.

In December 2008 (Effective Date), CDC Corporation entered into an Executive Services Agreement (the Agreement) with Asia Pacific Online Limited (APOL), in which APOL agreed to provide certain Services of Peter Yip (the Executive) as the Chief Executive Officer and Vice-Chairman of CDC Corporation. The December 2008 Agreement amends and extends the previously executed Executive Services Agreement dated April 2006. Under the terms of the Agreement, Peter Yip received cash payments consisting of:

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$1,000 one-time cash bonus upon execution of the Agreement of which $51 was allocated to the Company and is included in general and administrative expenses on the combined statement of operations for the year ended December 31, 2008;

$1,175 in compensation for providing Services to CDC Corporation of which $362 was allocated to the Company and is included in general and administrative expense on the consolidated statement of operations for the year ended December 31, 2009; and

$350 upon the effectiveness of a Registration Statement for an IPO of CDC Software in August 2009 and is included in general and administrative expenses on the consolidated statement of operations for the year ended December 31, 2009.

Under the terms of the Agreement, APOL was granted the following options under the CDC Corporation 1999 Stock Option Plan:

2,400,000 share options to purchase CDC Corporation' s Class A common stock at an exercise price of $0.87 per share under the 2006 Agreement ("Existing Options");

2,399,999 share options to purchase CDC Corporation' s Class A common stock at an exercise price of $0.87 per share under the 2006 Agreement ("Contingent Options"); and

900,000 share options to purchase CDC Corporation' s Class A common stock at an exercise price of $1.29 per share under the 2008 Agreement ("New Options").

These Existing Options and New Options vest in equal quarterly installments over an eighteen month period from the Effective Date. The Contingent Options vest in installments upon achievement of specified milestones as follows:

a public listing of a wholly-owned subsidiary of CDC Corporation or a special purpose acquisition company on a recognized stock exchange outside of Hong Kong and the PRC and listed independently of CDC Corporation;

a public listing of a CDC Corporation subsidiary subsequently acquired after the date of the Agreement;

a public listing of any other business acquired by CDC Corporation after the date of this agreement or the acquisition of at least 20% of a company listed on a recognized stock exchange;

completion of a convertible bond offering of at least $50 million; and

completion of a pre-IPO investment of at least $25 million in a wholly-owned subsidiary of the Company by a major private equity, buyout, hedge fund or strategic investor.

The Company was allocated $169 and $1,033 of compensation expense related to the vesting of these options which is included in general and administrative expenses on the combined and consolidated statement of operations for the years ended December 31, 2008 and 2009, respectively.

Effective January 1, 2010, CDC Software entered into an Executive Services Agreement (CDC Software ESA) with APOL and Peter Yip for a three year term. The CDC Software ESA provides that APOL shall receive, in exchange for Peter Yip' s services as Chief Executive Officer of the Company, the following cash and equity-based compensation:

annual cash remuneration, payable monthly in arrears as a Management Fee in the aggregate amount of $800 per year; and

a potential cash bonus of up to $800 per year, payable in amounts of up to $200 per quarter, promptly after the Company' s quarterly earnings announcements, based upon the Company' s Adjusted EBITDA performance for such quarter.

On September 11, 2009, APOL was granted options to purchase 299,084 class A ordinary shares under the Company' s 2009 Stock Incentive Plan, at an exercise price of $8.45 per share, which options shall vest in equal quarterly installments over three years and expire on September 11, 2016.

On March 1, 2010, APOL was also granted options to purchase 250,000 class A ordinary shares under the Company' s 2009 Stock Incentive Plan, at an exercise price of $10.15 per share, which options shall vest in equal quarterly installments over three years and expire on March 1, 2017.

12.

SHORT-TERM BANK LOANS

At December 31, 2008 and 2009, the Company' s short-term bank loans balance of $5,879 and $4,364, respectively, consisted of capital leases of $528 and $642 at December 31, 2008 and 2009, respectively and a credit facility with an outstanding balance of $5,347 and $3,721 as of December 31, 2008 and 2009, respectively. A subsidiary of the Company has a credit facility with a

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financial institution in which the subsidiary may borrow up to $6,300 in 2008 and $6,000 in 2009. This credit facility had an outstanding balance of $5,347 and $3,721 as of December 31, 2008 and 2009, respectively and the unused portion was $953 and $2,279 at December 31, 2008 and 2009, respectively. Accrued unpaid interest is payable monthly based upon the higher of LIBOR for the applicable interest rate period plus 2.2% per annum or 5.0% with 5% floor (5% and 5% at December 31, 2008 and 2009, respectively). The credit facility is secured by the assets of the subsidiary. As of December 31, 2009, the Company is in compliance with the leverage ratio covenant of less than 3.50% and fixed charge coverage ratio covenant of greater than 1.25%.

13.

CONVERTIBLE NOTES OF CDC CORPORATION

In November 2006, CDC Corporation ("Parent") issued $168,000 in aggregate principal amount of unsecured 3.75% senior exchangeable convertible notes due 2011 (the "Notes") to a total of 12 institutional accredited investors in a private placement exempt from registration under the Securities Act.

While the maturity date of the Notes is November 13, 2011, the Notes contain provisions that, subject to certain terms and conditions, may require Parent to repurchase all or any portion of an outstanding Note held by a note holder, in cash, for an amount equal to the sum of: (i) the principal of the Note; (ii) all accrued and unpaid interest; and (iii) such additional amounts as are set forth in the Notes (the "Holder Redemption Provision"). The accrued and unpaid interest amount included in the Holder Redemption Provision is based on an interest premium of 12.5%, applied retrospectively as of the issue date. Furthermore, if a Qualified IPO, as defined in the Notes, has not occurred prior to the maturity date, the interest rate on such Note increases from 3.75% to 12.5%, applied retrospectively to the principal of such Note as of the issue date.

Between December 2008 and December 2009, CDC Delaware Corp. a wholly-owned subsidiary of Parent ("CDC Delaware") repurchased an aggregate of $126,775 in principal amount of Notes. As of December 31, 2009, an aggregate of $166,000 in principal amount of Notes was outstanding, with $41,225 held among affiliates of Evolution Capital Management ("Evolution"), and the remaining $124,775 held by CDC Delaware.

On November 11, 2009, CDC Delaware executed an Amendment No. 1 to Notes and Note Purchase Agreement related thereto (the "Note Purchase Agreement") that amended the Notes and Note Purchase Agreement, (collectively, the "Amendments") to: (i) amend the definition of Qualified IPO to provide that CDC Software, CDC Games, or any of their respective subsidiaries can consummate a QIPO; and (ii) reduce the amount of proceeds necessary to achieve a Qualified QIPO, via the definition of Minimum IPO Amount, as defined in the Notes, from $100,000 to $40,000.

As a result of these Amendments, Parent believes that the Holder Redemption Provision, which would have required Parent to pay, not later than December 16, 2009, an aggregate of approximately $52,047 (the "Put Amount"), is both no longer exercisable by such holder, and is no longer of any force or effect.

Notwithstanding the foregoing, later in November 2009, Parent received a redemption notice from Evolution demanding payment of the Put Amount.

On December 18, 2009, Evolution filed a notice of motion for summary judgment in lieu of complaint against CDC Corporation in the Supreme Court of the State of New York, County of New York, and demanding payment of the Put Amount together with default interest, totaling in excess of $53,000 (the New York Case"). Evolution has also alleged default under the Notes, and is also seeking reimbursement of fees and costs in the New York Case.

Although it is not currently required to do so, in the event that Parent is required to settle the full amount of the potential Note obligations, it would not have sufficient liquidity to do so and would need to obtain cash from its subsidiaries, including CDC Software, in the form of additional intercompany borrowings or dividends.

Neither the Company nor any of its subsidiaries has pledged any of its or their assets or properties to secure the obligations of Parent under the Notes, nor has the Company or its subsidiaries guaranteed Parent' s performance of its obligations under the Notes. The Notes represent an obligation of Parent and not an obligation of the Company or any of its subsidiaries.

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As a result, the Company does not believe that any potential default by the Parent under the Notes (or other agreements entered into in connection with the issuance of the Notes) would have a material adverse effect on the business, financial position or results of operations of the Company or its subsidiaries.

14.

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The component of accumulated other comprehensive income (loss) is as follows:

	Unrealized gain (losses) on available-for-sale securities	Foreign currency translation adjustments	Total
Balance at January 1, 2008	$ –	$ 9,987	$9,987
Foreign currency translation adjustments	–	(13,567)	(13,567)
Balance at December 31, 2008	–	(3,580)	(3,580)
Unrealized losses, net of unrealized gains and income taxes on available-for-sale securities	(16)	–	(16)
Foreign currency translation adjustments	–	3,606	3,606
Balance at December 31, 2009	$ (16)	$ 26	$10

15.

INCOME TAXES

Under the current tax laws of the Cayman Islands, the Company and its subsidiaries are not subject to tax on income or capital gains, and no Cayman Islands withholding tax is imposed upon payments of dividends by the Company to its shareholders. The subsidiaries in all geographical regions are governed by the respective local income tax laws with statutory tax rates ranging from 0% to 40%. As of December 31, 2009, the Company' s primary tax jurisdictions are the U.S., Canada, and the United Kingdom with combined federal and state or provincial statutory tax rates of approximately 38%, 29%, and 28%, respectively.

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Significant components of the provision for income taxes are as follows:

	Years ended December 31,		
	2007	2008	2009
Current tax expense	$2,774	$3,171	$2,553
Deferred tax expense	6,725	1,706	3,776
Total income tax expense	$9,499	$4,877	$6,329
International			
Current	$2,547	$2,552	$1,822
Deferred	5,649	1,859	2,300
Total international	8,196	4,411	4,122
U.S.			
Current	228	620	731
Deferred	1,075	(154)	1,476
Total U.S.	1,303	466	2,207
Total income tax expense	$9,499	$4,877	$6,329

Income (loss) before provision for income taxes consists of the following:

	Years ended December 31,		
	2007	2008	2009
International	$16,372	$476	$22,256
U.S.	(71)	3,381	6,215
Income before income taxes	$16,301	$3,857	$28,471

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Deferred tax assets and liabilities consist of the following:

	Years ended December 31,	
	2008	2009
Deferred tax assets:		
Short-term		
Deferred revenue	$3,386	$3,181
Accruals and reserves	5,074	3,153
Other	962	1,160
Net operating loss carryforwards	4,100	2,921
Valuation allowance	(6,433)	(7,200)
Net short-term deferred tax assets	7,089	3,215
Long-term		
Net operating loss carryforwards	44,872	34,160
Net capital loss carryforwards	1,016	1,186
Book and tax base differences on assets	2,254	4,066
Alternative minimum tax credit	818	922

Investment tax credit	1,993	3,129
Research and development	5,918	6,180
Other	5,432	6,499
Valuation allowance	(29,639)	(24,091)
Net long-term deferred tax assets	32,664	32,051
Total deferred tax assets	39,753	35,266
Deferred tax liabilities:		
Short-term		
Other	351	1,151
Total short-term deferred tax liabilities	351	1,151
Long-term		
Acquired intangible assets	13,291	12,336
Capitalized software	6,357	4,292
Indefinite lived assets	2,521	2,499
Other	3,291	2,748
Total long-term deferred tax liabilities	25,460	21,875
Total deferred tax liabilities	25,811	23,026

Net deferred tax asset	$13,942	$12,240

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The reconciliation of income taxes computed at the respective statutory tax rates to the effective income tax provision recorded is as follows:

	Years ended December 31,		
	2007	2008	2009
Income tax expense (benefit) computed at the respective statutory rates	$5,765	$1,788	$8,981
Changes in tax rates	1,839	660	(205)
Tax holiday concession	103	(178)	–
Alternative minimum tax	–	45	–
Non-deductible items	467	1,249	(219)
Uncertain tax positions	–	–	347
Accrual to return adjustments	613	382	70
Credits	(1,569)	–	–
Other	(88)	407	133
Change in acquisition goodwill affecting provision for income taxes	243	–	–
Change in valuation allowance affecting provision for income taxes	2,126	524	(2,778)
Total income tax expense from continuing operations	$9,499	$4,877	$6,329

The Company is permanently reinvested with respect to its investment in its foreign subsidiaries. Accordingly no deferred income tax liability related to its foreign subsidiaries unremitted earnings has been included in the Company' s provision for income taxes. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to income taxes and withholding taxes payable in various non-Cayman jurisdictions, which could potentially be offset by foreign tax credits. Determination of the amount of unrecognized deferred income tax liability is not practicable because of the complexities associated with the hypothetical calculation.

Due to its history of losses, the Company does not believe that sufficient objective and positive evidence currently exists to conclude that the recoverability of certain of its deferred tax assets is more likely than not. Consequently, the Company has provided valuation allowances of $36,072 and $31,291 as of December 31, 2008 and 2009, respectively, to cover its net deferred tax assets. The valuation allowance for deferred tax assets decreased by $6,594 in 2008 and $4,781 in 2009. The changes were a result of management' s determination that it was more likely than not that some of the deferred tax assets would be realized based on profitability of certain entities.

At December 31, 2008 and 2009, the Company had world-wide net operating loss carryforwards of approximately $172,224 and $136,253, respectively for income tax purposes, $92,961 and $77,758 of which will expire from 2009 to 2029 and $79,263 and $58,496 of which can be carried forward indefinitely. In the U.S., the Company had federal and state net operating loss carryovers at December 31, 2008 and 2009 of $53,661 and $36,844, respectively, of which $51,317 and $33,104 are subject to significant limitation provisions. The limitation primarily results from Section 382 of the U.S. Internal Revenue Code, which limits the deduction for net operating loss carryforwards after a change in ownership. Future transactions and the timing of such transactions could cause an ownership change under Section 382 of the Internal Revenue Code that would further limit our net operating loss carryforwards. Such transactions may include our share repurchase program, additional issuances of common stock by us (including but not limited to issuances upon future conversion of our convertible senior notes), and acquisitions or sales of shares by certain holders of our shares, including persons who have held, currently hold, or may accumulate in the future five percent or more of our outstanding stock. Many of these transactions are beyond our control.

Prior to the IPO transaction that occurred in August 2009, certain US subsidiaries of the Company were included in a consolidated federal income tax return with other subsidiaries of CDC Corporation that are not a part of CDC Software after the IPO. Those other subsidiaries might utilize loss carryforwards of the Company, or reduce the amount of loss carryforwards the Company was required to utilize to offset their current year income. However, the Company has computed and is reporting its tax provision as if it filed separate income tax returns, and its deferred tax assets reflect the net operating loss carryforwards as if separate returns were filed.

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The following table summarizes the changes to the gross amounts of unrecognized tax benefits:

	Years ended December 31,		
	2007	2008	2009
Balance at beginning of year	$7,406	$6,557	$6,784
Increases related to prior year tax positions	890	22	1,024
Decreases related to prior year tax positions	(3,450)	(495)	–
Increases related to current year tax positions	1,560	1,080	2,539
Settlements	–	(395)	(1,145)
Lapse of statute of limitations	–	–	(763)
Foreign currency adjustment	151	15	204
Balance at end of year	$6,557	$6,784	$8,643

These liabilities are primarily included as a component of long-term “Other liabilities” in the Company’ s combined and consolidated balance sheets because the Company generally does not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. As of December 31, 2009, $4,819 of unrecognized tax benefits, if recognized in future periods, would impact our effective tax rate.

For the year ended December 31, 2007, 2008 and 2009, the company recognized an additional $243, $324 and $236 respectively, of interest and penalties related to its unrecognized income tax benefits in its income tax provision. As of December 31, 2007, 2008 and 2009, the Company’ s cumulative unrecognized tax benefit accrual includes $548, $872 and $1,101 respectively, in interest and no penalties.

The Company operates in multiple jurisdictions throughout the world, and its tax returns are periodically audited or subject to review by both domestic and foreign tax authorities. The Company’ s primary tax jurisdictions are the U.S., Canada, the United Kingdom, China, and Hong Kong. The statute of limitations for assessing tax remains open for the 1995 to 2009 periods in the U.S., and in other jurisdictions, for the period from 1999 to 2009.

Nanjing CDC Network Technology Company Limited (Nanjing), a subsidiary of CDC Software Investments Limited, is governed by the PRC Income Tax Laws. Under the PRC Income Tax Laws, enterprises satisfying certain criteria receive preferential tax treatment.

Because Nanjing has obtained the status of "new high technology enterprise", it is entitled to a reduced corporate income tax rate of 15.0% upon expiration of its tax holiday. Nanjing was granted a "tax holiday" for the exemption of PRC income tax for the first and second years of taxable profits and is entitled to a reduced corporate income tax rate of 12.5% for the third through fifth years of taxable profits. The 2009 fiscal year would be the second year of taxable profits. However Nanjing has sufficient accumulated losses to apply against these profits. Therefore the tax concession will not be utilized for the 2009 fiscal year.

Platinum Software Systems Company Limited (Platinum Shanghai) is governed by the PRC Income Tax Laws. Platinum Shanghai is registered within the Pudong District of Shanghai and is entitled to a reduced corporate income tax rate of 15.0% for 2009 fiscal year. The preferential rate will continue unless changed by statute. The tax concessions were $31 and $58 for the years ended December 31, 2008 and 2009, respectively, and the per share effects were approximately Nil and Nil for the year ended December 31, 2008 and 2009, respectively.

Pivotal Bangalore Software Development Private Limited (Pivotal India), a subsidiary of the Company established in India, is subject to Indian corporate income tax at a rate of 35%. Upon fulfilling certain criteria, Pivotal India is entitled to certain Indian corporate income tax exemptions due to its status as a "100% Software Export Oriented Unit" located in the Bangalore Software Technology Park. Management believes that the necessary criteria for tax exemption have been met for the full year of 2008 and 2009 and accordingly, no provision for Indian regular corporate income tax has been made for the years. The Company accrued tax at the alternative minimum tax rate of 11.3% and 15.0% for the years ended December 31, 2008 and 2009, and the tax concessions were $135 and $117 for the years ended December 31, 2008 and 2009, respectively, and the per share effect was Nil and Nil for the years ended December 31, 2008 and 2009. The corporate income tax exemption is available until March 31, 2011. Management believes that Pivotal India will fulfill the necessary criteria for tax exemption in future periods. The effect of the future tax exemptions will be recognized when the fulfillment of such criteria is ascertained.

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16. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the years ended December 31, 2007, 2008, and 2009, are calculated using the two-class stock method, which is an earnings allocation formula that determines earnings (loss) per share for each class of common stock and participating security according to participation rights in undistributed earnings. Basic earnings (loss) per share are calculated by dividing net income (loss) attributable to controlling interest available to common stockholders by weighted-average common shares outstanding during the period. Diluted earnings (loss) per common share are calculated by dividing net income (loss) attributable to controlling interest available to common stockholders by weighted-average common shares outstanding during the period plus dilutive potential common shares. Dilutive potential common shares are calculated in accordance with the treasury stock method, which assumes that proceeds from the exercise of all options are used to repurchase common stock at market value. The amount of shares remaining after the proceeds are exhausted represents the potentially dilutive effect of the securities.

At December 31, 2009, the Company had 4,679,037 class A shares and 24,200,000 class B shares outstanding and these share amounts are being utilized for the calculation of basic and dilutive earnings (loss) per share for all periods presented prior to the completion of the initial public offering on NASDAQ. The following table sets forth the computation of basic and diluted earnings (loss) per share for the years ended December 31:

	2007		2008		2009	
	Class A Shares	Class B Shares	Class A Shares	Class B Shares	Class A Shares	Class B Shares
Numerator:						
Net income attributable to controlling interest	$ 4,950	$4,950	$ (894)	$(894)	$22,273	$22,273
Earnings ratio	3.2%	96.8%	3.2%	96.8%	9.0%	91.0%
Allocated net income attributable to controlling interest	$ 158	$4,792	$ (29)	$(865)	$1,996	$20,277
Denominator:						

Weighted average shares outstanding - basic and diluted(1)	800,000	24,200,000	800,000	24,200,000	2,381,884	24,200,000
Net income attributable to controlling interest per share - basic and diluted	$ 0.20	$0.20	$ (0.04)	$(0.04)	$0.84	$0.84

(1) Prior to August 6, 2009, the Company had 24,200,000 class B ordinary shares and 800,000 class A ordinary shares outstanding and these share amounts are being utilized for the calculation of basic and dilutive earnings (loss) per share for all periods presented prior to the completion of the initial public offering on NASDAQ.

Anti-dilutive options of 678,375 have been excluded from the computation of diluted earnings (loss) per share for the years ended December 31, 2007, 2008, and 2009.

17. SHARE CAPITAL

In April 2009, CDC Software authorized and issued 30,000,000 ordinary shares to CDC Software International. CDC Corporation owns 100% equity interest in CDC Software International. On August 3, 2009, the Company authorized and implemented a recapitalization effected through a repurchase and retirement of shares at par value in order to reduce the number of the Company' s issued, outstanding, and authorized common shares from 30,000,000 to 25,000,000. On August 6, 2009, the Company completed its initial public offering on NASDAQ. In conjunction with the initial public offering, the Company amended and restated its memorandum and articles of association to, among other things, authorize the issuance of 50,000,000 class A and 27,000,000 class B ordinary shares. The 25,000,000 ordinary shares issued and outstanding were re-designated as 24,200,000 class B ordinary shares and 800,000 class A ordinary shares, respectively, following the adoption of the amended and restated memorandum and articles of association.

The holder of each class A ordinary share is entitled to one vote per share and the holder of each class B ordinary share is entitled to ten votes per share on all matters upon which the class A and class B ordinary shares are entitled to vote.

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The following table sets forth the number and price range of shares repurchased and retired during the year ended December 31, 2009:

	2009
Class A common shares repurchased	120,963
Range of repurchase prices per share	$8.58 to $10.04

During the year ended December 31, 2009, the Company did not issue any shares from the exercise of stock options or under its employee stock purchase plan.

18.

STOCK-BASED COMPENSATION PLANS

Employees of CDC Software participate or have participated in certain share-based compensation plans of CDC Corporation and the Company as follows:

CDC Software International Corporation (formerly CDC Software Corporation) ("CDC Software International") 2007 Stock Incentive Plan (the 2007 Plan)

The 2007 Plan was approved by the Parent as sole shareholder of CDC Software International, in February 2007. The purpose of the 2007 Plan was to provide incentives that would assist CDC Software International in attracting and retaining key employees, and to encourage such employees to increase their efforts to promote the business of CDC Software International, Parent, and their respective affiliates and subsidiaries. During 2007, the compensation committee and board of directors of CDC Software International granted an aggregate of 1,533,264 options to purchase class A common shares (the Shares) of CDC Software International (the 2007 Options). The 2007 Options were to vest on the effective date of an initial public offering of the Shares. During 2008, CDC Software International provided each holder of outstanding 2007 Options with the option to cancel their 2007 Options and receive, in replacement, a certain amount of stock appreciation rights relating to common shares of the Parent. Substantially all of the 2007 Options were cancelled, and none were exercisable as of December 31, 2008. CDC Software International does not intend to use the 2007 Plan in future periods.

CDC Software 2009 Stock Incentive Plan

In 2009, the Company adopted the 2009 Stock Incentive Plan (the 2009 Plan). The 2009 Plan is intended to make available incentives that will assist the Company to attract and retain key employees and to encourage them to increase their efforts to promote our business and the business of our subsidiaries. Under such equity incentive plan, the Company may issue options to purchase up to 3,750,000 class A ordinary shares. As of December 31, 2009, of the 3,750,000 shares reserved for grant under the 2009 Plan, 2,866,749 shares remain available for future grant and there are 883,251 to be issued upon the exercise of outstanding options under the 2009 Plan. The 2009 Plan is administered by a committee of the Board of Directors, which will determine, at its discretion, the number of shares subject to each option granted and the related exercise price and option period. Options granted under the 2009 Plan vest ratably over a period of 1 to 3 years, and have terms of 7 years.

The following table summarizes information concerning outstanding options and stock appreciation rights under the 2009 Plan at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$8.00-$10.00	883,251	6.70	$ 8.47	$ –
December 31, 2009 outstanding	883,251			$ –

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The following table summarizes information concerning exercisable options under the 2009 Plan at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$8.00-$10.00	72,924	6.70	$ 8.45	$ –
December 31, 2009 exercisable	72,924			$ –

The following table summarizes information concerning options expected under the 2009 Plan to vest at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$8.00-$10.00	486,196	6.70	$ 8.47	–
December 31, 2009 expected to vest	486,196			$ –

A summary of the Company' s stock option activities under the 2009 Plan and related information for the year ended December 31, 2009 is as follows:

	2009	
	Options Outstanding	Weighted-average exercise price
Outstanding at the beginning of the year	–	$ –
Granted	895,084	$ 8.47

Forfeited	(11,833)	$ 8.45
Exercised	–	$ –
Outstanding at the end of the year	883,251	$ 8.47
Exercisable at the end of the year	72,924	
Weighted-average grant-date fair value of options granted during the year	$3.89	
Intrinsic value of options exercised during the year	$–	

Compensation expense charged to operations during the year ended December 31, 2009, relating to stock options was $232. As of December 31, 2009, the Company had unrecognized compensation expense of $2,054 before taxes, related to stock option awards. The unrecognized compensation expense is expected to be recognized over a total weighted average period of 1.5 years.

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The fair value of options that vested during the year ended December 31, 2009, was not significantly different than the amount of stock compensation expense that was charged to operations during the year ended December 31, 2009 under ASC 718 as disclosed within Note 2. No options were exercised during the year ended December 31, 2009.

Management estimated the fair value of stock option awards on the date of grant or modification using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected share price volatility and average expected term the main inputs into the model are estimated by management based on historical performance and management' s expectations of future results on the date of grant or modification. The fair value of each option grant was estimated at the date of grant or modification using the following weighted average assumptions:

	2009
Range of U.S. risk-free interest rates	2.19% - 2.34%
Weighted expected life of options	6 years
Range of volatility	45.00%
Dividend yield	Nil

2009 Employee Share Purchase Plan

During 2009, the Company established and implemented an employee share purchase plan, which qualified as a non-compensatory plan under Section 423 of the U.S. Internal Revenue Code. The plan allows qualified employees to purchase Shares during the relevant six-month plan period. Qualifying employees are allowed to contribute a maximum of $12.5 during the relevant six-month plan period. The maximum number of Shares issuable under the plan is 500,000, and a maximum of 100,000 Shares will be available for issuance during each plan period. The Company accounts for the employee share purchase plan under ASC 718 and compensation expense charged to operations for the year ending December 31, 2009 relating to the employee share purchase plan was Nil.

CDC Corporation 2005 Stock Incentive Plan

On November 4, 2005, the shareholders of CDC Corporation approved the 2005 Stock Incentive Plan (the 2005 Plan). The purpose of the 2005 Plan is to make available incentives, including alternatives to stock options that will assist CDC Corporation to attract and retain key employees and to encourage them to increase their efforts to promote the business of CDC Corporation and its subsidiaries. These incentives include stock options, stock appreciation rights, restricted stock awards, restricted unit awards, performance shares and performance cash. During 2007, options for the purchase of an additional 10,000,000 class A common shares of CDC Corporation (Shares) were approved by the shareholders of CDC Corporation, which increased the options available for grants for the purchase of Shares to 30,000,000.

Subject to adjustments under certain conditions, the maximum aggregate number of Shares which may be issued pursuant to all awards under the 2005 Plan is the aggregate number of Shares available for future grants and Shares subject to awards which expire or are cancelled or forfeited under CDC Corporation 2005 Stock Option Plan (the 2005 Plan). As of December 31, 2009, of the 30,000,000 Shares reserved for grant under the 2005 Plan, 8,220,580 Shares remain available for future grant by CDC Corporation, and there are 15,058,991 total Shares to be issued upon the exercise of outstanding options under the 2005 Plan, of which 2,531,007 Shares relate to employees of the Company. The 2005 Plan is administered by a committee of the board of directors of CDC Corporation, which will determine, at its discretion, the number of shares subject to each option granted and the related exercise price and option period.

CDC Corporation 1999 Stock Option Plan

CDC Corporation' s 1999 Plan, was replaced by the 2005 Plan. Under the 1999 Plan, CDC Corporation directors, executive officers and employees were eligible to receive options of CDC Corporation. Pursuant to the 1999 Plan, as amended, options could be granted to directors, executive officers, employees and consultants of CDC Corporation and its subsidiaries. Upon adoption of the 1999 Plan, 12,000,000 Shares were reserved for issuance to employees of, and consultants and advisors to CDC Corporation and its subsidiaries. During 2000, options for the purchase of an additional 8,000,000 Shares were made available, which increased the options available for grants for the purchase of Shares to 20,000,000. Options granted under the 1999 Plan vested ratably over a period of 1 to 4 years, and have terms of 7 to 10 years.

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The following table summarizes information concerning outstanding options and stock appreciation rights, as it is related to grants made by CDC Corporation to the Company' s employees, at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$0.43-$0.95	202,156	5.94	$0.84	$ 281
$1.06-$1.98	61,877	5.70	$1.70	$ 33
$2.05-$2.99	940,368	5.56	$2.56	$ –
$3.02-$3.80	613,676	5.81	$3.25	$ –
$3.95-$5.00	441,085	4.61	$4.33	$ –
$5.06-$9.94	301,517	5.09	$6.40	$ –
$10.66-$19.19	9,780	0.53	$15.20	$ –
$21.62-$29.92	1,300	0.33	$29.63	$ –
$32.13-$48.41	6,740	0.25	$33.99	$ –
December 31, 2009 outstanding	2,578,499			$ 314

The following table summarizes information concerning exercisable options and stock appreciation rights, as it is related to grants made by CDC Corporation to the Company' s employees, at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$0.43-$0.95	53,135	7.09	$0.68	$ 82
$1.06-$1.98	24,084	7.17	$1.73	$ 12
$2.05-$2.99	434,030	8.10	$2.58	$ –
$3.02-$3.80	607,550	5.82	$3.25	$ –
$3.95-$5.00	416,085	4.61	$4.33	$ –
$5.06-$9.94	295,222	5.70	$6.38	$ –
$10.66-$19.19	9,780	0.53	$15.20	$ –
$21.62-$29.92	1,300	0.33	$29.63	$ –
$32.13-$48.41	6,740	0.25	$33.99	$ –
December 31, 2009 exercisable	1,847,926			$ 94

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The following table summarizes information concerning options and stock appreciation rights expected to vest, as it is related to grants made by CDC Corporation to the Company' s employees, at December 31, 2009:

Exercise price range	Shares	Weighted-average remaining contractual life (in years)	Weighted-average exercise price per share	Aggregate intrinsic value
$0.43-$0.95	53,388	9.21	$ 0.92	$ 70
$1.06-$1.98	22,480	8.93	$ 1.68	$ 12
$2.05-$2.99	235,549	8.63	$ 2.52	$ –
$5.06-$9.94	2,314	7.60	$ 7.27	$ –
December 31, 2009 expected to vest	313,730			$ 82

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A summary of CDC Corporation stock option and stock appreciation rights activities and related information for the years ended December 31, 2007, 2008 and 2009, as it pertains to grants made to the Company' s employees, is as follows:

	2007	
	Options Outstanding	Weighted-average exercise price
Outstanding at the beginning of the year	3,208,778	$ 4.65
Granted	204,000	$ 7.34
Forfeited	(332,060)	$ 6.89
Exercised	(790,914)	$ 3.81
Outstanding at the end of the year	2,289,804	$ 4.51
Exercisable at the end of the year	1,502,288	
Weighted-average grant-date fair value of options granted during the year	$4.09	
Intrinsic value of options exercised during the year	$3,931	

	2008	
	Options Outstanding	Weighted-average exercise price

Outstanding at the beginning of the year	2,289,804	$ 4.51
Granted	1,021,217	$ 2.43
Forfeited	(758,845)	$ 4.94
Exercised	(21,169)	$ 2.62
Outstanding at the end of the year	2,531,007	$ 3.58
Exercisable at the end of the year	1,469,288	
Weighted-average grant-date fair value of options granted during the year	$1.23	
Intrinsic value of options exercised during the year	$26	

	2009	
	Options Outstanding	**Weighted-average exercise price**
Outstanding at the beginning of the year	2,531,007	$ 3.58
Granted	134,317	$ 0.94
Forfeited	(67,398)	$ 4.40
Exercised	(19,427)	$ 1.56
Outstanding at the end of the year	2,578,499	$ 3.47
Exercisable at the end of the year	1,847,926	

Weighted-average grant-date fair value of options granted during the year	$0.55
Intrinsic value of options exercised during the year	$19

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CDC Corporation accounts for stock appreciation rights in accordance with ASC 718. Stock appreciation rights are settled in Shares and have similar characteristics as stock options. CDC Corporation issued 204,000, 1,021,217 and 134,317 stock appreciation rights in 2007, 2008 and 2009, respectively to employees of the Company. Included in the number of options are 1,258,007, 1,592,069, and 1,809,538 stock appreciation rights outstanding at December 31, 2007, 2008 and 2009, respectively.

Compensation expense charged to operations during the years ended December 31, 2007, 2008 and 2009 relating to stock options and stock appreciation rights was $1,251, $1,240 and $1,253, respectively. As of December 31, 2009, the Company had unrecognized compensation expense of $1,308 before taxes, related to stock option awards and stock appreciation rights. The unrecognized compensation expense is expected to be recognized over a total weighted average period of 0.9 years.

The fair value of options that vested during the years ended December 31, 2007, 2008 and 2009 was not significantly different than the amount of stock compensation expense that was charged to operations during the years ended December 31, 2007, 2008 and 2009 under ASC 718 as disclosed within Note 2. Net cash proceeds received by CDC Corporation from the exercise of stock options held by employees of the Company during the years ended December 31, 2007, 2008 and 2009 were $2,935, $55 and $30, respectively.

Management estimated the fair value of stock option awards on the date of grant or modification using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected share price volatility and average expected term the main inputs into the model are estimated by management based on historical performance and management' s expectations of future results on the date of grant or modification. The fair value of each option grant was estimated at the date of grant or modification using the following weighted average assumptions:

	2009
Range of U.S. risk-free interest rates	1.75% - 2.43%
Weighted expected life of options	5.6 years
Range of volatility	63.60%
Dividend yield	Nil

2004 Employee Share Purchase Plan

During 2004, CDC Corporation established and implemented an employee share purchase plan, which qualified as a non-compensatory plan under Section 423 of the U.S. Internal Revenue Code. The plan allows qualified employees to purchase Shares during the relevant six-month plan period. For the years ended December 31, 2007 and 2008, qualifying employees were allowed to purchase up to 1,000 Shares for each plan period. During 2009 the plan was amended to allow qualified employees to contribute a maximum of $12.5 during the relevant six-month plan period. The maximum number of Shares issuable under the plan is 2,000,000, and a maximum of 300,000 shares will be available for issuance during each plan period. CDC Corporation accounts for the employee share purchase plan under ASC

718 and compensation expense charged to operations for the years ending December 31, 2007, 2008 and 2009 relating to the employee share purchase plan was $444, $308, and $103, respectively.

19.

CONCENTRATION OF RISKS

The Company is exposed to market risk from changes in foreign currency exchange rates and, to a lesser extent, interest rates, which could affect its future results of operations and financial condition. The Company manages the exposure to these risks through its operating and financing activities.

Foreign Currency Exchange Rate Risk

Most of the Company' s monetary assets and liabilities are denominated in Australian dollars, Canadian dollars, Euros, British pounds, Hong Kong dollars, Swedish Krona, Chinese Renminbi, or RMB, and U.S. dollars. As exchange rates in these currencies vary, our revenue and operating results, when translated, may be materially and adversely impacted and vary from expectations. The effect of foreign exchange rate fluctuations on the Company' s financial results for the years ended December 31, 2008 and 2009 was not material.

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The RMB is not freely convertible into foreign currencies. On January 1, 1994, the Chinese government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People' s Bank of China. However, the unification of the exchange rates does not imply the convertibility of RMB into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the People' s Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People' s Bank of China. Approval of foreign currency payments by the People' s Bank of China or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risks consist principally of accounts receivables, deposits, prepayments and other receivables, and amounts due from the Parent. The maximum amount of loss would be $62,905 and $90,753 for the years ended December 31, 2008 and 2009, respectively, if the counterparties for these instruments failed to perform.

The Company maintains cash and cash equivalents and restricted cash with various financial institutions in the countries in which it operates. The Company has in its policies to limit exposure to any one institution. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company' s investment strategy. The Company does not require collateral on these financial instruments.

Concentration of credit risk with respect to accounts receivable is limited due to the large number of entities comprising the Company' s customer base. The Company generally does not require collateral for accounts receivable.

Concentration of Business Risk

Revenue has been derived from a number of clients that use the Company' s services. The top 10 customers accounted for 12.3%, 10.5%, and 9.1% of the Company' s revenue for the years ended December 31, 2007, 2008 and 2009, respectively.

20.

CONTINGENCIES AND COMMITMENTS

Contingencies

The Company, including its affiliates and subsidiaries, is currently and from time to time may become, subject to claims and other disputes. Except as described below, the Company is not currently subject to any such claims that it believes could reasonably be expected to have a material and adverse effect on its business, results of operations and financial condition.

Marjorie Fudali. In June 2003, Marjorie Fudali ("Fudali") filed a civil action in the United States District Court for the District of Columbia against Pivotal Corporation, a company organized under the laws of British Columbia ("Pivotal"), alleging that she was owed commission in the amount of $400 plus override commissions under a compensation plan allegedly agreed between her and a former senior executive of Pivotal, and wages under District of Columbia wage laws. In early 2004, Pivotal' s motion to dismiss the wage law claim was granted. In July 2004, Fudali amended her claim to add a promissory estoppel ground. In August 2004, Pivotal filed a motion for summary judgment, which was denied by the Court, ruling that factual disputes existed, which should be resolved at trial. Shortly before the jury trial which was scheduled to occur in January 2007, Fudali alleged that new facts came into light and amended her damages claim to $2,300. As a result, the jury trial was adjourned. The jury trial took place in October 2007, and a verdict against Pivotal was returned. The Court ordered Fudali to provide a calculation of the amount to which Fudali believed she was entitled based on the verdict.

Fudali provided two alternative calculations, in the amounts of $1,900 and $1,800. Pivotal challenged those calculations. In November 2008, the Court found that two of Pivotal's challenges could not yet properly be raised, but upheld the remainder of the challenges. The Court thus entered judgment for Fudali in the amount of $1,200. Pivotal challenged that amount on the grounds the Court deferred in November 2008. Post-judgment discovery requests were received from Fudali' s counsel, and in February 2009, Pivotal filed a motion for protection from the discovery request. In April 2009, the Court denied Pivotal' s motion for protection and required Pivotal to either provide the information requested by Fudali' s counsel or post a bond in the amount of the current judgment. In April 2009, Pivotal posted a bond in the amount of $1,200 with respect to this matter. Post-judgment discovery is ongoing and the Company is continuing efforts to limit enforceability of the judgment the Pivotal Corporation U.S. subsidiary. The Company accrued $750 for this matter at December 31, 2008 and 2009.

CDC Software
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Pure Biosciences. In June 2007, Pure Biosciences ("Pure") filed a complaint in the Southern District of California asserting claims for breach of contract, breach of express warranty, breach of implied warranty of merchantability, breach of the implied warranty of fitness for a particular purpose, and rejection of goods and/or revocation of acceptance related to a Software License and Professional Services Agreement and related Statement of Work and Master Work Order Pure entered into with Ross in March 2006. In August 2007, Ross filed a motion to dismiss the complaint. Pure did not respond to Ross' s motion, but instead filed an amended complaint in October 2007. In November 2007, Ross filed a second motion to dismiss, and in an order dated April 4, 2008, the Court granted Ross' s motion without prejudice. Pure filed its Second Amended Complaint in May 2008 asserting claims for breach of contract, breach of express warranty, and rejection of goods/revocation of acceptance and seeking attorney' s fees and damages of at least $200. Ross filed its third motion to dismiss in May 2008 and Pure filed its response in June 2008. In September 2008, the Court denied Ross' s motion to dismiss. Later in September 2008, Ross filed its answer and counterclaim to Pure' s Second Amended Complaint. Ross counterclaims included causes of actions for breach of contract and quantum merit (unjust enrichment). In December 2009, the parties participated in a mandatory settlement conference and reached a full and complete settlement of the dispute.

Vertical Computer Systems, Inc. / NOW Solutions LLC ("Vertical" or "NOW"). In February 2003, Vertical Computer Systems (on behalf of itself and on behalf of NOW Solutions) filed a civil action in the state court in New York, New York, against our subsidiary Ross Systems, Inc. and others alleging, among other things, breach of contract, claims under contractual indemnifications and fraud arising from the February 2001 sale of assets from Ross' s HR/Payroll division to NOW Solutions.

The action sought $5,000 in damages. In March 2004, Ross Systems filed a separate civil action against NOW in state court in New York, New York seeking payment of the final $800 installment due under a promissory note executed by NOW in connection with the February 2001 HR/Payroll division asset sale. In September 2007, the Court entered a final judgment against Ross Systems. In November 2007, Ross Systems commenced its appeal from the Court' s trial rulings. On February 10, 2009, the Appellate Division of the First Department affirmed the trial Court' s rulings in favor of NOW. As a result, as of February 2007, the total judgment against Ross Systems was $3,200 plus $35 in post judgment interest. In March 2009, Ross Systems filed a motion for re-argument or leave to appeal the Appellate Court' s decision. In March 2009, in respect of its September 2007 judgment, NOW obtained an ex parte order directing the release, to NOW, of approximately $3,150 previously deposited by Ross Systems into escrow with the Court pending appeal. We accrued $3,200 and $3,500 at December 31, 2007 and 2008, respectively, in connection with this matter. In August, 2009, the parties entered into settlement discussions, and reached a full and final settlement of all claims, in September 2009.

Sunshine Mills. In May 2008, Sunshine Mills, Inc. ("Sunshine Mills") filed a complaint in the Circuit Court of Franklin County, Alabama alleging various tort-based and other causes of action, for an unspecified amount of damages, relating to the sale and implementation of a Ross ERP system. The claim filed by Sunshine Mills did not specify the amount of damages claimed. A trial date has not been set in this matter and discovery is ongoing. The Company intends to vigorously defend such action. The Company accrued nil and $118 for this matter at December 31, 2008 and 2009, respectively.

A. Menarini Industrie Farmaceutiche Riunite. In February 2009, the Company and a subsidiary of the Company, Grupo CDC Software Iberica, SL ("Ross Systems Iberica") received a letter from A. Menarini Industrie Farmaceutiche Riunite ("A. Menarini"), a company which licensed Ross' s iRennaissance product (Iren) under a Software License Agreement dated March 31, 1999. A. Menarini alleges that, in 2008, it identified certain failures in the Iren software that relate to French VAT on service transactions, and which have allegedly lead to the loss of VAT credits by A. Menarini and its affiliates. As a result, A. Menarini has asserted that it has suffered damages of approximately $14,000, and asserted claims therefore. In February 2009, the Company responded to these claims and denied the merit of, and any liability with respect to, such claims. In March 2009, the Company and Ross Systems Iberica received a summons to appear in the Commercial Court of Evry in April 2009 and an order permitting the appointment of a special master to investigate this dispute. A hearing on the request for appointment of a special master was held in April 2009 and in May 2009 the special master declined to rule on

the matter. The special master' s ruling was reversed on appeal and the matter will proceed with examination by an independent technical expert. Management of the Company considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable. The Company intends to continue to vigorously dispute this matter.

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Cerro Wire. In June 2009, Cerro Wire, Inc. ("Cerro Wire") filed a complaint in the Circuit Court of Morgan County, Alabama alleging tort and contract causes of action relating to the sale and implementation of a Ross ERP system and seeking damages of approximately $430. In August 2009, the Company filed an Answer denying all claims and asserting a counterclaim for unpaid fees. Discovery in this matter is ongoing. The Company intends to vigorously defend this action. Management of the Company considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

Hanna's Candles. In October 2009, Hanna' s Candles, Inc. ("Hanna Candles") filed a complaint in the Circuit Court of Washington County, Arkansas, for an unspecified amount of damages, alleging fraud and contract claims relating to the sale and implementation of a Ross ERP system. In November 2009, Ross removed this action to the U.S. District Court for the Western District of Arkansas and filed an answer denying all claims and a counterclaim for unpaid fees. Discovery is ongoing. The Company intends to vigorously defend this action. Management of the Company considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

AERT. In November 2009, Advanced Environmental Recycling Technologies, Inc. (AERT) filed a complaint in the Circuit Court of Washington County, Arkansas, alleging tort- and contract-based claims relating to the sale and implementation of a Ross ERP system, for an unspecified amount of damages. In December 2009, the Company filed an answer denying all claims and a counterclaim for unpaid fees. Discovery is ongoing. The Company intends to vigorously defend this action. Management of the Company considers the outcome of this matter to be uncertain and the amount of any expenditure from this matter is not estimable.

The export and re-export of certain of the Company' s products to, and the provision of the Company' s services to customers in, certain countries are subject to U.S. export control laws and related regulations, including the Export Administration Regulations ("EAR"), 15 C.F.R. Parts 730 et seq., administered by the U.S. Department of Commerce. In 2007, the Company discovered potential violations of the U.S. export control laws and regulations involving the sale of software to a customer in Syria by a reseller. In April 2009, the Company filed with the Bureau of Industry and Security of the U.S. Commerce Department an initial voluntary self-disclosure, and in September 2009, filed a supplemental narrative thereto. The Company does not believe any such potential violations will result in material governmental sanctions. However, the Company cannot provide assurance that the U.S. Department of Commerce will not bring charges against it with respect to any violations ultimately found to have occurred or that any such charges will not result in the imposition of sanctions or penalties having a material adverse impact on our business, financial condition or results of operations. The Company accrued an immaterial amount at December 31, 2008 and December 31, 2009, related to potential penalties.

184 Front Street Ltd. In March 2009, 184 Front Street Ltd. obtained a default judgment against our subsidiary, Pivotal Corporation, in the amount of $400, in the Ontario Superior Court of Justice, representing accelerated rental amounts payable under a lease for Pivotal' s former premises in Toronto, Ontario, Canada. Management intends to vigorously defend such action. The Company accrued $400 for this matter at December 31, 2009.

King & Spalding LLP. In April 2010, King & Spalding LLP filed suit against the Company and certain of its affiliates, in the Superior Court of Fulton County, Georgia, in the amount of $397 plus interest and costs, alleging breach of contract, promissory estoppels and unjust enrichment, relating to non-payment of disputed invoices. Management intends to vigorously defend such action. The Company accrued $397 for this matter at December 31, 2009.

Commitments

As of December 31, 2009, the Company had future minimum lease payments under non-cancelable operating leases due as follows:

Year ending December 31,	
2010	$6,265
2011	4,751
2012	2,736
2013	1,665
2014	1,283
Thereafter	841
	$17,541

The Company recorded rental expense of $11,727, $12,920, and $9,249 and sublease income of $3,013, $3,536, and $2,253 for the years ended December 31, 2007, 2008 and 2009, respectively. As of December 31, 2009, the Company had future minimum rentals to be received under subleases of $1,201.

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21.

SEGMENT INFORMATION

Description of Products and Services by Segment

Historically, results of the Company have been accounted for based on one segment: Software. The recent acquisitions of Truition and gomembers in November 2009 added a new line of business: SaaS. Both lines of businesses are managed separately and evaluated regularly by the Company' s chief operating decision maker in deciding how to allocate resources and in assessing performance. Refer to Note 1 for a description of products and services offered by the Software and SaaS segments.

Information about Segment Profit or Loss and Segment Assets

The Company' s main performance metric is operating income (loss) and evaluated regularly by the Company' s chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies of the reportable segments are the same as those described in Note 2.

Factors Management Used to Identify the Reportable Segments

The Company' s reportable segments are business units that offer different services. The reportable segments are managed separately and evaluated regularly by the Company' s chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company' s segment information is as follows:

	Years ended December 31,		
	2007	2008	2009
Segment revenues from external customers:			
Software:			
Licenses	$61,532	$45,340	$32,825
Maintenance	86,586	103,606	99,692
Professional services	86,924	87,971	66,454
Hardware	3,909	3,870	3,757
Total Software	238,951	240,787	202,728

SaaS:			
Licenses	–	–	260
Maintenance	–	–	83
Professional services	–	–	212
SaaS implementation and support	–	–	616
Total SaaS	–	–	1,171
Total combined and consolidated revenue	$238,951	$240,787	$203,899

	Years ended December 31,		
	2007	2008	2009
Segment depreciation and amortization expense:			
Software	$21,519	$26,810	$21,944
SaaS	–	–	119
Total combined and consolidated depreciation and amortization expense	$21,519	$26,810	$22,063

	Years ended December 31,		
	2007	2008	2009
Segment operating income (loss):			
Software	$14,659	$3,000	$28,210
SaaS	–	–	(554)
Total combined and consolidated operating income (loss)	14,659	3,000	27,656

Other income, net	1,642	857	815
Income tax expense	(9,499)	(4,877)	(6,329)
Net (income) loss attributable to noncontrolling interest	(1,852)	126	131
Combined and consolidated income (loss)	$4,950	$(894)	$22,273

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The Company' s segment information by geographical segment for revenue attributable to countries based on the location of customers is as follows:

	Years ended December 31,		
	2007	2008	2009
Revenues from external customers:			
North America	$127,544	$131,512	$104,087
Latin America	1,656	842	576
Europe, Middle East, Africa	98,949	95,592	78,704
Asia Pacific	10,802	12,841	20,532
Total combined and consolidated revenues	$238,951	$240,787	$203,899

The Company' s total assets by segment are as follows:

	December 31,	
	2008	2009
Total assets:		
Software	$348,281	$375,100
SaaS	–	24,318
Total combined and consolidated assets	$348,281	$399,418

The Company' s long-lived assets include property and equipment, net and intangible assets.

	December 31,

	2008	2009
Long-lived assets:		
North America	$64,240	$63,627
Europe, Middle East, Africa	13,363	12,719
Asia Pacific	1,015	974
Total combined and consolidated long-lived assets	$78,618	$77,320

22.

SUBSEQUENT EVENTS

Disposal of Marketable Securities. In December 2009, the Company purchased $1,100 in marketable securities that were disposed in January 2010 resulting in a gain from disposal of $335.

PeoplePoint Software Pty Ltd (PeoplePoint). On January 4, 2010, the Company completed the acquisition of PeoplePoint, an Australian based provider of solutions for health and aged care management, for $3,000 (AUD). In addition, the Company agreed to pay additional consideration of up to $6,500 (AUD). The additional consideration is payable in two installments: up to $3,000 and $3,500 (AUD) based on a sliding scale of actual EBITDA in 2010 and 2011, respectively.

Loan Agreement. On February 24, 2010, CDC Corporation and CDC Software entered into an interest bearing Loan Agreement which sets forth the terms and conditions upon which CDC Corporation is required to repay aggregate amounts of inter-company debt owed to CDC Software. As of December 31, 2009, the amount of such inter-company debt was $34,166, and such amount may increase or decrease over time, depending upon factors such as: (i) the terms and conditions, and the application thereof, of Loan Agreement and that certain Services Agreement dated as of August 5, 2009 by and between CDC Software and CDC Corporation; (ii) the application of U.S. GAAP by each of CDC Software and CDC Corporation; (iii) the application of internal accounting policies and procedures of each of CDC Software and CDC Corporation; (iv) any payments permitted pursuant to the terms of the Loan Agreement; and (v) such other factors or considerations as may be agreed between the management or board of directors of each of CDC

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Software and CDC Corporation. The outstanding balance bears interest at the higher of either: (a) four percent per annum; or (b) the LIBOR rate plus two and a half percent, per annum. The outstanding principal amount of the Loan together with accrued interest thereon is due and payable by CDC Corporation on February 24, 2015 (the "Maturity Date"). The Maturity Date may be extended for additional one year periods by the mutual written agreement of the parties. CDC Corporation may pre-pay any or the entire outstanding principal amount and any accrued but unpaid interest at any time, in its sole discretion and without penalty in cash or other assets as mutually agreed between the parties.

Computility. On February 24, 2010, the Company completed the acquisition of Computility, a SaaS web-based association and membership management software solution, for $500.

Reduction in Inter-Company Balance. On March 30, 2010, CDC Corporation repaid $7,000 in the amount due from CDC Corporation, in a transaction approved by the boards of directors of both CDC Corporation and the Company, through the payment of $4,200 in cash, and the transfer of an aggregate of 276,543 of the Company' s class A ordinary shares held by CDC Corporation' s subsidiary, to a subsidiary of the Company, at a price of $10.125 per share, the average closing price for the Company' s American Depositary Receipts on the NASDAQ Global Market for the ninety 90 trading day period ended March 25, 2010.

Vitova Ltd. (Vitova). On April 19, 2010, the Company completed the acquisition of Vitova, a leading enterprise content management provider in China for HK$5,000.

Credit Agreement. On April 27, 2010, the Company and its subsidiary, Ross Systems, Inc., (Ross) entered into a Credit Agreement (Credit Agreement) with Wells Fargo Capital Finance, LLC (formerly Wells Fargo Foothill, LLC), as agent. Pursuant to the Credit Agreement, Wells Fargo Capital Finance made available to the Company a senior secured revolving credit facility of up to $30,000 (the Credit Facility). Under the Credit Facility, the Company is an unsecured guarantor, each of the Company' s subsidiaries Pivotal Corporation and CDC Software, Inc. are secured guarantors, and Ross is borrower. Advances under the credit facility may be used for, among other things, general corporate purposes, strategic growth initiatives such as mergers and acquisitions, working capital and capital expenditures, and, subject to certain conditions, up to $15.0 million under the credit facility may be provided by us to CDC Corporation.

The Credit Facility provides that revolving loans and letters of credit may be provided, subject to availability requirements, which are determined pursuant to a borrowing base calculation of a percentage of our trailing twelve month maintenance revenue, as such is defined in the Credit Agreement. Borrowings under the Credit Facility bear interest at either a Base Rate or LIBOR Rate, as the Company may elect from time to time.

Obligations under the Credit Facility are secured by a first priority security interest in all of borrower' s and the secured guarantors' assets, including without limitation, all accounts, equipment, inventory, chattel paper, records, intangibles, deposit accounts and cash and cash equivalents, as well as certain intellectual property.

The Credit Facility expires on April 27, 2014, and contains customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company with respect to the incurrence of indebtedness, making of investments, creation of liens, disposition of property, making of restricted payments and transactions with affiliates. In addition, the Credit Facility imposes limitations on our ability to transfer funds between us and certain of our subsidiaries as well as between us and our ultimate parent, CDC Corporation, which could materially and adversely affect our operations and financial condition and those of our subsidiaries and affiliates. The Credit Facility also includes financial covenants including minimum EBITDA, fixed charge coverage ratio requirements and recurring revenue requirements.

As of April 30, 2010, the Company had approximately $15,000 of availability under the Credit Facility.

Strategic Cloud Investment Partner Program (SCIPP). In April 2010, the Company established an SCIPP; pursuant to the Company, we plan to make minority investments in, and form strategic reselling-partnerships with, companies offering cloud-based or point solutions

that the Company believes complement our enterprise solutions portfolio. Under SCIPP, the Company plans to make investments in each partner, which may be structured as a capital investment, convertible note or a combination of the foregoing.

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On May 11, 2010, the Company completed the first stage of a planned investment in eBizNET Solutions Inc. (eBizNET), a leading provider of SaaS supply chain execution solutions. eBizNET Solutions offers an integrated suite of on-demand SaaS Supply Chain Execution (SCE) solutions including warehouse management, transportation management, yard management, port and cargo terminal management, activity based billing and costing, and reverse logistics. Upon completion of the first stage of the investment in eBizNET, the Company entered into a subscription agreement whereby a loan was provided to ebizNET in the amount of $500. The loan is intended for working capital purposes and to accelerate business expansion. The subscription agreement provides that, in the event certain milestones are met, the Company will provide an additional loan in the amount of $500 within 15 days of closing the first stage, and at the Company' s option, provide up to an additional $1,000 loan. The loan will be convertible at the Company' s option, following the closing of the next venture capital financing completed by eBizNET.

TradeBeam, Inc. On May 14, 2010, the Company completed the acquisition of TradeBeam, a provider of on-demand SaaS supply chain visibility and global trade management solutions, for $18,850.

Marketbright, Inc. On May 24, 2010, the Company completed the first tranche of our investment in Marketbright, an on-demand SaaS marketing automation company. Marketbright delivers the leading SaaS marketing automation solution, enabling more than 20,000 users at companies to make contact, manage leads and convert prospects to customers. Upon completion of the first tranche of the investment in Marketbright, the Company acquired 1,764,705 shares of Series B Preferred Stock of Marketbright for $900. The Series B Preferred Stock Purchase Agreement provides that in the event the milestones to be agreed upon between Marketbright and the Company are achieved, the Company will acquire an additional 1,764,705 shares of Series B Preferred Stock for an additional $900.

Services Agreement. Upon the consummation of our initial public offering in August 2009, the Company entered into a Services Agreement with CDC Corporation under which CDC Corporation and the Company are obligated to provide certain services to each other. The services that the Company and CDC Corporation provide to each other include: legal services, human resources services, insurance services, accounting and auditing services, investor relations services, information technology services, marketing services, mergers and acquisitions services, and occupancy support services.

Under the Services Agreement, except as otherwise provided by the May 2010 amendment described below, the Company and CDC Corporation provide services to each other at prices reflecting the actual costs incurred by the entity providing such services, as long as the agreement remains in effect. Amounts payable pursuant to the Services Agreement may increase or decrease depending on a number of factors, including whether the costs of providing such services materially changes based upon negotiations.

On May 28, 2010, the Company entered into an amendment to the Services Agreement, which provides that CDC Corporation or its subsidiaries shall provide the Company with certain additional services, including strategic business consulting services, software implementation services, software operational support services, and customer education and training services at a price equal to the costs incurred by CDC Corporation or its subsidiaries to provide these services plus an additional gross margin of 25%. The Company is required to first offer CDC Corporation the right to provide these additional services; however, in the event that CDC Corporation chooses not to exercise such right, the Company is entitled to contract with a third party for these services in order to fulfill its obligations to customers.

ROSS SYSTEMS INC
as Purchaser

ADVANTAGE GROWTH FUND
JOHN CAINES
SIOBHAN SUTCLIFFE
MARK SUTCLIFFE
ROB ARCHER
ROBIN WIGHT
STEVE MASSEY
ALISTAIR NORMAN
RICHARD TESTER
ROY THOMAS
JOHN CLEMENT
RICHARD CRAIG
PHIL HIGNETT
COLIN DOWNES
DAN SAUNDERS
ROBIN WEST
JAMES WOOD
JAMES CUTTER
ANDY NEILSON
SARAH WESTON
DI JUDD
as Sellers

ADDENDUM 2 TO STOCK PURCHASE AGREEMENT & RELEASE

ADDENDUM 2 TO STOCK PURCHASE AGREEMENT

This ADDENDUM 2 TO THE STOCK PURCHASE AGREEMENT dated 31st January 2010 amends the: (a) Stock Purchase Agreement dated October 6, 2006; and (b) the Addendum to Stock Purchase Agreement dated September 2008, and is made by and among:

ROSS SYSTEMS INC, a company organized and existing under the laws of Delaware (the "Purchaser"); and **ADVANTAGE GROWTH FUND LP** registered in England and Wales as a limited partnership with registered number LP8457 whose principal place of business is at Cavendish House 39-41 Waterloo Street Birmingham B2 5PP ("**AGF**"), acting by its general partner, Advantage Growth Fund (General Partner) Limited, **MR. JOHN CAINES** having an address of 1 Charlton Park Gate, Cheltenham, GL53 7DJ, UK, **MR. MARK SUTCLIFFE** having an address of 2550 Flamingo Drive Miami Beach Florida 33140 USA , **MRS. SIOBHAN SUTCLIFFE** having an address of 2550 Flamingo Drive Miami Beach Florida 33140 USA, **MR. ROBERT ARCHER** having an address of 446 Quinton Road West, Quinton, Birmingham, B32 1QG, UK, **MR. ROBIN WIGHT** having an address of Owlsclough Famr Cotton Dell Oakamoor ST10 3DL UK , **MR. STEVEN MASSEY** having an address of 25 Tower Road, Worcester, WR3 7AF, UK, **MR. ALISTAIR NORMAN** having an address of 9, Kings Hall, The Academy, Wake Green Road, Moseley, Birmingham, B13 9HW, UK, **MR. RICHARD TESTER** having an address of 1500 Bay Road, Apartment 230, South Beach, Miami, Florida, 33139, USA, **MR. ROY THOMAS** having an address of 19 Coach House Mews, Coventry Road, Warwick, Warwickshire, CV34 4LD, **MR. JOHN CLEMENT** 6 Yarn Lane, Dickens Heath, Solihull B90 1TU, UK, **MR. RICHARD CRAIG** having an address of 13 Catesby Croft, Loughton, Milton Keynes, MK5 8FH, UK, **MR. PHIL HIGNETT** having as address of Apartment 116, 1500 Bay Road, Miami, Florida, 33139 USA, **MR. COLIN DOWNES** having an address of 95 The Glassworks, 3 Canal Square, Birmingham B16 8FL, UK, **MR. DAN SAUNDERS** having an address of 8 Hyde Lane, Kinver, Stourbridge, DY7 6AF, UK, **MR. ROBIN WEST** having an address of Apartment 1525, 1508 Bay Road, Miami, Florida, 33131, USA, **MR. JAMES WOOD** having an address of 29 Westgate Apartments, 10 Arthur Place, Birmingham, B1 3DA, UK, **MR. JAMES CUTTER** having an address of 38 Lovelace Avenue, Solihull, West Midlands, B90 3JP, UK, **MR. ANDY NEILSON** having an address of 5 Popular Avenue, Tividale, West Midlands, B69 1RG, **MS. SARAH WESTON** having an address of 52 Thornfiled Road, Acocks Green, Birmingham, B27 7EB, UK and **MS. DI JUDD** having an address of 162 Farnborough Road, Castle Vale, Birmingham, B35 7NE, UK collectively, the "Sellers"; all of whom may be collectively referred to herein as the "Parties" or individually as a "Party".

WITNESSETH

WHEREAS on or about October 6, 2006, the Parties executed a Stock Purchase Agreement whereby the Purchaser acquired 100% of the Shares of MVI Holdings Limited (company number 4376578) from the Sellers (the "Stock Purchase Agreement").

WHEREAS on or about September, 2008 the Parties to the Stock Purchase Agreement agreed to amend the Stock Purchase Agreement so that the calculation of the Third Instalment was amended and the earn-out period was extended until the calendar year end 2010 by the addition of a Fourth Instalment ("Addendum 1").

WHEREAS the Parties to the Stock Purchase Agreement and to Addendum 1 have now agreed to further amend the Stock Purchase Agreement and Addendum 1, by agreeing on: (i) an amount to be paid for the Third Instalment and the Fourth Instalment; (ii) amended payment terms for the Third Instalment and the Fourth Instalments; and (iii) the deletion of all restrictions on the operation of the Business and the Company placed on the Purchaser under the Stock Purchase Agreement and Addendum 1.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

Section 1. Definitions and Principles of Construction

Capitalized terms in this Addendum 2 shall have the same meaning as given in the Stock Purchase Agreement and Addendum 1 unless a term is specifically defined herein in which case such term shall have the meaning as defined herein. The principles of construction as provided for in the Stock Purchase Agreement shall apply to this Addendum 2.

"Addendum 1" shall mean the Addendum to the Stock Purchase Agreement dated September 2008.

"Addendum 2" shall mean this Addendum 2 to the Stock Purchase Agreement & Release.

"Claim" means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise including without limitation any claim for legal costs or expenses.

"Stock Purchase Agreement" shall mean the Stock Purchase Agreement dated October 6, 2006, by and between the Purchaser and the Sellers, the exhibits and schedules thereto and the certificates delivered in accordance therewith.

Section 2. Previous Payments & Amendments

2.01 Stock Purchase Agreement & Addendum 1

(a) All provisions not expressly amended in this Addendum 2 shall remain binding and enforceable as set forth in the Stock Purchase Agreement and Addendum 1.

(b) The Sellers acknowledge that this Addendum 2 replaces, in its entirety, the Purchaser's obligations with respect to the Third Instalment.

2.02 Previous Payments

(a) The Sellers hereby acknowledge and agree that each of the First Instalment, Second Instalment, the NAV Adjustment and the True-Up Amount ("Previous Payments") have been paid to each Seller in the correct amount and none of the Sellers will contest the quantum or receipt of such Previous Payments. Each Seller hereby releases the Purchaser and its Affiliates from all Claims relating to the Previous Payments. This release covers all Claims, however described and however arising, whether or not the facts or law giving rise to any such Claim are presently within the knowledge or contemplation of any party or have been discussed between them.

(b) The Sellers hereby acknowledge and agree that upon receipt of the Third Instalment and the Fourth Instalment in the amount set forth in Section 2.03(a)(i) and Sections 2.03(a)(ii) of this Addendum 2, none of the Sellers will contest the quantum of such Third Instalment or Fourth Instalment and each Seller will upon receipt automatically release the Purchaser and its Affiliates from all Claims relating to the Third Instalment and the Fourth Instalment. This release covers all Claims, however described and however arising, whether or not the facts or law giving rise to any such Claim are presently within the knowledge or contemplation of any party or have been discussed between them.

2.03 Third Installment & Fourth Installment

(a) Amount. Notwithstanding anything contained in the Stock Purchase Agreement or Addendum 1, the parties agree that:

(i) the Third Instalment shall be US$2,100,000;

(ii) the Fourth Instalment shall be US$1,600,000.

(b) Payment Terms. Notwithstanding any other provision contained in the Stock Purchase Agreement or Addendum 1,the parties agree that:

(i) the Third Instalment shall be payable on or before 30 June 2010;

(ii) the Fourth Instalment shall be payable as follows:

(A) US$600,000 on or before 31 August 2010;

(B) US$500,000 on or before 31 October 2010; and

(C) US$500,000 on or before 2 January 2011.

(c) Banking Details and Amounts to be deducted for Legal Costs. Notwithstanding anything contained in this Addendum 2, the Sellers' acknowledge and agree that no Third Installment or Fourth Installment shall be payable until the Purchaser has received:

(i) each of the Sellers banking details; and

(ii) written confirmation from Mark Sutcliffe, on behalf of the Sellers, of the exact amount of Legal Costs and the Cost Refund to be paid to the Sutcliffes in accordance with Section 4.01 of this Addendum 2.

(d) Apportionment of Third Installment and Fourth Installment. All amounts paid to the Sellers under this Addendum 2 shall be apportioned between the Sellers on a pro-rata basis relative to each Sellers' percentage ownership of Equity Interest prior to Closing as set out in the second column titled "New%" of Schedule 1 after making the required deductions or refunds as required by Section 4.01 of this Addendum 2.

(e) Holdback and Indemnities. The holdback granted in Section 2.02(h) of the Stock Purchase Agreement and Section 2.02(g) of Addendum 1 and the Indemnities granted in Section 10 of the Stock Purchase Agreement shall not apply to the Third Installment and/or to the Fourth Installment to the intent that the Third and Fourth Installments shall be paid in full without any holdback, deduction set off counterclaim or withholding whether in respect of any Claim or alleged Claim whether under the Stock Purchase Agreement or the Addendum or in respect of any other matter, thing, cause, event, agreement or obligation howsoever arising. For the avoidance of doubt the Indemnified Period shall be deemed to have ended, without any Claim being made, on the date of this Addendum.

(f) Interest. Any sums due to the Seller under this Addendum shall bear interest at the rate of 2.5 per cent above the bank lending rate of Royal Bank of Scotland Plc from time to time.

2.04 No Restrictions on Purchaser' s operation of Company.

(a) The Sellers acknowledge and agree that Section 6.04 of the Stock Purchase Agreement shall be deleted in its entirety.

(b) The Sellers acknowledge and agree that Schedule 1 (Adjusted Operating Profit) and Schedule 3 (CDC Factory Business Plan) of Addendum 1 shall no longer be relevant and shall be deemed to be deleted in its entirety.

(c) For the avoidance of doubt, the Sellers acknowledge and agree that from the date of this Addendum 2, the Purchaser shall have no restrictions whatsoever on its operation of the Company and shall be entitled, if it so desires, to integrate it with any other businesses or Companies of the Purchaser or any Affiliate.

Section 3 Termination

3.01 Termination. This Addendum 2 may be terminated, and the transactions contemplated hereby may be abandoned, by the Purchaser in the event that 100% of the Sellers have not executed this Addendum 2 by 28 February 2010.

3.02 Effect of Termination. If this Addendum 2 is validly terminated pursuant to Section 3.01, this Addendum 2 will forthwith become null and void, and there will be no liability or obligation on the part of any Seller or the Purchaser (or any of their respective officers, directors, employees, agents or other representatives or Affiliates), except that the provisions with respect expenses in Section 4.01 and confidentiality in Section 4.08 shall continue to apply following any such termination.

Section 4 Miscellaneous

4.01 Expenses. The Sellers (and not the Company) shall pay for their costs and expenses relating to the negotiation and execution of this Addendum 2. In addition the Sellers acknowledge that the costs and expenses incurred by the Sellers in respect of the negotiation and execution of Addendum 1 and Addendum 2 of not more than £6,000 ("Legal Costs") were or will be borne exclusively by Mark Sutcliffe and Siobhan Sutcliffe (the "Sutcliffes"). Upon receipt of instructions from Mark Sutcliffe in accordance with Section 2.03(c) of this Addendum 2, the Sellers hereby authorize the Purchaser to deduct 58.21% of the Legal Costs ("Cost Refund") from the Third Installment from the amounts due to the Sellers other than the Sutcliffes and pay the Cost Refund to Mark Sutcliffe in addition to the sums due to Mark Sutcliffe from the Third Installment and then deduct the amount of the Cost Refund from the amounts to be received by the remaining Sellers on a pro rata basis relative to each Sellers' percentage ownership of Equity Interest prior to Closing as set out in the second column titled "New%" of Schedule 1.

4.02 No Third Party Beneficiary. The terms and provisions of this Addendum 2 are intended solely for the benefit of each party hereto and their respective successors or permitted assigns.

4.03 Assignment; Binding Effect. Subject always to the subsequent sentence, neither this Addendum 2 nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except for assignments and transfers by operation of Law.

4.04 Invalid Provisions. If any provision of this Addendum 2 is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Addendum 2 will not be materially and adversely affected thereby: (a) such provision will be fully severable; (b) the remaining provisions of this Addendum 2 will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (c) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Addendum 2 a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

4.05 Governing Law. This Addendum 2 shall be governed by and construed in accordance with the laws of the United Kingdom without giving effect to the conflicts of laws principles thereof.

4.06 Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Addendum 2 or the transactions contemplated hereby shall be brought against any of the parties in the courts of England and Wales and each of the parties hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein.

4.07 Counterparts. This Addendum 2 may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

4.08 Confidentiality. The confidentiality provisions contained in Section 12.12 of the Stock Purchase Agreement shall apply to this Addendum 2.

IN WITNESS WHEREOF, this Addendum has been duly executed and delivered by the duly authorized officer of each party hereto, and shall be effective as of the date first above written

ROSS SYSTEMS INC

By: /s/ C.J. Clough
Name: C.J. Clough
Title: Director / Chairman CDC Software Co.

ADVANTAGE GROWTH FUND LP acting by its General Partner, Advantage Growth Fund (General Partner) Limited

By: /s/ Tony Stott
Name: Tony Stott
Title: Director

By: /s/ Roger Wood
Name: Roger Wood
Title: Director

/s/ John Caines

JOHN CAINES

/s/ Siobhan Sutcliffe

SIOBHAN SUTCLIFFE

/s/ Mark Sutcliffe

MARK SUTCLIFFE

/s/ Robert Archer

ROBERT ARCHER

/s/ Robin Wight

ROBIN WIGHT

/s/ Steven Massey

STEVEN MASSEY

/s/ Alistair Norman

ALISTAIR NORMAN

/s/ Richard Tester

RICHARD TESTER

/s/ Roy Thomas

ROY THOMAS

/s/ John Clement

JOHN CLEMENT

/s/ Richard Craig

RICHARD CRAIG

/s/ Phil Hignett

PHIL HIGNETT

/s/ Colin Downes

COLIN DOWNES

/s/ Dan Saunders

DAN SAUNDERS

/s/ Robin West

ROBIN WEST

/s/ James Wood

JAMES WOOD

/s/ James Cutter

JAMES CUTTER

/s/ Andy Neilson

ANDY NEILSON

/s/ Sarah Weston

SARAH WESTON

/s/ Di Judd

DI JUDD

Exhibit 4(a).10

SERVICES AGREEMENT

THIS SERVICES AGREEMENT (this "***Agreement***") is entered into as of August 6, 2009, by and between CDC Software Corporation, a company organized under the laws of the Cayman Islands ("***CDC Software***"), and CDC Corporation, a company organized under the laws of the Cayman Islands ("***Parent***").

RECITALS

WHEREAS, CDC Software and its parent company, CDC Software International Corporation, will be offering and selling class A ordinary shares, $0.001 par value per share (the "***Class A Ordinary Shares***"), to the public in an offering registered under the Securities Act of 1933, as amended (the "***Initial Public Offering***");

WHEREAS, following the Initial Public Offering, Parent is expected to beneficially own all of the issued and outstanding class B ordinary shares, $0.001 par value per share, of CDC Software (the "***Class B Ordinary Shares***" and, together with the Class A Ordinary Shares, collectively, the "***Ordinary Shares***"), representing approximately 98.1% of the combined voting power of CDC Software;

WHEREAS, Parent has heretofore directly or indirectly provided certain services to CDC Software, including the Services described in more detail on Schedule I attached to this Agreement (collectively, the "***Parent Services***");

WHEREAS, CDC Software has heretofore directly or indirectly provided certain services to Parent, including the Services described in more detail on Schedule I attached to this Agreement (collectively, the "***CDC Software Services***");

WHEREAS, on the terms and subject to the conditions set forth herein, (a) CDC Software desires to retain Parent as an independent contractor to provide, directly or indirectly, the Parent Services to CDC Software from and after the Closing Date (as defined below) and (b) Parent desires to retain CDC Software as an independent contractor to provide, directly or indirectly, the CDC Software Services to Parent from and after the Closing Date (as defined below); and

WHEREAS, on the terms and subject to the conditions set forth herein, Parent desires to provide, directly or indirectly, the Parent Services to CDC Software, and CDC Software desires to provide, directly or indirectly, the CDC Software Services to Parent.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by this Agreement, Parent and CDC Software, for themselves, their successors and assigns, agree as follows:

ARTICLE I.
DEFINITIONS

As used in this Agreement, the following terms will have the following meanings, applicable both to the singular and the plural forms of the terms described:

"***Action***" has the meaning ascribed thereto in Section 5.02.

"***Agreement***" has the meaning ascribed thereto in the preamble to this Agreement; as such agreement may be amended and supplemented from time to time in accordance with its terms.

"***CDC Software***" has the meaning ascribed thereto in the preamble to this Agreement.

"***CDC Software Indemnified Person***" has the meaning ascribed thereto in Section 5.03.

"***CDC Software Services***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Class A Ordinary Shares***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Class B Ordinary Shares***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Closing Date***" means the date of the initial closing of the Initial Public Offering.

"***Ordinary Shares***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Confidential Information***" has the meaning ascribed thereto in Section 7.06.

"***force majeure***" has the meaning ascribed thereto in Section 7.04.

"***Initial Public Offering***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Indemnified Person***" has the meaning ascribed thereto in Section 5.01.

"***Ownership Reduction Date***" means the date on which Parent ceases to own, directly or indirectly, Ordinary Shares representing more than fifty percent (50%) of the combined voting power of CDC Software.

"***Parent***" has the meaning ascribed thereto in the preamble to this Agreement.

"***Parent Indemnified Person***" has the meaning ascribed thereto in Section 5.02.

"***Plans***" means those certain employee benefit plans of CDC Software Corporation or Parent, if any, that are being, or may be, made available to certain employees of the other Party.

"***Parent Services***" has the meaning ascribed thereto in the recitals to this Agreement.

"***Parties***" means both CDC Software and Parent, and "***Party***" means one of them as the context indicates.

"***Payment Date***" has the meaning ascribed thereto in Section 3.02(b).

"***Person***" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government (and any department or agency thereof) or other entity.

"***Schedule I***" means the first schedule attached to this Agreement, as such Schedule may be amended and supplemented from time to time in accordance with this Agreement.

"***Schedule II***" means the second schedule attached to this Agreement, as such Schedule may be amended and supplemented from time to time in accordance with this Agreement.

"***Schedules***" means Schedule I and Schedule II.

"***Service Costs***" has the meaning ascribed thereto in Section 3.01.

"***Services***" means the Parent Services and the CDC Software Services.

"***Subsidiary***" means, with respect to any Person, any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting capital stock or other voting ownership interests is owned or controlled directly or indirectly by such Person or by one or more of the Subsidiaries of such Person or by a combination thereof.

ARTICLE II.
PURCHASE AND SALE OF SERVICES; NO WARRANTY

Section 2.01 Purchase and Sale of Services. (a) Subject to the terms and conditions of this Agreement and in consideration of the Service Costs described below, Parent agrees to provide to CDC Software, or procure the provision to CDC Software of, and CDC Software agrees to purchase from Parent, the Parent Services. Unless otherwise specifically agreed by Parent and CDC Software, the Parent Services to be provided or procured by Parent hereunder shall be substantially similar in scope, quality, and nature to those provided to, or procured on behalf of, CDC Software prior to the Closing Date.

(b) The Parties understand that (i) the Parent Services that Parent shall provide (or procure the provision of) to CDC Software under this Agreement will, at CDC Software' s request, be provided to Subsidiaries of CDC Software and (ii) Parent may satisfy its obligation to provide or procure Parent Services hereunder by causing one or more of its Subsidiaries (other than CDC Software) to provide or procure such Parent Services. With respect to Parent Services provided to, or procured on behalf of, any Subsidiary of CDC Software, CDC Software agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such Parent Services.

(c) Subject to the terms and conditions of this Agreement and in consideration of the Service Costs described below, CDC Software agrees to provide to Parent, or procure the provision to Parent, and Parent agrees to purchase from CDC Software, the CDC Software Services. Unless otherwise specifically agreed by Parent and CDC Software, the CDC Software Services to be provided or procured by CDC Software hereunder shall be substantially similar in scope, quality, and nature to those provided to, or procured on behalf of, Parent prior to the Closing Date.

(d) The Parties understand that (i) the CDC Software Services that CDC Software shall provide (or procure the provision of) to Parent under this Agreement will, at Parent' s request, be provided to Subsidiaries of Parent and (ii) CDC Software may satisfy its obligation to provide or procure CDC Software Services hereunder by causing one or more of its Subsidiaries to provide or procure such CDC Software Services. With respect to CDC Software Services provided to, or procured on behalf of, any Subsidiary of Parent (other than CDC Software), Parent agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such CDC Software Services.

Section 2.02 Additional Services. In addition to the Services to be provided pursuant to Section 2.01, to the extent that Parent and CDC Software mutually agree in their respective sole discretion, Parent and CDC Software may provide additional services (including services not provided by either Party prior to the Closing Date) to the other Party. The scope of any such services, as well as the term, costs, and other terms and conditions applicable to such services, shall be as mutually agreed by Parent and CDC Software in their respective sole discretion.

Section 2.03 NO WARRANTY. (a) Parent acknowledges that (i) CDC Software does not regularly provide the CDC Software Services, or any related services, to third parties as part of its business and (ii) that CDC Software does not warrant or assume responsibility for its provision of the CDC Software Services. THERE ARE NO WARRANTIES RELATING TO THE CDC SOFTWARE SERVICES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(b) CDC Software acknowledges that (i) Parent does not regularly provide the Parent Services, or any related services, to third parties as part of its business and (ii) that Parent does not warrant or assume responsibility for its provision of the Parent Services. THERE ARE NO WARRANTIES RELATING TO THE PARENT SERVICES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE III.
SERVICE COSTS; OTHER CHARGES

Section 3.01 Service Costs Generally. (a) Schedule II attached to this Agreement indicates, with respect to the Services listed in Schedule I, the method of calculating the amount CDC Software shall pay to Parent for the Parent Services and the method of calculating the amount Parent shall pay to CDC Software for the CDC Software Services (collectively, the "***Service Costs***"). Each Party agrees to pay to the other Party the applicable Service Costs in the manner set forth in Section 3.02.

Section 3.02 Invoicing and Settlement of Costs. (a) Unless otherwise agreed-to by the Parties, each Party will invoice or otherwise notify the other Party of the Service Costs on a monthly basis, in a manner substantially consistent with the billing practices used in connection with the Services prior to the Closing Date. In connection with the invoicing described in this Section 3.02(a), each Party will provide the other Party the same billing data and level of detail as it customarily provided prior to the Closing Date.

(b) Each Party agrees to pay the Service Costs within such time period prescribed by such notice or invoice (each invoice date or notification date, a "***Payment Date***"). Either Party may make such payments: (i) through its intercompany billing system, (ii) through its cash management systems, (iii) by wire transfer of immediately available funds payable to the order of the other, or (iv) subject to existing agreements between the Parties, by right of set-off of all or a portion of any determinable Service Costs in a manner substantially similar to the practice of the Parties and their subsidiaries prior to the Initial Public Offering.

(c) If either Party fails to pay any monthly payment within sixty (60) business days of the relevant Payment Date, and the non-breaching Party provides written notice of such breach to the delinquent Party, the delinquent Party shall be obligated to pay, within fifteen (15) business days of its receipt of such written notice thereof from the other Party, in addition to the amount due on such Payment Date, interest on such amount at the prime rate of interest (as of the applicable Payment Date) plus one percent (1%) per annum, compounded monthly from the relevant Payment Date through the date of payment. Notwithstanding the foregoing, if either Party has reasonable basis to believe an invoice is incorrect, it shall notify the other Party of the basis for its belief and the Parties shall reasonably cooperate to resolve such matter. Provided that the Party has timely paid all amounts not in dispute, in such event, interest shall not accrue on any amount in dispute and no default shall be alleged until the earlier of (x) forty-five (45) days from the Payment Date and (y) three (3) business days following resolution of such matter.

ARTICLE IV.
DELEGATION; PLANS; TRADEMARKS AND SERVICE MARKS

Section 4.01 Delegation. Each Party hereby delegates to the other Party, final and binding authority, responsibility, and discretion to interpret and construe the provisions of its Plans. Each Party may further delegate such authority to third-party plan administrators.

Section 4.02 Trademarks and Service Marks. The parties have entered into a Trademark License Agreement with respect to the usage of trademarks and service marks.

ARTICLE V.
LIMITATION OF LIABILITY; INDEMNIFICATION

Section 5.01 Limitation of Liability. (a) Each Party agrees that neither Party and its Subsidiaries and their respective directors, officers, agents and employees (each, an "***Indemnified Person***") shall have any liability, whether direct or indirect, in contract or tort or otherwise, to the other Party or any of its Subsidiaries for or in connection with the Services rendered or to be rendered by any Indemnified Person pursuant to this Agreement or any other services rendered by any Indemnified Person, the transactions contemplated by this Agreement,

or any Indemnified Person' s actions or inactions in connection with any such Services, any such other services, or any such transactions, except for damages that have resulted from such Indemnified Person' s willful misconduct in connection with any such Services, other services, transactions, actions or inactions.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR AT LAW OR IN EQUITY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES FOR PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, LOSS OF DATA, LOSS OF USE, BUSINESS INTERRUPTION OR ANY OTHER LOSS) HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY, ARISING FROM OR RELATING TO ANY CLAIM MADE UNDER THIS AGREEMENT OR REGARDING THE PROVISION OF OR THE FAILURE TO PROVIDE THE SERVICES OR ANY OTHER SERVICES. THE FOREGOING LIMITATION WILL NOT LIMIT EITHER PARTY' S OBLIGATIONS WITH RESPECT TO PAYMENT OF DAMAGES OF ANY KIND INCLUDED IN AN AWARD OR SETTLEMENT OF A THIRD PARTY CLAIM UNDER ANY INDEMNITY PROVISIONS SPECIFIED HEREIN. PARENT SHALL HAVE NO LIABILITY OF ANY KIND OR NATURE WHATSOEVER FOR CEASING TO PROVIDE ANY OF THE SERVICES UPON TERMINATION PURSUANT TO THIS AGREEMENT.

(c) **Indemnification of Parent by CDC Software.** CDC Software agrees to indemnify and hold harmless Parent and its Subsidiaries and their respective directors, officers, agents and employees (each, a "***Parent Indemnified Person***") from and against any damages, and to reimburse each Parent Indemnified Person for all reasonable expenses as they are incurred in investigating, preparing, pursuing, or defending any claim, action, proceeding, or investigation, whether or not in connection with pending or threatened litigation (each an "***Action***"), and whether or not any Parent Indemnified Person is a party, arising out of or in connection with the Parent Services rendered or to be rendered by any Parent Indemnified Person pursuant to this Agreement or any other services rendered by any Parent Indemnified Person, the transactions contemplated by this Agreement, or any Parent Indemnified Person' s actions or inactions in connection with any such Parent Services, any such other services, or any such transactions; provided that CDC Software will not be responsible for any damages of any Parent Indemnified Person that have resulted from such Parent Indemnified Person' s willful misconduct in connection with any such Parent Services, other services, transactions, actions, or inactions.

Section 5.02 Indemnification of CDC Software by Parent. Parent agrees to indemnify and hold harmless CDC Software and its Subsidiaries and their respective directors, officers, agents, and employees (each, a "***CDC Software Indemnified Person***") from and against any damages, and to reimburse each CDC Software Indemnified Person for all reasonable expenses as they are incurred in investigating, preparing, pursuing or defending any Action, and whether or not any CDC Software Indemnified Person is a party arising out of or in connection with the CDC Software Services rendered or to be rendered by any CDC Software Indemnified Person pursuant to this Agreement or any other services rendered by any CDC Software Indemnified Person, the transactions contemplated by this Agreement, or any CDC Software Indemnified Person' s actions or inactions in connection with any such CDC Software Services, any such other services, or any such transactions; provided that Parent will not be responsible for any damages

of any CDC Software Indemnified Person that have resulted from such CDC Software Indemnified Person' s willful misconduct in connection with any such CDC Software Services, other services, transactions, actions, or inactions.

Section 5.03 Additional Indemnification for Disputes by Parent. Parent agrees to indemnify and hold harmless CDC Software and its Subsidiaries from and against any Additional Amounts (as hereinafter defined) relating to litigation or other disputes ("Disputes") that have been accrued-for in accordance with U.S. GAAP during the preparation of CDC Software' s (or any Subsidiary thereof' s) financial statements, or from time to time, such that in the event: (a) that any amounts accrued by CDC Software with respect to a Dispute are subsequently determined by CDC Software in its reasonable discretion, to be insufficient and require additional amounts to be accrued therefor under U.S. GAAP; or (b) that additional amounts over the expected accrual are required to be paid to any third party by CDC Software or any Subsidiary thereof with respect to a Dispute, the excess of the amounts provided in subsection (a) and (b) of this Section 5.03 over the expected accrual (the "Additional Amount") shall be absorbed by Parent; provided that Parent will not be responsible for any Additional Amount that has resulted from the gross negligence or willful misconduct of CDC Software.

ARTICLE VI.
TERM AND TERMINATION

Section 6.01 Term; Expiration. This Agreement shall expire on December 31, 2019, and will automatically renew thereafter for successive two-year periods (each, a "Renewal Term"), unless notice of termination is provided in writing by one Party to the other not less than (15) months prior to the beginning of a Renewal Term.

Section 6.02 Termination Prior to Expiration. (a) Parent may terminate any affected CDC Software Service at any time if (i) CDC Software shall have failed to perform any of its material obligations under this Agreement relating to any such Service, (ii) Parent has notified CDC Software in writing of such failure and (iii) such failure shall have continued for a period of thirty (30) days after CDC Software' s receipt of notice of such failure.

(b) Parent may terminate any or all CDC Software Service or Parent Service at any time from and after the Ownership Reduction Date.

(c) CDC Software may terminate any affected Parent Service at any time if (i) Parent shall have failed to perform any of its material obligations under this Agreement relating to any such Service, (ii) CDC Software has notified Parent in writing of such failure, and (iii) such failure shall have continued for a period of thirty (30) days after Parent' s receipt of notice of such failure.

(d) Either Party may terminate any Service effective immediately upon written notice to the other Party if the performance of such Service would require the performing Party to violate any applicable laws, rules or regulations or would result in the breach of any applicable contract.

Section 6.03 Effect of Termination. (a) Other than as required by law, upon expiration or termination of any Service pursuant to Section 6.01 or Section 6.02, each Party will have no further obligation to provide the expired or terminated Service (or any Service, in the case of

termination of this Agreement) to the other Party and each Party will have no obligation to pay any fees relating to such Services; provided, however, that notwithstanding such termination or expiration, (i) each Party shall remain liable to the other Party for fees owed and payable in respect of Services provided prior to the effective date of the termination or expiration and (ii) the provisions of Articles IV, V, VI and VII shall survive any such termination or expiration.

(b) Following termination or expiration of this Agreement with respect to any Service, Parent and CDC Software agree to cooperate, at their own expense, in providing for an orderly transition of such Service to a successor service provider.

ARTICLE VII.
MISCELLANEOUS

Section 7.01 Future Litigation and Other Proceedings. In the event that CDC Software (or any of its officers or directors) or Parent (or any of its officers or directors) at any time after the date hereof initiates or becomes subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the Parties have no prior agreements (as to indemnification or otherwise), the Party (and its officers and directors) that has not initiated and is not subject to such litigation or other proceedings shall comply, at the other Party' s expense, with any reasonable requests by the other Party for assistance in connection with such litigation or other proceedings (including by way of provision of information and making available of employees as witnesses). In the event that CDC Software (or any of its officers or directors) or Parent (or any of its officers or directors) at any time after the date hereof initiates or becomes subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the Parties have no prior agreements (as to indemnification or otherwise), each Party (and its officers and directors) shall, at its own expense, coordinate its strategies and actions with respect to such litigation or other proceedings to the extent such coordination would not be detrimental to its interests and shall comply, at the expense of the requesting Party, with any reasonable requests of the other Party for assistance in connection therewith (including by way of provision of information and making available of employees as witnesses).

Section 7.02 No Agency. Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the Parties or, except to the extent provided in Section 4.01, constitute or be deemed to constitute any Party as the agent or employee of the other Party for any purpose whatsoever and neither Party shall have authority or power to bind the other or to contract in the name of, or create a liability against, the other in any way or for any purpose.

Section 7.03 Subcontractors. Each Party may hire or engage one or more subcontractors to perform all or any of its obligations under this Agreement, provided that, subject to Section 5.01, each Party will in all cases remain primarily responsible for all obligations undertaken by it in this Agreement with respect to the scope, quality and nature of the Services provided.

Section 7.04 Force Majeure. (a) For purposes of this Section, "***force majeure***" means an event beyond the control of either Party, which by its nature could not have been foreseen by such Party or, if it could have been foreseen, was unavoidable, and includes without limitation,

acts of God, storms, floods, riots, fires, terrorism, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared), telecommunications failure and failure of energy sources.

(b) Neither Party shall be under any liability for failure to fulfill any obligation under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of force majeure, provided always that such Party shall have exercised all due diligence to minimize to the greatest extent possible the effect of force majeure on its obligations hereunder.

(c) Promptly on becoming aware of force majeure causing a delay in performance or preventing performance of any obligations imposed by this Agreement (and termination of such delay), the Party affected shall give written notice to the other Party giving details of the same, including particulars of the actual and, if applicable, estimated continuing effects of such force majeure on the obligations of the Party whose performance is prevented or delayed. If such notice shall have been duly given, and actual delay resulting from such force majeure shall be deemed not to be a breach of this Agreement, and the period for performance of the obligation to which it relates shall be extended accordingly, provided that if force majeure results in the performance of a Party being delayed by more than sixty (60) days, the other Party shall have the right to terminate this Agreement with respect to any Service effected by such delay by written notice.

Section 7.05 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the Schedules) and any other writing signed by the Parties that specifically references this Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement is not intended to confer upon any Person other than the Parties to this Agreement any rights or remedies hereunder.

Section 7.06 Confidential Information. CDC Software and Parent covenant and agree to hold in trust and maintain confidential all Confidential Information relating to the other Party. "Confidential Information" shall mean all information disclosed by either Party to the other in connection with this Agreement whether orally, visually, in writing or in any other tangible form, and includes, but is not limited to, economic and business data, business plans, and the like, but shall not include (a) information that becomes generally available other than by release in violation of the provisions of this Section 7.06, (b) information that becomes available on a nonconfidential basis to a Party from a source other than the other Party provided the Party in question reasonably believes that such source is not or was not bound to hold such information confidential, (c) information acquired or developed independently by a Party without violating this Section 7.06 or any other confidentiality agreement with the other Party and (d) information that any Party reasonably believes it is required to disclose by law, provided that it first notifies the other Party of such requirement and allows such Party a reasonable opportunity to seek a protective order or other appropriate remedy to prevent such disclosure. Without prejudice to the rights and remedies of either Party, a Party disclosing any Confidential Information to the other Party in accordance with the provisions of this Agreement shall be entitled to equitable relief by way of an injunction if the other Party breaches or threatens to breach any provision of this

Section 7.06. Notwithstanding anything to the contrary set forth in this Agreement, either Party may disclose any Confidential Information that it reasonably believes is necessary or appropriate to be disclosed in the course of performing the Services; provided, however, that such Party shall instruct all such Persons to whom it discloses any Confidential Information to hold in trust and maintain confidential all such Confidential Information.

Section 7.07 Notices. Any notice, instruction, direction or demand under the terms of this Agreement will be duly given upon delivery, if delivered by hand, facsimile transmission, or mail, to the following addresses:

(a) If to CDC Software, to:

CDC Software Corporation

2002 Summit Boulevard, Suite 700

Atlanta, GA 30319

Attention: Chief Financial Officer

Telecopy No.: 770-351-9506

(b) If to Parent, to:

CDC Corporation

11/F ING Tower

308 Des Voeux Road

Central Hong Kong

Attention: Vice President, Finance

Telecopy No.: 852-2237-7227

or to such other addresses or telecopy numbers as may be specified by like notice to the other Party.

Section 7.08 Governing Law. This Agreement shall be construed in accordance with and governed by the substantive internal laws of the State of New York.

Section 7.09 Severability. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, the Agreement shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each Party shall be construed and enforced accordingly.

Section 7.10 Amendment. This Agreement (including the Schedules) may only be amended by a written agreement executed by both Parties.

Section 7.11 Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their duly authorized representatives.

CDC SOFTWARE CORPORATION

By: /s/ Matthew S. Lavelle

Name: Matthew S. Lavelle

Title: Chief Financial Officer

CDC CORPORATION

By: /s/ Matthew S. Lavelle

Name: Matthew S. Lavelle

Title: Chief Financial Officer

SCHEDULE I
SERVICES

The Services shall include, without limitation:

Legal. Providing advice and assistance with respect to ordinary and non-ordinary course and other business transactions, public company compliance matters, securities law and disclosure matters, legal policies, strategies regarding litigation, corporate secretarial matters, corporate compliance matters, Sarbanes-Oxley Act of 2002 compliance, managing relationships with outside counsel, drafting, reviewing and amending customer and other contracts and contracts with customers and suppliers, advising with respect to intellectual property matters, customer disputes and employment matters and other legal issues, obtaining and maintaining necessary business licenses, coordinating governmental compliance requirements, property services and such other services as may be required from time to time; provided that none of the foregoing services shall have been determined by the board of directors of the relevant Party to violate the "conflict of interest" provisions of such Party' s then‑current Memorandum and Articles of Association.

Human Resources. Providing assistance and advice with respect to the negotiation and entry into employment agreements, continuing employment matters, terminations, coordinating between Parent and CDC Software personnel, managing health and welfare plans, assist in the recruitment of senior executive talent, overseeing and administrating option and other incentive plans and such other services as may be required from time to time.

Insurance. Maintaining insurance policies, overseeing renewals and changes thereto and such other services as may be required from time to time.

Accounting and Auditing. Providing comprehensive financial and accounting services, invoicing and payment activity, internal and external financial reporting, tax planning, tax compliance, tax advice, providing advice on accounting and financial reporting implications, performing public company compliance matters, performing M&A due diligence and advisory services from a finance and accounting perspective, reviewing documentation and advising both from a business and a financial reporting perspective on transactions, overseeing and managing policy and strategy regarding accounting practices, providing input at board meetings and assistance with applicable corporate resolutions, performing subsidiary accounting or taxation advisory services for various CDC and/or CDC Software business units in multiple jurisdictions, accounting for the option and other incentive plans, internal auditing services, managing relationships with outside auditors and such other services as may be required from time to time.

Investor Relations. Developing, implementing and maintaining both U.S. and non-U.S. investor relations programs, providing outreach to the U.S. and non-U.S. financial markets and investment community, developing and maintaining relationships with financial analysts and significant shareholders through periodic road shows, analyst events, investor conferences and periodic phone discussions, assisting in preparation of earnings announcements and press releases, participation and coordinating earnings calls, positioning Parent and/or CDC Software to the investment community, providing strategic development advice, maintaining corporate website, assisting in the management of investment banking relationships, providing competitive peer group analyses, maintaining a database of competitors, modeling competitor performance and such other services as may be required from time to time.

Information Technology. Maintaining, administering and integrating a technology infrastructure including networking, user account management, e-mail applications and systems, telecommunications, desktop support, production servers, management of financial systems, time and expense systems, human resources information systems, providing payroll processing and such other services as may be required from time to time.

Marketing. Maintaining and administering marketing, media outreach and advertising programs, assisting with press releases, assisting Investor Relations in various matters and such other services as may be required from time to time.

M&A. Locating, sourcing and evaluating potential M&A targets, divestitures and other corporate and strategic partners, negotiating transaction terms and related documents, performing due diligence, working in conjunction with business sponsors, to assess the potential business, strategic and financial fit and potential synergies and cost savings, building of financial models, assisting in the retention of financial advisors, structuring and valuing M&A and other transactions, considering advice from legal, tax, finance and other advisors, managing the M&A process, preparing board materials with respect to M&A targets and such other services as may be required from time to time.

Occupancy. Sharing of office and storage space at various facilities, performing services related to such facilities and such other services as may be required from time to time.

SCHEDULE II
COSTS

So long as the Agreement remains in effect, each of Parent and CDC Software shall pay to the other, Service Costs that reflect an allocation of the actual costs incurred by the entity providing such Services.

Amounts payable pursuant to the Services Agreement may increase or decrease depending upon factors that may be determined by the parties in good faith, and which include:

whether the costs of providing such services are materially different than those being charged under the specific rate then in effect; or

agreed-upon price negotiations between CDC Software and CDC Corporation.

Exhibit 4(a).11

ADDENDUM NO. 1 TO SERVICES AGREEMENT

THIS ADDENDUM NO. 1 to SERVICES AGREEMENT (this "***Addendum***") is entered into as of May 28, 2010, by and between CDC Software Corporation, a company organized under the laws of the Cayman Islands ("***CDC Software***"), and CDC Corporation, a company organized under the laws of the Cayman Islands ("***Parent***").

RECITALS

WHEREAS, CDC Software and its parent company, CDC Software International Corporation, offered and sold class A ordinary shares, $0.001 par value per share (the "***Class A Ordinary Shares***"), to the public in an offering registered under the Securities Act of 1933, as amended (the "***Initial Public Offering***");

WHEREAS, in connection with the Initial Public Offering, CDC Software and Parent entered into a Services Agreement dated as of August 6, 2009 (the "Services Agreement");

WHEREAS, pursuant to Sections 2.02 and 7.10 of the Services Agreement, CDC Software wishes to subscribe for additional services, including the services described on Schedule I attached to this Addendum (the "Additional Parent Services");

WHEREAS, on the terms and subject to the conditions set forth herein, CDC Software desires to engage Parent as an independent contractor to provide, directly or indirectly, the Additional Parent Services to CDC Software effective as of May 1, 2010; and

WHEREAS, on the terms and subject to the conditions set forth herein, Parent desires to provide, directly or indirectly, the Additional Parent Services to CDC Software.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by this Addendum, Parent and CDC Software, for themselves, their successors and assigns, agree as follows:

ARTICLE I.
DEFINITIONS

Terms not otherwise defined herein shall have the meanings ascribed to it in the Services Agreement.

ARTICLE II.
PURCHASE AND SALE OF SERVICES; NO WARRANTY

Section 2.01 Purchase and Sale of Services. (a) Subject to the terms and conditions of this Addendum, Parent shall have right, but not the obligation, to provide to CDC Software, or procure the provision to CDC Software of, and in the event Parent agrees to provide the Additional Parent Services, CDC Software agrees to purchase from Parent, the Additional Parent Services in consideration of the costs set forth on Schedule II of this Addendum.

(b) The Parties understand that (i) the Additional Parent Services that Parent shall provide (or procure the provision of) to CDC Software under this Addendum will, at CDC Software' s request, be provided to

Subsidiaries and customers of CDC Software and (ii) Parent may satisfy its obligation to provide or procure the Additional Parent Services hereunder by causing one or more of its Subsidiaries (other than CDC Software) to provide or procure such Additional Parent Services. With respect to Parent Services provided to, or procured on behalf of, any Subsidiary of CDC Software, CDC Software agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such Additional Parent Services.

Section 2.02 Right of First Refusal. CDC Software shall first offer Parent the right to provide the Additional Parent Services. A designated CDC Software representative set forth on Schedule III attached hereto shall provide written notice to all of the designated representatives of Parent identified on Schedule III hereto notifying Parent of the Additional Parent Services that CDC Software is requesting be provided by Parent. Parent shall have 24 hours to notify all of the designated representatives of CDC Software identified on Schedule III hereto of whether or not Parent shall provide such Additional Parent Services to CDC Software. In the event Parent elects not to provide such Additional Parent Services, or CDC Software does not receive a response from Parent in accordance with this provision within such 24-hour period, CDC Software shall be entitled to contract with a third party for such services such that CDC Software shall be permitted to fulfill its customer obligations. For the avoidance of doubt, electronic mail (e-mail) shall satisfy the condition that notice must be provided in writing. Each of CDC Software and Parent shall be entitled to amend Schedule III from time to time by providing written notice to the other party.

ARTICLE III.
EFFECT OF THIS ADDENDUM

Section 3.01 This Addendum is entered into to supplement and modify the Services Agreement. Except as supplemented and/or modified hereby, the Services Agreement remains in full force and effect and shall continue to be effective and enforceable in accordance with its terms.

ARTICLE IV.
MISCELLANEOUS

Section 4.01 Waiver. Any term or condition of this Addendum may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Addendum, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Addendum on any future occasion.

Section 4.02 Amendment. This Addendum may be amended, supplemented, or modified only by a written instrument duly executed by or on behalf of each Party hereto.

Section 4.03 Counterparts. This Addendum may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Section 4.04 Exercise of Rights. A Party may exercise a right, power, or remedy at its discretion, and separately or concurrently with another right, power or remedy. A single or partial exercise of a right, power, or remedy by a Party does not prevent a further exercise of that or of any other right, power, or remedy. Failure by a Party to exercise or delay in exercising a right, power, or remedy does not prevent its exercise. The rights, powers, and remedies provided in this Addendum are cumulative with and not exclusive of the rights, powers, or remedies provided by law independently of this Addendum.

Section 4.05 Governing Law. This Addendum shall be construed in accordance with and governed by the substantive internal laws of the State of New York.

Section 4.06 Severability. If any provision of this Addendum shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Addendum invalid. Rather, the Addendum shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each Party shall be construed and enforced accordingly.

Section 4.07 Amendment. This Addendum (including the Schedules) may only be amended by a written agreement executed by both Parties.

IN WITNESS WHEREOF, the Parties have caused this Addendum to be signed by their duly authorized representatives.

CDC SOFTWARE CORPORATION

By: /s/ Carrick John Clough

Name: Carrick John Clough

Title: Chairman of the Board

CDC CORPORATION

By: /s/ Matthew Lavelle

Name: Matthew Lavelle

Title: Chief Financial Officer

SCHEDULE I
SERVICES

In connection with CDC Software' s sales of its software applications to its customers, Parent will provide Additional Parent Services, which shall include:

Strategic business consulting services;

Software implementation services;

Software operational support services; and

Customer education and training services.

SCHEDULE II
COSTS

So long as the Addendum remains in effect, Parent shall charge an amount equal to the costs incurred by Parent to provide the Additional Parent Services plus a 25% gross margin.

Exhibit 4(a).12

TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement (this "Agreement") is made and entered into as of August 6, 2009, by and between CDC Corporation, an exempted company with limited liability under the laws of the Cayman Islands, with an address of c/o CDC Corporation Limited, 11/F ING Tower, 308 Des Voeux Road, Central Hong Kong ("CDC"), and CDC Software Corporation, an exempted company with limited liability under the laws of the Cayman Islands, whose principal place of business is located at with an address of 11/F ING Tower, 308 Des Voeux Road, Central Hong Kong ("Software"). The term "Subsidiary" shall mean any subsidiary company, whether directly or indirectly held, and whether minority or majority owned, of either CDC or Software, and "Subsidiaries" shall have a corresponding meaning.

W I T N E S S E T H:

WHEREAS, CDC and certain of its Subsidiaries are the exclusive owners of all right, title and interest in and to certain tradenames, trademarks, service marks, common law marks, applications therefor and other rights used by CDC and set forth **Exhibit A** attached hereto and incorporated herein (the "CDC Marks");

WHEREAS, Software and certain of its Subsidiaries are the exclusive owners of all right, title and interest in and to certain tradenames, trademarks, service marks, common law marks, applications therefor and other rights used by Software and set forth **Exhibit A** attached hereto and incorporated herein (the "SW Marks" and together with the CDC Marks, collectively, the ("Marks");

WHEREAS, the Marks have achieved widespread recognition among members of the general public; and

WHEREAS, it is the desire and intention of the parties that each of CDC, Software and their respective subsidiaries be permitted to use, throughout the Territory (as hereinafter defined), the Marks of the other parties, together with such other trademarks, service marks and trade names owned and identified from time to time by the parties and accepted for license hereunder;

NOW THEREFORE, in consideration of the promises and mutual obligations set forth herein and other good and valuable consideration, CDC and Software hereby agree as follows:

1. Licenses. (a) Subject to the terms of this Agreement, CDC hereby grants to Software a non-exclusive license to use the CDC Marks as well as such other trademarks, service marks and trade names owned and identified from time to time by CDC and accepted for license by Software (the "CDC License").

(b) Subject to the terms of this Agreement, Software hereby grants to CDC a non-exclusive license to use the Software Marks as well as such other trademarks, service marks and trade names owned and identified from time to time by Software and accepted for license by CDC (the "SW License" and together with the CDC License, collectively, the "Licenses").

2. Territory. The territory of the Licenses shall be the entire world.

3. Royalty Fee. (a) In consideration of the rights herein granted, Software shall (subject to the final sentence of this Section 3(a) pay CDC an annual royalty of $10,000 payable annually in arrears (and pro-rated for any period of less than 3 months) during the term of this Agreement. Notwithstanding the foregoing sentence, no royalty shall accrue, or be due or payable, for the earlier of a period of: (i) five years from the date of the consummation of an initial public offering of Software, or (ii) such time as CDC ceases to own at least 50% of the total voting power of Software' s ordinary shares.

(b) In consideration of the rights herein granted, CDC shall (subject to the final sentence of this Section 3(b) pay Software an annual royalty of $10,000 payable annually in arrears (and pro-rated for any period of less than 3 months) during the term of this Agreement. Notwithstanding the foregoing sentence, no royalty shall accrue, or be due or payable, for a period of five (5) years from the date of the consummation of an initial public offering of Software.

4. Records. Each party shall keep books of account containing accurate and complete records of all data necessary for the determination of the amounts payable to the other under this Agreement. Such records shall be open for inspection, copying and audit by a designated representative of such party at any time during the regular business hours of the party, provided that reasonable notice is given to such party.

5. Specification and Quality Assurance. Each party agrees that all products and services which the other party offers under the Marks shall be of high quality, and shall be rendered in accordance with such specifications and standards as may be communicated by one party to the other from time to time. All advertising, promotion and other use of the Marks will be in good taste and in such manner as will maintain and enhance the value of the Marks and the reputation for high quality associated with the Marks. Each party agrees to change any use of the Marks or any proposed use of the Marks of which the other party does not approve. Each party shall comply with all applicable federal, state and regulatory laws concerning products and services offered under the Marks.

6. Acknowledgments by Software.

(a) Each party acknowledges that the other party and/or its Subsidiaries has exclusive right in and to the Marks and will not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of such right. All use of the Marks of the by Software will inure to the benefit of CDC.

(b) Neither party shall in any manner represent that it has any ownership in the Marks of the other party or the registration thereof.

7. Term. This Agreement shall commence on the date hereof and continue for an indefinite period in full force and effect until it is terminated in accordance with the terms hereof.

8. Termination.

(a) In the event of a breach by a party of any provision of this Agreement, the other party may give notice in writing of the breach. The breaching party shall have a period of sixty (60) days from the date such notice is received to cure the breach specified therein, and if the breach is not cured within such period or if the breaching party notifies the other of its intention not to cure such breach, then the non-breaching party shall be entitled to terminate this Agreement and exercise any other rights or remedies it may have hereunder or as otherwise provided by law; provided, however, that if such breach is not curable, for whatever reason, during such sixty (60) day period, the non-breaching party shall delay taking action so long as the other shall have begun to cure such breach within such period and thereafter proceeds diligently to complete the cure of the breach and such breach is cured within a reasonable period thereafter; provided, further, that if the breach is not curable, then the non-breaching party shall be entitled to immediately terminate this Agreement and exercise any other rights or remedies it may have hereunder or as otherwise provided by law upon giving notice in writing of the breach to the other.

(b) In the event of a Change of Control (as defined below), each party, subject to the Transitional Period (as defined in Section 9(a)), shall be entitled to terminate this Agreement upon six months prior notice to the other party and exercise any other rights or remedies it may have hereunder or otherwise provided by law. For purposes of this Section 8(b), "Change of Control" means the occurrence of any event or circumstances that result in CDC ceasing to beneficially own, directly or indirectly, at least fifty percent (50%) of the total voting power of the common stock of Software.

(c) Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated by mutual consent of CDC and Software.

(d) Notwithstanding anything in this Agreement to the contrary, the parties' rights of termination under this Section 8 may be exercised with respect to less than all of the Marks by giving written notice to such effect, and in the event that either party exercises its respective rights of termination with respect to less than all of the Marks, this Agreement shall continue in full force and effect with respect to the rest of the Marks.

9. Effect of Termination.

(a) In the event of a termination pursuant to Section 8(b), each party (i) shall refrain from further use of the Marks, or any mark or name reasonably deemed by the other party to be similar thereto, in connection with the manufacture, sale, offering, distribution or promotion of goods or services; (ii) shall not operate its business in any manner which would falsely suggest to the public that the License is still in force or that any relationship exists between CDC and Software; and (iii) shall return all confidential information and promotional materials to the other party or destroy said materials and notify the other party in writing of their destruction. Each party shall fully comply with this provision before the one year anniversary of the effective date of termination (such period between the date of termination and such one year anniversary is referred to herein as the "Transitional Period").

(b) During the Transitional Period, either party may wish to transition to use of a new mark owned by the other and phase out the use of the Marks gradually. In connection with such transition, either party may wish to utilize such new mark simultaneously with the Marks. In the event one party desires to utilize both the Marks of the other and a new mark simultaneously during the Transitional Period, such party shall provide at least thirty (30) calendar days' prior written notice to the other of such proposed use, along with a rendering of the proposed usage. Such party shall have a period of thirty (30) calendar days following receipt of such notice and rendition in which to give or withhold its approval of such transitional usage and such party shall be deemed to not have approved such transitional usage if it does not deliver to the requesting party its written approval thereof within such thirty (30) calendar day period. Neither party shall unreasonably withhold or delay its approval, but such approval shall not be deemed to be unreasonable if (i) the proposed usage of the Marks with the new mark creates, in the owning party' s reasonable business judgment, a composite mark that includes any of the Marks, (ii) if the new mark proposed to be used in addition to the Marks is confusingly similar to any Mark, or (iii) if the proposed usage is derogatory or coveys a negative connotation with respect to a party hereto, it Subsidiaries or any Mark.

(c) In the event of a termination pursuant to any other subsection of Section 8, there shall be no Transitional Period, all rights granted hereunder shall cease immediately except as provided in the last sentence of this Section 9(c), and each party (i) shall refrain from further use of the Marks, or any mark or name reasonably deemed by the other to be similar thereto, in connection with the manufacture, sale, offering, distribution or promotion of goods or services; (ii) shall not operate its business in any manner which would falsely suggest to the public that the License is still in force or that any relationship exists between CDC and Software; and (iii) shall return all confidential information and promotional materials to the other party or destroy said materials and notify the other party in writing of their destruction. Each party shall have sixty (60) days from the effective date of termination to fully comply with this provision.

10. Indemnification. Each party shall indemnify and hold the other and its Subsidiaries and its respective officers, employees, directors, agents and representatives, harmless from all costs including, without limitation, reasonable attorneys' fees, incurred as a result of all claims asserted by third persons arising out of any allegations of infringement of the rights of any third party due to the authorized use of the Marks by it or its Subsidiaries pursuant to this Agreement. Each party shall indemnify and hold the other and its Subsidiaries and its respective officers, employees, directors, agents and representatives, harmless from all costs including, without limitation, reasonable attorneys' fees, incurred as a result of all claims asserted by third persons arising out of any allegations of infringement of the rights of any third party due to any use of the Marks by Software that is not authorized pursuant to this Agreement.

11. Assignability. Each party shall have the right to sublicense, assign or transfer the License to any person or other legal or business entity at the time controlling, controlled by or under common control with it; provided that, as used in this Section 11, "control" shall mean ownership or control, directly or indirectly, of at least 50% of the outstanding stock or other voting rights entitled to elect directors or, if the legal or business entity is not a corporation, the corresponding managing authority.

12. Covenants. Each party shall be responsible for the costs and responsibilities relating to the maintenance, monitoring, and defense of the its Marks. Each party shall take whatever steps are reasonable or necessary to ensure that any registrations issued with respect to its Marks which are current on the date hereof remain current including, without limitation, the timely filing with the U.S. Patent and Trademark Office of any and all documents necessary to secure the renewal or incontestability of the Marks. To the extent that one party' s assistance is needed in relation to these activities, such party shall reasonably cooperate with other, at the other' s reasonable cost and expense.

13. Notice. Any notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic or digital transmission method; the day after it is sent, if sent for next day delivery by a recognized overnight delivery service (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. In each case, the notice shall be addressed to the party to be notified at its address shown in the preamble to this Agreement, or at such other address as may be furnished in writing to the notifying party.

14. Relationship. Nothing contained herein shall be construed to the parties in the relationship of franchisor/franchisee, partners or joint venturers, it being agreed and understood that each party is an independent contractor and is not an agent or employee of the other party.

15. Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or incapable of being enforced under any rule of applicable law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the matters contained herein and supersedes all prior negotiations, understandings and agreements, whether written or oral, between the parties with respect to the matters contained herein.

17. Amendments. This Agreement shall not be modified or amended except by an instrument in writing signed by both parties.

18. No Implied Warranties. Neither party makes any warranty or representation to the other except as specifically set forth herein.

19. Further Documents. Each party shall, upon request, make, execute and deliver such documents as shall be reasonably necessary to take such action as may be reasonably requested to fully implement and carry out the purposes of the Licenses.

20. Captions. The captions contained herein are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provisions contained herein.

21. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted successors, assigns and transferees, and nothing in this Agreement express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

22. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

23. Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of New York.

[Remainder of page intentionally blank]

IN WITNESS OF WHEREOF this Agreement has been duly executed, effective as of the day and year first above written.

CDC CORPORATION

By: /s/ Matthew S. Lavelle

Name: Matthew S. Lavelle

Title: CFO

CDC SOFTWARE CORPORATION

By: /s/ Matthew S. Lavelle

Name: Matthew S. Lavelle

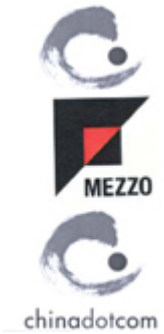
Title: CFO

EXHIBIT A

MARKS

Exhibit A

CDC Marks:



CDC Factory
Ross Enterprise
CDC Global Services
CDC Games
CDC Supply Chain
Vis.align
C360 Know Your Customer

Software Marks:

The Customer-Driven Company
LETTEREXPRESS
Pivotal
Pivotal Place
Pivotal ERelationship
Rennaissance
Syncstream
CDC Software
JRG
Marketfirst
Marketfirst (logo)

CDC Marketfirst
Saratoga Systems
Saratoga Systems (logo)
Respond
Respond Centerpoint
Ross Systems
Saratoga CRM
Pivotal [logo]
IMI
Respond EFeedback
Respond Front Desk
Respond Touchpoint
Respond Netpoint
Synchronize Your Enterprise
One Plan

Exhibit 4(a).14

CREDIT AGREEMENT

by and among

CDC SOFTWARE CORPORATION

as Parent,

ROSS SYSTEMS, INC.

as Borrower,

THE LENDERS THAT ARE SIGNATORIES HERETO

as the Lenders,

and

WELLS FARGO CAPITAL FINANCE, LLC

as Agent

Dated as of April 27, 2010

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), is entered into as of April 27, 2010, by and among the lenders identified on the signature pages hereof (each of such lenders, together with their respective successors and permitted assigns, are referred to hereinafter as a "Lender", as that term is hereinafter further defined), **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, as agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), **CDC SOFTWARE CORPORATION**, an exempted company incorporated under the laws of the Cayman Islands ("Parent"), and **ROSS SYSTEMS, INC.**, a Delaware corporation ("Borrower").

The parties agree as follows:

1.

DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified therefor on Schedule 1.1.

1.2 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, however, that if Borrower notifies Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Closing Date or in the application thereof on the operation of such provision (or if Agent notifies Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then Agent and Borrower agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lenders and Borrower after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. When used herein, the term "financial statements" shall include the notes and schedules thereto. Whenever the term "Parent" is used in Schedule 5.1, Schedule 5.2 or Section 7 or in a definition of a term used in any such Schedule or Section, it shall be understood to mean Parent and its Subsidiaries on a consolidated basis, unless the context clearly requires otherwise. Notwithstanding the foregoing, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under Statement of Financial Accounting Standards 159.

1.3 **Code; PPSA.** Any terms used in this Agreement that are defined in (a) the Code shall be construed and defined as set forth in the Code unless otherwise defined herein; provided, however, that to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern and (b) the PPSA and Related Laws shall be construed and defined as set forth in the PPSA and Related Laws unless defined in the Code or otherwise defined herein. For greater certainty, if the interpretation or construction of a term in this Agreement may be subject to the laws of Canada or any province of Canada or a court or tribunal exercising jurisdiction in Canada or any province of Canada, such term, if defined in this Agreement by reference to:

(i) the "Code", the "UCC" or the "Uniform Commercial Code", shall also have any extended, alternative or analogous meaning given to such term in applicable personal property security laws of the applicable province of Canada and related laws of Canada (including, without limitation, the Personal Property Security Act of the applicable province of Canada, the Civil Code of Quebec, the *Bills of Exchange Act* (Canada) and the *Depository Bills and Notes Act* (Canada), collectively, the "PPSA and Related Laws "), in all cases for the extension, preservation or betterment of the security and rights of Agent;

(ii) "Article 8", shall be deemed to refer also to applicable securities transfer laws of the applicable province of Canada (including, without limitation, the *Securities Transfer Act* (British Columbia) and the *Securities Transfer Act* (Ontario);

(iii) a financing statement, continuation statement, amendment or termination statement, shall be deemed to refer also to the analogous documents used under applicable personal property security laws of the applicable province of Canada;

(iv) the United States of America, or to any subdivision, department, agency or instrumentality thereof, shall be deemed to refer also to Canada, or to any subdivision, department, agency or instrumentality thereof; and

(v) federal or state securities laws of the United States, shall be deemed to refer also to analogous securities laws of the applicable province of Canada.

1.4 **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in Dollars in full in cash or immediately available funds (or, (a) in the case of contingent reimbursement obligations with respect to Letters of Credit, providing Letter of Credit Collateralization, and (b) in the case of obligations with respect to Bank Products (other than Hedge Obligations), providing Bank Product Collateralization) of all of the Obligations (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) under Hedge Agreements provided by Hedge Providers) other than (i) unasserted contingent indemnification Obligations, (ii) any Bank Product Obligations (other than Hedge Obligations) that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding without being required to be repaid or cash collateralized, and (iii) any Hedge Obligations that, at such time, are allowed by the applicable Hedge Provider to remain outstanding without being required to be repaid. Any reference herein to any Person shall be construed to include such Person' s successors and permitted assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

1.5 **Schedules and Exhibits.** All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

1.6 **Currency Matters.** Unless stated otherwise, all calculations, comparisons, measurements or determinations under this Agreement shall be made in Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts denominated in a Foreign Currency shall be converted to the Dollar Equivalent thereof based on the Exchange Rate for such Foreign Currency on the date of calculation, comparison, measurement or determination.

2.

LOANS AND TERMS OF PAYMENT.

2.1 **Revolver Advances.**

(a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Lender with a Revolver Commitment agrees (severally, not jointly or jointly and severally) to make revolving loans ("Advances") to Borrower in an amount at any one time outstanding not to exceed the *lesser of*:

(i) such Lender' s Revolver Commitment, or

(ii) such Lender' s Pro Rata Share of an amount equal to the *lesser of:*

(A) the Maximum Revolver Amount *less* the sum of (1) the Letter of Credit Usage at such time, *plus* (2) the principal amount of Swing Loans outstanding at such time, and

(B) the Credit Amount at such time *less* the sum of (1) the Letter of Credit Usage at such time, *plus* (2) the principal amount of Swing Loans outstanding at such time.

(b) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Advances, together with interest accrued thereon, shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(c) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right (but not the obligation) to establish any or all of the following reserves from time to time against the Maximum Revolver Amount or the Credit Amount: (i) the Rent Reserve, (ii) the Bank Product Reserve Amount, or (iii) the Canadian Priority Payables Reserve.

2.2 **[Intentionally omitted]**

2.3 **Borrowing Procedures and Settlements.**

(a) **Procedure for Borrowing.** Each Borrowing shall be made by a written request by an Authorized Person delivered to Agent. Unless Swing Lender is not obligated to make a Swing Loan pursuant to Section 2.3(b) below, such notice must be received by Agent no later than 1:00 p.m. (New York time) on the Business Day that is the requested Funding Date specifying (i) the amount of such Borrowing, and (ii) the requested Funding Date, which shall be a Business Day; provided, however, that if Swing Lender is not obligated to make a Swing Loan as to a requested Borrowing, such notice must be received by Agent no later than 1:00 p.m. (New York time) on the Business Day prior to the date that is the requested Funding Date. At Agent' s election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time. In such circumstances, Borrower agrees that any such telephonic notice will be confirmed in writing within 24 hours of the giving of such telephonic notice, but the failure to provide such written confirmation shall not affect the validity of the request.

(b) **Making of Swing Loans.** In the case of a request for an Advance and so long as either (i) the aggregate amount of Swing Loans made since the last Settlement Date, minus the amount of Collections or payments applied to Swing Loans since the last Settlement Date, plus the amount of the requested Advance does not exceed $3,500,000, or (ii) Swing Lender, in its sole discretion, shall agree to make a Swing Loan notwithstanding the foregoing limitation, Swing Lender shall make an Advance in the amount of such requested Borrowing (any such Advance made solely by Swing Lender pursuant to this Section 2.3(b) being referred to as a "Swing Loan" and such Advances being referred to as "Swing Loans") available to Borrower on the Funding Date applicable thereto by transferring immediately available funds to the Designated Account. Anything contained herein to the contrary notwithstanding, the Swing Lender may, but

shall not be obligated to, make Swing Loans at any time that one or more of the Lenders is a Defaulting Lender. Each Swing Loan shall be deemed to be an Advance hereunder and shall be subject to all the terms and conditions (including Section 3) applicable to other Advances, except that all payments on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.3(d)(ii), Swing Lender shall not make and shall not be obligated to make any Swing Loan if Swing Lender has actual knowledge that (i) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (ii) the requested Borrowing would exceed the Availability on such Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3 have been satisfied on the Funding Date applicable thereto prior to making any Swing Loan. The Swing Loans shall be secured by Agent' s Liens, constitute Advances and Obligations hereunder, and bear interest at the rate applicable from time to time to Advances that are Base Rate Loans.

(c) **Making of Loans.**

(i) In the event that Swing Lender is not obligated to make a Swing Loan, then promptly after receipt of a request for a Borrowing pursuant to Section 2.3(a), Agent shall notify the Lenders, not later than 4:00 p.m. (New York time) on the Business Day immediately preceding the Funding Date applicable thereto, by telecopy, telephone, or other similar form of transmission, of the requested Borrowing. Each Lender shall make the amount of such Lender' s Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to Agent' s Account, not later than 1:00 p.m. (New York time) on the Funding Date applicable thereto. After Agent' s receipt of the proceeds of such Advances, Agent shall make the proceeds thereof available to Borrower on the applicable Funding Date by transferring immediately available funds equal to such proceeds received by Agent to the Designated Account; provided, however, that, subject to the provisions of Section 2.3(d)(ii), Agent shall not request any Lender to make, and no Lender shall have the obligation to make, any Advance if (1) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived, or (2) the requested Borrowing would exceed the Availability on such Funding Date.

(ii) Unless Agent receives notice from a Lender prior to 12:00 p.m. (New York time) on the date of a Borrowing, that such Lender will not make available as and when required hereunder to Agent for the account of Borrower the amount of that Lender' s Pro Rata Share of the Borrowing, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If any Lender shall not have made its full amount available to Agent in immediately available funds and if Agent in such circumstances has made available to Borrower such amount, that Lender shall on the Business Day following such Funding Date make such amount available to Agent, together with interest at the Defaulting Lender Rate for each day during such period. A notice submitted by Agent to any Lender with respect to amounts owing under this Section 2.3(c)(ii) shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Lender' s Advance on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Borrower of such failure to fund and, upon demand by Agent, Borrower shall pay such amount to Agent for Agent' s account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Advances composing such Borrowing.

(d) **Protective Advances and Optional Overadvances.**

(i) Any contrary provision of this Agreement or any other Loan Document notwithstanding, Agent hereby is authorized by Borrower and the Lenders, from time to time in Agent' s sole discretion, (A) after the occurrence and during the continuance of a Default or an Event of Default, or (B) at any time that any of the other applicable conditions precedent set forth in Section 3 are not satisfied, to make Advances to, or for the benefit of, Borrower on behalf of the Lenders that Agent, in its Permitted Discretion deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, or (2) to enhance the likelihood of repayment of the Obligations (other than the Bank Product Obligations) (any of the Advances described in this Section 2.3(d)(i) shall be referred to as "Protective Advances").

(ii) Any contrary provision of this Agreement or any other Loan Document notwithstanding, the Lenders hereby authorize Agent or Swing Lender, as applicable, and either Agent or Swing Lender, as applicable, may, but is not obligated to, knowingly and intentionally, continue to make Advances (including Swing Loans) to Borrower notwithstanding that an Overadvance exists or thereby would be created, so long as (A) after giving effect to such Advances, the outstanding Revolver Usage does not exceed the Credit Amount by more than $10,000,000 and (B) after giving effect to such Advances, the outstanding Revolver Usage (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) does not exceed the Maximum Revolver Amount. In the event Agent obtains actual knowledge that the Revolver Usage exceeds the amounts permitted by the immediately foregoing provisions, regardless of the amount of, or reason for, such excess, Agent shall notify the Lenders as soon as practicable (and prior to making any (or any additional) intentional Overadvances (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) unless Agent determines that prior notice would result in imminent harm to the Collateral or its value, in which case Agent may make such Overadvances and provide notice as promptly as practicable thereafter), and the Lenders with Revolver Commitments thereupon shall, together with Agent, jointly determine the terms of arrangements that shall be implemented with Borrower intended to reduce, within a reasonable time, the outstanding principal amount of the Advances to Borrower to an amount permitted by the preceding sentence. In such circumstances, if any Lender with a Revolver Commitment objects to the proposed terms of reduction or repayment of any Overadvance, the terms of reduction or repayment thereof shall be implemented according to the determination of the Required Lenders. In any event: (x) if any unintentional Overadvance remains outstanding for more than 30 days, unless otherwise agreed to by the Required Lenders, Borrower shall, within 1 Business Day of such 30th day, repay Advances in an amount sufficient to eliminate all such unintentional Overadvances, and (y) after the date all such Overadvances have been eliminated, there must be at least five consecutive days before intentional Overadvances are made. The foregoing provisions are meant for the benefit of the Lenders and Agent and are not meant for the benefit of Borrower, which shall continue to be bound by the provisions of Section 2.5. Each Lender with a Revolver Commitment shall be obligated to settle with Agent as provided in Section 2.3(e) (or Section 2.3(g), as applicable) for the amount of such Lender' s Pro Rata Share of any unintentional Overadvances by Agent reported to such Lender, any intentional Overadvances made as permitted under this Section 2.3(d)(ii), and any Overadvances resulting from the charging to the Loan Account of interest, fees, or Lender Group Expenses.

(iii) Each Protective Advance and each Overadvance shall be deemed to be an Advance hereunder, except that no Protective Advance or Overadvance shall be eligible to be a LIBOR Rate Loan and, prior to Settlement therefor, all payments on the Protective Advances shall be payable to Agent solely for its own account. The Protective Advances and Overadvances shall be repayable on demand, secured by Agent' s Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Advances that are Base Rate Loans. The ability of Agent to make Protective Advances is separate and distinct from its ability to make Overadvances and its ability to make Overadvances is separate and distinct from its ability to make Protective Advances. For the avoidance of doubt, the limitations on Agent' s ability to make Protective Advances do not apply to Overadvances and the limitations on Agent' s ability to make Overadvances do not apply to Protective Advances. The provisions of this Section 2.3(d) are for the exclusive benefit of Agent, Swing Lender, and the Lenders and are not intended to benefit Borrower in any way.

(e) **Settlement.** It is agreed that each Lender' s funded portion of the Advances is intended by the Lenders to equal, at all times, such Lender' s Pro Rata Share of the outstanding Advances. Such agreement notwithstanding, Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrower) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Advances, the Swing Loans, and the Protective Advances shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("Settlement") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the

outstanding Protective Advances, and (3) with respect to Borrower' s Collections or payments received, as to each by notifying the Lenders by telecopy, telephone, or other similar form of transmission, of such requested Settlement, no later than 5:00 p.m. (New York time) on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "Settlement Date"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Advances, Swing Loans, and Protective Advances for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including Section 2.3(g)): (y) if the amount of the Advances (including Swing Loans and Protective Advances) made by a Lender that is not a Defaulting Lender exceeds such Lender' s Pro Rata Share of the Advances (including Swing Loans and Protective Advances) as of a Settlement Date, then Agent shall, by no later than 3:00 p.m. (New York time) on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans and Protective Advances), and (z) if the amount of the Advances (including Swing Loans and Protective Advances) made by a Lender is less than such Lender' s Pro Rata Share of the Advances (including Swing Loans and Protective Advances) as of a Settlement Date, such Lender shall no later than 3:00 p.m. (New York time) on the Settlement Date transfer in immediately available funds to Agent' s Account, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans and Protective Advances). Such amounts made available to Agent under clause (z) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans or Protective Advances and, together with the portion of such Swing Loans or Protective Advances representing Swing Lender' s Pro Rata Share thereof, shall constitute Advances of such Lenders. If any such amount is not made available to Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender' s balance of the Advances, Swing Loans, and Protective Advances is less than, equal to, or greater than such Lender' s Pro Rata Share of the Advances, Swing Loans, and Protective Advances as of a Settlement Date, Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Agent with respect to principal, interest, fees payable by Borrower and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Agent, to the extent Protective Advances or Swing Loans are outstanding, may pay over to Agent or Swing Lender, as applicable, any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to the Protective Advances or Swing Loans. Between Settlement Dates, Agent, to the extent no Protective Advances or Swing Loans are outstanding, may pay over to Swing Lender any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to Swing Lender' s Pro Rata Share of the Advances. If, as of any Settlement Date, Collections or payments of Borrower received since the then immediately preceding Settlement Date have been applied to Swing Lender' s Pro Rata Share of the Advances other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Agent for the accounts of the Lenders, and Agent shall pay to the Lenders (other than a Defaulting Lender if Agent has implemented the provisions of Section 2.3(g)), to be applied to the outstanding Advances of such Lenders, an amount such that each such Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Advances. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Agent with respect to Protective Advances, and each Lender (subject to the effect of agreements between Agent and individual Lenders) with respect to the Advances other than Swing Loans and Protective Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Agent, or the Lenders, as applicable.

(iv) Anything in this Section 2.3(e) to the contrary notwithstanding, in the event that a Lender is a Defaulting Lender, Agent shall be entitled to refrain from remitting settlement amounts to the Defaulting Lender and, instead, shall be entitled to elect to implement the provisions set forth in Section 2.3(g).

(f) **Notation.** Agent, as a non-fiduciary agent for Borrower, shall maintain a register showing the principal amount of the Advances owing to each Lender, including the Swing Loans owing to Swing Lender, and Protective Advances owing to Agent, and the interests therein of each Lender, from time to time and such register shall, absent manifest error, conclusively be presumed to be correct and accurate. This Section 2.3(f) and Section 13 shall be construed so that the Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the IRC and any related regulations (an any other successor provisions of the IRC or such regulations).

(g) **Defaulting Lenders.** Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrower to Agent for the Defaulting Lender' s benefit or any Collections or proceeds of Collateral that would otherwise be remitted hereunder to the Defaulting Lender, and, in the absence of such transfer to the Defaulting Lender, Agent shall transfer any such payments (A) first, to Swing Lender to the extent of any Swing Loans that were made by Swing Lender and that were required to be, but were not, repaid by the Defaulting Lender, (B) second, to the Issuing Lender, to the extent of the portion of a Letter of Credit Disbursement that was required to be, but was not, repaid by the Defaulting Lender, (C) third, to each non-Defaulting Lender ratably in accordance with their Commitments (but, in each case, only to the extent that such Defaulting Lender' s portion of an Advance (or other funding obligation) was funded by such other non-Defaulting Lender), (D) to a suspense account maintained by Agent, the proceeds of which shall be retained by Agent and may be made available to be re-advanced to or for the benefit of Borrower as if such Defaulting Lender had made its portion of Advances (or other funding obligations) hereunder, and (E) from and after the date on which all other Obligations have been paid in full, to such Defaulting Lender in accordance with tier (L) of Section 2.4(b)(ii). Subject to the foregoing, Agent may hold and, in its Permitted Discretion, re-lend to Borrower for the account of such Defaulting Lender the amount of all such payments received and retained by Agent for the account of such Defaulting Lender. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents (including the calculation of Pro Rata Share in connection therewith) and for the purpose of calculating the fee payable under Section 2.10(b), such Defaulting Lender shall be deemed not to be a "Lender" and such Lender' s Commitment shall be deemed to be zero. The provisions of this Section 2.3(g) shall remain effective with respect to such Defaulting Lender until the earlier of (y) the date on which the non-Defaulting Lenders, Agent, and Borrower shall have waived, in writing, the application of this Section 2.3(g) to such Defaulting Lender, or (z) the date on which such Defaulting Lender makes payment of all amounts that it was obligated to fund hereunder, pays to Agent all amounts owing by Defaulting Lender in respect of the amounts that it was obligated to fund hereunder, and, if requested by Agent, provides adequate assurance of its ability to perform its future obligations hereunder. The operation of this Section 2.3(g) shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the nonperformance by Borrower of its duties and obligations hereunder to Agent or to the Lenders other than such Defaulting Lender. Any failure by a Defaulting Lender to fund amounts that it was obligated to fund hereunder shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle Borrower, at its option, upon written notice to Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender, such substitute Lender to be reasonably acceptable to Agent. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder, and agrees to execute and deliver a completed form of Assignment and Acceptance in favor of the substitute Lender (and agrees that it shall be deemed to have executed and delivered such document if it fails to do so) subject only to being repaid its share of the outstanding Obligations (other than Bank Product Obligations, but including (1) all interest, fees, and other amounts that may be due and payable in respect thereof, and (2) an assumption of its Pro Rata Share of the Letters of Credit); provided, however, that any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lender Groups' or Borrower' s rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund or other breach of its obligations hereunder. In the event of a direct conflict between the priority provisions of this Section 2.3(g) and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.3(g) shall control and govern.

(h) **Independent Obligations.** All Advances (other than Swing Loans and Protective Advances) shall be made by the Lenders contemporaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Advance (or other extension of credit) hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder.

2.4 **Payments; Reductions of Commitments; Prepayments.**

(a) **Payments by Borrower.**

(i) Except as otherwise expressly provided herein, all payments by Borrower shall be made to Agent' s Account for the account of the Lender Group and shall be made in immediately available funds, no later than 2:00 p.m. (New York time) on the date specified herein. Any payment received by Agent later than 2:00 p.m. (New York time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) Unless Agent receives notice from Borrower prior to the date on which any payment is due to the Lenders that Borrower will not make such payment in full as and when required, Agent may assume that Borrower has made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrower does not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

(b) **Apportionment and Application.**

(i) So long as no Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, all principal and interest payments received by Agent shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Obligations to which such payments relate held by each Lender) and all payments of fees and expenses received by Agent (other than fees or expenses that are for Agent' s separate account or for the separate account of the Issuing Lender) shall be apportioned ratably among the Lenders having a Pro Rata Share of the type of Commitment or Obligation to which a particular fee or expense relates. All payments to be made hereunder by Borrower shall be remitted to Agent and all (subject to Section 2.4(b)(iv) and Section 2.4(e)) such payments, and all proceeds of Collateral received by Agent, shall be applied, so long as no Application Event has occurred and is continuing, to reduce the balance of the Advances outstanding and, thereafter, to Borrower (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(ii) At any time that an Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied as follows:

(A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent under the Loan Documents, until paid in full,

(B) second, to pay any fees or premiums then due to Agent under the Loan Documents until paid in full,

(C) third, to pay interest due in respect of all Protective Advances until paid in full,

(D) fourth, to pay the principal of all Protective Advances until paid in full,

(E) fifth, ratably, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the Lenders under the Loan Documents, until paid in full,

(F) sixth, ratably, to pay any fees or premiums then due to any of the Lenders under the Loan Documents until paid in full,

(G) seventh, to pay interest accrued in respect of the Swing Loans, until paid in full,

(H) eighth, to pay the principal of all Swing Loans until paid in full,

(I) ninth, ratably, to pay interest accrued in respect of the Advances (other than Protective Advances) until paid in full,

(J) tenth, ratably (i) to pay the principal of all Advances until paid in full, (ii) to Agent, to be held by Agent, for the benefit of Issuing Lender (and for the ratable benefit of each of the Lenders that have an obligation to pay to Agent, for the account of the Issuing Lender, a share of each Letter of Credit Disbursement), as cash collateral in an amount up to 105% of the Letter of Credit Usage (to the extent permitted by applicable law, such cash collateral shall be applied to the reimbursement of any Letter of Credit Disbursement as and when such disbursement occurs and, if a Letter of Credit expires undrawn, the cash collateral held by Agent in respect of such Letter of Credit , to the extent permitted by applicable law, shall be reapplied pursuant to this Section 2.4(b)(ii), beginning with tier (A) hereof), and (iii) ratably, to the Bank Product Providers based upon amounts then certified by the applicable Bank Product Provider to Agent (in form and substance satisfactory to Agent) to be due and payable to such Bank Product Providers on account of Bank Product Obligations,

(K) eleventh, to pay any other Obligations other than Obligations owed to Defaulting Lenders (including being paid, ratably, to the Bank Product Providers on account of all amounts then due and payable in respect of Bank Product Obligations, with any balance to be paid to Agent, to be held by Agent, for the ratable benefit of the Bank Product Providers, as cash collateral (which cash collateral may be released by Agent to the applicable Bank Product Provider and applied by such Bank Product Provider to the payment or reimbursement of any amounts due and payable with respect to Bank Product Obligations owed to the applicable Bank Product Provider as and when such amounts first become due and payable and, if and at such time as all such Bank Product Obligations are paid or otherwise satisfied in full, the cash collateral held by Agent in respect of such Bank Product Obligations shall be reapplied pursuant to this Section 2.4(b)(ii), beginning with tier (A) hereof),

(L) twelfth, ratably to pay any Obligations owed to Defaulting Lenders, and

(M) thirteenth, to Borrower (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iii) Agent promptly shall distribute to each Lender, pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided in Section 2.3(e).

(iv) In each instance, so long as no Application Event has occurred and is continuing, Section 2.4(b)(i) shall not apply to any payment made by Borrower to Agent and specified by Borrower to be for the payment of specific Obligations then due and payable (or prepayable) under any provision of this Agreement or any other Loan Document.

(v) For purposes of Section 2.4(b)(ii), "paid in full" of a type of Obligation means payment in cash or immediately available funds of all amounts owing on account of such type of Obligation, including interest accrued after the commencement of any Insolvency Proceeding, default interest, interest on interest, and expense reimbursements, irrespective of whether any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(vi) In the event of a direct conflict between the priority provisions of this Section 2.4 and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, if the conflict relates to the provisions of Section 2.3(g) and this Section 2.4, then the provisions of Section 2.3(g) shall control and govern, and if otherwise, then the terms and provisions of this Section 2.4 shall control and govern.

(c) **Reduction of Revolver Commitments.** The Revolver Commitments shall terminate on the earlier of (i) the Maturity Date and (ii) the date upon which Borrower has exercised its early termination rights as set forth in Section 3.6. Until the date of such termination, Borrower may reduce the Revolver Commitments to an amount not less than the greater of (i) $15,000,000 and (ii) sum of (A) the Revolver Usage as of such date, plus (B) the principal amount of all Advances not yet made as to which a request has been given by Borrower under Section 2.3(a), plus (C) the amount of all Letters of Credit not yet issued as to which a request has been given by Borrower pursuant to Section 2.11(a). Each such reduction shall be in an amount which is not less than $2,500,000 (unless the Revolver Commitments are being reduced to zero and the amount of the Revolver Commitments in effect immediately prior to such reduction are less than $2,500,000), shall be made by providing not less than 10 Business Days prior written notice to Agent and shall be irrevocable. Once reduced, the Revolver Commitments may not be increased. Each such reduction of the Revolver Commitments shall reduce the Revolver Commitments of each Lender proportionately in accordance with its Pro Rata Share thereof.

(d) **Optional Prepayments.** Borrower may prepay the principal of any Advance at any time in whole or in part, without premium or penalty.

(e) **Mandatory Prepayments.** Credit Amount. If, at any time, (A) the sum of the outstanding principal balance of the Revolver Usage on such date exceeds (B) the Credit Amount *less* any reserves established under Section 2.1(c) (such excess being referred to as the "Credit Amount Excess"), then Borrower shall, within 3 Business Days of receiving notice thereof, prepay, without premium or penalty, prepay the Obligations in accordance with Section 2.4(f) in an aggregate amount equal to the Credit Amount Excess.

(f) **Application of Payments.** Each prepayment pursuant to Section 2.4(e) shall, (A) so long as no Application Event shall have occurred and be continuing, be applied, *first*, to the outstanding principal amount of the Advances until paid in full, and *second*, to cash collateralize the Letters of Credit in an amount equal to 105% of the then extant Letter of Credit Usage, and (B) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii).

2.5 **Overadvances.** If, at any time or for any reason, the amount of Obligations owed by Borrower to the Lender Group pursuant to Section 2.1 or Section 2.11 is greater than any of the limitations set forth in Section 2.1 or Section 2.11, as applicable (an "Overadvance"), Borrower shall, within 1 Business Day of the date on which such Overadvance occurs, pay to Agent, in cash, the amount of such excess, which amount shall be used by Agent to reduce the Obligations in accordance with the priorities set forth in Section 2.4(b); provided, however, that in the case of an Overadvance that is caused solely as a result of the charging

by Agent of Lender Group Expenses to the Loan Account, Borrower shall have 3 Business Days from the date of the initial occurrence of such Overadvance to pay to Agent, in cash, the amount of such excess (which period of 3 Business Days shall in no event be duplicative of the 3 Business Days period referenced in Section 8.1(a) of this Agreement). Borrower promises to pay the Obligations (including principal, interest, fees, costs, and expenses) in full on the Maturity Date or, if earlier, on the date on which the Obligations (other than the Bank Product Obligations) become due and payable pursuant to the terms of this Agreement.

2.6 **Interest Rates and Letter of Credit Fee: Rates, Payments, and Calculations.**

(a) **Interest Rates.** Except as provided in Section 2.6(c), all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof as follows:

(i) if the relevant Obligation is a LIBOR Rate Loan, at a per annum rate equal to the LIBOR Rate plus the LIBOR Rate Margin, and

(ii) otherwise, at a per annum rate equal to the Base Rate plus the Base Rate Margin.

(b) **Letter of Credit Fee.** Borrower shall pay Agent (for the ratable benefit of the Lenders with a Revolver Commitment, subject to any agreements between Agent and individual Lenders), a Letter of Credit fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.11(e)) which shall accrue at a per annum rate equal to the LIBOR Rate Margin times the Daily Balance of the undrawn amount of all outstanding Letters of Credit.

(c) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default and at the election of the Required Lenders,

(i) all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof at a per annum rate equal to 2 percentage points above the per annum rate otherwise applicable hereunder, and

(ii) without duplication, the Letter of Credit fee provided for in Section 2.6(b) shall be increased to 2 percentage points above the per annum rate otherwise applicable hereunder.

(d) **Payment.** Except to the extent provided to the contrary in Section 2.10 or Section 2.12(a), interest, Letter of Credit fees, all other fees payable hereunder or under any of the other Loan Documents, and all costs, expenses, and Lender Group Expenses payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month at any time that Obligations or Commitments are outstanding. Borrower hereby authorizes Agent, from time to time without prior notice to Borrower, to charge all interest, Letter of Credit fees, and all other fees payable hereunder or under any of the other Loan Documents (in each case, as and when due and payable), all costs, expenses, and Lender Group Expenses payable hereunder or under any of the other Loan Documents (in each case, as and when incurred), all charges, commissions, fees, and costs provided for in Section 2.11(e) (as and when accrued or incurred), all fees and costs provided for in Section 2.10 (as and when accrued or incurred), and all other payments as and when due and payable under any Loan Document or any Bank Product Agreement (including any amounts due and payable to the Bank Product Providers in respect of Bank Products) to the Loan Account, which amounts thereafter shall constitute Advances hereunder and shall accrue interest at the rate then applicable to Advances that are Base Rate Loans. Any interest, fees, costs, expenses, Lender Group Expenses, or other amounts payable hereunder or under any other Loan Document or under any Bank Product Agreement that are charged to the Loan Account shall thereafter constitute Advances hereunder and shall accrue interest at the rate then applicable to Advances that are Base Rate Loans (unless and until converted into LIBOR Rate Loans in accordance with the terms of this Agreement).

(e) **Computation.** Subject to Section 2.14(a), all interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. In the event the Base Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Base Rate automatically and immediately shall be increased or decreased by an amount equal to such change in the Base Rate.

(f) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrower and the Lender Group, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, however, that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrower is and shall be liable only for the payment of such maximum as allowed by law, and payment received from Borrower in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.7 **Crediting Payments.** The receipt of any payment item by Agent shall not be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to Agent' s Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrower shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into Agent' s Account on a Business Day on or before 2:00 p.m. (New York time). If any payment item is received into Agent' s Account on a non-Business Day or after 2:00 p.m. (New York time) on a Business Day, it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.8 **Designated Account.** Agent is authorized to make the Advances and Issuing Lender is authorized to issue the Letters of Credit, under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person or, without instructions, if pursuant to Section 2.6(d). Borrower agrees to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Advances requested by Borrower and made by Agent or the Lenders hereunder. Unless otherwise agreed by Agent and Borrower, any Advance or Swing Loan requested by Borrower and made by Agent or the Lenders hereunder shall be made to the Designated Account.

2.9 **Maintenance of Loan Account; Statements of Obligations.** Agent shall maintain an account on its books in the name of Borrower (the "Loan Account") on which Borrower shall be charged with all Advances (including Protective Advances and Swing Loans) made by Agent, Swing Lender, or the Lenders to Borrower or for Borrower' s account, the Letters of Credit issued or arranged by Issuing Lender for Borrower' s account, and with all other payment Obligations hereunder or under the other Loan Documents, including, accrued interest, fees and expenses, and Lender Group Expenses. In accordance with Section 2.7, the Loan Account will be credited with all payments received by Agent from Borrower or for Borrower' s account. Agent shall render monthly statements regarding the Loan Account to Borrower, including principal, interest, fees, and including an itemization of all charges and expenses constituting Lender Group Expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrower and the Lender Group unless, within 60 days after receipt thereof by Borrower, Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements.

2.10 **Fees.** Borrower shall pay to Agent,

(a) for the account of Agent, as and when due and payable under the terms of the Fee Letter, the fees set forth in the Fee Letter.

(b) for the ratable account of those Lenders with Revolver Commitments, on the first day of each month from and after the Closing Date up to the first day of the month prior to the Payoff Date and on the Payoff Date, an unused line fee in an amount equal to 0.50% per annum times the result of (i) the aggregate amount of the Revolver Commitments, less (ii) the average Daily Balance of the Revolver Usage during the immediately preceding month (or portion thereof).

2.11 **Letters of Credit.**

(a) Subject to the terms and conditions of this Agreement, upon the request of Borrower made in accordance herewith, the Issuing Lender agrees to issue, or to cause an Underlying Issuer, as Issuing Lender' s agent, to issue, a requested Letter of Credit. If Issuing Lender, at its option, elects to cause an Underlying Issuer to issue a requested Letter of Credit, then Issuing Lender agrees that it will enter into arrangements relative to the reimbursement of such Underlying Issuer (which may include, among, other means, by becoming an applicant with respect to such Letter of Credit or entering into undertakings which provide for reimbursements of such Underlying Issuer with respect to such Letter of Credit; each such obligation or undertaking, irrespective of whether in writing, a "Reimbursement Undertaking") with respect to Letters of Credit issued by such Underlying Issuer. By submitting a request to Issuing Lender for the issuance of a Letter of Credit, Borrower shall be deemed to have requested that Issuing Lender issue or that an Underlying Issuer issue the requested Letter of Credit and to have requested Issuing Lender to issue a Reimbursement Undertaking with respect to such requested Letter of Credit if it is to be issued by an Underlying Issuer (it being expressly acknowledged and agreed by Borrower that Borrower is and shall be deemed to be an applicant (within the meaning of Section 5-102(a)(2) of the Code) with respect to each Underlying Letter of Credit). Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be made in writing by an Authorized Person and delivered to the Issuing Lender and Agent via hand delivery, telefacsimile, or other electronic method of transmission reasonably in advance of the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance reasonably satisfactory to the Issuing Lender and shall specify (i) the amount of such Letter of Credit, (ii) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (iii) the expiration date of such Letter of Credit, (iv) the name and address of the beneficiary of the Letter of Credit, and (v) such other information (including, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit. Anything contained herein to the contrary notwithstanding, the Issuing Lender may, but shall not be obligated to, issue or cause the issuance of a Letter of Credit or to issue a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, that supports the obligations of a Loan Party or its Subsidiaries (1) in respect of (A) a lease of real property, or (B) an employment contract, or (2) at any time that one or more of the Lenders is a Defaulting Lender. The Issuing Lender shall have no obligation to issue a Letter of Credit or a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, if any of the following would result after giving effect to the requested issuance:

(i) the Letter of Credit Usage would exceed the Credit Amount *less* the sum of (A) the aggregate amount of reserves, if any, established by Agent under Section 2.1(c), and (B) the outstanding principal balance of Advances (inclusive of Swing Loans) at such time, or

(ii) the Letter of Credit Usage would exceed $5,000,000, or

(iii) the Letter of Credit Usage would exceed the Maximum Revolver Amount *less* the sum of (A) the aggregate amount of reserves, if any, established by Agent under Section 2.1(c), and (B) the outstanding amount of Advances (inclusive of Swing Loans).

Borrower and the Lender Group hereby acknowledge and agree that certain Letters of Credit may be issued to support letters of credit that already are outstanding as of the Closing Date. Each Letter of Credit shall be in form and substance reasonably acceptable to the Issuing Lender, including the requirement that the amounts payable thereunder must be payable in Dollars. If Issuing Lender makes a payment under a Letter of Credit or an Underlying Issuer makes a payment under an Underlying Letter of Credit, Borrower shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement on the date such Letter of Credit Disbursement is made, and, in the absence of such payment, the amount of the Letter of Credit Disbursement immediately and automatically shall be deemed to be an Advance hereunder and, initially, shall bear interest at the rate then applicable to Advances that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be an Advance hereunder, Borrower' s obligation to pay the amount of such Letter of Credit Disbursement to Issuing Lender shall be discharged and replaced by the resulting Advance. Promptly following receipt by Agent of any payment from Borrower pursuant to this paragraph, Agent shall distribute such payment to the Issuing Lender or, to the extent that Lenders have made payments pursuant to Section 2.11(b) to reimburse the Issuing Lender, then to such Lenders and the Issuing Lender as their interests may appear.

(b) Promptly following receipt of a notice of a Letter of Credit Disbursement pursuant to Section 2.11(a), each Lender with a Revolver Commitment agrees to fund its Pro Rata Share of any Advance deemed made pursuant to Section 2.11(a) on the same terms and conditions as if Borrower had requested the amount thereof as an Advance and Agent shall promptly pay to Issuing Lender the amounts so received by it from the Lenders. By the issuance of a Letter of Credit or a Reimbursement Undertaking (or an amendment to a Letter of Credit or a Reimbursement Undertaking increasing the amount thereof) and without any further action on the part of the Issuing Lender or the Lenders with Revolver Commitments, the Issuing Lender shall be deemed to have granted to each Lender with a Revolver Commitment, and each Lender with a Revolver Commitment shall be deemed to have purchased, a participation in each Letter of Credit issued by Issuing Lender and each Reimbursement Undertaking, in an amount equal to its Pro Rata Share of such Letter of Credit or Reimbursement Undertaking, and each such Lender agrees to pay to Agent, for the account of the Issuing Lender, such Lender' s Pro Rata Share of any Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer under the applicable Letter of Credit. In consideration and in furtherance of the foregoing, each Lender with a Revolver Commitment hereby absolutely and unconditionally agrees to pay to Agent, for the account of the Issuing Lender, such Lender' s Pro Rata Share of each Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer and not reimbursed by Borrower on the date due as provided in Section 2.11(a), or of any reimbursement payment required to be refunded to Borrower for any reason. Each Lender with a Revolver Commitment acknowledges and agrees that its obligation to deliver to Agent, for the account of the Issuing Lender, an amount equal to its respective Pro Rata Share of each Letter of Credit Disbursement pursuant to this Section 2.11(b) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. If any such Lender fails to make available to Agent the amount of such Lender' s Pro Rata Share of a Letter of Credit Disbursement as provided in this Section, such Lender shall be deemed to be a Defaulting Lender and Agent (for the account of the Issuing Lender) shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(c) Borrower hereby agrees to indemnify, save, defend, and hold the Lender Group and each Underlying Issuer harmless from any damage, loss, cost, expense, or liability, and reasonable attorneys fees (in the absence of a continuing Event of Default, limited to a single counsel for the Lender Group together with any local counsel required by Agent) incurred by Issuing Lender, any other member of the Lender Group, or any Underlying Issuer arising out of or in connection with any Reimbursement Undertaking or any Letter of Credit; provided, however, that Borrower shall not be obligated hereunder to indemnify for any loss, cost, expense, or liability (i) that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer, or (ii) with respect to Taxes, the indemnification for which shall be governed solely and exclusively by Section 16. Borrower agrees to be bound by the Underlying Issuer' s regulations and interpretations of any Letter of Credit or by Issuing Lender' s interpretations of any Reimbursement

Undertaking even though this interpretation may be different from Borrower' s own, and Borrower understands and agrees that none of the Issuing Lender, the Lender Group, or any Underlying Issuer shall be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrower' s instructions or those contained in the Letter of Credit or any modifications, amendments, or supplements thereto; provided, however, that the foregoing limitation of liability shall not apply to any error, negligence or mistake that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of the Issuing Lender, any other member of the Lender Group or any Underlying Issuer. Borrower understands that the Reimbursement Undertakings may require Issuing Lender to indemnify the Underlying Issuer for certain costs or liabilities arising out of claims by Borrower against such Underlying Issuer. Borrower hereby agrees to indemnify, save, defend, and hold Issuing Lender and the other members of the Lender Group harmless with respect to any loss, cost, expense (including reasonable attorneys fees (in the absence of a continuing Event of Default, limited to a single counsel for the Lender Group together with any local counsel required by Agent)), or liability incurred by them as a result of the Issuing Lender' s indemnification of an Underlying Issuer; provided, however, that Borrower shall not be obligated hereunder to indemnify for any such loss, cost, expense, or liability to the extent that it is caused by the gross negligence or willful misconduct of the Issuing Lender or any other member of the Lender Group. Borrower hereby acknowledges and agrees that none of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer shall be responsible for delays, errors, or omissions resulting from the malfunction of equipment in connection with any Letter of Credit.

(d) Borrower hereby authorizes and directs any Underlying Issuer to deliver to the Issuing Lender all instruments, documents, and other writings and property received by such Underlying Issuer pursuant to such Underlying Letter of Credit and to accept and rely upon the Issuing Lender' s instructions with respect to all matters arising in connection with such Underlying Letter of Credit and the related application.

(e) Any and all issuance charges, usage charges, commissions, fees, and costs incurred by the Issuing Lender relating to Underlying Letters of Credit shall be Lender Group Expenses for purposes of this Agreement and shall be reimbursable, within 1 Business Day of request by Agent, by Borrower to Agent for the account of the Issuing Lender; it being acknowledged and agreed by Borrower that, as of the Closing Date, the usage charge imposed by the Underlying Issuer is .825% per annum times the undrawn amount of each Underlying Letter of Credit, that such usage charge may be changed from time to time, and that the Underlying Issuer also imposes a schedule of charges for amendments, extensions, drawings, and renewals.

(f) If by reason of (i) any change after the Closing Date in any applicable law, treaty, rule, or regulation or any change in the interpretation or application thereof by any Governmental Authority, or (ii) compliance by the Issuing Lender, any other member of the Lender Group, or Underlying Issuer with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Federal Reserve Board as from time to time in effect (and any successor thereto):

(i) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued or caused to be issued hereunder or hereby, or

(ii) there shall be imposed on the Issuing Lender, any other member of the Lender Group, or Underlying Issuer any other condition regarding any Letter of Credit or Reimbursement Undertaking,

and the result of the foregoing is to increase, directly or indirectly, the cost to the Issuing Lender, any other member of the Lender Group, or an Underlying Issuer of issuing, making, guaranteeing, or maintaining any Reimbursement Undertaking or Letter of Credit or to reduce the amount receivable in respect thereof, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Borrower, and Borrower shall pay within 30 days after demand therefor, such amounts as Agent may specify to be necessary to compensate the Issuing Lender, any other member of the Lender Group, or an Underlying Issuer for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Base

Rate Loans hereunder; provided, however, that Borrower shall not be required to provide any compensation pursuant to this Section 2.11(f) for any such amounts incurred more than 180 days prior to the date on which the demand for payment of such amounts is first made to Borrower; provided further, however, that if an event or circumstance giving rise to such amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof, provided further, however, that Borrower shall not be obligated to pay any additional amount pursuant to this Section 2.11(f) with respect to Taxes, the indemnification for which shall be governed solely and exclusively by Section 16. The determination by Agent of any amount due pursuant to this Section 2.11(f), as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

2.12 **LIBOR Option.**

(a) **Interest and Interest Payment Dates.** In lieu of having interest charged at the rate based upon the Base Rate, Borrower shall have the option, subject to Section 2.12(b) below (the "LIBOR Option") to have interest on all or a portion of the Advances be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; (ii) the date on which all or any portion of the Obligations become due and payable pursuant to the terms hereof; or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Borrower properly has exercised the LIBOR Option with respect thereto, the interest rate applicable to such LIBOR Rate Loan automatically shall convert to the rate of interest then applicable to Base Rate Loans of the same type hereunder. At any time that an Event of Default has occurred and is continuing, Borrower no longer shall have the option to request that Advances bear interest at a rate based upon the LIBOR Rate.

(b) **LIBOR Election.**

(i) Borrower may, at any time and from time to time, so long as no Event of Default has occurred and is continuing, elect to exercise the LIBOR Option by notifying Agent prior to 2:00 p.m. (New York time) at least 3 Business Days prior to the commencement of the proposed Interest Period (the "LIBOR Deadline"). Notice of Borrower' s election of the LIBOR Option for a permitted portion of the Advances and an Interest Period pursuant to this Section shall be made by delivery to Agent of a LIBOR Notice received by Agent before the LIBOR Deadline, or by telephonic notice received by Agent before the LIBOR Deadline (to be confirmed by delivery to Agent of a LIBOR Notice received by Agent prior to 5:00 p.m. (New York time) on the same day). Promptly upon its receipt of each such LIBOR Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each LIBOR Notice shall be irrevocable and binding on Borrower. In connection with each LIBOR Rate Loan, Borrower shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender as a result of (A) the payment of any principal of any LIBOR Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any LIBOR Rate Loan other than on the last day of the Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any LIBOR Rate Loan on the date specified in any LIBOR Notice delivered pursuant hereto (such losses, costs, or expenses, "Funding Losses"). A certificate of Agent or a Lender delivered to Borrower setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.12 shall be conclusive absent manifest error. Borrower shall pay such amount to Agent or the Lender, as applicable, within 30 days of the date of its receipt of such certificate. If a payment of a LIBOR Rate Loan on a day other than the last day of the applicable Interest Period would result in a Funding Loss, Agent may, in its sole discretion at the request of Borrower, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable LIBOR Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any LIBOR Rate Loan and that, in the event that Agent does not defer such application, Borrower shall be obligated to pay any resulting Funding Losses.

(iii) Borrower shall have not more than 5 LIBOR Rate Loans in effect at any given time. Borrower only may exercise the LIBOR Option for proposed LIBOR Rate Loans of at least $1,000,000.

(c) **Conversion.** Borrower may convert LIBOR Rate Loans to Base Rate Loans at any time; provided, however, that in the event that LIBOR Rate Loans are converted or prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any automatic prepayment through the required application by Agent of proceeds of Collections of any Loan Party (other than Parent) in accordance with Section 2.4(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, Borrower shall indemnify, defend, and hold Agent and the Lenders and their Participants harmless against any and all Funding Losses in accordance with Section 2.12 (b)(ii).

(d) **Special Provisions Applicable to LIBOR Rate.**

(i) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the LIBOR Rate. In any such event, the affected Lender shall give Borrower and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrower may, by notice to such affected Lender (y) require such Lender to furnish to Borrower a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (z) repay the LIBOR Rate Loans with respect to which such adjustment is made (together with any amounts due under Section 2.12(b)(ii)).

(ii) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrower and Agent promptly shall transmit the notice to each other Lender and (y) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender' s notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (z) Borrower shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(e) **No Requirement of Matched Funding.** Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

2.13 **Capital Requirements.**

(a) If, after the date hereof, any Lender reasonably determines that (i) the adoption of or change in any law, rule, regulation or guideline regarding capital or reserve requirements for banks or bank holding companies, or any change in the interpretation, implementation or application thereof by any Governmental Authority charged with the administration thereof, or (ii) compliance by such Lender or its

parent bank holding company with any guideline, request or directive of any such entity regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on such Lender' s or such holding company' s capital as a consequence of such Lender' s Commitments hereunder to a level below that which such Lender or such holding company could have achieved but for such adoption, change, or compliance (taking into consideration such Lender' s or such holding company' s then existing policies with respect to capital adequacy and assuming the full utilization of such entity' s capital) by any amount deemed by such Lender to be material, then such Lender may notify Borrower and Agent thereof. Following receipt of such notice, Borrower agrees to pay such Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 30 days after presentation by such Lender of a statement in the amount and setting forth in reasonable detail such Lender' s calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error); provided, however, that Borrower shall not be obligated to pay any additional amount pursuant to this Section 2.13(a) with respect to Taxes, the indemnification for which shall be governed solely and exclusively by Section 16. In determining such amount, such Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender' s right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any reductions in return incurred more than 180 days prior to the date that such Lender notifies Borrower of such law, rule, regulation or guideline giving rise to such reductions and of such Lender' s intention to claim compensation therefor; provided further that if such claim arises by reason of the adoption of or change in any law, rule, regulation or guideline that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(b) If any Lender requests additional or increased costs referred to in Section 2.12(d)(i) or amounts under Section 2.13(a) or Section 16 (any such Lender, an "Affected Lender"), then such Affected Lender shall use reasonable efforts to promptly designate a different one of its lending offices or to assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Affected Lender, such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.12(d)(i), Section 2.13(a), or Section 16, as applicable, and (ii) in the reasonable judgment of such Affected Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrower agrees to pay all reasonable out-of-pocket costs and expenses incurred by such Affected Lender in connection with any such designation or assignment. If, after such reasonable efforts, such Affected Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate Borrower' s obligation to pay any future amounts to such Affected Lender pursuant to Section 2.12(d)(i), Section 2.13(a), or Section 16, as applicable, then Borrower (without prejudice to any amounts then due to such Affected Lender under Section 2.12(d)(i), Section 2.13(a), or Section 16, as applicable) may, unless prior to the effective date of any such assignment the Affected Lender withdraws its request for such additional amounts under Section 2.12(d)(i), Section 2.13(a), or Section 16, as applicable, may seek a substitute Lender reasonably acceptable to Agent to purchase the Obligations owed to such Affected Lender and such Affected Lender' s Commitments hereunder (a "Replacement Lender"), and if such Replacement Lender agrees to such purchase, such Affected Lender shall assign to the Replacement Lender its Obligations and Commitments, pursuant to an Assignment and Acceptance Agreement, and upon such purchase by the Replacement Lender, such Replacement Lender shall be deemed to be a "Lender" for purposes of this Agreement and such Affected Lender shall cease to be a "Lender" for purposes of this Agreement.

2.14 **Interest Act (Canada); Criminal Rate of Interest; Nominal Rate of Interest.**

Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, solely to the extent that a court of competent jurisdiction finally determines that the calculation or determination of interest payable by a Canadian Loan Party in respect of the Obligations pursuant to this Agreement and the other Loan Documents shall be governed by the laws of the province of British Columbia or the federal laws of Canada:

(a) whenever interest payable by a Canadian Loan Party is calculated on the basis of a period which is less than the actual number of days in a calendar year, each rate of interest determined pursuant to such calculation is, for the purposes of the Interest Act (Canada), equivalent to such rate multiplied by the actual number of days in the calendar year in which such rate is to be ascertained and divided by the number of days used as the basis of such calculation;

(b) in no event shall the aggregate "interest" (as defined in Section 347 of the Criminal Code, R.S.C. 1985, c. C-46, as the same shall be amended, replaced or re-enacted from time to time) payable by a Canadian Loan Party to Agent or any Lender under this Agreement or any other Loan Document exceed the effective annual rate of interest on the "credit advanced" (as defined in that section) under this Agreement or such other Loan Document lawfully permitted under that section and, if any payment, collection or demand pursuant to this Agreement or any other Loan Document in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Agent, Lenders and the applicable Canadian Loan Party and the amount of such payment or collection shall be refunded by Agent and Lenders to such Canadian Loan Party. For the purposes of this Agreement and each other Loan Document to which a Canadian Loan Party is a party, the effective annual rate of interest payable by such Canadian Loan Party shall be determined in accordance with generally accepted actuarial practices and principles over the term of the loans on the basis of annual compounding for the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Institute of Actuaries appointed by Agent for the account of such Canadian Loan Party will be conclusive for the purpose of such determination in the absence of evidence to the contrary; and

(c) all calculations of interest payable by a Canadian Loan Party under this Agreement or any other Loan Document are to be made on the basis of the nominal interest rate described herein and therein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest. The parties acknowledge that there is a material difference between the stated nominal interests rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

3.

CONDITIONS; TERM OF AGREEMENT.

3.1 **Conditions Precedent to the Initial Extension of Credit.** The obligation of each Lender to make its initial extension of credit provided for hereunder, is subject to the fulfillment, to the satisfaction of Agent and each Lender, of each of the conditions precedent set forth on Schedule 3.1 (the making of such initial extension of credit by a Lender being conclusively deemed to be its satisfaction or waiver of the conditions precedent).

3.2 **Conditions Precedent to all Extensions of Credit.** The obligation of the Lender Group (or any member thereof) to make any Advances hereunder (or to extend any other credit hereunder) at any time shall be subject to the following conditions precedent:

(a) the representations and warranties of any Loan Party contained in this Agreement or in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date in which case such representations and warranties shall only be required to be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of such earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof.

The submission by Borrower to Agent of a request for each Advance (or other extension of credit) hereunder, and Borrower' s acceptance of the proceeds of such Advance (or other extension of credit), shall each be

deemed to be a representation and warranty by Borrower on the date of such Advance (or other extension of credit) that each of the foregoing conditions precedent has been satisfied on the date of such Advance (or other extension of credit).

3.3 **Conditions Subsequent.** As an accommodation to Borrower, the Lender Group has agreed to execute this Agreement and to make extensions of credit hereunder notwithstanding the failure by Borrower to satisfy the conditions set forth on Schedule 3.3 on or before the Closing Date. In consideration of such accommodation, Borrower agrees that, in addition to all other terms, conditions and provisions set forth in this Agreement and the other Loan Documents, including those conditions set forth in Section 3.1, Borrower shall satisfy each of the conditions subsequent set forth on Schedule 3.3 on or before the date applicable thereto (it being understood that (a) the failure by Borrower to perform or cause to be performed any such unsatisfied condition subsequent on or before the date applicable thereto shall constitute an Event of Default and (b) to the extent that the existence of any such condition subsequent would otherwise cause any representation, warranty or covenant in this Agreement or any other Loan Document to be breached, the Required Lenders hereby waive such breach for the period from the Closing Date until the date on which such condition subsequent is required to be fulfilled pursuant to this Section 3.3).

3.4 **Maturity.** This Agreement shall continue in full force and effect for a term ending on April 27, 2014 (the "Maturity Date") unless otherwise extended on terms and conditions agreed to in writing by the Agent, each Lender and Borrower, each in its sole discretion. The foregoing notwithstanding, the Lender Group, upon the election of the Required Lenders, shall have the right to terminate its obligations under this Agreement immediately and without notice upon the occurrence and during the continuation of an Event of Default.

3.5 **Effect of Maturity.** On the Maturity Date, all commitments of the Lender Group to provide additional credit hereunder shall automatically be terminated and all of the Obligations immediately shall become due and payable without notice or demand and Borrower shall be required to repay all of the Obligations in full. No termination of the obligations of the Lender Group (other than payment in full of the Obligations and termination of the Commitments) shall relieve or discharge any Loan Party of its duties, obligations, or covenants hereunder or under any other Loan Document and Agent' s Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full and the Commitments have been terminated. When all of the Obligations have been paid in full and the Lender Group' s obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrower' s sole and reasonable expense, promptly execute and deliver any termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent' s Liens and all notices of security interests and liens previously filed by Agent.

3.6 **Early Termination by Borrower.** Borrower has the option, at any time upon 10 Business Days prior written notice to Agent, to terminate this Agreement and terminate the Commitments hereunder by repaying to Agent all of the Obligations in full.

4.

REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender Group to enter into this Agreement, each of Parent and Borrower makes the following representations and warranties to the Lender Group which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date and as of the date of the making of each Advance (or other extension of credit) made thereafter, as though made on and as of the date of such Advance (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date in which case such representations and warranties are true, correct and complete in all material respects (except

that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of such earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 **Due Organization and Qualification; Subsidiaries.**

(a) Each Loan Party (i) is duly organized and existing, (ii) is in good standing under the laws of the jurisdiction of its organization or incorporation, except where the failure to be in good standing would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change, (iii) is qualified to do business in any jurisdiction where the failure to be so qualified could reasonably be expected to result in a Material Adverse Change, and (iv) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) Set forth on Schedule 4.1(b) (as such Schedule may be updated from time to time to reflect changes permitted to be made in accordance with the Loan Documents) is a complete and accurate description of the authorized capital Stock of Parent, by class, and, as of the Closing Date, a description of the number of shares of each such class that are issued and outstanding. Other than as described on Schedule 4.1(b), there are no subscriptions, options, warrants, or calls relating to any shares of Parent' s capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. Parent is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital Stock or any security convertible into or exchangeable for any of its capital Stock.

(c) When delivered to Agent pursuant to Schedule 3.3, Schedule 4.1(c) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted to be made under this Agreement) sets forth a complete and accurate list of Parent' s Material Subsidiaries, showing: (i) the number of shares of each class of common and preferred Stock authorized for each of such Material Subsidiaries, and (ii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by Parent. All of the outstanding capital Stock of each such Material Subsidiary has been validly issued and is fully paid and non-assessable.

(d) Except as set forth on Schedule 4.1(c), there are no subscriptions, options, warrants, or calls relating to any shares of Parent' s Subsidiaries' capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. Neither Parent nor any of its Subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of Parent' s Subsidiaries' capital Stock or any security convertible into or exchangeable for any such capital Stock.

4.2 **Due Authorization; No Conflict**.

(a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary action on the part of such Loan Party.

(b) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party do not and will not (i) violate any material provision of federal, state, provincial or local law or regulation applicable to any Loan Party or its Material Subsidiaries, the Governing Documents of any Loan Party or its Material Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or its Material Subsidiaries, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of any Loan Party or its Material Subsidiaries except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Loan Party, other than Permitted Liens, or (iv) require any approval of any Loan Party' s interestholders or any approval or consent of any Person under any Material Contract of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

4.3 **Governmental Consents.** The execution, delivery, and performance by each Loan Party of the Loan Documents to which such Loan Party is a party and the consummation of the transactions contemplated by the Loan Documents do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date.

4.4 **Binding Obligations; Perfected Liens.**

(a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) Agent' s Liens are validly created, perfected (other than (i) in respect of motor vehicles that are subject to a certificate of title and as to which Agent has not caused its Lien to be noted on the applicable certificate of title, and (ii) any Deposit Accounts and Securities Accounts not subject to a Control Agreement as permitted by Section 6.11, and subject only to the filing of financing statements and the recordation of the Copyright Security Agreement), and first priority Liens, subject only to Permitted Liens which are either permitted purchase money Liens or the interests of lessors under Capital Leases.

4.5 **Title to Assets; No Encumbrances.** Each of the Loan Parties and its Material Subsidiaries has (a) good, sufficient and legal title to (in the case of fee interests in Real Property), (b) valid leasehold interests or licenses in (in the case of leasehold interests or licenses in real or personal property), and (c) good and marketable title to (in the case of all other personal property), all of their respective assets reflected in their most recent financial statements delivered pursuant to Section 5.1, in each case except for assets disposed of since the date of such financial statements to the extent permitted hereby. All of such assets are free and clear of Liens except for Permitted Liens.

4.6 **Jurisdiction of Organization; Location of Chief Executive Office; Organizational Identification Number; Commercial Tort Claims.**

(a) The full legal name of (within the meaning of Section 9-503 of the Code and including any French or combined form of name) and jurisdiction of organization of each Loan Party and each of its Material Subsidiaries is set forth on Schedule 4.6(a) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(b) The chief executive office of each Loan Party and each of its Material Subsidiaries is located at the address indicated on Schedule 4.6(b) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(c) Each Loan Party' s and each of its Material Subsidiaries' tax identification numbers and organizational identification numbers, or Canadian business identification or corporation numbers, as applicable, if any, are identified on Schedule 4.6(c) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement).

(d) As of the Closing Date, no Loan Party and no Material Subsidiary of a Loan Party holds any commercial tort claims that exceed $1,000,000 in amount, except as set forth on Schedule 4.6(d).

4.7 **Litigation.**

(a) There are no actions, suits, or proceedings pending or, to the best knowledge of each Loan Party, after due inquiry, threatened in writing against a Loan Party or any of its Material Subsidiaries that either individually or in the aggregate could reasonably be expected to result in a Material Adverse Change.

(b) Schedule 4.7(b) sets forth a description of the material terms of each of the actions, suits, or proceedings that, as of the Closing Date, is pending or, to the best knowledge of each Loan Party, after due inquiry, threatened in writing against a Loan Party or any of its Material Subsidiaries, of (i) the parties to such actions, suits, or proceedings, (ii) the nature of the dispute that is the subject of such actions, suits, or proceedings, (iii) each Loan Party' s good faith estimate of the maximum amount of the liability of any Loan Party in connection with such actions, suits, or proceedings, (iv) the status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (v) whether any liability of the Loan Parties' and their Material Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

4.8 **Compliance with Laws.** Except as set forth on Schedule 4.8, no Loan Party nor any of its Material Subsidiaries (a) is in violation of any applicable laws, rules, regulations, executive orders, or codes (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change.

4.9 **No Material Adverse Change.** All historical financial statements relating to the Loan Parties and their Subsidiaries that have been delivered by Borrower to Agent have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects, the Loan Parties' and their Subsidiaries' consolidated financial condition as of the date thereof and results of operations for the period then ended. Since December 31, 2009, no event, circumstance, or change has occurred that has or could reasonably be expected to result in a Material Adverse Change with respect to the Loan Parties and their Subsidiaries.

4.10 **Solvency; Fraudulent Transfer.**

(a) Each Loan Party is Solvent.

(b) No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

4.11 **Employee Benefits.**

(a) No Loan Party, none of their Material Subsidiaries, nor any of their ERISA Affiliates maintains or contributes to any Benefit Plan.

(b) No Canadian Loan Party maintains or contributes to, or has ever maintained or contributed to, any Canadian Pension Plan other than statutory plans required by applicable law.

(c) Except as set forth in Schedule 4.11, no Canadian Loan Party has or is subject to any obligation or liability under any Canadian Employee Plan which is now due and unpaid and not accurately accounted for in the books of such Canadian Loan Party and any overtime pay, vacation pay, premiums for unemployment insurance, health and welfare insurance premiums, accrued wages, salaries and commissions, severance pay and all Canadian Employee Plan payments have been fully paid by each Canadian Loan Party or, in the case of accrued unpaid overtime pay or accrued unpaid vacation pay for Canadian Employees and Canadian Contractors, have been accurately accounted for in the books and records of such Canadian Loan Party or have been reported pursuant to the collateral reporting obligation pursuant to Section 5.2.

(d) Schedule 4.11 lists all of the Canadian Employee Plans applicable to the Canadian Employees and Canadian Contractors of each Canadian Loan Party in respect of employment in Canada and which are currently maintained or sponsored by each Canadian Loan Party or to which each Canadian Loan Party contributes or has an obligation to contribute, except, for greater certainty, any statutory plans to which each Canadian Loan Party is obligated to contribute to or comply with under applicable law.

(e) Except as set forth in Schedule 4.11, no improvements to any Canadian Employee Plan have been promised, and no amendments or improvements to any Canadian Employee Plan will be made or promised by any Canadian Loan Party before the Closing Date.

(f) Except as set forth in Schedule 4.11, no Canadian Loan Party provides benefits to retired Canadian Employees or Canadian Contractors or to beneficiaries or dependents of retired Canadian Employees.

(g) All obligations regarding the Canadian Employee Plans (including current service contributions) that are currently due and payable have been satisfied or accurately accounted for in the books and records of the applicable Canadian Loan Party, there are no outstanding defaults or violations by any Canadian Loan Party relating to any Canadian Employee Plan and no taxes, penalties or fees are owing or exigible under any of the Canadian Employee Plans, except which could not reasonably be expected to result in a Material Adverse Change. Except as disclosed in Schedule 4.11, as of the date hereof, each Canadian Employee Plan is fully funded or fully insured pursuant to the actuarial assumptions and methodology set out in Schedule 4.11. No fact or circumstance exists that could adversely affect the tax-exempt status (if applicable) of a Canadian Employee Plan.

(h) Except as disclosed in Schedule 4.11,

(i) no Canadian Loan Party is a party to any collective bargaining agreement, contract or legally binding commitment to any trade union or employee organization or group in respect of or affecting Canadian Employees;

(ii) no Canadian Loan Party has received notice of any application, complaint, grievance, arbitration, or other proceeding to which it is a party under any statute or under any collective agreement related to any Canadian Employee or Canadian Contractor or the termination of any Canadian Employee or Canadian Contractor and there is no complaint, inquiry or, to the knowledge of Parent and Borrower, other investigation by any regulatory or other administrative authority or agency with regard to or in relation to any Canadian Employee or Canadian Contractor or the termination of any Canadian Employee or Canadian Contractor;

(iii) no Canadian Loan Party has engaged in any unfair labor practice, nor is any Canadian Loan Party aware of any pending or, to the knowledge of Parent and Borrower, threatened complaint regarding any alleged unfair labor practices; and

(iv) there is no strike, labor dispute, work slow down or stoppage pending or, to the knowledge of Parent and Borrower, threatened against any Canadian Loan Party and to the knowledge of the Canadian Loan Parties, no Canadian Loan Party is currently the subject of any union organization effort or any labor negotiation.

(i) All contributions, assessments, premiums, fees, taxes, penalties or fines in relation to the Canadian Employees that are currently due and payable have been timely made and, except as accrued and reflected in the financial statements specified on Schedule 5.1, there is no material outstanding liability of any kind currently due and owing in relation to the employment of any Canadian Employee or the termination of employment of any Canadian Employee.

(j) There is no outstanding material liability owing to any Canadian Contractor.

(k) Each Canadian Loan Party is in compliance in all material respects with all requirements of Canadian Employee Benefits Legislation and health and safety, workers compensation, employment standards, labor relations, health insurance, employment insurance, protection of personal information, human rights laws and any Canadian federal, provincial or local counterparts or equivalents in each case, as applicable to the Canadian Employees and as amended from time to time.

4.12 **Environmental Condition.** (a) To Borrower' s knowledge, no Loan Party' s nor any of its Material Subsidiaries' properties or assets has ever been used by a Loan Party, its Material Subsidiaries, or by previous owners or operators in the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such disposal, production, storage, handling, treatment, release or transport was in violation, in any material respect, of any applicable Environmental Law, (b) to Borrower' s knowledge, after due inquiry, no Loan Party' s nor any of its Material Subsidiaries' properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a Hazardous Materials disposal site, (c) no Loan Party nor any of its Material Subsidiaries has received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by a Loan Party or its Material Subsidiaries, and (d) no Loan Party nor any of its Material Subsidiaries nor any of their respective facilities or operations is subject to any outstanding written order, consent decree, or settlement agreement with any Person relating to any Environmental Law or Environmental Liability that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change.

4.13 **Intellectual Property.**

(a) Each Loan Party and each of its Material Subsidiaries owns, or is licensed, or otherwise possesses legally enforceable rights, to use, sell or license, as applicable, all Proprietary Rights that are reasonably necessary for the operation of their respective businesses as currently conducted. Schedule 4.13(a) contains a complete and correct list of all of each Loan Party' s and each of its Material Subsidiaries' patents and patent applications; trademark and service mark registrations and applications for registration thereof; domain names; copyright registrations and applications for registration thereof; industrial designs or any other form of intellectual property and registrations or applications thereof; and the Required Library. Each Loan Party and each of its Material Subsidiaries has licenses for all Commercial Software used in its business and, except as listed on Schedule 4.13(a), no Loan Party or any of its Material Subsidiaries has any obligation to pay fees, royalties and other amounts at any time pursuant to any such license. Each of the domain names of a Loan Party or a Material Subsidiary of a Loan Party listed on Schedule 4.13(a) is registered with the registrant listed opposite such domain name on Schedule 4.13(a). The registration fees of such domain names that are due and payable have been paid when due and payable in the ordinary course of business. Each registration of a domain name of a Loan Party or a Material Subsidiary of a Loan Party lists such Loan Party or such Material Subsidiary of a Loan Party as the registrant, administrative contact and technical contact.

(b) Schedule 4.13(b) sets forth a complete list, in all material respects, of all (excluding Commercial Software and licenses under which any Loan Party or any Material Subsidiary of a Loan Party licenses its products to its customers in the ordinary course of its business) (i) licenses, sublicenses and other agreements requiring the payment or providing for the receipt of more than $250,000 in any year or that are otherwise material to the applicable entity' s business as to which any Loan Party or any Material Subsidiary of a Loan Party is a party (as licensor, licensee or otherwise) and pursuant to which any Loan Party or any other Person is authorized to use, sell, distribute or license any Proprietary Rights and (ii) licenses, sublicenses or other agreements with resellers and distributors that grant any rights to use or modify and resell or sublicense any Loan Party' s or any Material Subsidiary of a Loan Party' s software products requiring the payment or providing for the receipt of more than $250,000 in any year or that are otherwise material to the applicable entity' s business. Subject to the delivery of a copy of the Deployment License Agreement pursuant to

Schedule 3.3, the applicable Loan Party or the applicable Material Subsidiary of a Loan Party has delivered to Agent correct and complete copies of all such licenses, sublicenses and agreements (as amended to date). No Loan Party or any Material Subsidiary of a Loan Party is in violation, in any material respect, of any such license, sublicense or agreement.

(c) Schedule 4.13(c) lists all (excluding Commercial Software) Embedded Products. The applicable Loan Party or the applicable Material Subsidiary of a Loan Party has delivered to Agent correct and complete copies of all such licenses, sublicenses and agreements (as amended to date). No Loan Party or any Material Subsidiary of a Loan Party is in violation of any such license, sublicense or agreement. No Loan Party or any Material Subsidiary of a Loan Party is contractually obligated to pay compensation to any third party in an aggregate amount exceeding $250,000 in any year with respect to any Proprietary Rights, except (i) pursuant to the agreements disclosed on Schedule 4.13(c), (ii) with respect to Proprietary Rights developed or acquired after the Closing Date, pursuant to agreements disclosed in writing to Agent together with a copy of such agreement on the first date thereafter Parent provides its Compliance Certificate or (iii) to holders of Commercial Software licenses in connection with the sale by any Loan Party or any Material Subsidiary of a Loan Party of its products in the ordinary course of its business

(d) Except as disclosed on Schedule 4.13(d), no Loan Party or any Material Subsidiary of a Loan Party has entered into any agreement under which such Loan Party or such Material Subsidiary of a Loan Party is expressly restricted, and is not otherwise expressly restricted, in any material respect (i) from selling, licensing or otherwise distributing any products to any class or type of customers or through any type of channel in any geographic area or during any period of time or (ii) from combining, incorporating, embedding or bundling or allowing others to combine, incorporate, embed or bundle any of its products with those of another party, except to the extent such Loan Party or such Material Subsidiary of a Loan Party determines in its reasonable business judgment that such combining, incorporating, embedding or bundling of its products with those of another party, as applicable, is prudent for the operation of its business. The applicable Loan Party or the applicable Material Subsidiary of a Loan Party has delivered to Agent correct and complete copies of all such agreements (as amended to date).

(e) Each Loan Party and each of its Material Subsidiaries has taken all security measures in its reasonable business discretion to safeguard and maintain its property rights in all Proprietary Rights owned by any Loan Party or any Material Subsidiary of a Loan Party. No current or prior officer, employee or consultant of any Loan Party or any Material Subsidiary of a Loan Party has claimed in writing, and no Loan Party or any of its Material Subsidiaries is aware of any reasonable grounds to assert a claim to, or any ownership interest in, any Proprietary Right as a result of having been involved in the development of such property while employed by or consulting to any Loan Party or any Material Subsidiary of a Loan Party or otherwise. Except as disclosed on Schedule 4.13(e) and except for Embedded Products or Commercial Software, all of the computer software products within the Proprietary Rights owned by any Loan Party or any Material Subsidiary of a Loan Party have been developed by employees of such Loan Party or such Material Subsidiary of a Loan Party within the scope of their employment, as a "work made for hire", and was directed by such Loan Party or such Material Subsidiary of a Loan Party to work on such computer software products, or by consultants who have assigned all rights to such products to such Loan Party or such Material Subsidiary of a Loan Party or, in either case, such rights have otherwise been assigned to or licensed for such use by such Loan Party or such Material Subsidiary of a Loan Party.

(f) Except as described in Schedule 4.13(f), no government funding or university or college facilities were used in the development of the computer software programs or applications owned by any Loan Party or any Material Subsidiary of a Loan Party.

(g) The Proprietary Rights of each Loan Party and each Material Subsidiary of a Loan Party that are sold or licensed to customers of the applicable Loan Party or the applicable Material Subsidiary of a Loan Party are and have at all times been in compliance with all applicable laws, rules, regulations, and orders of any Governmental Authority applicable thereto, except for such instances of non-compliance which could not reasonably be expected to result in a Material Adverse Change.

4.14 **Leases.** Each Loan Party and its Material Subsidiaries enjoy peaceful and undisturbed possession under all leases material to their business and to which they are parties or under which they are operating, and, subject to Permitted Protests, all of such material leases are valid and subsisting and no material default by the applicable Loan Party or its Material Subsidiaries exists under any of them.

4.15 **Deposit Accounts and Securities Accounts.** Set forth on Schedule 4.15 (as updated pursuant to the provisions of the applicable Security Document from time to time) is a listing of all of the Loan Parties' and their Material Subsidiaries' Deposit Accounts and Securities Accounts, including, with respect to each bank or securities intermediary (a) the name and address of such Person, and (b) the account numbers of the Deposit Accounts or Securities Accounts maintained with such Person.

4.16 **Complete Disclosure.** All factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrower' s industry) furnished by a Loan Party or any of its Material Subsidiaries or Affiliates in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or the other Loan Documents, and all other such factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrower' s industry) hereafter furnished by a Loan Party or any of its Material Subsidiaries or Affiliates in writing to Agent or any Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. The Projections delivered to Agent on December 3, 2009 represent, and as of the date on which any other Projections are delivered to Agent, such additional Projections represent Parent' s and Borrower' s good faith estimate, on the date such Projections are delivered, of the Loan Parties' and their Subsidiaries' future performance for the periods covered thereby based upon assumptions believed by Borrower to be reasonable at the time of the delivery thereof to Agent (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the control of the Loan Parties and their Subsidiaries, that no assurances can be given that such Projections will be realized, and that actual results may differ in a material manner from such Projections).

4.17 **Material Contracts**. Set forth on Schedule 4.17 (as such Schedule may be updated from time to time in accordance herewith) is a reasonably detailed description of the Material Contracts of each Loan Party and its Material Subsidiaries as of the most recent date on which Parent provided its Compliance Certificate pursuant to Section 5.1; provided, however, that Borrower may amend Schedule 4.17 to add additional Material Contracts so long as such amendment occurs by written notice to Agent on the date that Parent provides its Compliance Certificate. Except for matters which, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change, each Material Contract (other than those that have expired at the end of their normal terms) (a) is in full force and effect and is binding upon and enforceable against the applicable Loan Party or its Material Subsidiary and, to Borrower' s reasonable knowledge, each other Person that is a party thereto in accordance with its terms, (b) has not been otherwise amended or modified (other than amendments or modifications permitted by Section 6.7(b)), and (c) is not in default due to the action or inaction of the applicable Loan Party or its Material Subsidiary.

4.18 **Patriot Act.** To the extent applicable, each Loan Party and its Subsidiaries are in compliance, in all material respects, with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "Patriot Act"). No part of the proceeds of the loans made hereunder will be used by any Loan Party or any of their Affiliates, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

4.19 **Indebtedness.** Set forth on Schedule 4.19 is a true and complete list of all Indebtedness of each Loan Party and each of its Material Subsidiaries outstanding immediately prior to the Closing Date that is

to remain outstanding immediately after giving effect to the closing hereunder on the Closing Date and such Schedule accurately sets forth the aggregate principal amount of such Indebtedness as of the Closing Date. On the Closing Date, no Loan Party or any of its Material Subsidiaries owe any Indebtedness to Comvest.

4.20 **Payment of Taxes.** Except as otherwise permitted under Section 5.5, all material Tax returns and reports of each Loan Party and its Subsidiaries required to be filed by any of them have been timely filed, and all Taxes shown on such Tax returns to be due and payable and all Taxes (except for Taxes in an amount, individually or in the aggregate, not in excess of $1,000,000) upon a Loan Party and its Subsidiaries and upon their respective assets, income, businesses and franchises that are due and payable have been paid when due and payable, except with respect to any of the foregoing that is the subject of a Permitted Protest. Borrower knows of no proposed Tax assessment against a Loan Party or any of its Subsidiaries that is not being actively contested by such Loan Party or such Subsidiary diligently, in good faith, and by appropriate proceedings; provided such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor. No Loan Party nor any of its Subsidiaries has ever been a party to any understanding or arrangement constituting a "tax shelter" within the meaning of Section 6662(d)(2)(C)(iii) of the IRC or within the meaning of Section 6111(c) or Section 6111(d) of the IRC as in effect immediately prior to the enactment of the American Jobs Creation Act of 2004, or has ever "participated" in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4, except as would not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Change. Each Canadian Loan Party has remitted all Canada Pension Plan contributions, provincial pension plan contributions, workers' compensation assessments, employment insurance premiums, employer health taxes, municipal real estate taxes and other taxes payable under applicable law by them, and, furthermore, have withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the *Income Tax Act* (Canada) all amounts required by law to be withheld, including without limitation all payroll deductions required to be withheld and has remitted such amounts to the proper Governmental Authorities within the time required under applicable law.

4.21 **Margin Stock.** No Loan Party nor any of its Material Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the loans made to Borrower will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the United States Federal Reserve.

4.22 **Governmental Regulation.** No Loan Party nor any of its Material Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Loan Party nor any of its Material Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.23 **OFAC.**

(a) To the extent applicable, each Loan Party and its Subsidiaries are in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and (b) the statutes, executive orders and regulations administered by the United States Treasury Department' s Office of Foreign Assets Control ("OFAC") (31 CFR, Subtitle B, Chapter V, as amended).

(b) No Loan Party nor any of its Subsidiaries is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC or Canadian Anti-Terrorism Laws. No Loan Party nor any of its Subsidiaries (a) is a Sanctioned Person or a Sanctioned Entity, (b) has its assets located in Sanctioned Entities, (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, or (d) engages in any dealing or transactions prohibited by OFAC or Canadian Anti-Terrorism Laws. No proceeds of any loan made hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

4.24 **Non-Loan Party Subsidiaries.** Except the trademarks set forth on Exhibit A to the Trademark License Agreement), neither Parent nor any Subsidiary of Parent that is not a Loan Party owns, or holds licenses in, any trademarks, trade names, copyrights, patents, industrial designs, or licenses that are individually or in the aggregate material to the business or operations of any Loan Party other than Parent.

4.25 **Locations of Inventory and Equipment.** The Inventory and Equipment (other than vehicles or Equipment out for repair) of the Loan Parties and their Material Subsidiaries are not stored with a bailee, warehouseman, or similar party and are located only at, or in-transit between or to, the locations identified on Schedule 4.25 (as such Schedule may be updated pursuant to Section 5.15).

4.26 **Inventory Records.** Each Loan Party keeps correct and accurate records itemizing and describing the type, quality, and quantity of its and its Material Subsidiaries' Inventory and the book value thereof.

4.27 **Customers and Suppliers.** There exists no actual or threatened in writing termination, cancellation or limitation of, or modification to or change in, the business relationship between any Loan Party, on the one hand, and any customer or supplier or any group thereof, on the other hand, the loss of which would reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change; and, to the knowledge of the Borrower, there exists no present state of facts or circumstances that could give rise to or result in any such termination, cancellation, limitation, modification or change.

4.28 **Senior Unsecured Note Documents.** As of the Closing Date, all material agreements, instruments and other documents executed or delivered pursuant to or in connection with the Senior Unsecured Notes (other than the Senior Unsecured Notes that have been retired or purchased by any Loan Party or any of its Affiliates or Subsidiaries) are described on Schedule 4.28 hereto; provided, however, that Borrower may amend Schedule 4.28 to add additional documents by written notice to Agent containing a copy of such agreement, instrument or other document. All Obligations are and will be incurred in full compliance with the Note Purchase Agreement.

4.29 **Employee and Labor Matters.** There is (i) no unfair labor practice complaint pending or, to the knowledge of each Loan Party, threatened against any Loan Party or any of its Material Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Loan Party or any of its Material Subsidiaries which arises out of or under any collective bargaining agreement, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened against any Loan Party or its Material Subsidiaries, or (iii) to the knowledge of each Loan Party, no union representation question existing with respect to the employees of any Loan Party or any of its Material Subsidiaries and no union organizing activity taking place with respect to any of the employees of any Loan Party or any of its Material Subsidiaries. No Loan Party or any of its Material Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party or any of its Material Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change. All material payments due from any Loan Party or any of its Material Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change.

5.

AFFIRMATIVE COVENANTS.

Each of Parent and Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Loan Parties shall and shall cause each of their Material Subsidiaries to comply with each of the following:

5.1 **Financial Statements, Reports, Certificates.** Deliver to Agent, with copies to each Lender, each of the financial statements, reports, and other items set forth on Schedule 5.1 no later than the times specified therein. In addition, each Loan Party agrees that no Subsidiary of a Loan Party will have a fiscal year different from that of Parent. In addition, each Loan Party agrees to maintain a system of accounting that enables such Loan Party to produce financial statements in accordance with GAAP. Each Loan Party shall also maintain its billing systems/ practices in substantially the form in use prior to the Closing Date (which are acceptable to Agent) and shall only make material modifications thereto with notice to Agent.

5.2 **Collateral Reporting.** Provide Agent (and if so requested by Agent, with copies for each Lender) with each of the reports set forth on Schedule 5.2 at the times specified therein.

5.3 **Existence.** Except as otherwise permitted under Section 6.3 or Section 6.4, at all times maintain and preserve in full force and effect its existence (including being in good standing in its jurisdiction of organization, except where the failure to be in good standing would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change) and all rights and franchises, licenses and permits material to its business (except as would not be reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change); provided, however, that no Loan Party or any of its Material Subsidiaries shall be required to preserve any such right or franchise, licenses or permits if such Person' s senior management (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to the Lenders.

5.4 **Maintenance of Properties.** Except as otherwise permitted under Section 6.4, each Loan Party and its Material Subsidiaries shall maintain and preserve all of its assets that are material to the proper conduct of its business in good working order and condition, ordinary wear, tear, and casualty excepted and Permitted Dispositions excepted, and comply with the material provisions of all material leases to which it is a party as lessee, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest; provided, however, that no Loan Party or Material Subsidiary shall be required to preserve any assets or prevent the loss or forfeiture of any lease, if such Person' s board of directors (or similar governing body) shall reasonably determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to the Lenders.

5.5 **Taxes.** Cause all assessments and taxes (except for assessments and taxes in an amount, individually or in the aggregate, not in excess of $1,000,000) imposed, levied, or assessed against any Loan Party or its Subsidiaries, or any of their respective assets or in respect of any of its income, businesses, or franchises to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax. Parent will and will cause each of its Subsidiaries to make timely payment or deposit of all tax payments (including installments in respect of Taxes) and withholding taxes and other withholding required of it and them by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, Canada Pension Plan and provincial pension plans, employer health tax, Canadian employment insurance, and local, state, provincial, and federal income taxes and excise taxes (except for any such payments or taxes in an amount, individually or in the aggregate, not in excess of $1,000,000), and will, upon request, furnish Agent with proof reasonably satisfactory to Agent indicating that Parent and its Subsidiaries have made such payments or deposits.

5.6 **Insurance.** Except as set forth on Schedule 5.6, at Borrower' s expense, maintain insurance respecting each of the Loan Parties' and their Material Subsidiaries' assets wherever located, covering loss or damage by fire, flood, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. Parent and Borrower also shall maintain (with respect to each of the Loan Parties and their Material Subsidiaries) business interruption, general liability, product liability insurance, director' s and officer' s liability insurance, and fiduciary liability insurance, as well as

insurance against larceny, embezzlement, and criminal misappropriation. All such policies of insurance shall be with responsible and reputable insurance companies reasonably acceptable to Agent and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to Agent. All property insurance policies covering the Collateral are to be made payable to Agent for the benefit of Agent and the Lenders, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Agent of the exercise of any right of cancellation. If any Loan Party other than Parent fails to maintain such insurance, Agent may arrange for such insurance, but at Borrower' s expense and without any responsibility on Agent' s part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Borrower shall give Agent prompt notice of any loss exceeding $500,000 covered by its casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

5.7 **Inspection.** Subject to the limitations set forth in the Fee Letter and, in the absence of a continuing Event of Default, upon reasonable advance notice, permit Agent and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records (other than board and committee materials), to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Agent may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to Borrower.

5.8 **Compliance with Laws.** Comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.

5.9 **Environmental.**

(a) Use commercially reasonable efforts, subject to terms and conditions of any leases or subleases, to keep any property either owned or operated by any Loan Party or any of its Material Subsidiaries free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens,

(b) Comply, in all material respects, with Environmental Laws and provide to Agent documentation of such compliance which Agent reasonably requests,

(c) Promptly, but in any event within 15 Business Days, notify Agent of any release of which Parent or Borrower has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Loan Party or any of its Material Subsidiaries and take any Remedial Actions required to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law, and

(d) Promptly, but in any event within 15 Business Days of its receipt thereof, provide Agent with written notice of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of any Loan Party or any of its Material Subsidiaries, (ii) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Loan Party or any of its Material Subsidiaries, and (iii) notice of a violation, citation, or other administrative order which could reasonably be expected to result in a Material Adverse Change.

5.10 **Disclosure Updates.** Promptly and in no event later than 5 Business Days after a Senior Officer obtains actual knowledge thereof, each Loan Party shall notify Agent if any written information, exhibit, or report furnished to Agent or the Lenders contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. The foregoing to the contrary notwithstanding, any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto.

5.11 **Formation of Material Subsidiaries.** At the time that any Loan Party forms any direct or indirect Material Subsidiary or acquires any direct or indirect Material Subsidiary after the Closing Date, such Loan Party shall (a) within 10 Business Days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) cause any such new Material Subsidiary to provide to Agent a joinder to the Guaranty and the applicable Security Document, together with such other security documents (including mortgages with respect to any Real Property owned in fee of such new Material Subsidiary with a fair market value of at least $1,000,000), as well as appropriate financing statements (and with respect to all property subject to a mortgage, fixture filings), all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Material Subsidiary); provided that the Guaranty, the applicable Security Document, and such other security documents shall not be required to be provided to Agent with respect to any Subsidiary of a Loan Party that is a CFC if providing such documents would result in adverse tax consequences or the costs to the Loan Parties of providing such Guaranty, executing any security documents or perfecting the security interests created thereby are unreasonably excessive (as determined by Agent) in relation to the benefits of Agent and the Lenders of the security or guarantee afforded thereby, and (b) within 10 Business Days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above (including policies of title insurance or other documentation with respect to all Real Property owned in fee and subject to a mortgage); provided that such documentation shall not be required if the costs to the Loan Parties of providing such documentation or perfecting the security interests created thereby are unreasonably excessive (as reasonably determined by Agent) in relation to the benefits of Agent and the Lenders of the security or guarantee afforded thereby. Any document, agreement, or instrument executed or issued pursuant to this Section 5.11 shall be a Loan Document.

5.12 **Further Assurances.** At any time upon the reasonable request of Agent, execute or deliver to Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, endorsements of certificates of title, mortgages, deeds of trust, opinions of counsel, and all other documents (the "Additional Documents") that Agent may reasonably request in form and substance reasonably satisfactory to Agent, to create, perfect, and continue perfected or to better perfect Agent' s Liens in all of the assets of the Loan Parties other than Parent (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), to create and perfect Liens in favor of Agent in any Real Property acquired by the Loan Parties other than Parent after the Closing Date with a fair market value in excess of $1,000,000, and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents). To the maximum extent permitted by applicable law, each of Parent and Borrower authorizes Agent to execute any such Additional Documents in the applicable Loan Party' s name, as applicable, and authorizes Agent to file such executed Additional Documents in any appropriate filing office. In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as Agent may reasonably request from time to time to ensure that the Obligations are guarantied by the Guarantors and are secured by substantially all of the assets of the Loan Parties.

5.13 **Lender Meetings**. Within 30 days after Parent files its Form 20-F or any comparable form with the SEC, at the request of Agent or of the Required Lenders and upon reasonable prior notice, hold a

meeting (at a mutually agreeable location and time or, at the option of Agent, by conference call) with all Lenders who choose to attend such meeting at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of Parent and its Subsidiaries and the projections presented for the current fiscal year of Parent.

5.14 **Material Contracts.** Contemporaneously with the delivery of each Compliance Certificate pursuant to Section 5.1, provide Agent with copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate.

5.15 **Location of Inventory and Equipment.** Keep each Loan Parties' (other than Parent) Inventory and Equipment (other than vehicles and Equipment out for repair) primarily at the locations identified on Schedule 4.25 and their chief executive offices only at the locations identified on Schedule 4.6(b); provided, however, that Borrower may amend Schedule 4.25 or Schedule 4.6(b) so long as such amendment occurs by written notice to Agent prior to, or within a reasonable time after, the date on which such Inventory or Equipment is moved to such new location or such chief executive office is relocated and so long as, in the case of the location of the Inventory or Equipment of a Loan Party or the location of a Loan Party' s chief executive office, such new location is within the continental United States or Canada.

5.16 **Canadian Pension and Benefit Plans.**

(a) The Canadian Loan Parties will cause to be delivered to Agent, promptly upon Agent' s written request, a copy of each Canadian Employee Plan and, if applicable, related trust agreements or other funding instruments and all amendments thereto.

(b) The Canadian Loan Parties shall use reasonable efforts to obtain and provide Agent, upon its request, with written confirmation of registration from the applicable Governmental Authorities for each Canadian Employee Plan that is required to be registered with any Governmental Authority under Canadian Employee Benefits Legislation.

(c) The Canadian Loan Parties shall ensure that each Canadian Employee Plan retains its registered status (if applicable) under and is administered in all material respects in accordance with the terms of the applicable funding agreement and Canadian Employee Benefits Legislation.

(d) The Canadian Loan Parties will cause all reports and disclosures required by any applicable Canadian Employee Benefits Legislation to be filed and distributed as required.

(e) Each Canadian Loan Party shall perform in all material respects all obligations (including (if applicable), funding, investment and administration obligations) required to be performed by such Canadian Loan Party in connection with each Canadian Employee Plan and the funding therefor; make and pay all premiums required to be made or paid by it in accordance with the terms of each Canadian Employee Plan and Canadian Employee Benefits Legislation and withhold by way of authorized payroll deductions or otherwise collect and pay into the Canadian Employee Plan all employee contributions required to be withheld or collected by it in accordance with the terms of each applicable Canadian Employee Plan, and Canadian Employee Benefits Legislation.

5.17 **Maintenance of Proprietary Rights.**

(a) Continue to own, or be licensed, or otherwise possess legally enforceable rights, to use, sell or license, as applicable, all Proprietary Rights used or held for use in the business of each Loan Party and each Material Subsidiary of such Loan Party, and maintain licenses for Commercial Software used in its business (except (i) in connection with the sale by any Loan Party or any Material Subsidiary of a Loan Party of its products in the ordinary course of its business and (ii) to the extent that a Loan Party or a Material Subsidiary of a Loan Party determines in its reasonable business judgment that such Proprietary Rights or Commercial Software, as applicable, are not necessary for, material to or economically desirable for the

operation of its business). Without limiting the forgoing, each Loan Party and each Material Subsidiary of a Loan Party will maintain ownership (and continue to be listed as the registrant, administrative contact and technical contact) of each of its domain names listed on Schedule 4.13(a) and keep each registration of each such domain name in full force and effect with the registrar thereof identified on Schedule 4.13(a) (except to the extent that a Loan Party or a Material Subsidiary of a Loan Party determines in its reasonable business judgment that such domain name or registration therefor is not necessary for, material to or economically desirable for the operation of its business).

(b) (i) Not violate, in any material respect, any license, sublicense or agreement of the kind or type described in Schedule 4.13(b), and (ii) cause each such license, sublicense and agreement to continue to be legal, valid, binding, enforceable and in full force and effect following the Closing Date (except (A) for such licenses, sublicenses or agreements that expire at the end of their term, so long as such licenses, sublicenses or agreements are replaced or do not affect the value of each Loan Party' s and its Material Subsidiaries' Proprietary Rights and (B) to the extent that a Loan Party or a Material Subsidiary of a Loan Party determines in its reasonable business judgment that any license, sublicense or agreement of the kind or type described in Schedule 4.13(b), as applicable, is not necessary for, material to or economically desirable for the operation of its business). After the Closing Date, no Loan Party and no Material Subsidiary of a Loan Party shall enter into any license, sublicense or agreement of the kind or type described in Section 4.13(b) without taking commercial reasonable efforts to include contractual provisions that enable such Loan Party' s or such Material Subsidiary of a Loan Party' s rights thereunder to be assigned without the consent of any Person in connection with the sale of the business in which such rights are utilized, provided that Agent recognizes that certain third parties may not agree to such assignment provisions and nothing herein shall restrict a Loan Party or any Subsidiary of a Loan Party from entering into any license, sublicense or agreement which does not contain such assignment provisions.

(c) After the Closing Date, no Loan Party or any Material Subsidiary of a Loan Party shall incorporate any Embedded Products (other than Commercial Software) into its products unless such Loan Party or such Material Subsidiary of a Loan Party has taken commercial reasonable efforts to include contractual provisions that enable such Loan Party' s or such Material Subsidiary of a Loan Party' s rights thereunder to be assigned without the consent of any Person in connection with the sale of the business in which such rights are utilized, provided that Agent recognizes that certain third parties may not agree to such assignment provisions and nothing herein shall restrict a Loan Party or any Subsidiary of a Loan Party from incorporating any Embedded Products into its products if the applicable license, sublicense or agreement does not contain such assignment provisions rights. No Loan Party or any Material Subsidiary of a Loan Party shall become obligated to pay compensation to any third party in an aggregate amount exceeding $250,000 in any year with respect to any Proprietary Rights, except (i) pursuant to the agreements disclosed on Schedule 4.13(c), (ii) with respect to Proprietary Rights developed or acquired after the Closing Date, pursuant to agreements disclosed in writing to Agent together with a copy of such agreement on the first date thereafter Parent provides its Compliance Certificate or (iii) to holders of Commercial Software licenses in connection with the sale by any Loan Party or any Material Subsidiary of a Loan Party of its products in the ordinary course of its business.

(d) To the knowledge of each Loan Party after reasonable inquiry, not infringe or permit any Proprietary Rights to infringe, any intellectual property rights of any third party.

(e) Promptly, and in any event, within 30 days thereafter, notify Agent of any claims with respect to the Proprietary Rights made or, to the knowledge of any Loan Party, threatened in writing against any Loan Party or any Material Subsidiary of a Loan Party, (i) alleging that the manufacture, sale, licensing or use of any Proprietary Rights as then manufactured, sold, licensed or used by any Loan Party or any Material Subsidiary of a Loan Party or any third party infringes on any intellectual property rights of any third party, (ii) against the use by any Loan Party or any Material Subsidiary of a Loan Party or any third party of any technology, know-how or computer software used in any Loan Party' s business then conducted or (iii) challenging the ownership by any Loan Party, or any Material Subsidiary of a Loan Party or the validity or effectiveness, of any such Proprietary Rights.

(f) Not enter into or be bound by any agreement under which such Loan Party or such Material Subsidiary of a Loan Party is expressly restricted from, (i) selling, licensing or otherwise distributing any products to any class or type of customers or through any type of channel in any geographic area or during any period of time, or (ii) combining, incorporating, embedding or bundling or allowing others to combine, incorporate, embed or bundle any of its products with those of another party, except to the extent such Loan Party or such Material Subsidiary of a Loan Party determines in its reasonable business judgment that such combining, incorporating, embedding or bundling of its products with those of another party, as applicable, is prudent for the operation of its business.

(g) Borrower shall promptly notify Agent if any Loan Party or any Material Subsidiary of a Loan Party becomes aware of any officer, employee or consultant of a Loan Party or a Material Subsidiary of a Loan Party having grounds to assert a claim to, or any ownership interest in, any Proprietary Right purported to be owned by Loan Party or a Material Subsidiary of a Loan Party as a result of having been involved in the development of such property while employed by or consulting to any Loan Party or any Material Subsidiary of a Loan Party or otherwise. Except for Embedded Products or Commercial Software, all of the computer software products within the Proprietary Rights created and owned by any Loan Party or any Material Subsidiary of a Loan Party shall be developed (i) by employees of such Loan Party or such Material Subsidiary of a Loan Party (A) within the scope of their employment, as a "work made for hire", and pursuant to directions by such Loan Party or such Material Subsidiary of a Loan Party to work on such computer software products or (B) who have assigned all rights in such products to such Loan Party or a Subsidiary of a Loan Party, or (ii) by consultants who assign all rights to such products to such Loan Party or such Material Subsidiary of a Loan Party or have otherwise been assigned to or licensed for such use by such Loan Party or such Material Subsidiary of a Loan Party.

(h) Not use government funding or university or college facilities in the development of the computer software programs or applications owned by any Loan Party or any Material Subsidiary of a Loan Party.

(i) Cause the Proprietary Rights of each Loan Party and each Material Subsidiary of a Loan Party to be sold or licensed to customers of the applicable Loan Party or applicable Material Subsidiary of a Loan Party in compliance with all applicable laws, rules, regulations, and orders of any Governmental Authority applicable thereto, except for such instances of non-compliance which could not reasonably be expected to have a Material Adverse Change.

5.18 **Additional Material Subsidiaries.**

(a) If Subsidiaries of Parent other than Material Subsidiaries generate (i) 45% or more of the revenues of Parent and its Subsidiaries or (ii) 50% or more of the maintenance revenues of Parent and its Subsidiaries, in each case, for the 12 consecutive month period most recently concluded, then within 15 days after the end of the last month of such 12 consecutive month period, Parent shall designate one or more Subsidiaries as a Material Subsidiary so that after giving effect to such designation the Subsidiaries of Parent other than Material Subsidiaries do not generate (x) 45% or more of the revenues of Parent and its Subsidiaries or (y) 50% or more of the maintenance revenues of Parent and its Subsidiaries, in each case, for the 12 consecutive month period most recently concluded; provided that, such Subsidiary or Subsidiaries, as the case may be, designated as a Material Subsidiary pursuant to this clause (a) shall have generated the highest revenues among Subsidiaries of Parent other than Material Subsidiaries for the 12 consecutive month period most recently concluded.

(b) Promptly, and in any event, within 15 days after the end of each quarter, notify Agent of any Subsidiary of Parent that became a Material Subsidiary pursuant to clause (a) or (b) of the definition of Material Subsidiary.

(c) Upon designation of any Subsidiary as a Material Subsidiary after the Closing Date pursuant to clause (a) or (b) of this Section, Parent shall deliver to Agent supplemental Schedules to this Agreement with respect to such Material Subsidiary.

6.

NEGATIVE COVENANTS.

Each of Parent and Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Loan Parties will not and will not permit any of their Material Subsidiaries to do any of the following:

6.1 **Indebtedness.** Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

6.2 **Liens.** Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 **Restrictions on Fundamental Changes.**

(a) Enter into any merger, amalgamation, consolidation, reorganization, or recapitalization, or reclassify its Stock, except for (i) any merger, amalgamation or consolidation between Loan Parties, provided that Borrower must be the surviving entity of any such merger, amalgamation or consolidation to which it is a party and no merger, amalgamation or consolidation may occur between Parent and any other Loan Party, (ii) any merger, amalgamation or consolidation between a Loan Party and Subsidiaries of Parent that are not Loan Parties so long as such Loan Party is the surviving entity of any such merger, amalgamation or consolidation, and (iii) any merger, amalgamation or consolidation between Subsidiaries of Parent that are not Loan Parties,

(b) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), except for (i) the liquidation or dissolution of non-operating Subsidiaries of Parent (other than Loan Parties) with nominal assets and nominal liabilities, (ii) the liquidation or dissolution of a Loan Party (other than Parent or a Borrower) or any of its wholly-owned Subsidiaries so long as all of the assets (including any interest in any Stock) of such liquidating or dissolving Loan Party or Subsidiary are transferred to a Loan Party that is not liquidating or dissolving, or (iii) the liquidation or dissolution of a Subsidiary of Parent that is not a Loan Party so long as all of the assets of such liquidating or dissolving Subsidiary are transferred to a Subsidiary of Parent that is not liquidating or dissolving, or

(c) Suspend or go out of a substantial portion of its or their business, except as permitted pursuant to clauses (a) or (b) above or in connection with the transactions permitted pursuant to Section 6.4.

6.4 **Disposal of Assets.** Other than Permitted Dispositions, Permitted Investments, or transactions expressly permitted by Sections 6.3 and 6.11, convey, sell, lease, license, assign, transfer, or otherwise dispose of (or enter into an agreement to convey, sell, lease, license, assign, transfer, or otherwise dispose of) any Loan Party' s or any of its Material Subsidiaries' assets.

6.5 **Change Name.** Change any Loan Party' s or any of its Material Subsidiaries' name, organizational or incorporation identification number, jurisdiction of organization/incorporation or organizational identity; provided, however, that any Loan Party or any of its Material Subsidiaries may change their names upon at least 10 days prior written notice to Agent of such change.

6.6 **Nature of Business.** Make any change in the nature of its or their business as described in Schedule 6.6 or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided, however, that the foregoing shall not prevent any Loan Party and any of its Material Subsidiaries from engaging in any business that is reasonably related or ancillary to its or their business.

6.7 **Prepayments and Amendments.**

(a) Except in connection with Refinancing Indebtedness permitted by Section 6.1,

(i) optionally prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of any Loan Party or any of its Material Subsidiaries, other than (A) the Obligations in accordance with this Agreement, and (B) Permitted Intercompany Advances,

(ii) make any payment on account of Indebtedness that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions, or

(iii) make any payment on account of Indebtedness owing to any Subsidiary of Parent that is not a Loan Party.

(b) Directly or indirectly, amend, modify, or change any of the terms or provisions of

(i) any agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Indebtedness other than (A) the Obligations in accordance with this Agreement, (B) Permitted Intercompany Advances, (C) Permitted Holdings Advances, and (D) Indebtedness permitted under clauses (c), (h), (j) and (k) of the definition of Permitted Indebtedness,

(ii) any Material Contract except to the extent that such amendment, modification, alteration, increase, or change could not, individually or in the aggregate, reasonably be expected to be materially adverse to the interests of the Lenders, or

(iii) the Governing Documents of any Loan Party or any of its Material Subsidiaries if the effect thereof, either individually or in the aggregate, could reasonably be expected to be materially adverse to the interests of the Lenders.

6.8 **Change of Control.** Cause, permit, or suffer, directly or indirectly, any Change of Control.

6.9 **Restricted Junior Payment.** Make any Restricted Junior Payment; provided, however, that, so long as it is permitted by applicable law, and so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom,

(a) Material Subsidiaries of the Loan Parties may, or may make distributions so that Parent may, pay the consideration necessary to consummate any Permitted Acquisition in accordance with the agreements evidencing such Permitted Acquisition,

(b) Loan Parties may make Permitted Holdings Advances,

(c) Loan Parties or any of their Material Subsidiaries may make distributions to Parent for the sole purpose of allowing Parent to and Parent shall use the proceeds thereof solely to make distributions to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) of Parent or any of its Subsidiaries on account of redemptions of Stock of Holdings held by such Persons, provided, however, that the aggregate amount of such distributions made by Parent during the term of this Agreement plus the amount of Indebtedness outstanding under clause (l) of the definition of Permitted Indebtedness, does not exceed $1,000,000 in the aggregate,

(d) Subject to applicable law, the Loan Parties or any of their Material Subsidiaries may make distributions to Parent, and Parent may make distributions to Holdings, for the sole purpose of allowing Holdings to, and Holdings shall use the proceeds thereof solely to, (i) pay federal and state income taxes and franchise taxes solely arising out of the consolidated operations of Parent and its Subsidiaries, after taking into account all available credits and deductions (provided that no Loan Party or any of its Material Subsidiaries shall make any distribution to Holdings in any amount greater than the share of such taxes arising out of Parent' s consolidated net income), and (ii) so long as no Event of Default shall have occurred and be continuing or would result therefrom, pay other reasonable administrative and maintenance expenses of Holdings arising solely out of the consolidated operations (including maintenance of existence) of Parent and its Subsidiaries, in an aggregate amount not to exceed $250,000 in any fiscal year, and

(e) Any other Restricted Junior Payments so long as the sum of (i) Availability plus (ii) North America Cash is equal to or greater than $15,000,000 immediately before and after giving effect to making of such Restricted Junior Payment.

6.10 **Accounting Methods.** Modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

6.11 **Investments; Controlled Investments.**

(a) Except for Permitted Investments, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment.

(b) Other than (i) an aggregate amount of not more than $250,000 at any one time, in the case of the Loan Parties other than Parent, and (ii) amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the Loan Parties' employees, make, acquire, or permit to exist Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless Loan Parties other than Parent, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Agent governing such Permitted Investments in order to perfect (and further establish) Agent' s Liens in such Permitted Investments. Except as provided in Section 6.11(b)(i) and (ii), Loan Parties other than Parent shall not establish or maintain any Deposit Account or Securities Account unless Agent shall have received a Control Agreement in respect of such Deposit Account or Securities Account.

6.12 **Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any transaction with any Affiliate of Parent or any of its Subsidiaries except for:

(a) transactions (other than the incurrence of expenses pursuant to the Services Agreement) between Parent or its Subsidiaries, on the one hand, and any Affiliate of Parent or its Subsidiaries, on the other hand, so long as such transactions (i) are upon fair and reasonable terms, (ii) are fully disclosed to Agent prior to the consummation thereof, if they involve one or more payments by Parent or its Subsidiaries in excess of $500,000 for any single transaction or series of related transactions, (iii) are made in the ordinary course of business, and (iv) are no less favorable, taken as a whole, to Parent or its Subsidiaries, as applicable, than would be obtained in an arm' s length transaction with a non-Affiliate,

(b) so long as it has been approved by Parent' s board of directors (or comparable governing body) in accordance with applicable law, any indemnity provided for the benefit of directors (or comparable managers) of Parent,

(c) so long as it has been approved by Parent' s board of directors (or comparable governing body) in accordance with applicable law, the payment of reasonable fees, compensation, severance, or employee benefit arrangements to employees, officers, and outside directors of Parent in the ordinary course of business and consistent with industry practice,

(d) transactions permitted by Section 6.3, Section 6.9 or Section 6.11, and

(e) transactions set forth in the Services Agreement as in effect on the Closing Date.

6.13 **Use of Proceeds.** The proceeds of any loan made hereunder will not be utilized for (a) any purpose other than (i) on the Closing Date, to pay transactional fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, and (ii) thereafter (A) to make Permitted Holdings Advances, (B) to fund working capital and Capital Expenditure needs of the Loan Parties and general corporate needs of the Loan Parties (including Permitted

Acquisitions), and (C) consistent with the terms and conditions hereof, for its lawful and permitted purposes and (b) any activities that may contravene U.S. Federal, state or international laws and regulations, including, without limitation, any applicable anti-money laundering, economic sanctions, or anti-corruption laws and regulations.

6.14 **Non-Loan Party Subsidiaries.** Except for the trademarks set forth on Exhibit A to the Trademark License Agreement, permit Parent or any Subsidiary of Parent that is not a Loan Party to own, or hold licenses in, any trademarks, trade names, copyrights, patents, industrial designs, or licenses that are individually or in the aggregate material to the business or operations of any Loan Party other than Parent.

6.15 **Consignments.** Consign any of its or their Inventory or sell any of its or their Inventory on bill and hold, sale or return, sale on approval, or other conditional terms of sale.

6.16 **Inventory and Equipment with Bailees.** Store the Inventory or Equipment of any Loan Party or any of its Material Subsidiaries at any time now or hereafter with a bailee, warehouseman, or similar party.

7.

FINANCIAL COVENANTS.

(a) Each of Parent and Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, Parent and Borrower will comply with each of the following financial covenants:

(i) **Minimum EBITDA.** On and after June 30, 2010, achieve EBITDA, measured on a quarter-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

Applicable Amount	Applicable Period
$33,200,000	For the 12 month period ending 6/30/2010
$32,700,000	For the 12 month period ending 9/30/2010
$35,400,000	For the 12 month period ending 12/31/2010
$36,100,000	For the 12 month period ending 3/31/2011
$36,800,000	For the 12 month period ending 6/30/2011
$37,400,000	For the 12 month period ending 9/30/2011
$38,100,000	For the 12 month period ending 12/31/2011
$38,600,000	For the 12 month period ending 3/31/2012
$39,100,000	For the 12 month period ending 6/30/2012
$39,700,000	For the 12 month period ending 9/30/2012
$40,200,000	For the 12 month period ending 12/31/2012
$41,000,000	For the 12 month period ending 3/31/2013

Applicable Amount	Applicable Period
$41,700,000	For the 12 month period ending 6/30/2013
$42,500,000	For the 12 month period ending 9/30/2013
$43,300,000	For the 12 month period ending 12/31/2013
$44,000,000	For the 12 month period ending 3/31/2014

(ii) **Fixed Charge Coverage Ratio.** On and after June 30, 2010, have a Fixed Charge Coverage Ratio, measured on a quarter-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

Applicable Ratio	Applicable Period
1.25:1.00	For the 12 month period ending 6/30/2010
1.25:1.00	For the 12 month period ending 9/30/2010
1.25:1.00	For the 12 month period ending 12/31/2010
1.25:1.00	For the 12 month period ending 3/31/2011
1.25:1.00	For the 12 month period ending 6/30/2011
1.25:1.00	For the 12 month period ending 9/30/2011
1.25:1.00	For the 12 month period ending 12/31/2011
1.25:1.00	For the 12 month period ending 3/31/2012
1.25:1.00	For the 12 month period ending 6/30/2012
1.25:1.00	For the 12 month period ending 9/30/2012
1.25:1.00	For the 12 month period ending 12/31/2012
1.25:1.00	For the 12 month period ending 3/31/2013
1.25:1.00	For the 12 month period ending 6/30/2013
1.25:1.00	For the 12 month period ending 9/30/2013
1.25:1.00	For the 12 month period ending 12/31/2013
1.25:1.00	For the 12 month period ending 3/31/2014

(iii) **Outstanding Advances**. Maintain outstanding Advances in an amount greater than (A) $15,000,000 during the period of time from and after the Closing Date up to and including the date that is the third month anniversary of the Closing Date and (B) $7,500,000 during the period of time that is from and after the date immediately following the third month anniversary of the Closing Date up to and including the date that is the twenty-first month anniversary of the Closing Date.

(b) Each of Parent and Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, Borrower and Pivotal will comply with the following financial covenant:

(i) **TTM Recurring Revenues**. On and after June 30, 2010, achieve TTM Recurring Revenues, measured on a quarter-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

Applicable Amount	Applicable Period
$33,200,000	For the 12 month period ending 6/30/2010
$32,100,000	For the 12 month period ending 9/30/2010
$32,500,000	For the 12 month period ending 12/31/2010
$32,600,000	For the 12 month period ending 3/31/2011
$32,600,000	For the 12 month period ending 6/30/2011
$32,700,000	For the 12 month period ending 9/30/2011
$32,700,000	For the 12 month period ending 12/31/2011
$32,800,000	For the 12 month period ending 3/31/2012
$32,900,000	For the 12 month period ending 6/30/2012
$33,000,000	For the 12 month period ending 9/30/2012
$33,100,000	For the 12 month period ending 12/31/2012
$33,200,000	For the 12 month period ending 3/31/2013
$33,300,000	For the 12 month period ending 6/30/2013
$33,500,000	For the 12 month period ending 9/30/2013
$33,600,000	For the 12 month period ending 12/31/2013
$33,700,000	For the 12 month period ending 3/31/2014

8.

EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

8.1 If any Loan Party fails to pay when due and payable, or when declared due and payable as permitted hereunder, (a) all or any portion of the Obligations consisting of interest, fees, or charges due the

Lender Group, reimbursement of Lender Group Expenses, or other amounts (other than any portion thereof constituting principal) constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), and such failure continues for a period of 3 Business Days, or (b) all or any portion of the principal of the Obligations;

8.2 If any Loan Party or any of its Material Subsidiaries:

(a) fails to perform or observe any covenant or other agreement contained in any of (i) Sections 3.3, 5.1, 5.2, 5.3 (solely if any Loan Party or any of its Material Subsidiaries is not in good standing in its jurisdiction of organization), 5.6, 5.7 (solely if any Loan Party or any of its Material Subsidiaries refuses to allow Agent or its representatives or agents to visit such Loan Party' s or any of its Material Subsidiary' s properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss such Loan Party' s or any of its Material Subsidiary' s affairs, finances, and accounts with officers and employees of such Loan Party' s or any of its Material Subsidiary' s), 5.10, 5.11, 5.13, or 5.18 of this Agreement, (ii) Sections 6.1 through 6.16 of this Agreement, (iii) Section 7 of this Agreement, or (iv) Section 6 of the U.S. Security Agreement or Section 7 of the Canadian Security Agreement;

(b) fails to perform or observe any covenant or other agreement contained in any of Sections 5.3 (other than if any Loan Party or any of its Material Subsidiaries is not in good standing in its jurisdiction of organization), 5.4, 5.5, 5.8, 5.12, 5.14, 5.15, 5.16, and 5.17 of this Agreement and such failure continues for a period of 15 days after the earlier of (i) the date on which such failure shall first become known to any Senior Officer or (ii) the date on which written notice thereof is given to Borrower by Agent; or

(c) fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this Section 8 (in which event such other provision of this Section 8 shall govern), and such failure continues for a period of 30 days after the earlier of (i) the date on which such failure shall first become known to any Senior Officer or (ii) the date on which written notice thereof is given to Borrower by Agent;

8.3 If one or more judgments, orders, or awards for the payment of money involving an aggregate amount of $2,500,000 or more (except to the extent fully covered (other than to the extent of customary deductibles) by insurance pursuant to which the insurer has not denied coverage) is entered or filed against a Loan Party or any of its Material Subsidiaries, or with respect to any of their respective assets, and either (a) there is a period of 45 consecutive days at any time after the entry of any such judgment, order, or award during which (1) the same is not discharged, satisfied, vacated, or bonded pending appeal, or (2) a stay of enforcement thereof is not in effect, or (b) enforcement proceedings are commenced upon such judgment, order, or award;

8.4 If an Insolvency Proceeding is commenced by a Loan Party or any of its Material Subsidiaries;

8.5 If an Insolvency Proceeding is commenced against a Loan Party or any of its Material Subsidiaries and any of the following events (or analogous events under other applicable laws) occur: (a) such Loan Party or such Material Subsidiary consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, such Loan Party or its Material Subsidiary, or (e) an order for relief shall have been issued or entered therein;

8.6 If any Loan Party or any of its Material Subsidiaries is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material portion of its business affairs;

8.7(a) If there is a default in one or more agreements to which a Loan Party or any of its Material Subsidiaries is a party with one or more third Persons relative to a Loan Party' s or any of its Material Subsidiaries' Indebtedness involving an aggregate amount of $2,500,000 or more, and such default (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by such third Person, irrespective of whether exercised, to accelerate the maturity of such Loan Party' s or its Material Subsidiary' s obligations thereunder, or (b) if any Loan Party fails to pay when due and payable, or when declared due and payable, any obligation in an aggregate amount of $1,000,000 or more under any Hedge Agreement;

8.8 If any warranty, representation, certificate, statement, or Record made herein or in any other Loan Document or delivered in writing to Agent or any Lender in connection with this Agreement or any other Loan Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance thereof or making or deemed making thereof;

8.9 If the obligation of any Guarantor under any Guaranty is limited or terminated by operation of law or by such Guarantor (other than in accordance with the terms of this Agreement);

8.10 If any Security Document or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent of Permitted Liens which are permitted purchase money Liens or the interests of lessors under Capital Leases, first priority Lien on the Collateral covered thereby, except (a) as a result of a disposition of the applicable Collateral in a transaction permitted under this Agreement, (b) with respect to Collateral the aggregate value of which, for all such Collateral, does not exceed at any time, $750,000, or (c) as the result of an action or failure to act on the part of Agent;

8.11 The validity or enforceability of any Loan Document shall at any time for any reason (other than solely as the result of an action or failure to act on the part of Agent) be declared to be null and void, or the validity or enforceability thereof shall be contested by any Loan Party or its Subsidiaries, or a proceeding shall be commenced by any Loan Party or its Subsidiaries, or by any Governmental Authority having jurisdiction over a Loan Party or its Subsidiaries, seeking to establish the invalidity or unenforceability thereof, or a Loan Party or its Subsidiaries shall deny that such Loan Party or its Subsidiaries has any liability or obligation purported to be created under any Loan Document; or

8.12 If there is any actual termination, cancellation, or modification to any Material Contract, where such termination, cancellation, or modification to such Material Contract could reasonably be expected to result in a Material Adverse Change.

9.

RIGHTS AND REMEDIES.

9.1 **Rights and Remedies.** Upon the occurrence and during the continuation of an Event of Default, Agent may, and, at the instruction of the Required Lenders, shall (in each case under clauses (a) or (b) by written notice to Borrower), in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, do any one or more of the following:

(a) declare the Obligations (other than the Bank Product Obligations), whether evidenced by this Agreement or by any of the other Loan Documents immediately due and payable, whereupon the same shall become and be immediately due and payable and Borrower shall be obligated to repay all of such Obligations in full, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by each Loan Party;

(b) declare the Commitments terminated, whereupon the Commitments shall immediately be terminated together with (i) any obligation of any Lender hereunder to make Advances, (ii) the obligation of the Swing Lender to make Swing Loans, and (iii) the obligation of the Issuing Lender to issue Letters of Credit; and

(c) exercise all other rights and remedies available to Agent or the Lenders under the Loan Documents or applicable law.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in Section 8.4 or Section 8.5, in addition to the remedies set forth above, without any notice to any Loan Party or any other Person or any act by the Lender Group, the Commitments shall automatically terminate and the Obligations (other than the Bank Product Obligations), inclusive of, all accrued and unpaid interest thereon and all fees and all other amounts owing under this Agreement or under any of the other Loan Documents, shall automatically and immediately become due and payable, and Borrower shall be obligated to repay all of such Obligations in full, without presentment, demand, protest, or notice of any kind, all of which are expressly waived by each Loan Party.

9.2 **Remedies Cumulative.** The rights and remedies of the Lender Group under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender Group shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by the Lender Group of one right or remedy shall be deemed an election, and no waiver by the Lender Group of any Event of Default shall be deemed a continuing waiver. No delay by the Lender Group shall constitute a waiver, election, or acquiescence by it.

10.

WAIVERS; INDEMNIFICATION.

10.1 **Demand; Protest; etc.** Each Loan Party waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender Group on which any Loan Party may in any way be liable.

10.2 **The Lender Group's Liability for Collateral.** Each Loan Party hereby agrees that: (a) so long as Agent complies with its obligations, if any, under the Code or other applicable law, the Lender Group shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrower.

10.3 **Indemnification.** Borrower shall pay, indemnify, defend, and hold the Agent-Related Persons, the Lender-Related Persons, and each Participant (each, an "Indemnified Person") harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys (in the absence of a continuing Event of Default, limited to a single counsel for the Lender Group together with any local counsel required by Agent), experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery (provided that Borrower shall not be liable for costs and expenses (including attorneys fees) of any Lender (other than WFCF) incurred in advising, structuring, drafting, reviewing, administering or syndicating the Loan Documents), enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of Parent's and its Subsidiaries' compliance with the terms of the Loan Documents (provided, however, that the indemnification in this clause (a) shall not extend to (i) disputes solely between or among the Lenders or (ii) disputes solely between or among the Lenders and their respective Affiliates; it being understood and agreed that the indemnification in this clause (a) shall extend to disputes between or among Agent on the one hand, and one or more Lenders, or one or more of their Affiliates, on the other hand), (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on,

under, to or from any assets or properties owned, leased or operated by Parent or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of Parent or any of its Subsidiaries (each and all of the foregoing, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, Borrower shall have no obligation to any Indemnified Person under this Section 10.3 with respect to (i) any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person or its officers, directors, employees, attorneys, or agents, (ii) payments or interest paid by the Lender to the extent attributable to such Lender being a Defaulting Lender, or (iii) Taxes, the indemnification for which shall be governed solely and exclusively by Section 16. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which Borrower was required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrower with respect thereto. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON; PROVIDED, THAT, THE FOREGOING INDEMNITY SHALL NOT APPLY IF A COURT OF COMPETENT JURISDICTION DETERMINES SUCH INDEMNIFIED LIABILITIES HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PERSON OR ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, OR AGENTS.**

11.

NOTICES.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Borrower or Agent, as the case may be, they shall be sent to the respective address set forth below:

If to Borrower:

ROSS SYSTEMS, INC.

2002 Summit Boulevard, Suite 700

Atlanta, GA 30319

Attn: Chief Financial Officer and General Counsel

Fax No. (770) 351-9506

with copies to:

GOODWIN PROCTER LLP

The New York Times Building

620 Eighth Avenue

New York, NY 10018-1405

Attn: Eric R. Reimer, Esq.

Fax No.: (212) 355-3333

If to Agent:

WELLS FARGO CAPITAL FINANCE, LLC

One Boston Place, 18th Floor

Boston, Massachusetts 02108

Attn: Technology Finance Manager

Fax No.: (617)722-9493

with copies to: **SCHULTE ROTH & ZABEL LLP**

919 Third Avenue

New York, New York 10022

Attention: Frederic L. Ragucci, Esq.

Fax No.: (212) 593-5955

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 11, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender' s receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment).

12.

CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH OF PARENT AND BORROWER AND EACH MEMBER OF THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).**

(c) **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF PARENT AND BORROWER AND EACH MEMBER OF THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH OF PARENT AND BORROWER AND EACH MEMBER OF THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE**

EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

13.

ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.

13.1 **Assignments and Participations.**

(a) With the prior written consent of Agent and Borrower, which consent of Agent and Borrower shall not be unreasonably withheld, delayed or conditioned, and shall not be required (i) in the case of Borrower, if a Default or an Event of Default has occurred and is continuing, or (ii) in the case of Agent and Borrower, in connection with an assignment to a Person that is a Lender or an Affiliate (other than individuals) of a Lender, any Lender may assign and delegate to one or more assignees (each, an "Assignee"; provided, however, that neither Parent nor any Affiliate of Parent shall be permitted to become an Assignee) all or any portion of the Obligations, the Commitments and the other rights and obligations of such Lender hereunder and under the other Loan Documents, in a minimum amount (unless waived by Agent) of $5,000,000 (except such minimum amount shall not apply to (A) an assignment or delegation by any Lender to any other Lender or an Affiliate of any Lender or (B) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be assigned to all such new Lenders is at least $5,000,000); provided, however, that Borrower and Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (1) written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Borrower and Agent by such Lender and the Assignee, (2) such Lender and its Assignee have delivered to Borrower and Agent an Assignment and Acceptance and Agent has notified the assigning Lender of its receipt thereof in accordance with Section 13.1(b), and (3) unless waived by Agent, the assigning Lender or Assignee has paid to Agent for Agent' s separate account a processing fee in the amount of $3,500.

(b) From and after the date that Agent notifies the assigning Lender (with a copy to Borrower) that it has received an executed Assignment and Acceptance and, if applicable, payment of the required processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall be a "Lender" and shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 10.3) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender' s rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto); provided, however, that (x) nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender' s obligations under Section 15 and Section 17.9(a), and (y) both the assigning Lender and Assignee shall be entitled to rely on the provisions of Section 16 (subject to the limitations therein).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or the performance or observance by Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto, (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such Assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (v) such Assignee appoints and authorizes Agent to take such actions and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such Assignee agrees that it will perform all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon Agent' s receipt of the required processing fee, if applicable, and delivery of notice to the assigning Lender pursuant to Section 13.1(b), this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender *pro tanto*.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (a "Participant") participating interests in all or any portion of its Obligations, its Commitment, and the other rights and interests of that Lender (the "Originating Lender") hereunder and under the other Loan Documents; provided, however, that (i) the Originating Lender shall remain a "Lender" for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a "Lender" hereunder or under the other Loan Documents and the Originating Lender' s obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrower, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender' s rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender (other than a waiver of default interest), or (E) change the amount or due dates of scheduled principal repayments or prepayments or premiums, and (v) all amounts payable by Borrower hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement. The rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents or any direct rights as to the other Lenders, Agent, Borrower, the Collections of any Loan Party, the Collateral, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves.

(f) In connection with any such assignment or participation or proposed assignment or participation or any grant of a security interest in, or pledge of, its rights under and interest in this Agreement, a Lender may, subject to the provisions of Section 17.9, disclose all documents and information which it now or hereafter may have relating to Parent and its Subsidiaries and their respective businesses.

(g) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.24, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

(h) Agent (as a non-fiduciary agent on behalf of Borrower) shall maintain, or cause to be maintained, a register (the "Register") on which it enters the name and address of each Lender as the registered owner of the Obligations (and the principal amount thereof and stated interest thereon) held by such Lender (each, a "Registered Loan"). Other than in connection with an assignment by a Lender of all or any portion of its portion of the Advances or Commitments to an Affiliate of such Lender or a Related Fund of such Lender (i) a Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole

or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide) and (ii) any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any evidencing the same), Borrower shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary. In the case of any assignment by a Lender of all or any portion of the Advances or Commitments to an Affiliate of such Lender or a Related Fund of such Lender, and which assignment is not recorded in the Register, the assigning Lender, on behalf of Borrower, shall maintain a register comparable to the Register.

(i) In the event that a Lender sells participations in the Registered Loan, such Lender, as a non-fiduciary agent on behalf of Borrower, shall maintain (or cause to be maintained) a register on which it enters the name of all participants in the Registered Loans held by it (and the principal amount (and stated interest thereon) of the portion of such Registered Loans that is subject to such participations) (the "Participant Register"). A Registered Loan (and the Registered Note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register.

(j) Agent shall make a copy of the Register (and each Lender shall make a copy of its Participant Register in the extent it has one) available for review by Borrower from time to time as Borrower may reasonably request.

13.2 **Successors.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that neither Parent nor Borrower may assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Lenders shall release Parent or Borrower from its Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 13.1 and, except as expressly required pursuant to Section 13.1, no consent or approval by Parent or Borrower is required in connection with any such assignment.

14.

AMENDMENTS; WAIVERS.

14.1 **Amendments and Waivers.**

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document (other than Bank Product Agreements or the Fee Letter), and no consent with respect to any departure by Parent or Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and the Loan Parties that are party thereto, and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all of the Lenders directly affected thereby and all of the Loan Parties that are party thereto, do any of the following:

(i) increase the amount of or extend the expiration date of any Commitment of any Lender or amend, modify, or eliminate the last sentence of Section 2.4(c)(i),

(ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document,

(iii) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document (except (y) in connection with the waiver of applicability of Section 2.6(c) (which waiver shall be effective with the written consent of the Required Lenders), and (z) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (iii)),

(iv) amend, modify, or eliminate this Section or any provision of this Agreement providing for consent or other action by all Lenders,

(v) other than as permitted by Section 15.11, release Agent' s Lien in and to any of the Collateral,

(vi) amend, modify, or eliminate the definition of "Required Lenders" or "Pro Rata Share",

(vii) contractually subordinate any of Agent' s Liens,

(viii) other than in connection with a merger, liquidation, dissolution or sale of such Person expressly permitted by the terms hereof or the other Loan Documents, release Borrower or any Guarantor from any obligation for the payment of money or consent to the assignment or transfer by Borrower or any Guarantor of any of its rights or duties under this Agreement or the other Loan Documents,

(ix) amend, modify, or eliminate any of the provisions of Section 2.4(b)(i) or (ii) or Section 2.4(e) or (f),

(x) amend any of the provisions of Section 2.14,

(xi) amend, modify, or eliminate any of the provisions of Section 13.1(a) to permit a Loan Party or an Affiliate of a Loan Party to be permitted to become an Assignee, or

(xii) amend, modify, or eliminate the definition of Credit Amount or any of the defined terms that are used in such definition to the extent that any such change results in more credit being made available to Borrower based upon the Credit Amount, but not otherwise, or the definition of Maximum Revolver Amount, or change Section 2.1(c).

(b) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive (i) the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agent and Borrower (and shall not require the written consent of any of the Lenders), and (ii) any provision of Section 15 pertaining to Agent, or any other rights or duties of Agent under this Agreement or the other Loan Documents, without the written consent of Agent, Borrower, and the Required Lenders.

(c) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Issuing Lender, or any other rights or duties of Issuing Lender under this Agreement or the other Loan Documents, without the written consent of Issuing Lender, Agent, Borrower, and the Required Lenders.

(d) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Agent, Borrower, and the Required Lenders.

(e) Anything in this Section 14.1 to the contrary notwithstanding, (i) any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of Parent or Borrower, shall not require consent by or the agreement of any Loan Party, and (ii) any amendment, waiver, modification, elimination, or consent of or with respect to any provision of this Agreement or any other Loan Document may be entered into without the consent of, or over the objection of, any Defaulting Lender.

14.2 **Replacement of Certain Lenders.**

(a) If (i) any action to be taken by the Lender Group or Agent hereunder requires the consent, authorization, or agreement of any Lender and if such action has received the consent, authorization, or agreement of the Required Lenders but not such greater number of the Lenders as may be required by Section 14.1, or (ii) any Lender makes a claim for compensation under Section 16, then Borrower or Agent, upon at least 5 Business Days prior irrevocable notice, may permanently replace any Lender that failed to give its consent, authorization, or agreement (a "Holdout Lender") or any Lender that made a claim for compensation (a "Tax Lender") with one or more Replacement Lenders, and the Holdout Lender or Tax Lender, as applicable, shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender or Tax Lender, as applicable, shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Holdout Lender or Tax Lender, as applicable, and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender or Tax Lender, as applicable, being repaid in full its share of the outstanding Obligations (without any premium or penalty of any kind whatsoever, but including (i) all interest, fees and other amounts that may be due in payable in respect thereof, and (ii) an assumption of its Pro Rata Share of the Letters of Credit). If the Holdout Lender or Tax Lender, as applicable, shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, Agent may, but shall not be required to, execute and deliver such Assignment and Acceptance in the name or and on behalf of the Holdout Lender or Tax Lender, as applicable, and irrespective of whether Agent executes and delivers such Assignment and Acceptance, the Holdout Lender or Tax Lender, as applicable, shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender or Tax Lender, as applicable, shall be made in accordance with the terms of Section 13.1. Until such time as one or more Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender or Tax Lender, as applicable, hereunder and under the other Loan Documents, the Holdout Lender or Tax Lender, as applicable, shall remain obligated to make the Holdout Lender' s or Tax Lender' s, as applicable, Pro Rata Share of Advances and to purchase a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of such Letters of Credit.

14.3 **No Waivers; Cumulative Remedies.** No failure by Agent or any Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by Agent or any Lender on any occasion shall affect or diminish Agent' s and each Lender' s rights thereafter to require strict performance by Parent and Borrower of any provision of this Agreement. Agent' s and each Lender' s rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agent or any Lender may have.

15.

AGENT; THE LENDER GROUP.

15.1 **Appointment and Authorization of Agent.** Each Lender hereby designates and appoints WFCF as its agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to designate, appoint, and authorize) Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan

Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as agent for and on behalf of the Lenders (and the Bank Product Providers) on the conditions contained in this Section 15. The provisions of this Section 15 are solely for the benefit of Agent and the Lenders, and Parent and its Subsidiaries shall have no rights as a third party beneficiary of any of the provisions contained herein. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender (or Bank Product Provider), and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement or the other Loan Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a representative relationship between independent contracting parties. Each Lender hereby further authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent to act as the secured party under each of the Loan Documents that create a Lien on any item of Collateral. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, or of any other provision of the Loan Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect: (a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, the Collections of the Loan Parties (other than Parent), and related matters, (b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Loan Documents, (c) make Advances, for itself or on behalf of Lenders, as provided in the Loan Documents, (d) exclusively receive, apply, and distribute the Collections of the Loan Parties (other than Parent) as provided in the Loan Documents, (e) open and maintain such bank accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Loan Documents for the foregoing purposes with respect to the Collateral and the Collections of the Loan Parties (other than Parent), (f) perform, exercise, and enforce any and all other rights and remedies of the Lender Group with respect to Parent or its Subsidiaries, the Obligations, the Collateral, the Collections of the Loan Parties (other than Parent), or otherwise related to any of same as provided in the Loan Documents, and (g) incur and pay such Lender Group Expenses as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Loan Documents.

15.2 **Delegation of Duties.** Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

15.3 **Liability of Agent.** None of the Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders (or Bank Product Providers) for any recital, statement, representation or warranty made by Parent or any of its Subsidiaries or Affiliates, or any officer or director thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of Parent or its Subsidiaries or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender (or Bank Product Provider) to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the books and records or properties of Parent or its Subsidiaries.

15.4 **Reliance by Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party or counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders (and, if it so elects, the Bank Product Providers) against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders (and Bank Product Providers).

15.5 **Notice of Default or Event of Default.** Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or Borrower referring to this Agreement, describing such Default or Event of Default, and stating that such notice is a "notice of default." Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 15.4, Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 9; provided, however, that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

15.6 **Credit Decision.** Each Lender (and Bank Product Provider) acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Parent and its Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender (or Bank Product Provider). Each Lender represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower. Each Lender also represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender (or Bank Product Provider) with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrower or any other Person party to a Loan Document that may come into

the possession of any of the Agent-Related Persons. Each Lender acknowledges (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender (or Bank Product Provider) with any credit or other information with respect to Borrower, its Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent' s or its Affiliates' or representatives' possession before or after the date on which such Lender became a party to this Agreement (or such Bank Product Provider entered into a Bank Product Agreement).

15.7 **Costs and Expenses; Indemnification.** Agent may incur and pay Lender Group Expenses to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Loan Documents, including court costs, attorneys fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrower is obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. Agent is authorized and directed to deduct and retain sufficient amounts from the Collections of the Loan Parties (other than Parent) received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders (or Bank Product Providers). In the event Agent is not reimbursed for such costs and expenses by Parent or its Subsidiaries, each Lender hereby agrees that it is and shall be obligated to pay to Agent such Lender' s ratable Share thereof. Whether or not the transactions contemplated hereby are consummated, each of the Lenders on a ratable basis, shall indemnify and defend the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so) from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting solely from such Person' s gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make an Advance or other extension of credit hereunder. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for such Lender' s ratable share of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Loan Document to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

15.8 **Agent in Individual Capacity.** WFCF and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Document as though WFCF were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, WFCF or its Affiliates may receive information regarding Parent or its Affiliates or any other Person party to any Loan Document that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders (or Bank Product Providers), and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms "Lender" and "Lenders" include WFCF in its individual capacity.

15.9 **Successor Agent.** Agent may resign as Agent upon 30 days' prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Borrower (unless such notice is waived by Borrower) and without any notice to the Bank Product Providers. If Agent resigns under this Agreement, the Required Lenders shall be entitled, with (so long as no Event of Default has occurred and is continuing) the consent of Borrower (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a

successor Agent for the Lenders (and the Bank Product Providers). If, at the time that Agent' s resignation is effective, it is acting as the Issuing Lender or the Swing Lender, such resignation shall also operate to effectuate its resignation as the Issuing Lender or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit, to cause the Underlying Issuer to issue Letters of Credit, or to make Swing Loans. If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Lenders and Borrower, a successor Agent. If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable law, the Required Lenders may agree in writing to remove and replace Agent with a successor Agent from among the Lenders with (so long as no Default or Event of Default has occurred and is continuing) the consent of Borrower (such consent not to be unreasonably withheld, delayed, or conditioned). In any such event, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring Agent and the term "Agent" shall mean such successor Agent and the retiring Agent' s appointment, powers, and duties as Agent shall be terminated. After any retiring Agent' s resignation hereunder as Agent, the provisions of this Section 15 and Section 16 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent' s notice of resignation, the retiring Agent' s resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided for above.

15.10 **Lender in Individual Capacity.** Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group (or the Bank Product Providers). The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding Parent or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

15.11 **Collateral Matters**.

(a) The Lenders hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, at its option and in its sole discretion, to release any Lien on any Collateral (i) upon the termination of the Commitments and payment and satisfaction in full by Borrower of all of the Obligations, (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrower certifies to Agent that the sale or disposition is permitted under Section 6.4 or the other Loan Documents (and Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property in which Parent or its Subsidiaries owned no interest at the time Agent' s Lien was granted nor at any time thereafter, or (iv) constituting property leased to Parent or its Subsidiaries under a lease that has expired or is terminated in a transaction permitted under this Agreement. The Loan Parties and the Lenders hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by Agent under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, or at any sale or foreclosure conducted by Agent (whether by judicial action or otherwise) in accordance with applicable law. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of all or substantially all of the

Collateral, all of the Lenders (without requiring the authorization of the Bank Product Providers), or (z) otherwise, the Required Lenders (without requiring the authorization of the Bank Product Providers). Upon request by Agent or Borrower at any time, the Lenders will (and if so requested, the Bank Product Providers will) confirm in writing Agent' s authority to release any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, however, that (1) Agent shall not be required to execute any document necessary to evidence such release on terms that, in Agent' s opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of Borrower in respect of) all interests retained by Borrower, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. The Lenders further hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, at its option and in its sole discretion, to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(b) Agent shall have no obligation whatsoever to any of the Lenders (or the Bank Product Providers) to assure that the Collateral exists or is owned by Parent or its Subsidiaries or is cared for, protected, or insured or has been encumbered, or that Agent' s Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or whether to impose, maintain, reduce, or eliminate any particular reserve hereunder or whether the amount of any such reserve is appropriate or not, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent' s own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender (or Bank Product Provider) as to any of the foregoing, except as otherwise provided herein.

15.12 **Restrictions on Actions by Lenders; Sharing of Payments.**

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Agent, set off against the Obligations, any amounts owing by such Lender to Parent or its Subsidiaries or any deposit accounts of Parent or its Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against Borrower or any Guarantor or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender' s Pro Rata Share of all such distributions by Agent, such Lender promptly shall (A) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

15.13 **Agency for Perfection.** Agent hereby appoints each other Lender (and each Bank Product Provider) as its agent (and each Lender hereby accepts (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to accept) such appointment) for the purpose of perfecting Agent' s Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent' s request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent' s instructions.

15.14 **Payments by Agent to the Lenders.** All payments to be made by Agent to the Lenders (or Bank Product Providers) shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

15.15 **Concerning the Collateral and Related Loan Documents.** Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to agree) that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders (and such Bank Product Provider).

15.16 **Audits and Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information.** By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report respecting Parent or its Subsidiaries (each, a "Report") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any audit or examination will inspect only specific information regarding Parent and its Subsidiaries and will rely significantly upon Parent' s and its Subsidiaries' books and records, as well as on representations of Parent' s and its Subsidiaries' personnel,

(d) agrees to keep all Reports and other material, non-public information regarding Parent and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 17.9, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrower, or the indemnifying Lender' s participation in, or the indemnifying Lender' s purchase of, a loan or loans of Borrower, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

In addition to the foregoing: (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Parent or its Subsidiaries to Agent that

has not been contemporaneously provided by Parent or such Subsidiary to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from Parent or its Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender' s notice to Agent, whereupon Agent promptly shall request of Borrower the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Parent or such Subsidiary, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrower a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

15.17 **Several Obligations; No Liability.** Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. Except as provided in Section 15.7, no member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to Borrower or any other Person for any failure by any other Lender (or Bank Product Provider) to fulfill its obligations to make credit available hereunder, nor to advance for such Lender (or Bank Product Provider) or on its behalf, nor to take any other action on behalf of such Lender (or Bank Product Provider) hereunder or in connection with the financing contemplated herein.

16.

WITHHOLDING TAXES.

(a) All payments made by any Loan Party hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Taxes, and in the event any deduction or withholding of Taxes is required, each Loan Party shall comply with the next sentence of this Section 16(a). If any Taxes are so levied or imposed, each Loan Party agrees to deduct, withhold, remit and/or to timely pay (as applicable) the full amount of such Taxes to the applicable Governmental Authority in accordance with applicable laws, and, in the case of Non-Excluded Taxes, to pay such additional amounts as may be necessary so that every payment of all amounts due under this Agreement, any note, or Loan Document, including any amount paid pursuant to this Section 16(a) after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein; provided, however, that Borrower shall not be required to increase any such amounts if the increase in such amount payable results from Agent' s or such Lender' s own willful misconduct or gross negligence (as finally determined by a court of competent jurisdiction). Each Loan Party will furnish to Agent as promptly as possible after the date the payment or remittance of any Tax is due pursuant to applicable law, certified copies of tax receipts, or, if such receipts are not available, such other documentation as is reasonably acceptable to Agent, evidencing such payment by Loan Parties.

(b) Each Loan Party agrees to pay in accordance with applicable law any present or future stamp, value added, goods and services or documentary taxes, harmonized sales or any other excise or property taxes, charges, or similar levies that arise from any payment made hereunder or under any of the Loan Documents, or from the execution, delivery, performance, recordation, or filing of, or otherwise with respect to this Agreement or any other Loan Document ("Other Taxes").

(c) If a Lender or Participant is entitled to claim an exemption or reduction from United States withholding tax, such Lender or Participant agrees with and in favor of Agent and Borrower, to deliver to Agent and, at Borrower' s request, to Borrower (or, in the case of a Participant, to the Lender granting the participation only) one of the following before receiving its first payment under this Agreement:

(i) if such Lender or Participant is entitled to claim an exemption from United States withholding tax pursuant to the portfolio interest exception, (A) a statement of the Lender or Participant, signed under penalty of perjury, that it is not a (I) a "bank" as described in Section 881(c)(3)(A) of the IRC, (II) a 10% shareholder of any Loan Party (within the meaning of Section 871(h)(3)(B) of the IRC), or (III) a controlled foreign corporation related to any Loan Party within the meaning of Section 864(d)(4) of the IRC, and (B) a properly completed and executed IRS Form W-8BEN or Form W-8IMY (with proper attachments);

(ii) if such Lender or Participant is entitled to claim an exemption from, or a reduction of, withholding tax under a United States tax treaty, a properly completed and executed copy of IRS Form W-8BEN;

(iii) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, a properly completed and executed copy of IRS Form W-8ECI;

(iv) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because such Lender or Participant serves as an intermediary, a properly completed and executed copy of IRS Form W-8IMY (with proper attachments); or

(v) a properly completed and executed copy of any other form or forms, including IRS Form W-9, as may be required under the IRC or other laws of the United States as a condition to exemption from, or reduction of, United States withholding or backup withholding tax.

Each Lender or Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent and Borrower (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(d) If a Lender or Participant claims an exemption from withholding tax in a jurisdiction other than the United States, such Lender or such Participant agrees with and in favor of Agent and Borrower, to deliver to Agent and, at Borrower' s request, to Borrower (or, in the case of a Participant, to the Lender granting the participation only) any such form or forms, as may be required under the laws of such jurisdiction as a condition to exemption from, or reduction of, foreign withholding or backup withholding tax before receiving its first payment under this Agreement (or before such later time as such Lender or Participant may become subject to such withholding or backup withholding tax), but only if such Lender or such Participant is legally able to deliver such forms, provided, however, that nothing in this Section 16(d) shall require a Lender or Participant to disclose any information that it deems to be confidential (including without limitation, its tax returns). Each Lender and each Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent and Borrower (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(e) If a Lender or Participant claims exemption from, or reduction of, withholding tax and such Lender or Participant sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of Loan Parties to such Lender or Participant, such Lender or Participant agrees to notify Agent (or, in the case of a sale of a participation interest, to the Lender granting the participation only) of the percentage amount in which it is no longer the beneficial owner of Obligations of Loan Parties to such Lender or Participant. To the extent of such percentage amount, Agent will treat such Lender' s or such Participant' s documentation provided pursuant to Section 16(c) or 16(d) as no longer valid. With respect to such percentage amount, such Participant or Assignee may provide new documentation, pursuant to Section 16(c) or 16(d), if applicable. Each Loan Party agrees that each Participant shall be entitled to the benefits of this Section 16 with respect to its participation in any portion of the Commitments and the Obligations so long as such Participant complies with the obligations set forth in this Section 16 with respect thereto.

(f) If a Lender or a Participant is entitled to a reduction in the applicable withholding tax, Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by Section 16(c) or 16(d) are not delivered to Agent (or, in the case of a Participant, to the Lender granting the participation), then Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(g) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent (or, in the case of a Participant, to the Lender granting the participation) did not properly withhold tax from amounts paid to or for the account of any Lender or any Participant due to a failure on the part of the Lender or any Participant (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent (or such Participant failed to notify the Lender granting the participation) of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless (or, in the case of a Participant, such Participant shall indemnify and hold the Lender granting the participation harmless) for all amounts paid, directly or indirectly, by Agent (or, in the case of a Participant, to the Lender granting the participation), as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent (or, in the case of a Participant, to the Lender granting the participation only) under this Section 16, together with all costs and expenses (including attorneys fees and expenses). The obligation of the Lenders and the Participants under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

(h) If Agent or a Lender determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this Section 16, so long as no Default or Event of Default has occurred and is continuing, it shall pay over such refund to such Loan Party (but only to the extent of payments made, or additional amounts paid, by such Loan Party under this Section 16 with respect to Non-Excluded Taxes giving rise to such a refund), net of all out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such a refund); provided, that such Loan Party, upon the request of Agent or such Lender, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges, imposed by the relevant Governmental Authority, other than such penalties, interest or other charges imposed as a result of the willful misconduct or gross negligence of Agent or such Lender hereunder) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything in this Agreement to the contrary, this Section 16 shall not be construed to require Agent or any Lender to make available its tax returns (or any other information which it deems confidential) to any Loan Party or any other Person or to arrange its affairs in any particular manner.

(i) Each Loan Party shall indemnify and hold harmless each Lender (including for purposes of this section any Participant or Assignee) and Agent (and, in the case of any Lender or Agent that is a partnership or other "flow-through" entity for tax purposes, each beneficial owner thereof (each, a "Beneficial Owner")) for the full amount of Non-Excluded Taxes that arise from any payment made hereunder or under any of the Loan Documents and Other Taxes imposed on or paid by such Person and any liability (including penalties, interest and expenses) arising from or with respect to such taxes, whether or not they were correctly or legally asserted (other than any such amounts resulting from the gross negligence or willful misconduct of such Lender or Agent as finally determined by court of competent jurisdiction). Payment under this indemnification shall be made within 30 days from the date Agent or the relevant Lender makes written demand for it. A certificate containing reasonable detail as to the amount of such Taxes or Other Taxes submitted to Borrower by Agent or the relevant Lender shall be conclusive evidence, absent manifest error, of the amount due from any Loan Party to Agent or such Lender (or their Beneficial Owners).

(j) The provisions of this Section 16 shall survive the termination of this Agreement and the repayment of all Obligations.

17. **GENERAL PROVISIONS.**

17.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by Parent, Borrower, Agent, and each Lender whose signature is provided for on the signature pages hereof.

17.2 **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender Group or Parent or Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 **Bank Product Providers. E**ach Bank Product Provider shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Agent is acting. Agent hereby agrees to act as agent for such Bank Product Providers and, by virtue of entering into a Bank Product Agreement, the applicable Bank Product Provider shall be automatically deemed to have appointed Agent as its agent and to have accepted the benefits of the Loan Documents; it being understood and agreed that the rights and benefits of each Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider' s being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein. In addition, each Bank Product Provider, by virtue of entering into a Bank Product Agreement, shall be automatically deemed to have agreed that Agent shall have the right, but shall have no obligation, to establish, maintain, relax, or release reserves in respect of the Bank Product Obligations and that if reserves are established there is no obligation on the part of Agent to determine or insure whether the amount of any such reserve is appropriate or not. In connection with any such distribution of payments or proceeds of Collateral, Agent shall be entitled to assume no amounts are due or owing to any Bank Product Provider unless such Bank Product Provider has provided a written certification (setting forth a reasonably detailed calculation) to Agent as to the amounts that are due and owing to it and such written certification is received by Agent a reasonable period of time prior to the making of such distribution. Agent shall have no obligation to calculate the amount due and payable with respect to any Bank Products, but may rely upon the written certification of the amount due and payable from the relevant Bank Product Provider. In the absence of an updated certification, Agent shall be entitled to assume that the amount due and payable to the relevant Bank Product Provider is the amount last certified to Agent by such Bank Product Provider as being due and payable (less any distributions made to such Bank Product Provider on account thereof). Borrower may obtain Bank Products from any Bank Product Provider, although Borrower is not required to do so. Borrower acknowledges and agrees that no Bank Product Provider has committed to provide any Bank Products and that the providing of Bank Products by any Bank Product Provider is in the sole and absolute discretion of such Bank Product Provider. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Product shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or Guarantors.

17.6 **Debtor-Creditor Relationship.** The relationship between the Lenders and Agent, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. No member of the Lender Group has (or shall be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the members of the Lender Group, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.7 **Counterparts; Electronic Execution.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

17.8 **Revival and Reinstatement of Obligations.** If the incurrence or payment of the Obligations by Borrower or any Guarantor or the transfer to the Lender Group of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any applicable law relating to creditors' rights, including provisions of the Bankruptcy Code and other applicable laws relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "Voidable Transfer"), and if the Lender Group is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that the Lender Group is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of the Lender Group related thereto, the liability of Borrower or any Guarantor automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

17.9 **Confidentiality.**

(a) Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding Parent and its Subsidiaries, their operations, assets, and existing and contemplated business plans ("Confidential Information") shall be treated by Agent and the Lenders in a confidential manner, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group ("Lender Group Representatives"), (ii) to Subsidiaries and Affiliates of any member of the Lender Group (including the Bank Product Providers), provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 17.9, (iii) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (iv), the disclosing party agrees to provide Borrower with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrower pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance by Borrower or as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause (v) the disclosing party agrees to provide Borrower with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrower pursuant to the terms of the subpoena or other legal process and (y) any disclosure under this clause (v) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process, (vi) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders or the Lender Group Representatives), (vii) in connection with any

assignment, participation or pledge of any Lender' s interest under this Agreement, provided that any such assignee, participant, or pledgee shall have agreed in writing to receive such information hereunder subject to the terms of this Section, (viii) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; provided, that, prior to any disclosure to any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (viii) with respect to litigation involving any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrower with prior notice thereof, and (ix) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Agent may provide information concerning the terms and conditions of this Agreement and the other Loan Documents to loan syndication and pricing reporting services.

17.10 **Lender Group Expenses.** Borrower agrees to pay any and all Lender Group Expenses promptly after demand therefor by Agent and agrees that its obligations contained in this Section 17.10 shall survive payment or satisfaction in full of all other Obligations.

17.11 **Survival.** All representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf, and such representations and warranties (as of the date such representations and warranties are made pursuant to the Loan Documents) shall continue in full force and effect as long as the principal of or any accrued interest on any loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated.

17.12 **USA PATRIOT Act.** Each Lender that is subject to the requirements of the Patriot Act hereby notifies Parent and Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Parent and each of its Subsidiaries, which information includes the name and address of Parent and each of its Subsidiaries and other information that will allow such Lender to identify Parent and each of its Subsidiaries in accordance with the Patriot Act.

17.13 **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The foregoing to the contrary notwithstanding, all Bank Product Agreements, if any, are independent agreements governed by the written provisions of such Bank Product Agreements, which will remain in full force and effect, unaffected by any repayment, prepayments, acceleration, reduction, increase, or change in the terms of any credit extended hereunder, except as otherwise expressly provided in such Bank Product Agreement.

17.14 **Judgment Currency.**

(a) This is an international financial transaction in which the specification of a currency and payment is of the essence. Dollars shall be the currency of account in the case of all payments pursuant to or arising under this Agreement or under any other Loan Document, and all such payments shall be made to Agent' s Account in immediately available funds. To the fullest extent permitted by applicable law, the Obligations of each Loan Party to Agent and the Lenders under this Agreement and under the other Loan Documents shall not be discharged by any amount paid in any other currency or in any other manner than to Agent' s Account to the extent that the amount so paid after conversion under this Agreement and transfer to Agent' s Account, as applicable, does not yield the amount of Dollars with respect to Obligations due under this Agreement and under the other Loan Documents. If, for the purposes of obtaining or enforcing judgment against any Loan Party in any court in any jurisdiction in connection with this Agreement or any Loan

Document, it becomes necessary to convert into any other currency (such other currency being referred to as the "Judgment Currency") an amount due under this Agreement or any Loan Document in Dollars other than Judgment Currency, the conversion shall be made at the Exchange Rate prevailing on the Business Day immediately preceding (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that would give effect to such conversion being made on such date, or (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 17.13 being hereinafter referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in subsection (a) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Loan Party shall pay such additional amount (if any and in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from any Loan Party under this Section 17.13 shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement or any Loan Document.

(d) Where any amount is denominated in Dollars under this Agreement but requires for its determination an amount which is denominated in a Foreign Currency, such amounts shall be converted to the Dollar Equivalent thereof based on the Exchange Rate for such Foreign Currency on the date of determination.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

CDC SOFTWARE CORPORATION,
an exempted company incorporated under the laws of the Cayman Islands, as Parent

By:
/s/ Matthew S. Lavelle

Name: Matthew S. Lavelle

Title: Chief Financial Officer

ROSS SYSTEMS INC.,
a Delaware corporation, as a Borrower

By:
/s/ Gregor Morela

Name: Gregor Morela

Title: President & Director

WELLS FARGO CAPITAL FINANCE, LLC,
a Delaware limited liability company, as Agent and as a Lender

By: /s/ Stephen Carll

Name: Stephen Carll

Title: Managing Director

EXHIBIT A-1

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This **ASSIGNMENT AND ACCEPTANCE AGREEMENT** ("Assignment Agreement") is entered into as of , 2 between ("Assignor") and ("Assignee"). Reference is made to the Agreement described in Annex I hereto (the "Credit Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement.

1. In accordance with the terms and conditions of Section 13 of the Credit Agreement, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to the Assignor' s rights and obligations under the Loan Documents as of the date hereof with respect to the Obligations owing to the Assignor, and Assignor' s portion of the Commitments, all to the extent specified on Annex I.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to (i) any statements, representations or warranties made in or in connection with the Loan Documents or (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or any Guarantor or the performance or observance by Borrower or any Guarantor of any of its respective obligations under the Loan Documents or any other instrument or document furnished pursuant thereto; and (d) represents and warrants that the amount set forth as the Purchase Price on Annex I represents the amount owed by Borrower to Assignor with respect to Assignor' s share of the Advances assigned hereunder, as reflected on Assignor' s books and records.

3. The Assignee (a) confirms that it has received copies of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon Agent, Assignor, or any other Lender, based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Loan Documents; (c) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto; [and] (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; [and (e) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee' s status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.][1]

4. Following the execution of this Assignment Agreement by the Assignor and Assignee, the Assignor will deliver this Assignment Agreement to Agent for recording by Agent. The effective date of this Assignment (the "Settlement Date") shall be the latest to occur of (a) the date of the execution and delivery hereof by the Assignor and the Assignee, (b) the receipt by Agent for its sole and separate account a processing fee in the amount of $3,500 (if required by the Credit Agreement), (c) the receipt of any required consent of Agent, and (d) the date specified in Annex I.

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1 To be included if Assignee is not already a Lender.

5. As of the Settlement Date (a) the Assignee shall be a party to the Credit Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents, provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender' s obligations under Article 15 and Section 17.9(a) of the Credit Agreement.

6. Upon the Settlement Date, Assignee shall pay to Assignor the Purchase Price (as set forth in Annex I). From and after the Settlement Date, Agent shall make all payments that are due and payable to the holder of the interest assigned hereunder (including payments of principal, interest, fees and other amounts) to Assignor for amounts which have accrued up to but excluding the Settlement Date and to Assignee for amounts which have accrued from and after the Settlement Date. On the Settlement Date, Assignor shall pay to Assignee an amount equal to the portion of any interest, fee, or any other charge that was paid to Assignor prior to the Settlement Date on account of the interest assigned hereunder and that are due and payable to Assignee with respect thereto, to the extent that such interest, fee or other charge relates to the period of time from and after the Settlement Date.

7. This Assignment Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Assignment Agreement. Delivery of an executed counterpart of this Assignment Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Assignment Agreement. Any party delivering an executed counterpart of this Assignment Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Assignment Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Assignment Agreement.

8. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS ASSIGNMENT AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK. THE PARTIES HERETO WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 8.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement and Annex I hereto to be executed by their respective officers, as of the first date written above.

[NAME OF ASSIGNOR]

as Assignor

By _____

Name:

Title:

[NAME OF ASSIGNEE]
as Assignee

By _____

Name:

Title:

ACCEPTED THIS __ DAY OF _____

WELLS FARGO CAPITAL FINANCE, LLC,
a Delaware limited liability company, as Agent

By _____

Name:

Title:

ANNEX FOR ASSIGNMENT AND ACCEPTANCE

ANNEX I

1. Borrower: Ross Systems, Inc., a Delaware corporation

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of April 27, 2010 by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as Parent, the Borrower, the lenders from time to time party thereto (the "Lenders"), and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as the agent for the Lenders.

3. Date of Assignment Agreement: _____

4. Amounts:

a. Assigned Amount of Revolver Commitment $_____

b. Assigned Amount of Advances $_____

5. Settlement Date: _____

6. Purchase Price $_____

7. Notice and Payment Instructions, etc.

Assignee:	Assignor:
_____	_____
_____	_____
_____	_____

8. Agreed and Accepted:

[ASSIGNOR]

By: _____

Title: _____

[ASSIGNEE]

By: _____

Title: _____

Accepted:

WELLS FARGO CAPITAL FINANCE, LLC,
a Delaware limited liability company, as Agent

By _____

Name:

Title:

EXHIBIT C-1

FORM OF COMPLIANCE CERTIFICATE

[on Parent' s letterhead]

To: Wells Fargo Capital Finance, LLC
One Boston Place, 18th Floor
Boston, MA 02108
Attention: Technology Finance Manager

Re:
Compliance Certificate dated _____

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement (the "Credit Agreement"), dated as of April 27, 2010, by and among the lenders identified on the signature pages thereof (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as agent for the Lenders ("Agent"), CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands ("Parent"), and Ross Systems, Inc., a Delaware corporation ("Borrower"). Capitalized terms used in this Compliance Certificate have the meanings set forth in the Credit Agreement unless specifically defined herein.

Pursuant to Schedule 5.1 of the Credit Agreement, the undersigned officer of Parent hereby certifies that:

8. The financial information of Parent and its Subsidiaries furnished in Schedule 1 attached hereto, has been prepared in accordance with GAAP (except for year-end adjustments and the lack of footnotes), and fairly presents in all material respects the financial condition of Parent and its Subsidiaries.

9. Such officer has reviewed the terms of the Credit Agreement and has made, or caused to be made under his/her supervision, a review in reasonable detail of the transactions and condition of Parent and its Subsidiaries during the accounting period covered by the financial statements delivered pursuant to Schedule 5.1 of the Credit Agreement.

10. Such review has not disclosed the existence on and as of the date hereof, and the undersigned does not have knowledge of the existence as of the date hereof, of any event or condition that constitutes a Default or Event of Default, except for such conditions or events listed on Schedule 2 attached hereto, specifying the nature and period of existence thereof and what action Parent and its Subsidiaries have taken, are taking, or propose to take with respect thereto.

11. The representations and warranties of Parent and its Subsidiaries set forth in the Credit Agreement and the other Loan Documents are true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof (except to the extent they relate to a specified date in which case such representations and warranties are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of such specified date), except as set forth on Schedule 3 attached hereto.

12. (a) Parent and Borrower are in compliance with the applicable covenants contained in Section 7(a) of the Credit Agreement as demonstrated on Part I of Schedule 4 attached hereto, and (b) Borrower and Pivotal are in compliance with the covenant contained in Section 7(b) of the Credit Agreement as demonstrated on Part II of Schedule 4 attached hereto.

13. Attached hereto are copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate, as described on Schedule 5 attached hereto.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned as of the first date written above.

CDC SOFTWARE CORPORATION,
an exempted company incorporated under the laws of the Cayman Islands

By: _____

Name: _____

Title: _____

SCHEDULE 1

Financial Information

SCHEDULE 2

Default or Event of Default

SCHEDULE 3

Representations and Warranties

SCHEDULE 4

Financial Covenants

PART I

1.

Minimum EBITDA.

Parent' s and its Subsidiaries' EBITDA for the twelve (12) consecutive fiscal month period of Parent and its Subsidiaries ending , is $, which amount [is/is not] greater than or equal to the amount set forth in Section 7(a)(i) of the Credit Agreement for the corresponding period.

2.

Fixed Charge Coverage Ratio.

Parent' s and its Subsidiaries' Fixed Charge Coverage Ratio for the twelve (12) consecutive fiscal month period of Parent and its Subsidiaries ending , is :1.0, which [is/is not] greater than or equal to the ratio set forth in Section 7(a)(ii) of the Credit Agreement for the corresponding period.

3.

Outstanding Advances.

The amount of outstanding Advances is $, which [is/is not] greater than or equal to the amount set forth in Section 7(a)(iii) of the Credit Agreement.

PART II

1.

TTM Recurring Revenues.

The TTM Recurring Revenues for the twelve (12) consecutive fiscal month period ending , is $, which amount [is/is not] greater than or equal to the amount set forth in Section 7(b)(i) of the Credit Agreement for the corresponding period.

Schedule 5

Material Contracts

EXHIBIT C-2

FORM OF CREDIT AMOUNT CERTIFICATE

Wells Fargo Capital Finance, LLC
One Boston Place, 18th Floor
Boston, MA 02108
Attention: Technology Finance Manager

The undersigned, Ross Systems, Inc., a Delaware corporation ("Borrower"), pursuant to Schedule 5.2 of that certain Credit Agreement dated as of April 27, 2010 (as amended, restated, modified, supplemented, refinanced, renewed, or extended from time to time, the "Credit Agreement"), entered into among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands ("Parent"), Borrower, the lenders from time to time party thereto and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as the agent (in such capacity, together with its successors and assigns, if any, in such capacity, "Agent"), hereby certifies to Agent that the following items, calculated in accordance with the terms and definitions set forth in the Credit Agreement for such items are true and correct, and that Borrower is in compliance with and, after giving effect to any currently requested Advances, will be in compliance with, the terms, conditions, and provisions of the Credit Agreement.

All initially capitalized terms used in this Credit Amount Certificate have the meanings set forth in the Credit Agreement unless specifically defined herein.

[Remainder of page intentionally left blank.]

Effective Date of Calculation: _____

A. Credit Amount Calculation

1. Recurring Revenues

1. 95% of TTM Recurring Revenues $_____

2. Credit Amount (Item 1.a.) $_____

2. Availability Calculation.

1. a. Maximum Revolver Amount $_____

b. Letter of Credit Usage $_____

c. amount of current outstanding Advances (including Swing Loans) $_____

d. the sum of the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Credit Agreement $_____

e. Sum of Items 2.a(ii), 2.a(iii), and 2.a(iv) $_____

f. *Item 2.a.(i) minus Item 2.a.(v)* $_____

2. a. Credit Amount (from Section A, Item 1.b) $_____

b. Letter of Credit Usage $_____

c. amount of current outstanding Advances (including Swing Loans) $_____

d. the sum of the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Credit Agreement $_____

e. Sum of Items 2.b(ii), 2.b(iii), and 2.b(iv) $_____

f. *Item 2.b(i) minus Item 2.b(v)* $_____

3. The lower of Item 2.a.(vi) and 2.b(vi) $_____

B. Letters of Credit Calculation

1. maximum L/C amount $5,000,000

2. L/Cs permitted under Credit Amount

    1. Credit Amount (from Section A, Item 1.b) $_____

    2. the sum of the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Credit Agreement $_____

    3. amount of current outstanding Advances (including Swing Loans) $_____

    4. Sum of Items 2.b. and 2.c. $_____

    5. *Item 2.a. minus 2.d.* $_____

3. L/Cs permitted under Maximum Revolver Amount

    1. Maximum Revolver Amount $_____

    2. the sum of the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Credit Agreement $_____

    3. amount of current outstanding Advances (including Swing Loans) $_____

    4. Sum of Items 3.b. and 3.c. $_____

    5. *Item 3.a. minus Item 3.d* $_____

4. Letter of Credit Usage plus the amount of any proposed Letters of Credit $_____

5. No L/C Availability if Item 4 is greater than Item 1, Item 2.e. or Item 3.e. after giving effect to any proposed Letter of Credit. $_____

Additionally, the undersigned hereby certifies and represents and warrants to the Lender Group on behalf of each Loan Party that (i) each representation or warranty contained in or pursuant to any Loan Document or any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document is true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date hereof as though made on and as of such date (except to the extent any representation or warranty expressly related to an earlier date in which case such representations and warranties are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above, and (iv) all of the foregoing is true and correct as of the effective date of the calculations set forth above and that such calculations have been made in accordance with the requirements of the Credit Agreement.

ROSS SYSTEMS, INC.,
as Borrower

By: _____

Title: _____

EXHIBIT I-1

FORM OF IP REPORTING CERTIFICATE[2]

1. Required Library Calculation / Source Code Escrow Deposit History

a.

Software Revenues from the Required Library for the Quarter Period Ending , 20 (000' s)*

Software Product	Derived Revenue	% of Total Revenue	Registration Date and Number	Product Versions Covered	Source Code Escrow Deposit Date
	$	%			
	$	%			
	$	%			
	$	%			
	$	%			
	$	%			
Total	$	%			

*

List the set or collection of computer software programs and other technology constituting the Required Library and any changes from the prior reporting period.

b.

Aggregate Software Revenues for the Quarter Period Ending , 20 : $.

c.

Required Library Threshold per Loan Documents: %. In compliance? [Yes][No]

d.

Source Code Escrow Deposit Frequency Requirement per Loan Documents: . In compliance? [Yes][No]

2.

Modified, newly developed, and newly acquired intellectual property for each of the Loan Parties (for the prior quarter)

< List here, or attach separate schedule if needed >

2

Capitalized terms used herein and not defined herein shall have the meanings specified therefor in that certain Credit Agreement, dated as of April 27, 2010, by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as parent, Ross Systems, Inc., a Delaware corporation, as borrower, the lenders identified on the signature pages thereof (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively, as the "Lenders"), and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as the agent for the Lenders.

EXHIBIT L-1

FORM OF LIBOR NOTICE

_____ __, 20__

Wells Fargo Capital Finance, LLC, as Agent
under the below referenced Credit Agreement
One Boston Place, 18th Floor
Boston, MA 02108
Attention: Technology Finance Manager

Ladies and Gentlemen:

Reference hereby is made to that certain Credit Agreement, dated as of April 27, 2010 (the "Credit Agreement"), among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands ("Parent"), Ross Systems, Inc., a Delaware corporation ("Borrower"), the lenders from time to time party thereto (the "Lenders"), and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as the agent for the Lenders (in such capacity, "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

This LIBOR Notice represents Borrower' s request to elect the LIBOR Option with respect to outstanding Advances in the amount of $ (the "LIBOR Rate Advance")[, and is a written confirmation of the telephonic notice of such election given to Agent].

The LIBOR Rate Advance will have an Interest Period of [1, 2, or 3] month(s) commencing on .

This LIBOR Notice further confirms Borrower' s acceptance, for purposes of determining the rate of interest based on the LIBOR Rate under the Credit Agreement, of the LIBOR Rate as determined pursuant to the Credit Agreement.

Borrower represents and warrants that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document or any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above, is true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof and except to the extent any representation or warranty expressly related to an earlier date in which case such representations and warranties are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified by materiality in the text thereof) on and as of such earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof), and (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above.

At any time that an Event of Default has occurred and is continuing, Borrower no longer shall have the option to request that Advances bear interest at a rate based upon the LIBOR Rate.

ROSS SYSTEMS, INC.,

a Delaware corporation, as Borrower

By: _____

Title: _____

Acknowledged by:

WELLS FARGO CAPITAL FINANCE, LLC
a Delaware limited liability company, as Agent

By: _____

Title: _____

Schedule 1.1

As used in the Agreement, the following terms shall have the following definitions:

"Account" means an account (as that term is defined in the Code).

"Account Debtor" means any Person who is obligated on an Account, chattel paper, or a general intangible.

"Accounting Changes" means changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions).

"Acquired Indebtedness" means Indebtedness of a Person whose assets or Stock is acquired by Parent or any of its Subsidiaries in a Permitted Acquisition, provided, however, that such Indebtedness (a) is either Purchase Money Indebtedness (and any Indebtedness refinancing such Purchase Money Indebtedness which is secured only by a Lien on the fixed asset subject to such Purchase Money Indebtedness) or a Capital Lease with respect to Equipment or mortgage financing with respect to Real Property, (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

"Acquisition" means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all of the Stock of any other Person.

"Additional Documents" has the meaning specified therefor in Section 5.12 of the Agreement.

"Advances" has the meaning specified therefor in Section 2.1(a) of the Agreement.

"Affected Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Affiliate" means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Stock, by contract, or otherwise; provided, however, that, for purposes of Section 6.12 of the Agreement: (a) any Person which owns directly or indirectly 10% or more of the Stock having ordinary voting power for the election of directors or other members of the governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each partnership in which a Person is a general partner shall be deemed an Affiliate of such Person.

"Agent" has the meaning specified therefor in the preamble to the Agreement.

"Agent-Related Persons" means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

"Agent' s Account" means the Deposit Account of Agent identified on Schedule A-1.

"Agent' s Liens" means the Liens granted by Parent or its Subsidiaries to Agent under the Loan Documents.

"Agreement" means the Credit Agreement to which this Schedule 1.1 is attached.

"Applicable Prepayment Premium" has the meaning specified therefor in the Fee Letter.

"Application Event" means the occurrence of (a) a failure by Borrower to repay all of the Obligations in full on the Maturity Date, or (b) an Event of Default and the election by Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 2.4(b)(ii) of the Agreement.

"Assignee" has the meaning specified therefor in Section 13.1(a) of the Agreement.

"Assignment and Acceptance" means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1.

"Associated Bank" means Associated Bank, National Association.

"Associated Bank Loan Documents" means the Promissory Note and the Business Loan Agreement (Asset Based), each dated August 8, 2007, executed by Catalyst in connection with its credit facility with Associated Bank.

"Authorized Person" means any one of the individuals identified on Schedule A-2, as such schedule is updated from time to time by written notice from Borrower to Agent.

"Availability" means, as of any date of determination, the amount that Borrower is entitled to borrow as Advances under Section 2.1 of the Agreement (after giving effect to all then outstanding Obligations (other than Bank Product Obligations) and reserves established pursuant to Section 2.1(c) of the Agreement).

"Bank Product" means any one or more of the following financial products or accommodations extended to any Loan Party by a Bank Product Provider: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) stored value cards, (e) purchase cards (including so-called "procurement cards" or "P-cards"), (f) Cash Management Services, or (g) transactions under Hedge Agreements.

"Bank Product Agreements" means those agreements entered into from time to time by any Loan Party with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

"Bank Product Collateralization" means providing cash collateral (pursuant to documentation reasonably satisfactory to Agent) to be held by Agent for the benefit of the Bank Product Providers (other than the Hedge Providers) in an amount determined by Agent as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Product Obligations (other than Hedge Obligations).

"Bank Product Obligations" means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by any Loan Party to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, (b) all Hedge Obligations, and (c) all amounts that Agent or any Lender is obligated to pay to a Bank Product Provider as a result of Agent or such Lender purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to any Loan Party.

"Bank Product Provider" means Wells Fargo or any of its Affiliates.

"Bank Product Reserve Amount" means, as of any date of determination, the Dollar amount of reserves that Agent has reasonably determined it is necessary or appropriate to establish (based upon the Bank Product Providers' reasonable determination of their credit exposure to the Loan Parties in respect of Bank Product Obligations) in respect of Bank Products then provided or outstanding.

"Bankruptcy Code" means (a) title 11 of the United States Code, (b) the *Bankruptcy and Insolvency Act* (Canada), (c) the *Companies' Creditors Arrangement Act* (Canada), (d) the *Winding-up and Restructuring Act* (Canada), and/or (e) any similar laws in a relevant jurisdiction, in each case, as applicable and as in effect from time to time.

"Base Rate" means the greatest of (a) 2.25 percent per annum, (b) the Federal Funds Rate plus ½%, (c) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of 3 months and shall be determined on a daily basis), plus 1 percentage point and (d) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate", with the understanding that the "prime rate" is one of Wells Fargo' s base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate.

"Base Rate Loan" means each portion of the Advances that bears interest at a rate determined by reference to the Base Rate.

"Base Rate Margin" means 4.00 percentage points.

"Benefit Plan" means a "defined benefit plan" (as defined in Section 3(35) of ERISA) for which Parent or any of its Subsidiaries or ERISA Affiliates has been an "employer" (as defined in Section 3(5) of ERISA) within the past six years.

"Board of Directors" means the board of directors (or comparable managers or committee) of Parent.

"Borrower" has the meaning specified therefor in the preamble to the Agreement.

"Borrowing" means a borrowing consisting of Advances made on the same day by the Lenders (or Agent on behalf thereof), or by Swing Lender in the case of a Swing Loan, or by Agent in the case of a Protective Advance.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of New York, except that, if a determination of a Business Day shall relate to a LIBOR Rate Loan, the term "Business Day" also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

"Canadian Anti-Terrorism Laws" means the *Criminal Code* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *United Nations Suppression of Terrorism Regulations and the Anti-terrorism Act* (Canada) and all regulations and orders made thereunder.

"Canadian Contractor" means any consultant or contractor retained to provide services in Canada to a Canadian Loan Party.

"Canadian Employee" means any employee or former employee of a Canadian Loan Party.

"Canadian Employee Benefits Legislation" means the *Canada Pension Plan Act* (Canada), the *Pension Benefits Act* (Ontario), the *Pension Benefits Standards Act* (British Columbia) and any Canadian federal, provincial or local counterparts or equivalents, in each case, as applicable and as amended from time to time.

"Canadian Employee Plan" means any employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension, supplemental pension, profit sharing, retiring allowance, severance, deferred compensation, stock compensation, stock purchase, unit purchase, retirement, life, hospitalization insurance, medical, dental, disability or other employee group or similar benefit or employment plans or supplemental arrangements applicable to the Canadian Employees or Canadian Contractors but excluding any Canadian Pension Plan, and does not include the Canada Pension Plan or the Quebec Pension Plan maintained by the Governments of Canada and Quebec, respectively.

"Canadian Loan Party" means each Loan Party organized under the laws of Canada or a province thereof.

"Canadian Pension Plan" means any pension plan required to be registered under the *Income Tax Act* (Canada) or any Canadian federal or provincial law and contributed to by a Canadian Loan Party for its Canadian Employees, Canadian Contractors, former Canadian Employees or former Canadian Contractors, including any pension plan within the meaning of the *Pension Benefits Standards Act* (British Columbia), or the *Pension Benefits Act* (Ontario) but does not include the Canada Pension Plan maintained by the Government of Canada or the Quebec Pension Plan maintained by the Government of Quebec.

"Canadian Priority Payables Reserve" means a reserve (determined from time to time by Agent in its Permitted Discretion) for: (a) the amount past due and owing by any Canadian Loan Party, or the accrued amount for which such Canadian Loan Party has an obligation to remit, to a Governmental Authority or other Person pursuant to any applicable law, rule or regulation, in respect of (i) goods and services taxes, sales taxes, employee income taxes, municipal taxes and other taxes payable or to be remitted or withheld; (ii) workers' compensation; (iii) vacation or holiday pay; and (iv) other like charges and demands to the extent that any Governmental Authority or other Person may claim a lien, security interest, hypothec, trust or other claim ranking or capable of ranking in priority to or pari passu with one or more of the Liens granted in the Loan Documents; and (b) the aggregate amount of any other liabilities of any Canadian Loan Party (i) in respect of which a trust has been or may be imposed on any Collateral to provide for payment, (ii) in respect of unpaid pension plan contributions, or (iii) which are secured by a lien, security interest, pledge, charge, right or claim on any Collateral; in each case, pursuant to any applicable law, rule or regulation and which such lien, trust, security interest, hypothec, pledge, charge, right or claim ranks or, in the Permitted Discretion of the Agent, is capable of ranking in priority to or pari passu with one or more of the Liens granted in the Loan Documents (such as liens, trusts, security interests, hypothecs, pledges, charges, rights or claims in favor of employees, landlords, warehousemen, carriers, mechanics, materialmen, labourers, or suppliers, or liens, trusts, security interests, hypothecs, pledges, charges, rights or claims for ad valorem, excise, sales, or other taxes where given priority under applicable law); in each case net of the aggregate amount of all restricted cash held or set aside for the payment of such obligations.

"Canadian Security Agreement" means a security agreement governed by the laws of the Province of British Columbia, Canada, in form and substance reasonably satisfactory to Agent, executed and delivered by Pivotal to Agent.

"Capital Expenditures" means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed minus any software development costs to the extent deducted under the definition of EBITDA for such period.

"Capitalized Lease Obligation" means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

Schedule 1.1

"Capital Lease" means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor' s Rating Group ("S&P") or Moody' s Investors Service, Inc. ("Moody' s"), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody' s, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $250,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than $250,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

"Cash Management Services" means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements.

"Catalyst" means Catalyst International, Inc., a Delaware corporation.

"CDC Software" means CDC Software, Inc., a Delaware corporation.

"CDC Software International Corporation" means CDC Software International Corporation, an exempted company incorporated under the laws of the Caymans Islands.

"CFC" means a controlled foreign corporation (as that term is defined in the IRC).

"Change of Control" means that (a) Holdings fails to own and control, directly or indirectly, at least 50.1% of the Stock of CDC Software International Corporation, (b) CDC Software International Corporation fails to own and control, directly or indirectly, at least 50.1% of the voting power of the Stock of Parent, (c) a majority of the members of the Board of Directors do not constitute Continuing Directors, or (d) Parent fails to own and control, directly or indirectly, 100% of the Stock of each other Loan Party and its Material Subsidiaries (other than pursuant to a transaction permitted under Section 6.3).

"China.com" means China.com Inc., an exempted company incorporated under the laws of the Cayman Islands.

"Closing Date" means the date of the making of the initial Advance (or other extension of credit) under the Agreement.

Schedule 1.1

"Code" means the New York Uniform Commercial Code, as in effect from time to time; provided that, where the context so requires, (i) any term defined by reference to the "Code" shall also have any extended, alternative or analogous meaning given to such term in applicable Canadian personal property security and other laws (including, without limitation, the *Personal Property Security Act* of each applicable province of Canada, the *Bills of Exchange Act* (Canada) and the *Depository Bills and Notes Act* (Canada)), in all cases for the extension, preservation or betterment of the security and rights of Agent and the Lender Group.

"Collateral" means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted by such Person in favor of Agent or the Lenders under any of the Loan Documents.

"Collateral Access Agreement" means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Loan Parties' books and records, Equipment or Inventory, in each case, in form and substance reasonably satisfactory to Agent.

"Collections" means *all* cash, checks, notes, instruments, and other items of payment (including insurance proceeds, cash proceeds of asset sales, rental proceeds, and tax refunds).

"Commercial Software" means commercially available software programs generally available to the public which have been licensed to a Loan Party or a Subsidiary of a Loan Party pursuant to end-user licenses.

"Commitment" means, with respect to each Lender, its Revolver Commitment or its Total Commitment, as the context requires, and, with respect to all Lenders, their Revolver Commitments or their Total Commitments, as the context requires, in each case as such Dollar amounts are set forth beside such Lender' s name under the applicable heading on Schedule C-1 or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C-1 delivered by the chief financial officer of Parent to Agent.

"Comvest" means Comvest Investment Partners II LLC.

"Confidential Information" has the meaning specified therefor in Section 17.9(a) of the Agreement.

"Continuing Director" means (a) any member of the Board of Directors who was a director (or comparable manager) of Parent on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either Holdings or a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of Parent and whose initial assumption of office resulted from such contest or the settlement thereof.

"Contribution Agreement" means a contribution agreement executed and delivered by each Loan Party, the form and substance of which is satisfactory to Agent.

"Control Agreement" means a control agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by a Loan Party, Agent, and the applicable securities

intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account). For certainty, for any Canadian bank account, such term shall also refer to a "blocked account" agreement with respect to such bank account, notwithstanding that the execution and delivery of such agreement is not a perfection requirement.

"Controlled Account Agreement" has the meaning specified therefor in the U.S. Security Agreement.

"Copyright Security Agreement" has the meaning specified therefor in the U.S. Security Agreement.

"Credit Amount" means the product of (a) 95% *times* (b) TTM Recurring Revenues.

"Credit Amount Certificate" means a certificate in the form of Exhibit C-2.

"Credit Amount Excess" has the meaning specified therefor in Section 2.4(e) of the Agreement.

"Daily Balance" means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

"Default" means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed to fund any amounts required to be funded by it under the Agreement on the date that it is required to do so under the Agreement (including the failure to make available to Agent amounts required pursuant to a Settlement or to make a required payment in connection with a Letter of Credit Disbursement), (b) notified the Borrower, Agent, or any Lender in writing that it does not intend to comply with all or any portion of its funding obligations under the Agreement, (c) has made a public statement to the effect that it does not intend to comply with its funding obligations under the Agreement or under other agreements generally (as reasonably determined by Agent) under which it has committed to extend credit, (d) failed, within 1 Business Day after written request by Agent, to confirm that it will comply with the terms of the Agreement relating to its obligations to fund any amounts required to be funded by it under the Agreement, (e) otherwise failed to pay over to Agent or any other Lender any other amount required to be paid by it under the Agreement on the date that it is required to do so under the Agreement, or (f) (i) becomes or is insolvent or has a parent company that has become or is insolvent or (ii) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian or appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

"Defaulting Lender Rate" means (a) for the first 3 days from and after the date the relevant payment is due, the Base Rate, and (b) thereafter, the interest rate then applicable to Advances that are Base Rate Loans (inclusive of the Base Rate Margin applicable thereto).

"Deployment License Agreement" means that certain Deployment License Agreement, dated as of June 30, 2003, by and between ILOG, Inc. and Catalyst, as in effect on the Closing Date.

"Deposit Account" means any deposit account (as that term is defined in the Code).

"Designated Account" means the Deposit Account of Borrower identified on Schedule D-1.

"Designated Account Bank" has the meaning specified therefor in Schedule D-1.

"Dollar Equivalent" means, on any date of determination, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Foreign Currency, the equivalent in Dollars of such amount, determined by Agent using the applicable Exchange Rate.

"Dollars" or "$" means United States dollars.

"EBITDA" means, with respect to any fiscal period, (a) Parent' s consolidated net earnings (or loss), minus (b) without duplication and to the extent included in determining consolidated net earnings (or loss) for such period, the sum of (i) extraordinary gains for such period, (ii) interest income for such period, (iii) any software development costs to the extent capitalized during such period, (iv) general and administrative expenses incurred by Parent which are allocated to one or more Affiliates of Parent that are not Subsidiary of Parent during such period, and (v) non-cash unrealized gains with respect to foreign currency translations for such period in connection with deferred tax assets or intercompany receivables/payables, plus (c) without duplication and to the extent deducted in determining consolidated net earnings (or loss) for such period, the sum of (i) non-cash extraordinary losses for such period, (ii) interest expense for such period, (iii) income taxes for such period, (iv) depreciation and amortization for such period, (v) non-cash charges relating to the issuance of Stock of Parent to directors, officers and employees of Parent and its Subsidiaries pursuant to employee stock option plans (or other employee incentive plans or other compensation arrangements) approved from time to time by the Board of Directors, and (vi) non-cash unrealized losses with respect to foreign currency translations during such period in connection with deferred tax assets or intercompany receivables/payables, in each case, determined on a consolidated basis in accordance with GAAP. For the purposes of calculating EBITDA for any period of 4 consecutive fiscal quarters (each, a "Reference Period"), (x) if at any time during such Reference Period (and after the Closing Date), Parent or any of its Subsidiaries shall have made a Permitted Acquisition, EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to such Permitted Acquisition, are factually supportable, and are expected to have a continuing impact, in each case to be mutually and reasonably agreed upon by Parent and Agent) or in such other manner acceptable to Agent as if any such Permitted Acquisition or adjustment occurred on the first day of such Reference Period, and (y) EBITDA for the 6 month period ended December 31, 2009, shall be deemed to be $18,454,000.

"Embedded Products" means all products containing components that are subject to licenses, sublicenses and other agreements as to which any Loan Party or any Subsidiary of a Loan Party is a party and pursuant to which any Loan Party or any Subsidiary of a Loan Party uses any third party patents, patent rights, trademarks, service marks, trade secrets or copyrights, including software, which are distributed by a Loan Party or any Subsidiary of a Loan Party or incorporated in any existing product or service of a Loan Party or any Subsidiary of a Loan Party.

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials from (a) any assets, properties, or businesses of Parent, any Subsidiary of Parent, or any of their predecessors in interest, (b) adjoining properties or businesses, or (c) or onto any facilities which received Hazardous Materials generated by Parent, any Subsidiary of Parent, or any of their predecessors in interest.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on Parent or its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

Schedule 1.1

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Equipment" means equipment (as that term is defined in the Code).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

"ERISA Affiliate" means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of Parent or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of Parent or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which Parent or any of its Subsidiaries is a member under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with Parent or any of its Subsidiaries and whose employees are aggregated with the employees of Parent or its Subsidiaries under IRC Section 414(o).

"Event of Default" has the meaning specified therefor in Section 8 of the Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as in effect from time to time.

"Exchange Rate" means, with respect to a currency, the rate quoted by Wells Fargo as the spot rate for the purchase by Wells Fargo of such currency with another currency at approximately 10:30 a.m. (New York time) on the date as of which the foreign exchange computation is made.

"Excluded Taxes" means (i) Taxes imposed on the net income or net profits of any Lender or any Participant (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender or such Participant is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender' s or such Participant' s principal office is located in each case as a result of a present or former connection between such Lender or such Participant and the jurisdiction or taxing authority imposing the Tax (other than any such connection arising from such Lender or such Participant having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under the Agreement or any other Loan Document), (ii) Taxes resulting from a Lender' s or a Participant' s failure to comply with the requirements of Section 16(c) or (d) of the Agreement, and (iii) any withholding Taxes that would be imposed on amounts payable to a Lender based upon the applicable withholding rate in effect at the time such Lender becomes a party to the Agreement (or designates a new lending office), except that Non-Excluded Taxes shall include (A) any amount that such Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 16(a) of the Agreement, if any, with respect to such withholding Tax at the time such Lender becomes a party to the Agreement (or designates a new lending office), and (B) additional withholding Taxes that may be imposed after the time such Lender becomes a party to the Agreement (or designates a new lending office), as a result of a change in law, rule, regulation, order or other decision with respect to any of the foregoing by any Governmental Authority.

Schedule 1.1

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means that certain fee letter by and between Borrower and Agent, in form and substance reasonably satisfactory to Agent.

"Fixed Charges" means, with respect to any fiscal period and with respect to Parent determined on a consolidated basis in accordance with GAAP, the sum, without duplication, of (a) Interest Expense accrued (other than interest paid in kind, amortization of financing fees, and other non-cash Interest Expense) during such period, (b) principal payments in respect of Indebtedness that are required to be paid during such period, (c) all federal, state, and local income taxes accrued during such period, and (d) all Restricted Junior Payments paid (whether in cash, services, or other property, other than common Stock) during such period, including all Permitted Holdings Advances other than the Permitted Holdings Advances in the aggregate amount of $15,000,000 made within twelve months of the Closing Date the proceeds of which are used to repurchase the Senior Unsecured Notes so long as the sum of (i) Availability *plus* (b) unrestricted cash and Cash Equivalents of Borrower and Pivotal exceeds $5,000,000 immediately before and after giving effect to such Permitted Holdings Advance.

"Fixed Charge Coverage Ratio" means, with respect to Parent for any period, the ratio of (i) EBITDA for such period *minus* Capital Expenditures made (to the extent not already incurred in a prior period) or incurred during such period, to (ii) Fixed Charges for such period.

"Foreign Currency" means any currency other than the Dollar.

"Foreign Lender" means any Lender or Participant that is not a United States person within the meaning of IRC section 7701(a)(30).

"Funding Date" means the date on which a Borrowing occurs.

"Funding Losses" has the meaning specified therefor in Section 2.12(b)(ii) of the Agreement.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, consistently applied; provided, however, that all calculations relative to liabilities shall be made without giving effect to Statement of Financial Accounting Standards No. 159.

"Global Services Entities" means CDC Business Solutions Inc., a Delaware corporation, and its Subsidiaries.

"Governing Documents" means, with respect to any Person, the certificate or articles of incorporation, by-laws or other organizational documents or their equivalents in any particular jurisdiction, of such Person.

"Governmental Authority" means any federal, state, provincial, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

Schedule 1.1

"Guarantors" means (a) Pivotal, (b) CDC Software, (c) Parent, and (d) each other Person that becomes a guarantor after the Closing Date pursuant to Section 5.11 of the Agreement or otherwise, and "Guarantor" means any one of them.

"Guaranty" means that certain general continuing guaranty executed and delivered by each Guarantor in favor of Agent, for the benefit of the Lender Group and the Bank Product Providers, in form and substance reasonably satisfactory to Agent.

"Hazardous Materials" means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or "EP toxicity", (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million, and (e) any other substance, the storage, manufacture, disposal, treatment, generation, use, transportation, remediation, release into or concentration in the environment of which is prohibited, controlled, regulated or licensed by any Governmental Authority under any Environmental Law.

"Headquarters Location" means 2002 Summit Boulevard, 7th and 14th floor, Atlanta, Georgia.

"Hedge Agreement" means a "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"Hedge Obligations" means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising, of any Loan Party arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with one or more of the Bank Product Providers.

"Hedge Provider" means Wells Fargo or any of its Affiliates.

"Holdings" means CDC Corporation, an exempted company incorporated under the laws of the Cayman Islands.

"Holdout Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"IMI Global Holdings" means IMI Global Holdings Ireland Limited, a limited company incorporated under the laws of Ireland.

"Indebtedness" as to any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations of such Person as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices), (f) all obligations of such Person owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination), (g) any Prohibited Preferred Stock of such Person, and (h) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made,

discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness described in clause (d) above shall be the lower of the amount of the obligation and the fair market value of the assets of such Person securing such obligation.

"Indemnified Liabilities" has the meaning specified therefor in Section 10.3 of the Agreement.

"Indemnified Person" has the meaning specified therefor in Section 10.3 of the Agreement.

"Industri-Matematik" means Industri-Matematik AB, a Swedish corporation.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other provincial, state or federal bankruptcy or insolvency law, each as now and hereafter in effect, and any successors to such laws, including without limitation, any law permitting a debtor to obtain a stay or a compromise of the claims of its creditors, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief and any law permitting a debtor to obtain a stay or a compromise of the claims of its creditors.

"Intercompany Subordination Agreement" means an intercompany subordination agreement executed and delivered by Parent, certain of its Subsidiaries, and Agent, the form and substance of which is reasonably satisfactory to Agent.

"Interest Expense" means, for any period, the aggregate of the interest expense of Parent for such period, determined on a consolidated basis in accordance with GAAP.

"Interest Period" means, with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Base Rate Loan to a LIBOR Rate Loan) and ending 1, 2, or 3 months thereafter; provided, however, that (a) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (b) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2, or 3 months after the date on which the Interest Period began, as applicable, and (d) Borrower may not elect an Interest Period which will end after the Maturity Date.

"Inventory" means inventory (as that term is defined in the Code).

"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) *bona fide* Accounts arising in the ordinary course of business consistent with past practice), or acquisitions of Indebtedness, Stock, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

Schedule 1.1

"IRC" means the Internal Revenue Code of 1986, as in effect from time to time.

"Issuing Lender" means WFCF or any other Lender that, at the request of Borrower and with the consent of Agent, agrees, in such Lender' s sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit or Reimbursement Undertakings pursuant to Section 2.11 of the Agreement and the Issuing Lender shall be a Lender.

"Lender" has the meaning set forth in the preamble to the Agreement, shall include the Issuing Lender and the Swing Lender, and shall also include any other Person made a party to the Agreement pursuant to the provisions of Section 13.1 of the Agreement and "Lenders" means each of the Lenders or any one or more of them.

"Lender Group" means, individually and collectively, each of the Lenders (including the Issuing Lender and the Swing Lender) and Agent, or any one or more of them.

"Lender Group Expenses" means all (a) costs or expenses (including taxes, and insurance premiums) required to be paid by Parent or its Subsidiaries under any of the Loan Documents that are paid, advanced, or incurred by the Lender Group, (b) out-of-pocket fees or charges paid or incurred by Agent in connection with the Lender Group' s transactions with Parent or its Subsidiaries under any of the Loan Documents, including, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles and all similar searches and inquiries conducted in Canada or any other jurisdiction), filing, recording, publication, appraisal (including periodic collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter), real estate surveys, real estate title policies and endorsements, and environmental audits, (c) out-of-pocket costs and expenses incurred by Agent in the disbursement of funds to Borrower or other members of the Lender Group (by wire transfer or otherwise), (d) out-of-pocket charges paid or incurred by Agent resulting from the dishonor of checks payable by or to any Loan Party, (e) reasonable out-of-pocket costs and expenses paid or incurred by the Lender Group to correct any default or enforce any provision of the Loan Documents, or during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable out-of-pocket audit fees and expenses (including travel, meals, and lodging) of Agent related to any inspections or audits to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter, (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Lender Group in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender Group' s relationship with Parent or any of its Subsidiaries, (h) Agent' s reasonable costs and expenses (including reasonable outside attorneys fees) incurred in advising, structuring, drafting, reviewing, administering (including travel, meals, and lodging), syndicating, or amending the Loan Documents, and (i) Agent' s and each Lender' s reasonable costs and expenses (including reasonable outside attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including outside attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with a "workout," a "restructuring," or an Insolvency Proceeding concerning Parent or any of its Subsidiaries or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

"Lender Group Representatives" has the meaning specified therefor in Section 17.9 of the Agreement.

"Lender-Related Person" means, with respect to any Lender, such Lender, together with such Lender' s Affiliates, officers, directors, employees, attorneys, and agents.

Schedule 1.1

"Letter of Credit" means a letter of credit issued by Issuing Lender or a letter of credit issued by Underlying Issuer, as the context requires.

"Letter of Credit Collateralization" means either (a) providing cash collateral (pursuant to documentation reasonably satisfactory to Agent, including provisions that specify that the Letter of Credit fee and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding) to be held by Agent for the benefit of those Lenders with a Revolver Commitment in an amount equal to 105% of the then existing Letter of Credit Usage, (b) causing the Letters of Credit to be returned to the Issuing Lender, or (c) providing Agent with a standby letter of credit, in form and substance reasonably satisfactory to Agent, from a commercial bank acceptable to Agent (in its sole discretion) in an amount equal to 105% of the then existing Letter of Credit Usage (it being understood that the Letter of Credit fee and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit).

"Letter of Credit Disbursement" means a payment made by Issuing Lender or Underlying Issuer pursuant to a Letter of Credit.

"Letter of Credit Usage" means, as of any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit.

"LIBOR Deadline" has the meaning specified therefor in Section 2.12(b)(i) of the Agreement.

"LIBOR Notice" means a written notice in the form of Exhibit L-1.

"LIBOR Option" has the meaning specified therefor in Section 2.12(a) of the Agreement.

"LIBOR Rate" means the greater of (a) 1.50 percent per annum, and (b) the rate per annum appearing on Bloomberg L.P.' s (the "Service") Page BBAM1/(Official BBA USD Dollar Libor Fixings) (or on any successor or substitute page of such Service, or any successor to or substitute for such Service) 2 Business Days prior to the commencement of the requested Interest Period, for a term and in an amount comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrower in accordance with the Agreement, which determination shall be conclusive in the absence of manifest error.

"LIBOR Rate Loan" means each portion of an Advance that bears interest at a rate determined by reference to the LIBOR Rate.

"LIBOR Rate Margin" means 4.00 percentage points.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"Loan Account" has the meaning specified therefor in Section 2.9 of the Agreement.

"Loan Documents" means the Agreement, the Canadian Security Agreement, any Credit Amount Certificate, the Contribution Agreement, the Control Agreements, the Controlled Account Agreements, the Copyright Security Agreements, the Fee Letter, the Guaranties, the Intercompany Subordination Agreement, the Letters of Credit, the Mortgages, the Patent Security Agreements, the Source

Code Escrow Agreement, the Trademark Security Agreements, the U.S. Security Agreement, any note or notes executed by Borrower in connection with the Agreement and payable to any member of the Lender Group, any letter of credit application entered into by Borrower in connection with the Agreement, and any other agreement entered into, now or in the future, by any Loan Party or any of its Subsidiaries and (or in favor of) any member of the Lender Group in connection with the Agreement.

"Loan Party" means Borrower or any Guarantor.

"Margin Stock" as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Change" means (a) a material adverse change in the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of the Loan Parties, taken as a whole, or Parent and its Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Loan Parties, taken as a whole, or Parent and its Subsidiaries, taken as a whole, to perform material obligations under the Loan Documents to which any such Person is a party, (c) material impairment of the Lender Group' s ability to enforce the Obligations or realize upon Collateral with an aggregate value in excess of $500,000, or (d) a material impairment of the enforceability or priority of Agent' s Liens with respect to Collateral with an aggregate value in excess of $500,000 as a result of an action or failure to act on the part of Parent or any of its Subsidiaries.

"Material Contract" means, with respect to any Loan Party, (a) the Services Agreement, (b) each contract or agreement to which such Loan Party or any of its Material Subsidiaries is a party involving aggregate consideration payable to or by such Loan Party or such Material Subsidiary of $5,000,000 or more (other than (i) purchase orders in the ordinary course of the business of such Loan Party or such Material Subsidiary, (ii) contracts that by their terms may be terminated by such Loan Party or Material Subsidiary in the ordinary course of its business upon less than 60 days' notice without penalty or premium, and (iii) contracts that are readily replaceable on commercially reasonable terms by such Loan Party or its Material Subsidiaries in the ordinary course of business), and (c) all other contracts or agreements, the loss of which could reasonably be expected to result in a Material Adverse Change**.**

"Material Subsidiary" means a direct or indirect Subsidiary of Parent that (a) generated 5% or more of the revenues of Parent and its Subsidiaries for the 12 consecutive month period most recently concluded, (b) generated 5% or more of the maintenance revenues of Parent and its Subsidiaries for the 12 consecutive month period most recently concluded or (c) is designated in writing by Parent to Agent as a Material Subsidiary pursuant to Section 5.18; provided that, notwithstanding the foregoing, (i) each of Borrower, Pivotal, CDC Software, Respond Group Limited, Catalyst, Saratoga Systems, IMI Global Holdings, and Industri-Matematik shall be a Material Subsidiary and (ii) any Material Subsidiary on the Closing Date or designated as a Material Subsidiary by Parent thereafter pursuant to Section 5.18 shall remain a Material Subsidiary during the term of this Agreement.

"Maturity Date" has the meaning specified therefor in Section 3.4 of the Agreement.

"Maximum Revolver Amount" means $30,000,000 decreased by the amount of reductions in the Revolver Commitments made in accordance with Section 2.4(c) of the Agreement.

"Moody' s" has the meaning specified therefor in the definition of Cash Equivalents.

"Mortgages" means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by the Loan Parties (other than Parent) in favor of Agent, in form and substance reasonably satisfactory to Agent, that encumber the Real Property Collateral.

Schedule 1.1

"Non-Excluded Taxes" means, with respect to amounts payable hereunder, Taxes other than Excluded Taxes.

"Note Purchase Agreement" means that certain Note Purchase Agreement, dated as of November 10, 2006, by and between Holdings and each investor listed on Exhibit A thereto.

"North America Cash" means, as of any date of determination, the aggregate amount of unrestricted cash and Cash Equivalents of the Loan Parties.

"Obligations" means (a) all loans (including the Advances (inclusive of Protective Advances and Swing Loans)), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), reimbursement or indemnification obligations with respect to Reimbursement Undertakings or with respect to Letters of Credit (irrespective of whether contingent), premiums, liabilities (including all amounts charged to the Loan Account pursuant to the Agreement), obligations (including indemnification obligations), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, covenants, and duties of any kind and description owing by any Loan Party pursuant to or evidenced by the Agreement or any of the other Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that Borrower is required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, (b) all debts, liabilities, or obligations (including reimbursement obligations, irrespective of whether contingent) owing by Borrower or any other Loan Party to an Underlying Issuer now or hereafter arising from or in respect of Underlying Letters of Credit, and (c) all Bank Product Obligations. Any reference in the Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Originating Lender" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Other Taxes" has the meaning specified therefor in Section 16(b) of the Agreement.

"Overadvance" has the meaning specified therefor in Section 2.5 of the Agreement.

"Parent" has the meaning specified therefor in the preamble to the Agreement.

"Participant" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Participant Register" has the meaning set forth in Section 13.1(i) of the Agreement.

"Patent Security Agreement" has the meaning specified therefor in the U.S. Security Agreement.

"Patriot Act" has the meaning specified therefor in Section 4.18 of the Agreement.

"Payoff Date" means the first date on which all of the Obligations are paid in full and the Commitments of the Lenders are terminated.

"Permitted Acquisition" means a Permitted Cash Acquisition or a Permitted Equity Acquisition, as the context requires.

"Permitted Cash Acquisition" means any Acquisition as to which each of the following is applicable:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) no Indebtedness will be incurred, assumed, or would exist with respect to any Loan Party or any of its Material Subsidiaries as a result of such Acquisition, other than Indebtedness permitted under clauses (f), (g), (m) or (q) of the definition of Permitted Indebtedness and no Liens will be incurred, assumed, or would exist with respect to the assets of any Loan Party or any of its Material Subsidiaries as a result of such Acquisition other than Liens permitted under clauses (f), (r) or (t) of the definition of Permitted Liens,

(c) the sum of (i) Availability plus (ii) North America Cash shall be equal to or greater than $15,000,000 immediately before and after giving effect to the consummation of the proposed Acquisition,

(d) the assets being acquired or the Person whose Stock is being acquired did not have EBITDA of less than ($5,000,000) during the 12 consecutive month period most recently concluded prior to the date of the proposed Acquisition,

(e) Parent has provided Agent with written notice of the proposed Acquisition at least 15 Business Days prior to the anticipated closing date of the proposed Acquisition and, not later than 5 Business Days prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement and other material documents relative to the proposed Acquisition,

(f) the assets being acquired (other than a *de minimis* amount of assets in relation to the Loan Parties' and their Material Subsidiaries' total assets), or the Person whose Stock is being acquired, are useful in or engaged in, as applicable, the business of the Loan Parties and their Material Subsidiaries or a business reasonably related thereto,

(g) the subject assets or Stock, as applicable, are being acquired directly by a Loan Party, and (i) in the case of an asset Acquisition, such Loan Party shall have executed and delivered or authorized, as applicable, any and all documentation reasonably requested by Agent in order to provide Agent with a first priority perfected security interest, subject to Permitted Liens, in the acquired assets, and (ii) in the case of a Stock Acquisition, (A) the Person whose Stock is being acquired shall have executed and delivered any and all documentation reasonably requested by Agent in order to become a Guarantor, and (B) the Person whose Stock is being acquired shall have executed and delivered any and all documentation reasonably requested by Agent in order to provide Agent with a first priority perfected security interest, subject to Permitted Liens, in the assets of such Person; provided that such documents shall not be required to be provided to Agent with respect to any Person being acquired by a Loan Party that is a CFC if providing such documents would result in material adverse tax consequences or the costs to the Loan Parties of providing such documents or perfecting the security interests created thereby are unreasonably excessive (as reasonably determined by Agent) in relation to the benefits of Agent and the Lenders of the security or guarantee afforded thereby, and

(h) the purchase consideration payable in respect of all Permitted Cash Acquisitions, in the aggregate (including the proposed Acquisition and including deferred payment obligations) shall not exceed $125,000,000 in the aggregate.

"Permitted Discretion" means a determination made in the exercise of reasonable (from the perspective of a secured lender) business judgment.

"Permitted Dispositions" means:

(a) sales, abandonment, or other dispositions of Equipment that is substantially worn, damaged, or obsolete in the ordinary course of business,

(b) sales of Inventory to buyers in the ordinary course of business,

(c) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Loan Documents,

(d) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(e) the granting of Permitted Liens,

(f) the sale or discount, in each case without recourse, of Accounts arising in the ordinary course of business, but only in connection with the compromise or collection thereof,

(g) any involuntary loss, damage or destruction of property,

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,

(i) the leasing or subleasing of assets of any Loan Party or any of its Material Subsidiaries in the ordinary course of business,

(j) the sale or issuance of Stock (other than Prohibited Preferred Stock) of Parent,

(k) the lapse of registered patents, trademarks and other intellectual property of the Loan Parties and their Material Subsidiaries to the extent not economically desirable in the conduct of their business and so long as such lapse is not materially adverse to the interests of the Lenders as determined by the Loan Party or its Material Subsidiaries in the exercise of reasonable business judgment,

(l) the making of a Restricted Junior Payment that is expressly permitted to be made pursuant to the Agreement,

(m) the making of a Permitted Investment, and

(n) dispositions of assets (other than Accounts, intellectual property, licenses, Stock of Material Subsidiaries of Parent, or Material Contracts) not otherwise permitted in clauses (a) through (j) above so long as made at fair market value and the aggregate fair market value of all assets disposed of in all such dispositions since the Closing Date (including the proposed disposition) would not exceed $500,000.

"Permitted Equity Acquisition" means any Acquisition as to which each of the following is applicable:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) no Indebtedness will be incurred, assumed, or would exist with respect to any Loan Party or any of its Material Subsidiaries as a result of such Acquisition, other than Indebtedness permitted under clause (g) of the definition of Permitted Indebtedness and no Liens will be incurred, assumed, or would exist with respect to the assets of any Loan Party or any of its Material Subsidiaries as a result of such Acquisition other than Liens permitted under clauses (f) or (r) of the definition of Permitted Liens,

(c) the sum of (i) Availability plus (ii) North America Cash shall be equal to or greater than $15,000,000 immediately before and after giving effect to the consummation of the proposed Acquisition,

(d) the assets being acquired or the Person whose Stock is being acquired did not have EBITDA of less than ($5,000,000) during the 12 consecutive month period most recently concluded prior to the date of the proposed Acquisition,

(e) Parent has provided Agent with written notice of the proposed Acquisition at least 15 Business Days prior to the anticipated closing date of the proposed Acquisition and, not later than 5 Business Days prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement and other material documents relative to the proposed Acquisition,

(f) the assets being acquired (other than a *de minimis* amount of assets in relation to the Loan Parties' and their Material Subsidiaries' total assets), or the Person whose Stock is being acquired, are useful in or engaged in, as applicable, the business of the Loan Parties and their Material Subsidiaries or a business reasonably related thereto,

(g) the subject assets or Stock, as applicable, are being acquired directly by a Loan Party, and (i) in the case of an asset Acquisition, such Loan Party shall have executed and delivered or authorized, as applicable, any and all documentation reasonably requested by Agent in order to provide Agent with a first priority perfected security interest, subject to Permitted Liens, in the acquired assets, and (ii) in the case of a Stock Acquisition, (A) the Person whose Stock is being acquired shall have executed and delivered any and all documentation reasonably requested by Agent in order to become a Guarantor, and (B) the Person whose Stock is being acquired shall have executed and delivered any and all documentation reasonably requested by Agent in order to provide Agent with a first priority perfected security interest, subject to Permitted Liens, in the assets of such Person; provided that such documents shall not be required to be provided to Agent with respect to any Person being acquired by a Loan Party that is a CFC if providing such documents would result in material adverse tax consequences or the costs to the Loan Parties of providing such documents or perfecting the security interests created thereby are unreasonably excessive (as reasonably determined by Agent) in relation to the benefits of Agent and the Lenders of the security or guarantee afforded thereby, and

(h) the consideration payable in respect of the proposed Acquisition shall be composed solely of common Stock or Permitted Preferred Stock of Parent or Holdings and/or proceeds of contributions to capital or the purchase of common Stock or Permitted Preferred Stock of Parent contemporaneously made by Holdings.

"Permitted Holdings Advances" means loans and/or distributions made in cash by a Loan Party directly or indirectly to Holdings or any Global Services Entities, so long as, (a) the amount of such loans and/or distributions does not exceed (i) $15,000,000 in the aggregate in the twelve month period after the Closing Date, and (ii) $10,000,000 in the aggregate in any twelve month period thereafter, (b) no Default or Event of Default has occurred and is continuing either before or after giving effect to such loan, and (c) the sum of (i) Availability plus (ii) North America Cash shall not be less than $15,000,000 both before and after giving effect to such loan.

"Permitted Indebtedness" means:

(a) Indebtedness evidenced by the Agreement or the other Loan Documents, as well as Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit,

(b) Indebtedness set forth on Schedule 4.19 and any Refinancing Indebtedness in respect of such Indebtedness,

(c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,

(d) endorsement of instruments or other payment items for deposit,

(e) Indebtedness consisting of (i) unsecured guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers incurred in the ordinary course of business or in connection with Permitted Dispositions; and (iii) unsecured guarantees with respect to Indebtedness of a Loan Party or one of its Material Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness,

(f) unsecured Indebtedness of Parent that is incurred on the date of the consummation of a Permitted Acquisition solely for the purpose of consummating such Permitted Acquisition so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom, (ii) such unsecured Indebtedness is not incurred for working capital purposes, (iii) such unsecured Indebtedness does not mature prior to the date that is 12 months after the Maturity Date, (iv) such Indebtedness is subordinated in right of payment to the Obligations on terms and conditions reasonably satisfactory to Agent, and (v) the only interest that accrues with respect to such Indebtedness is payable in kind,

(g) Acquired Indebtedness in an aggregate amount for all Permitted Acquisitions not to exceed $5,000,000 outstanding at any one time,

(h) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, and appeal bonds,

(i) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to Parent or any of its Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year,

(j) the incurrence by any Loan Party or any of its Material Subsidiaries of Indebtedness under Hedge Agreements that are incurred for the bona fide purpose of hedging the interest rate, commodity, or foreign currency risks associated with Parent' s and its Subsidiaries' operations and not for speculative purposes,

(k) Indebtedness incurred in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards"), or Cash Management Services, in each case, incurred in the ordinary course of business,

(l) unsecured Indebtedness of Parent owing to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase by Parent of the Stock of Parent that has been issued to such Persons, so long as (i) no Default or Event of Default has occurred and is continuing or would result from the incurrence of such Indebtedness, (ii) the aggregate amount of all such Indebtedness outstanding at any one time does not exceed $1,000,000 and (iii) such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable to Agent,

(m) unsecured Indebtedness owing to sellers of assets or Stock to a Loan Party that is incurred by the applicable Loan Party in connection with the consummation of one or more Permitted Acquisitions so long as (i) the aggregate principal amount for all such unsecured Indebtedness does not exceed $22,500,000 at any one time outstanding, (ii) is subordinated to the Obligations on terms and conditions reasonably acceptable to Agent, and (iii) is otherwise on terms and conditions (including all economic terms and the absence of covenants) reasonably acceptable to Agent,

(n) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, non-compete, or similar obligation of Parent or the applicable Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions,

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(o) Indebtedness composing Permitted Investments;

(p) Indebtedness of Catalyst in the principal amount not to exceed $6,500,000 evidenced by the Associated Bank Loan Documents; and

(q) Indebtedness of any Loan Party or any of its Material Subsidiaries that is incurred in connection with the consummation of a Permitted Acquisition solely for the purpose of consummating such Permitted Acquisition so long as (i) the aggregate principal amount of all such Indebtedness incurred in any calendar year does not exceed $10,000,000, (ii) a Lien on the assets acquired in connection with such Permitted Acquisition is granted to Agent to secure the Obligations, (iii) any Lien securing such Indebtedness is subordinated to the Lien securing the Obligations on terms and conditions acceptable to Agent, (iv) such Indebtedness is subject to an intercreditor agreement, by and between the Agent and the holder(s) of such Indebtedness, in form and substance acceptable to Agent, (v) such Indebtedness does not have a scheduled maturity prior to the 91st day following the Maturity Date, (vi) such Indebtedness does not require any principal payments prior to the 91st day following the Maturity Date, and (vii) such Indebtedness is otherwise on terms and conditions reasonably acceptable to Agent.

"Permitted Intercompany Advances" means:

(a) loans made by :

(i) a Loan Party to another Loan Party,

(ii) a non-Loan Party Subsidiary of Parent to another non-Loan Party Subsidiary of Parent,

(iii) a non-Loan Party Subsidiary of Parent to a Loan Party, so long as the parties thereto are party to the Intercompany Subordination Agreement, and

(iv) a Loan Party to a non-Loan Party Subsidiary of Parent so long as (A) the sum of (1) Availability plus (2) Qualified Cash (other than Qualified Cash of CDC Software) shall not be less than $7,500,000 both before and after giving effect to such loan, (B) no Default or Event of Default has occurred and is continuing or would result therefrom, and (C) the sum of (1) Availability plus (2) North America Cash shall not be less than $15,000,000 both before and after giving effect to such loan, and

(b) Investments constituting contributions to capital or the purchase of Stock made by:

(i) a Loan Party in another Loan Party,

(ii) a non-Loan Party Subsidiary of Parent in another non-Loan Party Subsidiary of Parent,

(iii) a non-Loan Party Subsidiary of Parent in a Loan Party, and

(iv) a Loan Party in a non-Loan Party Subsidiary of Parent so long as (A) the sum of (1) Availability plus (2) Qualified Cash (other than Qualified Cash of CDC Software) shall not be less than $7,500,000 both before and after giving effect to such Investment, (B) no Default or Event of Default has occurred and is continuing or would result therefrom, and (C) the sum of (1) Availability plus (2) North America Cash shall not be less than $15,000,000 both before and after giving effect to such Investment.

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents,

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(c) advances made in connection with purchases of goods or services in the ordinary course of business,

(d) Investments received in settlement of amounts due to any Loan Party or any of its Subsidiaries effected in the ordinary course of business or owing to any Loan Party or any of its Subsidiaries as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of a Loan Party or its Subsidiaries,

(e) Investments owned by Parent or any of its Material Subsidiaries on the Closing Date and set forth on Schedule P-1,

(f) guarantees permitted under the definition of Permitted Indebtedness,

(g) Permitted Intercompany Advances,

(h) Permitted Holdings Advances,

(i) Stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to a Loan Party or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(j) deposits of cash made in the ordinary course of business to secure performance of operating leases,

(k) non-cash loans to employees, officers, and directors of Parent or any of its Subsidiaries for the purpose of purchasing Stock in Parent so long as the proceeds of such loans are used in their entirety to purchase such stock in Parent,

(l) Permitted Acquisitions,

(m) Investments resulting from entering into (i) Bank Product Agreements, or (ii) agreements relative to Indebtedness that is permitted under clause (j) of the definition of Permitted Indebtedness,

(n) Investments held by a Person acquired in a Permitted Acquisition to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition and were in existence on the date of such Permitted Acquisition,

(o) Investments in Stock of Parent acquired by Parent in accordance with Section 6.9(e), and

(p) so long as (i) no Event of Default has occurred and is continuing or would result therefrom, (ii) the sum of (A) Availability plus (B) Qualified Cash (other than Qualified Cash of CDC Software) is not less than $7,500,000 both before and after giving effect to such Investment and (iii) the sum of Availability plus (B) North America Cash is not less than $15,000,000 both before and after giving effect to such Investment, any other Investments in an aggregate amount not to exceed (1) $10,000,000 in any calendar year and (2) $40,000,000 during the term of the Agreement.

"Permitted Liens" means

(a) Liens granted to, or for the benefit of, Agent to secure the Obligations,

(b) Liens for unpaid taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over Agent' s Liens and the underlying taxes, assessments, or charges or levies are the subject of Permitted Protests,

(c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 8.3 of the Agreement,

(d) Liens set forth on Schedule P-2; provided, however, that to qualify as a Permitted Lien, any such Lien described on Schedule P-2 shall only secure the Indebtedness that it secures on the Closing Date and any Refinancing Indebtedness in respect thereof,

(e) the interests of lessors under operating leases and non-exclusive licensors under license agreements,

(f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased, acquired or leased and the proceeds thereof, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof,

(g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests,

(h) Liens on amounts deposited to secure Parent' s and its Subsidiaries obligations in connection with worker' s compensation or other unemployment insurance,

(i) Liens on amounts deposited to secure Parent' s and its Subsidiaries obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money,

(j) Liens on amounts deposited to secure Parent' s and its Subsidiaries reimbursement obligations with respect to surety or appeal bonds obtained in the ordinary course of business,

(k) with respect to any Real Property, easements, rights of way, and zoning restrictions and other restrictions, including reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown in right of a Province of Canada, in each case, that do not materially interfere with or impair the use or operation thereof,

(l) non-exclusive licenses of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(m) Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is the subject of permitted Refinancing Indebtedness and so long as the replacement Liens only encumber those assets that secured the original Indebtedness,

(n) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business,

(o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Indebtedness,

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(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,

(q) Liens solely on any cash earnest money deposits made by Parent or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition,

(r) Liens assumed by Parent or any of its Subsidiaries in connection with a Permitted Acquisition that secure Acquired Indebtedness,

(s) Liens in favor of Associated Bank under the Associated Bank Loan Documents permitted under clause (p) of the definition of Permitted Indebtedness,

(t) Liens securing Indebtedness permitted by clauses (q) of the definition of Permitted Indebtedness, and

(u) other Liens which do not secure Indebtedness for borrowed money or reimbursement obligations with respect to letters of credit and as to which the aggregate amount of the obligations secured thereby does not exceed $100,000

"Permitted Preferred Stock" means and refers to any Preferred Stock issued by Parent (and not by one or more of its Subsidiaries) that is not Prohibited Preferred Stock.

"Permitted Protest" means the right of Parent or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien, Canadian statutory lien, or any similar tax lien in a relevant jurisdiction), or rental payment, provided that (a) a reserve with respect to such obligation is established on Parent' s or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Parent or its Subsidiary, as applicable, in good faith, and (c) Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Agent' s Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, Purchase Money Indebtedness incurred after the Closing Date in an aggregate principal amount outstanding at any one time not in excess of $5,000,000

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Pivotal" means Pivotal Corporation, a corporation organized under the laws of the Province of British Columbia, Canada.

"PPSA" has the meaning specified therefor in Section 1.3 of this Agreement.

"Preferred Stock" means, as applied to the Stock of any Person, the Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Stock of any other class of such Person.

"Prohibited Preferred Stock" means any Preferred Stock that by its terms is mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of

common stock) on or before a date that is less than 1 year after the Maturity Date, or, on or before the date that is less than 1 year after the Maturity Date, is redeemable at the option of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock).

"Projections" means Parent' s forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a basis consistent with Parent' s historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

"Proprietary Rights" means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, trade names, domain names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including data and related documentation), (g) all other proprietary rights, and (h) all copies and tangible embodiments thereof (in whatever form or medium).

"Pro Rata Share" means, as of any date of determination:

(a) with respect to a Lender' s obligation to make Advances and right to receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender' s Revolver Commitment, by (z) the aggregate Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender' s Advances by (z) the outstanding principal amount of all Advances,

(b) with respect to a Lender' s obligation to participate in Letters of Credit and Reimbursement Undertakings, to reimburse the Issuing Lender, and right to receive payments of fees with respect thereto, (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender' s Revolver Commitment by (z) the aggregate Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender' s Advances by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Revolver Commitments had not been terminated or reduced to zero and based upon the Revolver Commitments as they existed immediately prior to their termination or reduction to zero, and

(c) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 15.7 of the Agreement), (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender' s Revolver Commitment, by (z) the aggregate amount of Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender' s Advances, by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and

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Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Revolver Commitments had not been terminated or reduced to zero and based upon the Revolver Commitments as they existed immediately prior to their termination or reduction to zero.

"Protective Advances" has the meaning specified therefor in Section 2.3(d)(i) of the Agreement.

"Purchase Money Indebtedness" means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or within 20 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of Borrower, Pivotal and CDC Software that is in Deposit Accounts or in Securities Accounts, or any combination thereof, and which such Deposit Account or Securities Account is the subject of a Control Agreement and is maintained by a branch office of the bank or securities intermediary located within the United States.

"Real Property" means any estates or interests in real property now owned or hereafter acquired by Parent or its Subsidiaries and the improvements thereto.

"Real Property Collateral" means any Real Property hereafter acquired by the Loan Parties other than Parent.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Recurring Revenues" means the recurring maintenance and subscription revenues of Borrower and Pivotal.

"Refinancing Indebtedness" means refinancings, renewals, or extensions of Indebtedness so long as:

(a) the terms and conditions of such refinancings, renewals, or extensions do not, in Agent' s reasonable judgment, materially impair the prospects of repayment of the Obligations by Parent and its Subsidiaries or materially impair Parent' s and its Subsidiaries' creditworthiness,

(b) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(c) such refinancings, renewals, or extensions do not result in an increase in the interest rate by more than 2% above the interest rate in effect prior to such refinancing, renewal, or extension with respect to the Indebtedness so refinanced, renewed, or extended,

(d) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders,

(e) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lender Group as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(f) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

"Register" has the meaning set forth in Section 13.1(h) of the Agreement.

"Registered Loan" has the meaning set forth in Section 13.1(h) of the Agreement.

"Reimbursement Undertaking" has the meaning specified therefor in Section 2.11(a) of the Agreement.

"Related Fund" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

"Rent Reserve" means the rental costs under each lease (including each sublease) with respect to the Headquarters Location for a 3 month period, which shall be (i) implemented only if Agent has not received Collateral Access Agreements, in form and substance satisfactory to Agent, with respect to the Headquarters Location and (ii) released upon receipt of such Collateral Access Agreements.

"Replacement Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Report" has the meaning specified therefor in Section 15.16 of the Agreement.

"Required Availability" means that the sum of (a) Availability, *plus* (b) unrestricted cash and Cash Equivalents of the Parent and its Subsidiaries exceeds $50,000,000.

"Required Lenders" means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (c) of the definition of Pro Rata Shares) exceed 50%; provided, however, that at any time there are 2 or more Lenders, "Required Lenders" must include at least 2 Lenders.

"Required Library" has the meaning specified therefor in the U.S. Security Agreement and the Canadian Security Agreement.

"Respond Group Limited" means Respond Group Limited, a limited company incorporated under the laws of England and Wales.

"Restricted Junior Payment" means to (a) declare or pay any dividend or make any other payment or distribution (in cash, services or other property, other than common Stock) on account of Stock issued by Parent (including any payment in connection with any merger or consolidation involving Parent) or to the direct or indirect holders of Stock issued by Parent in their capacity as such (other than dividends or

distributions payable in Stock (other than Prohibited Preferred Stock) issued by Parent, or (b) purchase, redeem, or otherwise acquire or retire for value (including in connection with any merger or consolidation involving Parent) any Stock issued by Parent.

"Revolver Commitment" means, with respect to each Lender, its Revolver Commitment, and, with respect to all Lenders, their Revolver Commitments, in each case as such Dollar amounts are set forth beside such Lender' s name under the applicable heading on Schedule C-1 or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Revolver Usage" means, as of any date of determination, the sum of (a) the amount of outstanding Advances, *plus* (b) the amount of the Letter of Credit Usage.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.

"Saratoga Systems" means Saratoga Systems, Inc., a California corporation.

"S&P" has the meaning specified therefor in the definition of Cash Equivalents.

"SEC" means the United States Securities and Exchange Commission and any successor thereto.

"Securities Account" means a securities account (as that term is defined in the Code).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Security Documents" means the U.S. Security Agreement and the Canadian Security Agreement.

"Senior Officer" means the chief executive officer, chief financial officer, general counsel, president, chief accounting officer, chief technical officer or any other similar or comparable officer of any Loan Party with similar or comparable authority.

"Senior Unsecured Debt" means all current and future Indebtedness and other liabilities owing pursuant to the Senior Unsecured Notes or any other Senior Unsecured Note Documents and any Refinancing Indebtedness in respect of such Indebtedness.

"Senior Unsecured Note Documents" means the Note Purchase Agreement, the Senior Unsecured Notes and all agreements, instruments and documents executed in connection therewith at any time, including without limitation those agreements and documents listed on Schedule 4.28 hereto.

"Senior Unsecured Notes" means the 3.75% senior exchangeable convertible notes issued by Holdings in the original principal amount of $168,000,000 due 2011 issued pursuant to the Note Purchase Agreement and any other securities issued pursuant to the Note Purchase Agreement at any time.

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"Services Agreement" means that certain Services Agreement, dated as of August 6, 2009, by and between Parent and Holdings.

"Settlement" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"Settlement Date" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"Solvent" means, with respect to any Person on a particular date, that, at fair valuations, the sum of such Person' s assets is greater than all of such Person' s debts.

"S&P" has the meaning specified therefor in the definition of Cash Equivalents.

"Source Code Escrow Agreement" means a source code escrow agreement (including the escrow deposit statement of work describing verification services to be performed) among Agent, certain of the Loan Parties, and an escrow agent reasonably satisfactory to Agent, in form and substance reasonably satisfactory to Agent.

"Stock" means all shares, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in a Person, whether voting or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

"Subsidiary" of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the shares of Stock having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

"Swing Lender" means WFCF or any other Lender that, at the request of Borrower and with the consent of Agent agrees, in such Lender' s sole discretion, to become the Swing Lender under Section 2.3(b) of the Agreement.

"Swing Loan" has the meaning specified therefor in Section 2.3(b) of the Agreement.

"Taxes" means, any taxes, levies, imposts, duties, fees, assessments, withholdings or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments, all interest, penalties, fines, additions to tax, additional amounts or similar liabilities with respect thereto, and any installments in respect thereto.

"Tax Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"Total Commitment" means, with respect to each Lender, its Total Commitment, and, with respect to all Lenders, their Total Commitments, in each case as such Dollar amounts are set forth beside such Lender' s name under the applicable heading on Schedule C-1 attached hereto or on the signature page of the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Trademark License Agreement" means that certain Trademark License Agreement, dated as of August 6, 2009, by and between Holdings and Parent.

"Trademark Security Agreement" has the meaning specified therefor in the U.S. Security Agreement.

Schedule 1.1

"TTM Recurring Revenues" means, as of any date of determination, the Recurring Revenues of Borrower and Pivotal determined on a consolidated basis in accordance with GAAP, for the most recent 12 consecutive month period then ended for which a Credit Amount Certificate has been delivered to Agent pursuant to Schedule 5.2.

"Underlying Issuer" means Wells Fargo or one of its Affiliates.

"Underlying Letter of Credit" means a Letter of Credit that has been issued by an Underlying Issuer.

"United States" means the United States of America.

"U.S. Loan Parties" means each Loan Party organized under the laws of United States, any state thereof or the District of Columbia.

"U.S. Security Agreement" means a security agreement governed by the laws of the State of New York, in form and substance reasonably satisfactory to Agent, executed and delivered by the Loan Parties (other than Parent) to Agent.

"Voidable Transfer" has the meaning specified therefor in Section 17.8 of the Agreement.

"Wells Fargo" means Wells Fargo Bank, National Association, a national banking association.

"WFCF" means Wells Fargo Capital Finance, LLC, a Delaware limited liability company.

Schedule 1.1

Exhibit 4(a).15

SECURITY AGREEMENT

This **SECURITY AGREEMENT** (this "Agreement"), dated as of April 27, 2010, among the Grantors listed on the signature pages hereof and those additional entities that hereafter become parties hereto by executing the form of Joinder attached hereto as Annex 1 (each, a "Grantor"), and **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, in its capacity as agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement of even date herewith (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement") by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as parent ("Parent"), Ross Systems, Inc., a Delaware corporation, as borrower ("Borrower"), the lenders party thereto as "Lenders" (such Lenders, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, Agent has agreed to act as agent for the benefit of the Lender Group and the Bank Product Providers in connection with the transactions contemplated by the Credit Agreement and this Agreement; and

WHEREAS, in order to induce the Lender Group to enter into the Credit Agreement and the other Loan Documents and to induce the Lender Group to make financial accommodations to Borrower as provided for in the Credit Agreement, Grantors have agreed to grant a continuing security interest in and to the Collateral in order to secure the prompt and complete payment, observance and performance of, among other things, the Secured Obligations.

NOW, THEREFORE, for and in consideration of the recitals made above and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All initially capitalized terms used herein (including in the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Credit Agreement. Any terms (whether capitalized or lower case) used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein or in the Credit Agreement; provided, however, that to the extent that the Code is used to define any term used herein and if such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern. In addition to those terms defined elsewhere in this Agreement, as used in this Agreement, the following terms shall have the following meanings:

(a) "Account" means an account (as that term is defined in Article 9 of the Code).

(b) "Account Debtor" means an account debtor (as that term is defined in the Code).

(c) "Activation Instruction" has the meaning specified therefor in Section 6(k).

(d) "Agent" has the meaning specified therefor in the preamble to this Agreement.

(e) "Agent' s Lien" has the meaning specified therefor in the Credit Agreement.

(f) "Agreement" has the meaning specified therefor in the preamble to this Agreement.

(g) "Bank Product Obligations" has the meaning specified therefor in the Credit Agreement.

(h) "Bank Product Provider" has the meaning specified therefor in the Credit Agreement.

(i) "Books" means books and records (including each Grantor' s Records indicating, summarizing, or evidencing such Grantor' s assets (including the Collateral) or liabilities, each Grantor' s Records relating to such Grantor' s business operations or financial condition, and each Grantor' s goods or General Intangibles related to such information).

(j) "Borrower" has the meaning specified therefor in the recitals to this Agreement.

(k) "Cash Equivalents" has the meaning specified therefor in the Credit Agreement.

(l) "Chattel Paper" means chattel paper (as that term is defined in the Code) and includes tangible chattel paper and electronic chattel paper.

(m) "Code" means the New York Uniform Commercial Code, as in effect from time to time; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority, or remedies with respect to Agent' s Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies.

(n) "Collateral" has the meaning specified therefor in Section 2.

(o) "Collections" has the meaning specified therefor in the Credit Agreement.

(p) "Commercial Tort Claims" means commercial tort claims (as that term is defined in the Code), and includes those commercial tort claims listed on Schedule 1.

(q) "Controlled Account" has the meaning specified therefor in Section 6(k).

(r) "Controlled Account Agreements" means those certain cash management agreements, in form and substance reasonably satisfactory to Agent, each of which is executed and delivered by a Grantor, Agent, and one of the Controlled Account Banks.

(s) "Controlled Account Bank" has the meaning specified therefor in Section 6(k).

(t) "Copyrights" means any and all rights in any works of authorship, including (i) copyrights, (ii) copyright registrations and recordings thereof and all applications in connection therewith including those listed on Schedule 2, (iii) income, license fees, royalties, damages, and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Grantor' s rights corresponding thereto throughout the world.

(u) "Copyright Security Agreement" means each Copyright Security Agreement executed and delivered by Grantors, or any of them, and Agent, in substantially the form of Exhibit A.

(v) "Credit Agreement" has the meaning specified therefor in the recitals to this Agreement.

(w) "Deposit Account" means a deposit account (as that term is defined in the Code).

(x) "Equipment" means equipment (as that term is defined in the Code).

(y) "Event of Default" has the meaning specified therefor in the Credit Agreement.

(z) "Fixtures" means fixtures (as that term is defined in the Code).

(aa) "General Intangibles" means general intangibles (as that term is defined in the Code) and includes payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, Intellectual Property, Intellectual Property Licenses, and other rights in Intellectual Property, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Intellectual Property Licenses, infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the Code, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, goods, Investment Related Property, Negotiable Collateral, and oil, gas, or other minerals before extraction.

(bb) "Grantor" and "Grantors" have the respective meanings specified therefor in the preamble to this Agreement.

(cc) "Guaranty" has the meaning specified therefor in the Credit Agreement.

(dd) "Insolvency Proceeding" has the meaning specified therefor in the Credit Agreement.

(ee) "Intellectual Property" means any and all Patents, Copyrights, Trademarks, trade secrets, know-how, inventions (whether or not patentable), algorithms, software programs (including source code and object code), processes, product designs, industrial designs, blueprints, drawings, data, customer lists, URLs and domain names, specifications, documentations, reports, catalogs, literature, and any other forms of technology or proprietary information of any kind, including all rights therein and all applications for registration or registrations thereof.

(ff) "Intellectual Property Licenses" means, with respect to any Person (the "Specified Party"), (i) any licenses and other similar rights provided to the Specified Party in or with respect to Intellectual Property owned or controlled by any other Person, and (ii) any licenses and other similar rights provided to any other Person in or with respect to Intellectual Property owned or controlled by the Specified Party, in each case, including (A) any software license agreements (other than license agreements for commercially available off-the-shelf software that is generally available to the public which have been licensed to a Grantor pursuant to end-user licenses), (B) the license agreements listed on Schedule 3, and (C) the right to use any of the licenses or other similar rights described in this definition in connection with the enforcement of the Lender Group' s rights under the Loan Documents.

(gg) "Inventory" means inventory (as that term is defined in the Code).

(hh) "Investment Related Property" means (i) any and all investment property (as that term is defined in the Code), and (ii) any and all of the following (regardless of whether classified as investment property under the Code): all Pledged Interests, Pledged Operating Agreements, and Pledged Partnership Agreements; provided, that Investment Related Property shall exclude the Stock of any Loan Party or any its Subsidiaries existing on the Closing Date.

(ii) "Joinder" means each Joinder to this Agreement executed and delivered by Agent and each of the other parties listed on the signature pages thereto, in substantially the form of Annex 1.

(jj) "Lender Group" has the meaning specified therefor in the Credit Agreement.

(kk) "Lender" and "Lenders" have the respective meanings specified therefor in the recitals to this Agreement.

(ll) "Loan Document" has the meaning specified therefor in the Credit Agreement.

(mm) "Minor Release" means any new version or release of a software program that consists of only minor functionality updates, bug fixes, patches or defect corrections, or any "a.0.x" releases.

(nn) "Negotiable Collateral" means letters of credit, letter-of-credit rights, instruments, promissory notes, drafts and documents (as each such term is defined in the Code).

(oo) "Obligations" has the meaning specified therefor in the Credit Agreement.

(pp) "Parent" has the meaning specified therefor in the recitals to this Agreement.

(qq) "Patents" means patents and patent applications, including, (i) the patents and patent applications listed on Schedule 4, (ii) all continuations, divisionals, continuations-in-part, re-examinations, reissues, and renewals thereof and improvements thereon, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all Intellectual Property Licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of each Grantor' s rights corresponding thereto throughout the world.

(rr) "Patent Security Agreement" means each Patent Security Agreement executed and delivered by Grantors, or any of them, and Agent, in substantially the form of Exhibit B.

(ss) "Permitted Liens" has the meaning specified therefor in the Credit Agreement.

(tt) "Person" has the meaning specified therefor in the Credit Agreement.

(uu) "Pledged Companies" means each Person listed on Schedule 6 as a "Pledged Company", together with each other Person, all or a portion of whose Stock is acquired or otherwise owned by a Grantor after the Closing Date; provided, that Pledged Companies shall exclude any Loan Party or any its Subsidiaries existing on the Closing Date.

(vv) "Pledged Interests" means all of each Grantor' s right, title and interest in and to all of the Stock now owned or hereafter acquired by such Grantor, regardless of class or designation, including in each of the Pledged Companies, and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including any certificates representing the Stock, the right to receive any certificates representing any of the Stock, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing; provided, that Pledged Interests shall exclude the Stock of any Loan Party or any its Subsidiaries existing on the Closing Date.

(ww) "Pledged Interests Addendum" means a Pledged Interests Addendum substantially in the form of Exhibit C.

(xx) "Pledged Operating Agreements" means all of each Grantor' s rights, powers, and remedies under the limited liability company operating agreements of each of the Pledged Companies that are limited liability companies.

(yy) "Pledged Partnership Agreements" means all of each Grantor' s rights, powers, and remedies under the partnership agreements of each of the Pledged Companies that are partnerships.

(zz) "Proceeds" has the meaning specified therefor in Section 2.

(aaa) "PTO" means the United States Patent and Trademark Office.

(bbb) "Real Property" means any estates or interests in real property now owned or hereafter acquired by any Grantor or any Subsidiary of any Grantor and the improvements thereto.

(ccc) "Records" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

(ddd) "Required Library" means, as of any date of determination, the Copyrights owned by any of the Grantors that are based on or derived from each of those software programs or other technology of any of the Grantors (other than custom software programs that are sold for a one-time fee or customized for a single customer) (collectively, "Copyright Programs") that in the aggregate, and on such date of determination, account for at least 70%, without duplication, of the total amount of each of the perpetual or term license fees, maintenance fees, support fees, subscription fees, or royalties, as applicable (calculated without regard to custom software programs that are sold for a one-time fee or customized for a single customer) recognized as revenue by the Grantors, in the aggregate, for the twelve month period immediately preceding such date of determination; provided that in all cases the most recent versions of such Copyright Programs shall be included in the Required Library.

(eee) "Rescission" has the meaning specified therefor in Section 6(k).

(fff) "Secured Obligations" means each and all of the following: (i) all of the present and future obligations of each of the Grantors arising from, or owing under or pursuant to, this Agreement, the Credit Agreement, or any of the other Loan Documents (including any Guaranty), (ii) all Bank Product Obligations, and (iii) all Obligations of Borrower (including, in the case of each of clauses (i), (ii) and (iii), reasonable attorneys fees and expenses and any interest, fees, or expenses that accrue after the filing of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any Insolvency Proceeding).

(ggg) "Securities Account" means a securities account (as that term is defined in the Code).

(hhh) "Security Interest" has the meaning specified therefor in Section 2.

(iii) "Source Code Escrow Agreement" means a Source Code Escrow Agreement (including the escrow deposit statement of work describing verification services to be performed) executed and delivered by Agent, certain of the Grantors, and an escrow agent reasonably satisfactory to Agent, in form and substance reasonably satisfactory to Agent.

(jjj) "Source Code Escrow Termination" has the meaning specified therefor in Section 6(g)(ix).

(kkk) "Stock" has the meaning specified therefor in the Credit Agreement.

(lll) "Supporting Obligations" means supporting obligations (as such term is defined in the Code) and includes letters of credit and guaranties issued in support of Accounts, Chattel Paper, documents, General Intangibles, instruments or Investment Related Property.

(mmm) "Trademarks" means any and all trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including (i) the trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule 5, (ii) all renewals thereof, (iii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all Intellectual Property Licenses entered into in connection therewith and damages and payments for past, present or future infringements or dilutions thereof, (iv) the right to sue for past, present and future infringements and dilutions thereof, (v) the goodwill of each Grantor' s business symbolized by the foregoing or connected therewith, and (vi) all of each Grantor' s rights corresponding thereto throughout the world.

(nnn) "Trademark Security Agreement" means each Trademark Security Agreement executed and delivered by Grantors, or any of them, and Agent, in substantially the form of Exhibit D.

(ooo) "Triggering Event" means, as of any date of determination, that an Event of Default has occurred as of such date.

(ppp) "URL" means "uniform resource locator," an internet web address.

2. Grant of Security. Each Grantor hereby unconditionally grants, assigns, and pledges to Agent, for the benefit of each member of the Lender Group and each of the Bank Product Providers, to secure the Secured Obligations, a continuing security interest (hereinafter referred to as the "Security Interest") in all of such Grantor' s right, title, and interest in and to the following, whether now owned or hereafter acquired or arising and wherever located (the "Collateral"):

(a) all of such Grantor' s Accounts;

(b) all of such Grantor' s Books;

(c) all of such Grantor' s Chattel Paper;

(d) all of such Grantor' s Deposit Accounts;

(e) all of such Grantor' s Equipment and Fixtures;

(f) all of such Grantor' s General Intangibles;

(g) all of such Grantor' s Inventory;

(h) all of such Grantor' s Investment Related Property;

(i) all of such Grantor' s Negotiable Collateral;

(j) all of such Grantor' s Supporting Obligations;

(k) all of such Grantor' s Commercial Tort Claims;

(l) all of such Grantor' s money, Cash Equivalents, or other assets of such Grantor that now or hereafter come into the possession, custody, or control of Agent (or its agent or designee) or any other member of the Lender Group; and

(m) all of the proceeds (as such term is defined in the Code) and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance or Commercial Tort Claims covering or relating to any or all of the foregoing, and any and all Accounts, Books, Chattel Paper, Deposit Accounts, Equipment, Fixtures, General Intangibles, Inventory, Investment Related Property, Negotiable Collateral, Supporting Obligations, money, or other tangible or intangible property resulting from the sale, lease, license, exchange, collection, or other disposition of any of the foregoing, the proceeds of any award in condemnation with respect to any of the foregoing, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to any of the foregoing (the "Proceeds"). Without limiting the generality of the foregoing, the term "Proceeds" includes whatever is receivable or received when Investment Related Property or proceeds are sold, exchanged, collected, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes proceeds of any indemnity or guaranty payable to any Grantor or Agent from time to time with respect to any of the Investment Related Property.

Notwithstanding anything contained in this Agreement to the contrary, the term "Collateral" shall not include: (i) voting Stock of any CFC, solely to the extent that (y) such Stock represents more than 65% of the outstanding voting Stock of such CFC, and (z) hypothecating more than 65% of the total outstanding voting Stock of such CFC would result in material adverse tax consequences to the applicable Grantor; (ii) any rights or interest in any contract, lease, permit, license, or license agreement covering real, intellectual or personal property of any Grantor if under the terms of such contract, lease, permit, license, or license agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, or license agreement and such prohibition or restriction has not been waived or the consent of the other party to such contract, lease, permit, license, or license agreement has not been obtained (provided, that, (A) the foregoing exclusions shall in no way be construed (1) to apply to the extent that any described prohibition or restriction is unenforceable under Section 9-406, 9-407, 9-408, or 9-409 of the Code or other applicable law, or (2) to apply to the extent that any consent or waiver has been obtained that would permit Agent' s security interest or lien notwithstanding the prohibition or restriction on the pledge of such contract, lease, permit, license, or license agreement and (B) the foregoing exclusions shall in no way be construed to limit, impair, or otherwise affect any of Agent' s, any other member of the Lender Group' s or any Bank Product Provider' s continuing security interests in and liens upon any rights or interests of any Grantor in or to (1) monies due or to become due under or in connection with any described contract, lease, permit, license, license agreement, or Stock (including any Accounts or Stock), or (2) any proceeds from the sale, license, lease, or other dispositions of any such contract, lease, permit, license, license agreement, or Stock); or (iii) any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the PTO of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral.

3. Security for Secured Obligations. The Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Agent, the Lender Group, the Bank Product Providers or any of them, but for the fact that they are unenforceable or not allowable (in whole or in part) as a claim in an Insolvency Proceeding involving any Grantor due to the existence of such Insolvency Proceeding.

4. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each of the Grantors shall remain liable under the contracts and agreements included in the Collateral, including the Pledged Operating Agreements and the Pledged Partnership Agreements, to perform all of the duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Agent or any other member of the Lender Group of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under such contracts and agreements included in the Collateral, and (c) none of the members of the Lender Group shall have any obligation or liability under such contracts and agreements included in the Collateral by reason of this Agreement, nor shall any of the members of the Lender Group be obligated to perform any of the obligations or duties of any Grantors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Until an Event of Default shall occur and be continuing, except as otherwise provided in this Agreement, the Credit Agreement, or any other Loan Document, Grantors shall have the right to possession and enjoyment of the Collateral for the purpose of conducting the ordinary course of their respective businesses, subject to and upon the terms hereof and of the Credit Agreement and the other Loan Documents. Without limiting the generality of the foregoing, it is the intention of the parties hereto that record and beneficial ownership of the Pledged Interests, including all voting, consensual, dividend, and distribution rights, shall remain in the applicable Grantor until (i) the occurrence and continuance of an Event of Default and (ii) Agent has notified the applicable Grantor of Agent' s election to exercise such rights with respect to the Pledged Interests pursuant to Section 15.

5. Representations and Warranties. Each Grantor hereby represents and warrants to Agent, for the benefit of the Lender Group and the Bank Product Providers, which representations and warranties shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the date of the making of each Advance (or other extension of credit) made thereafter, as though made on and as of the date of such Advance (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date) and such representations and warranties (as of the date such representations and warranties are made pursuant to the Loan Documents) shall survive the execution and delivery of this Agreement:

(a) The exact legal name of each of the Grantors is set forth on the signature pages of this Agreement or a written notice provided to Agent pursuant to Section 6.5 of the Credit Agreement.

(b) Schedule 7 sets forth all Real Property owned by any of the Grantors as of the Closing Date.

(c) As of the Closing Date: (i) Schedule 2 provides a complete and correct list of all registered Copyrights owned by any Grantor, all applications for registration of Copyrights owned by any Grantor, and all other Copyrights owned by any Grantor, in each case, included in the Required Library; (ii) Schedule 3 provides a complete and correct list of all Intellectual Property Licenses entered into by any Grantor pursuant to which (A) any Grantor has provided licenses or other rights in Intellectual Property owned or controlled by such Grantor to any other Person that (1) provide for the receipt of more than $250,000 in any year or (2) are otherwise material to such Grantor' s business, or (B) other than for commercially available off the shelf software that is generally available to the public which has been licensed to a Grantor pursuant to end user licenses, any Person has granted to any Grantor any license or other rights in Intellectual Property owned or controlled by such Person (1) that is material to the business of such Grantor, (2) constitutes a part of the Required Library, (3) that is incorporated into any software programs that are part of the Required Library, including any Intellectual Property that is incorporated in any Inventory, software, or other product marketed, sold, licensed, or distributed by such Grantor or (4) requires payment of more than $250,000 in any year; (iii)

Schedule 4 provides a complete and correct list of all issued Patents owned by any Grantor and all applications for the issuance of Patents owned by any Grantor; and (iv) Schedule 5 provides a complete and correct list of all registered Trademarks owned by any Grantor, all applications for registration of Trademarks owned by any Grantor, and all other Trademarks owned by any Grantor and material to the conduct of the business of any Grantor.

(d) (i) (A) each Grantor owns or holds licenses in all Intellectual Property that (1) is reasonably necessary to the conduct of its business as currently conducted, or (2) constitutes a part of the Required Library, and (B) all employees and contractors of each Grantor who were involved in the creation or development of any Intellectual Property for such Grantor that is (1) necessary to the business of such Grantor or (2) a part of the Required Library, in the case of employees, created or developed such Intellectual Property within the scope of their employment as "work made for hire" and were directed by such Grantor to work on such Intellectual Property, and, in the case of contractors, have signed agreements containing assignment of Intellectual Property rights to such Grantor and obligations of confidentiality, or, in either case such rights have otherwise been assigned to or licensed for such use by such Grantor;

(ii) to each Grantor' s knowledge, no Person has infringed or misappropriated or is currently infringing or misappropriating any Intellectual Property rights owned by such Grantor, in each case, that either individually or in the aggregate could reasonably be expected to result in a Material Adverse Change;

(iii) (A) to each Grantor' s knowledge, (1) such Grantor has never infringed or misappropriated and is not currently infringing or misappropriating any Intellectual Property rights of any Person, and (2) no product manufactured, used, distributed, licensed, or sold by or service provided by such Grantor has ever infringed or misappropriated or is currently infringing or misappropriating any Intellectual Property rights of any Person, in each case, except where such infringement either individually or in the aggregate could not reasonably be expected to result in a Material Adverse Change, and (B) there are no pending, or to any Grantor' s knowledge, threatened infringement or misappropriation claims or proceedings pending against any Grantor, and no Grantor has received any written notice of any actual or alleged infringement or misappropriation of any Intellectual Property rights of any Person, in each case, except where such infringement or misappropriation, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change;

(iv) to each Grantor' s knowledge, (A) all registered Copyrights, registered Trademarks, and issued Patents that are owned by such Grantor and necessary to the conduct of its business are valid, subsisting and enforceable and in compliance with all legal requirements, filings, and payments and other actions that are required to maintain such Intellectual Property in full force and effect, and (B) all registered Copyrights of such Grantor that are a part of the Required Library are valid, subsisting and enforceable and in compliance with all legal requirements, filings, and payments and other actions that are required to maintain such Intellectual Property in full force and effect;

(v) each Grantor has taken reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all trade secrets owned by such Grantor that are reasonably necessary in the business of such Grantor, and in particular, to each Grantor' s knowledge, no portion of the source code for the Required Library has been disclosed or licensed to any Person, other than (i) end user customers, (ii) escrow agents pursuant to such Grantor' s standard form of escrow agreement, and (iii) other third parties with whom such Grantor has entered into an agreement to distribute, resell, or commercialize a product or otherwise develop or maintain the Required Library pursuant to agreements that contain standard confidentiality provisions; and

(vi) none of the Required Library that is licensed or distributed by any Grantor is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License, Lesser GNU Public License, or Mozilla Public

License) that would require, or condition the use or distribution of such software, on the disclosure, licensing or distribution of any source code for any portion of the Required Library that is licensed or distributed by any Grantor, other than the source code to any Open Source Software (as defined below) incorporated therein.

(e) This Agreement creates a valid security interest in the Collateral of each Grantor, to the extent a security interest therein can be created under the Code, securing the payment of the Secured Obligations. Except to the extent a security interest in the Collateral cannot be perfected by the filing of a financing statement under the Code, all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken or will have been taken upon the filing of financing statements listing each applicable Grantor, as a debtor, and Agent, as secured party, in the jurisdictions listed next to such Grantor' s name on Schedule 8. Upon the making of such filings, Agent shall have a first priority perfected security interest in the Collateral of each Grantor, subject only to the Permitted Liens described in clauses (b) or (l) of the definition of Permitted Liens, to the extent such security interest can be perfected by the filing of a financing statement. Upon filing of the Copyright Security Agreement with the United States Copyright Office, filing of the Patent Security Agreement and the Trademark Security Agreement with the PTO, and the filing of appropriate financing statements in the jurisdictions listed on Schedule 8, all action necessary or desirable to protect and perfect the Security Interest in and to on each Grantor' s United States Patents, Trademarks, or Copyrights will have been taken and such perfected Security Interest is enforceable as such as against any and all creditors of and purchasers from any Grantor.

(f) (i) Except for the Security Interest created hereby, each Grantor is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all Liens other than Permitted Liens, of the Pledged Interests indicated on Schedule 6 as being owned by such Grantor and, when acquired by such Grantor, any Pledged Interests acquired after the Closing Date; (ii) all of the Pledged Interests are duly authorized, validly issued, fully paid and nonassessable and the Pledged Interests constitute or will constitute the percentage of the issued and outstanding Stock of the Pledged Companies of such Grantor identified on Schedule 6 as supplemented or modified by any Pledged Interests Addendum or any Joinder to this Agreement; (iii) such Grantor has the right and requisite authority to pledge, the Investment Related Property pledged by such Grantor to Agent as provided herein; (iv) all actions necessary or desirable to perfect and establish the first priority of, or otherwise protect, Agent' s Liens in the Investment Related Property, and the proceeds thereof, have been duly taken, upon (A) the execution and delivery of this Agreement; (B) the taking of possession by Agent (or its agent or designee) of any certificates representing the Pledged Interests, to the extent such Pledged Interests are represented by certificates, together with undated powers (or other documents of transfer acceptable to Agent) endorsed in blank by the applicable Grantor; (C) the filing of financing statements in the applicable jurisdiction set forth on Schedule 8 for such Grantor with respect to the Pledged Interests of such Grantor that are not represented by certificates, and (D) with respect to any Securities Accounts, the delivery of Control Agreements with respect thereto; and (v) each Grantor has delivered to and deposited with Agent all certificates representing the Pledged Interests owned by such Grantor on the Closing Date (and each Grantor shall deliver to and deposit with Agent all certificates representing the Pledged Interests acquired by such Grantor after the Closing Date) to the extent such Pledged Interests are represented by certificates, and undated powers (or other documents of transfer acceptable to Agent) endorsed in blank with respect to such certificates. None of the Pledged Interests owned or held by such Grantor on the Closing Date (and to the knowledge of such Grantor, none of the Pledged Interests owned or held by such Grantor after the Closing Date) has been issued or transferred in violation of any securities registration, securities disclosure, or similar laws of any jurisdiction to which such issuance or transfer may be subject.

(g) No consent, approval, authorization, or other order or other action by, and no notice to or filing with, any Governmental Authority or any other Person is required (i) for the grant of a Security Interest by such Grantor in and to the Collateral pursuant to this Agreement or for the execution, delivery, or performance of this Agreement by such Grantor, or (ii) for the exercise by Agent of the voting or other rights provided for in this Agreement with respect to the Investment Related Property or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with such disposition of Investment Related Property by laws affecting the offering and sale of securities generally. Other than license

agreements for commercially available off-the-shelf software that is generally available to the public which have been licensed to a Grantor pursuant to end-user licenses, no Intellectual Property License of any Grantor that (A) is necessary to the conduct of such Grantor' s business or (B) that constitutes a part of the Required Library requires any consent of any other Person in order for such Grantor to grant the security interest granted hereunder in such Grantor' s right, title or interest in or to such Intellectual Property License.

(h) [Reserved]

(i) As to all limited liability company or partnership interests, issued under any Pledged Operating Agreement or Pledged Partnership Agreement, each Grantor hereby represents and warrants that the Pledged Interests issued pursuant to such agreement (A) are not dealt in or traded on securities exchanges or in securities markets, (B) do not constitute investment company securities, and (C) are not held by such Grantor in a securities account. In addition, none of the Pledged Operating Agreements, the Pledged Partnership Agreements, or any other agreements governing any of the Pledged Interests issued under any Pledged Operating Agreement or Pledged Partnership Agreement, provide that such Pledged Interests are securities governed by Article 8 of the Uniform Commercial Code as in effect in any relevant jurisdiction.

6. Covenants. Each Grantor, jointly and severally, covenants and agrees with Agent that from and after the date of this Agreement and until the date of termination of this Agreement in accordance with Section 22:

(a) Possession of Collateral. In the event that any Collateral, including Proceeds, is evidenced by or consists of Negotiable Collateral, Investment Related Property, or Chattel Paper, in each case, having an aggregate value or face amount of $250,000 or more for all such Negotiable Collateral, Investment Related Property, or Chattel Paper, the Grantors shall promptly (and in any event within five (5) Business Days after receipt thereof), notify Agent thereof, and if and to the extent that perfection or priority of Agent' s Security Interest is dependent on or enhanced by possession, the applicable Grantor, promptly (and in any event within two (2) Business Days) after request by Agent, shall execute such other documents and instruments as shall be requested by Agent or, if applicable, endorse and deliver physical possession of such Negotiable Collateral, Investment Related Property, or Chattel Paper to Agent, together with such undated powers (or other relevant document of transfer acceptable to Agent) endorsed in blank as shall be requested by Agent, and shall do such other acts or things deemed necessary or desirable by Agent to protect Agent' s Security Interest therein.

(b) Chattel Paper.

(i) Promptly (and in any event within five (5) Business Days) after request by Agent, each Grantor shall take all steps reasonably necessary to grant Agent control of all electronic Chattel Paper in accordance with the Code and all "transferable records" as that term is defined in Section 16 of the Uniform Electronic Transaction Act and Section 201 of the federal Electronic Signatures in Global and National Commerce Act as in effect in any relevant jurisdiction, to the extent that the aggregate value or face amount of such electronic Chattel Paper equals or exceeds $250,000; and

(ii) If any Grantor retains possession of any Chattel Paper or instruments (which retention of possession shall be subject to the extent permitted hereby and by the Credit Agreement), promptly upon the request of Agent, such Chattel Paper and instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the Security Interest of Wells Fargo Capital Finance, LLC, as Agent for the benefit of the Lender Group and the Bank Product Providers".

(c) Control Agreements.

(i) Except to the extent otherwise excused by Section 6.11(b) of the Credit Agreement, each Grantor shall obtain an authenticated Control Agreement (which may include a Controlled Account Agreement), from each bank maintaining a Deposit Account for such Grantor;

(ii) Except to the extent otherwise excused by Section 6.11(b) of the Credit Agreement, each Grantor shall obtain an authenticated Control Agreement, from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for any Grantor; and

(iii) Except to the extent otherwise excused by Section 6.11(b) of the Credit Agreement, each Grantor shall obtain an authenticated Control Agreement with respect to all of such Grantor' s investment property.

(d) Letter-of-Credit Rights. If the Grantors (or any of them) are or become the beneficiary of letters of credit having a face amount or value of $250,000 or more in the aggregate, then the applicable Grantor or Grantors shall promptly (and in any event within five (5) Business Days after becoming a beneficiary), notify Agent thereof and, promptly (and in any event within five (5) Business Days) after request by Agent, enter into a tri-party agreement with Agent and the issuer or confirming bank with respect to letter-of-credit rights assigning such letter-of-credit rights to Agent and directing all payments thereunder to Agent' s Account, all in form and substance satisfactory to Agent.

(e) Commercial Tort Claims. If the Grantors (or any of them) obtain Commercial Tort Claims having a value, or involving an asserted claim, in the amount of $250,000 or more in the aggregate for all Commercial Tort Claims, then the applicable Grantor or Grantors shall promptly (and in any event within five (5) Business Days of obtaining such Commercial Tort Claim), notify Agent upon incurring or otherwise obtaining such Commercial Tort Claims and, promptly (and in any event within five (5) Business Days) after request by Agent, amend Schedule 1 to describe such Commercial Tort Claims in a manner that reasonably identifies such Commercial Tort Claims and which is otherwise reasonably satisfactory to Agent, and hereby authorizes the filing of additional financing statements or amendments to existing financing statements describing such Commercial Tort Claims, and agrees to do such other acts or things deemed necessary or desirable by Agent to give Agent a first priority, perfected security interest in any such Commercial Tort Claim.

(f) Government Contracts. Other than Accounts and Chattel Paper the aggregate value of which does not at any one time exceed $250,000, if any Account or Chattel Paper arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof, Grantors shall promptly (and in any event within five (5) Business Days of the creation thereof) notify Agent thereof and, promptly (and in any event within five (5) Business Days) after request by Agent, execute any instruments or take any steps reasonably required by Agent in order that all moneys due or to become due under such contract or contracts shall be assigned to Agent, for the benefit of the Lender Group and the Bank Product Providers, and shall provide written notice thereof under the Assignment of Claims Act or other applicable law.

(g) Intellectual Property.

(i) Upon the request of Agent, in order to facilitate filings with the PTO and the United States Copyright Office, each Grantor shall execute and deliver to Agent one or more Copyright Security Agreements, Trademark Security Agreements, or Patent Security Agreements to further evidence Agent' s Lien on such Grantor' s Patents, Trademarks, or Copyrights, and the General Intangibles of such Grantor relating thereto or represented thereby;

(ii) Each Grantor shall have the duty to continue to own or hold license in all Intellectual Property that is (1) necessary in the conduct of such Grantor' s business or (2) a part of the Required Library, and to protect and diligently enforce and defend at such Grantor' s expense its owned Intellectual Property, including (A) promptly suing for infringement, misappropriation, or dilution and recovering any and all damages for such infringement, misappropriation, or dilution, and filing for opposition, interference, and cancellation against conflicting Intellectual Property rights of any Person, (B) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (C) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, (D) to take all reasonable and necessary action to preserve and maintain all of such Grantor' s owned Trademarks, Patents, Copyrights, Intellectual Property Licenses, and its rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of noncontestability, and (E) to require all employees, consultants, and contractors of each Grantor who were involved in the creation or development of such Intellectual Property owned by Grantor to sign agreements containing assignment of Intellectual Property rights and obligations of confidentiality, except to the extent that a Grantor determines in its reasonable business judgment that the steps described in subsections (A), (B), (C) or (D) are not necessary or prudent for the conduct of such Grantor' s business. Each Grantor further agrees not to abandon any Intellectual Property owned by such Grantor or Intellectual Property License to which it is a party, in each case, that (I) is reasonably necessary in the conduct of such Grantor' s business, or (II) is part of the Required Library. Each Grantor hereby agrees to take the steps described in this Section 6(g)(ii) with respect to all new or acquired Intellectual Property to which it or any of its Subsidiaries is now or later becomes entitled that is part of the Required Library, or is necessary in the conduct of such Grantor' s business, except to the extent that a Grantor determines in its reasonable business judgment that the steps described in Section 6(g)(ii)(2)(A), (B), (C) or (D) are not necessary or prudent for the conduct of such Grantor' s business;

(iii) Grantors acknowledge and agree that the Lender Group shall have no duties with respect to any Intellectual Property or Intellectual Property Licenses of any Grantor. Without limiting the generality of this Section 6(g)(iii), Grantors acknowledge and agree that no member of the Lender Group shall be under any obligation to take any steps necessary to preserve rights in the Collateral consisting of Intellectual Property or Intellectual Property Licenses against any other Person, but any member of the Lender Group may do so at its option from and after the occurrence and during the continuance of an Event of Default, and all expenses incurred in connection therewith (including reasonable fees and expenses of attorneys and other professionals) shall be for the sole account of Borrower and shall be chargeable to the Loan Account;

(iv) Each Grantor shall promptly file an application with the United States Copyright Office for any Copyright that has not been registered with the United States Copyright Office if such Copyright is part of the Required Library (other than Minor Releases). For purposes of determining which Copyrights should be included in the Required Library, the Grantors will sequentially include such Copyrights based on the amount of revenue generated from licensing the corresponding software programs, starting from the software program that generates the highest amount of revenue to the software program that generates the least amount of revenue, until the referenced threshold has been reached. Any expenses incurred in connection with the foregoing shall be borne by the Grantors;

(v) On each date of the delivery of an IP Reporting Certificate is delivered by Borrower pursuant to Section 5.2 of the Credit Agreement, each Grantor shall deliver to Agent a list in form reasonably satisfactory to Agent identifying the Copyrights, whether created or acquired before, on, or after the Closing Date, comprising the Required Library (including any supporting documentation reasonably requested by Agent relating to the determination of the composition of the Required Library), and a certification, signed by an officer of such Grantor, certifying that such list identifies the Copyrights, whether created or acquired before, on, or after the Closing Date, comprising the Required Library. No more than fifteen (15) Business Days following each such date of delivery, each Grantor shall (A) subject to Section 6(g)(iv) file applications and take any and all other actions necessary to register or record a transfer of ownership, as applicable, to such Grantor on an expedited basis (if expedited processing is available in accordance with the applicable

regulations and procedures of the United States Copyright Office and any similar office of any other jurisdiction in which Copyrights are used) each such Copyright comprising the Required Library which on the applicable date of delivery is not already the subject of a valid registration or an application therefor with the United States Copyright Office (or any similar office of any other jurisdiction in which Copyrights are used) identifying such Grantor as the sole claimant thereof in a manner sufficient to claim in the public record (or as a co-claimant thereof, if such is the case) such Grantor' s ownership or co-ownership thereof (or as co-claimant thereof if such is the case), and (B) cause to be prepared, executed, and delivered to Agent, with sufficient time to permit Agent to record no later than five (5) Business Days following the date of registration of or recordation of transfer of ownership, as applicable, to the applicable Grantor of such Copyrights, (1) a Copyright Security Agreement or supplemental schedules to the Copyright Security Agreement reflecting the security interest of Agent in such Copyrights, which supplemental schedules shall be in form and content suitable for recordation with the United States Copyright Office (or any similar office of any other jurisdiction in which such Copyrights are used) and (2) any other documentation as Agent reasonably deems necessary and requests in order to perfect and continue perfected Agent' s Liens on such Copyrights following such recordation. Anything to the contrary contained herein notwithstanding, no Grantor shall be required to take any action under this Section 6(g)(v) with respect to any release or new version of software that constitutes solely a Minor Release;

(vi) On each date on which an IP Reporting Certificate is delivered by Borrower pursuant to Section 5.2 of the Credit Agreement, each Grantor shall provide Agent with a written report of all new Patents or Trademarks that are issued, registered or the subject of pending applications for issuances or registrations, and of all Intellectual Property Licenses that are material to the conduct of such Grantor' s business, in each case, which were acquired, issued, registered, or for which applications for issuance or registration were filed by any Grantor during the prior period and any statement of use or amendment to allege use with respect to intent-to-use trademark applications. In the case of such issuances, registrations or applications therefor, which were acquired by any Grantor, each such Grantor shall file the necessary documents with the appropriate Governmental Authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Intellectual Property. In each of the foregoing cases, the applicable Grantor shall promptly cause to be prepared, executed, and delivered to Agent supplemental schedules to the applicable Loan Documents to identify such Patent and Trademark issuances, registrations and applications therefor (with the exception of Trademark applications filed on an intent-to-use basis for which no statement of use or amendment to allege use has been filed) and Intellectual Property Licenses as being subject to the security interests created thereunder;

(vii) Anything to the contrary in this Agreement notwithstanding, in no event shall any Grantor, either itself or through any agent, employee, licensee, or designee, file an application for the registration of any Copyright with the United States Copyright Office or any similar office or agency in another country without giving Agent written notice thereof at least five (5) Business Days prior to such filing and complying with Section 6(g)(i). Upon receipt from the United States Copyright Office of notice of registration of any Copyright, each Grantor shall promptly (but in no event later than five (5) Business Days following such receipt) notify (but without duplication of any notice required by Section 6(g)(v) or Section 6(g)(vii)) Agent of such registration by delivering, or causing to be delivered, to Agent, documentation sufficient for Agent to perfect Agent' s Liens on such Copyright. If any Grantor acquires from any Person any Copyright registered with the United States Copyright Office or an application to register any Copyright with the United States Copyright Office, such Grantor shall promptly (but in no event later than five (5) Business Days following such acquisition) notify Agent of such acquisition and deliver, or cause to be delivered, to Agent, documentation sufficient for Agent to perfect Agent' s Liens on such Copyright. In the case of such Copyright registrations or applications therefor which were acquired by any Grantor, each such Grantor shall promptly (but in no event later than five (5) Business Days following such acquisition) file the necessary documents with the appropriate Governmental Authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Copyrights;

(viii) Each Grantor shall take reasonable steps to maintain the confidentiality of any confidential information embodied in, and otherwise protect and enforce its rights in, the Intellectual Property that is a part of the Required Library or is material in the conduct of such Grantor' s business, including, as applicable (A) protecting the secrecy and confidentiality of its confidential information and trade secrets by having and enforcing a policy requiring all current employees, consultants, licensees, vendors and contractors with access to such information to execute appropriate confidentiality agreements; (B) taking actions reasonably necessary to ensure that no trade secret owned by a Grantor falls into the public domain; and (C) protecting the secrecy and confidentiality of the source code of all software programs and applications of which it is the owner or licensee by having and enforcing a policy requiring any licensees (or sublicensees) of such source code to enter into license agreements with commercially reasonable use and non-disclosure restrictions;

(ix) No Grantor shall incorporate into any of the Required Library that is licensed or distributed by any Grantor any third-party code that is licensed pursuant to any open source license such as the GNU Public License, Lesser GNU Public License, or Mozilla Public License ("Open Source Software"), in a manner that would require or condition the use or distribution of such software on, the disclosing, licensing, or distribution of any source code for any portion of the Required Library that is licensed or distributed by any Grantor, other than the source code of any Open Source Software incorporated therein;

(x) Each Grantor will take commercially reasonable efforts to include, in its standard form of relevant Intellectual Property License or in its initial response to any Intellectual Property License proposed to such Grantor by a third party, a provision permitting the assignment of or grant of a security interest in such Intellectual Property License (and all rights of Grantor thereunder) to the Agent (and any transferees of Agent); provided that Agent recognizes that certain third parties may not agree to such assignment provisions and nothing herein shall restrict a Grantor from entering into any Intellectual Property Licenses that does not contain such assignment provisions; and

(xi) Each Grantor shall deposit with the escrow agent designated under the Source Code Escrow Agreement the source code owned by such Grantor (and unless prohibited by the terms of the applicable agreement, owned by a third-party and licensed to such Grantor) for each version or versions of each item of software programs of such Grantor constituting the Required Library (other than Minor Releases) and any updates thereto, together with an executed statement of work in a form mutually agreed upon by the Grantors and Agent (provided that the Grantors shall not unreasonably withhold agreement) relating to the verification services reasonably requested by Agent with respect to such source code on or before the 15th Business Day following the date of the delivery of an IP Reporting Certificate pursuant to Section 5.2 of the Credit Agreement and in accordance with all other terms and conditions of the Source Code Escrow Agreement; provided, that, the applicable Grantor shall pay (i) any costs related to such verification services of initially deposited source codes and (ii) upon the occurrence and during the continuance of an Event of Default, any costs related to such verification services of previously deposited source codes. If an escrow agent terminates the Source Code Escrow Agreement for any reason ("Source Code Escrow Termination"), the Grantors shall promptly (but in no event later than thirty (30) days following such Source Code Escrow Termination (or such later time as may be agreed upon in writing by Agent)) (A) enter into a new Source Code Escrow Agreement with an escrow agent reasonably satisfactory to Agent and (B) deposit with such escrow agent all materials that were required to be deposited with the escrow agent that terminated the applicable previous Source Code Escrow Agreement, including the source code for each version or versions of each item of software programs of each Grantor constituting the Required Library (other than Minor Releases).

(h) Investment Related Property.

(i) If any Grantor shall acquire, obtain, receive or become entitled to receive any Pledged Interests after the Closing Date, it shall promptly (and in any event within five (5) Business Days of acquiring or obtaining such Collateral) deliver to Agent a duly executed Pledged Interests Addendum identifying such Pledged Interests;

(ii) Upon the occurrence and during the continuance of an Event of Default, following the request of Agent, all sums of money and property paid or distributed in respect of the Investment Related Property that are received by any Grantor shall be held by the Grantors in trust for the benefit of Agent segregated from such Grantor' s other property, and such Grantor shall deliver it forthwith to Agent in the exact form received;

(iii) Each Grantor shall promptly deliver to Agent a copy of each material notice or other material communication received by it in respect of any Pledged Interests;

(iv) No Grantor shall make or consent to any amendment or other modification or waiver with respect to any Pledged Interests, Pledged Operating Agreement, or Pledged Partnership Agreement, or enter into any agreement or permit to exist any restriction with respect to any Pledged Interests if the same is prohibited pursuant to the Loan Documents;

(v) Each Grantor agrees that it will cooperate with Agent in obtaining all necessary approvals and making all necessary filings under federal, state, local, or foreign law to effect the perfection of the Security Interest on the Investment Related Property or to effect any sale or transfer thereof; provided, that, notwithstanding the foregoing, no Grantor shall be required to perfect the Security Interest in any Pledged Interests, Pledged Operating Agreements and Pledged Partnership Agreements in entities organized in jurisdictions other than the United States and Canada; and

(vi) As to all limited liability company or partnership interests, issued under any Pledged Operating Agreement or Pledged Partnership Agreement, each Grantor hereby covenants that the Pledged Interests issued pursuant to such agreement (A) are not and shall not be dealt in or traded on securities exchanges or in securities markets, (B) do not and will not constitute investment company securities, and (C) are not and will not be held by such Grantor in a securities account. In addition, none of the Pledged Operating Agreements, the Pledged Partnership Agreements, or any other agreements governing any of the Pledged Interests issued under any Pledged Operating Agreement or Pledged Partnership Agreement, provide or shall provide that such Pledged Interests are securities governed by Article 8 of the Uniform Commercial Code as in effect in any relevant jurisdiction.

(i) Real Property; Fixtures. Each Grantor covenants and agrees that upon the acquisition of any fee interest in Real Property with a fair market value in excess of $1,000,000 it will promptly (and in any event within five (5) Business Days of acquisition) notify Agent of the acquisition of such Real Property and will grant to Agent, for the benefit of the Lender Group and the Bank Product Providers, a first priority Mortgage on each fee interest in such Real Property now or hereafter owned by such Grantor and shall deliver such other documentation and opinions, in form and substance satisfactory to Agent, in connection with the grant of such Mortgage as Agent shall request in its Permitted Discretion, including title insurance policies, financing statements, fixture filings and environmental audits and such Grantor shall pay all recording costs, intangible taxes and other fees and costs (including reasonable attorneys fees and expenses) incurred in connection therewith. Each Grantor acknowledges and agrees that, to the extent permitted by applicable law, all of the Collateral shall remain personal property regardless of the manner of its attachment or affixation to real property.

(j) Transfers and Other Liens. Grantors shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, except as expressly permitted by the Credit Agreement, or (ii) create or permit to exist any Lien upon or with respect to any of the Collateral of any Grantor, except for Permitted Liens. The inclusion of Proceeds in the Collateral shall not be deemed to constitute Agent' s consent to any sale or other disposition of any of the Collateral except as expressly permitted in this Agreement or the other Loan Documents.

(k) Controlled Accounts.

(i) Subject to Schedule 3.3 to the Credit Agreement, each Grantor shall (A) establish and maintain cash management services of a type and on terms reasonably satisfactory to Agent at one or more of the banks reasonably acceptable to Agent (each a "Controlled Account Bank") (provided that on and after the date that is 60 days after the Closing Date, Wells Fargo Bank, N.A. shall be the sole Controlled Account Bank), and shall take reasonable steps to ensure that all of its and its Subsidiaries' Account Debtors forward payment of the amounts owed by them directly to such Controlled Account Bank, and (B) deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all of their Collections (including those sent directly by their Account Debtors to a Grantor) into a bank account of such Grantor (each, a "Controlled Account") at one of the Controlled Account Banks; and

(ii) Subject to Schedule 3.3 to the Credit Agreement, each Grantor shall establish and maintain Controlled Account Agreements with Agent and the applicable Controlled Account Bank, in form and substance reasonably acceptable to Agent. Each such Controlled Account Agreement shall provide, among other things, that (A) the Controlled Account Bank will comply with any instructions originated by Agent directing the disposition of the funds in such Controlled Account without further consent by the applicable Grantor, (B) the Controlled Account Bank waives, subordinates, or agrees not to exercise any rights of setoff or recoupment or any other claim against the applicable Controlled Account other than for payment of its service fees and other charges directly related to the administration of such Controlled Account and for returned checks or other items of payment, and (C) upon the instruction of Agent (an "Activation Instruction"), the Controlled Account Bank will forward by daily sweep all amounts in the applicable Controlled Account to the Agent' s Account. Agent agrees not to issue an Activation Instruction with respect to the Controlled Accounts unless a Triggering Event has occurred and is continuing at the time such Activation Instruction is issued. Agent agrees to use commercially reasonable efforts to rescind an Activation Instruction (the "Rescission") if: (1) the Triggering Event upon which such Activation Instruction was issued has been waived in writing in accordance with the terms of the Credit Agreement, and (2) no additional Triggering Event has occurred and is continuing prior to the date of the Rescission or is reasonably expected to occur on or immediately after the date of the Rescission.

(l) Motor Vehicles. Promptly (and in any event within five (5) Business Days) after request by Agent during the continuance of an Event of Default, with respect to all motor vehicles owned by any Grantor, Grantor shall deliver to Agent, a certificate of title for all such motor vehicles and shall cause those title certificates to be filed (with the Agent' s Lien noted thereon) in the appropriate state motor vehicle filing office.

7. Relation to Other Security Documents. The provisions of this Agreement shall be read and construed with the other Loan Documents referred to below in the manner so indicated.

(a) Credit Agreement. In the event of any conflict between any provision in this Agreement and a provision in the Credit Agreement, such provision of the Credit Agreement shall control.

(b) Patent, Trademark, Copyright Security Agreements. The provisions of the Copyright Security Agreements, Trademark Security Agreements, and Patent Security Agreements are supplemental to the provisions of this Agreement, and nothing contained in the Copyright Security Agreements, Trademark Security Agreements, or the Patent Security Agreements shall limit any of the rights or remedies of Agent hereunder. In the event of any conflict between any provision in this Agreement and a provision in a Copyright Security Agreement, Trademark Security Agreement or Patent Security Agreement, such provision of this Agreement shall control.

8. Further Assurances.

(a) Each Grantor agrees that from time to time, at its own expense, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that Agent may reasonably request, in order to perfect and protect the Security Interest granted hereby, to create, perfect or protect the Security Interest purported to be granted hereby or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral.

(b) Each Grantor authorizes the filing by Agent of financing or continuation statements, or amendments thereto, and such Grantor will execute and deliver to Agent such other instruments or notices, as Agent may reasonably request, in order to perfect and preserve the Security Interest granted or purported to be granted hereby.

(c) Each Grantor authorizes Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments (i) describing the Collateral as "all personal property of debtor" or "all assets of debtor" or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance. Each Grantor also hereby ratifies any and all financing statements or amendments previously filed by Agent in any jurisdiction.

(d) Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in connection with this Agreement without the prior written consent of Agent, subject to such Grantor' s rights under Section 9-509(d)(2) of the Code.

9. Agent' s Right to Perform Contracts, Exercise Rights, etc. Upon the occurrence and during the continuance of an Event of Default, Agent (or its designee) (a) may proceed to perform any and all of the obligations of any Grantor contained in any contract, lease, or other agreement and exercise any and all rights of any Grantor therein contained as fully as such Grantor itself could, (b) shall have the right to use any Grantor' s rights under Intellectual Property Licenses in connection with the enforcement of Agent' s rights hereunder, including the right to prepare for sale and sell any and all Inventory and Equipment now or hereafter owned by any Grantor and now or hereafter covered by such licenses, and (c) shall have the right to request that any Stock that is pledged hereunder be registered in the name of Agent or any of its nominees.

10. Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, at such time as an Event of Default has occurred and is continuing under the Credit Agreement, to take any action and to execute any instrument which Agent may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Accounts or any other Collateral of such Grantor;

(b) to receive and open all mail addressed to such Grantor and to notify postal authorities to change the address for the delivery of mail to such Grantor to that of Agent;

(c) to receive, indorse, and collect any drafts or other instruments, documents, Negotiable Collateral or Chattel Paper;

(d) to file any claims or take any action or institute any proceedings which Agent may deem necessary or desirable for the collection of any of the Collateral of such Grantor or otherwise to enforce the rights of Agent with respect to any of the Collateral;

(e) to repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Person obligated to such Grantor in respect of any Account of such Grantor;

(f) to use any Intellectual Property or Intellectual Property Licenses of such Grantor, including but not limited to any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, or advertising matter, in preparing for sale, advertising for sale, or selling Inventory or other Collateral and to collect any amounts due under Accounts, contracts or Negotiable Collateral of such Grantor; and

(g) Agent, on behalf of the Lender Group or the Bank Product Providers, shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Intellectual Property and Intellectual Property Licenses and, if Agent shall commence any such suit, the appropriate Grantor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents reasonably required by Agent in aid of such enforcement.

To the extent permitted by law, each Grantor hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement is terminated.

11. Agent May Perform. If any Grantor fails to perform any agreement contained herein, Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of Agent incurred in connection therewith shall be payable, jointly and severally, by Grantors.

12. Agent' s Duties. The powers conferred on Agent hereunder are solely to protect Agent' s interest in the Collateral, for the benefit of the Lender Group and the Bank Product Providers, and shall not impose any duty upon Agent to exercise any such powers. Except for the safe custody of any Collateral in its actual possession and the accounting for moneys actually received by it hereunder, Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its actual possession if such Collateral is accorded treatment substantially equal to that which Agent accords its own property.

13. Collection of Accounts, General Intangibles and Negotiable Collateral. At any time upon the occurrence and during the continuance of an Event of Default, Agent or Agent' s designee may (a) notify Account Debtors of any Grantor that the Accounts, General Intangibles, Chattel Paper or Negotiable Collateral of such Grantor have been assigned to Agent, for the benefit of the Lender Group and the Bank Product Providers, or that Agent has a security interest therein, and (b) collect the Accounts, General Intangibles and Negotiable Collateral of any Grantor directly, and any collection costs and expenses shall constitute part of such Grantor' s Secured Obligations under the Loan Documents.

14. Disposition of Pledged Interests by Agent. None of the Pledged Interests existing as of the date of this Agreement are, and none of the Pledged Interests hereafter acquired on the date of acquisition thereof will be, registered or qualified under the various federal or state securities laws of the United States and disposition thereof after an Event of Default may be restricted to one or more private (instead of public) sales in view of the lack of such registration. Each Grantor understands that in connection with such disposition, Agent may approach only a restricted number of potential purchasers and further understands that a sale under such circumstances may yield a lower price for the Pledged Interests than if the Pledged Interests were registered and qualified pursuant to federal and state securities laws and sold on the open market. Each Grantor, therefore, agrees that: (a) if Agent shall, pursuant to the terms of this Agreement, sell or cause the Pledged Interests or any portion thereof to be sold at a private sale, Agent shall have the right to rely upon the advice and opinion of any nationally recognized brokerage or investment firm (but shall not be obligated to seek such advice and the failure to do so shall not be considered in determining the commercial reasonableness of such action) as to the best manner in which to offer the Pledged Interest or any portion thereof for sale and as to the best price reasonably obtainable at the private sale thereof; and (b) such reliance shall be conclusive evidence that Agent has handled the disposition in a commercially reasonable manner.

15. Voting and Other Rights in Respect of Pledged Interests.

(a) Upon the occurrence and during the continuation of an Event of Default, (i) Agent may, at its option, and with two (2) Business Days prior notice to any Grantor, and in addition to all rights and remedies available to Agent under any other agreement, at law, in equity, or otherwise, exercise all voting rights, or any other ownership or consensual rights (including any dividend or distribution rights) in respect of the Pledged Interests owned by such Grantor, but under no circumstances is Agent obligated by the terms of this Agreement to exercise such rights, and (ii) if Agent duly exercises its right to vote any of such Pledged Interests, each Grantor hereby appoints Agent, such Grantor' s true and lawful attorney-in-fact and IRREVOCABLE PROXY to vote such Pledged Interests in any manner Agent deems advisable for or against all matters submitted or which may be submitted to a vote of shareholders, partners or members, as the case may be. The power-of-attorney and proxy granted hereby is coupled with an interest and shall be irrevocable.

(b) For so long as any Grantor shall have the right to vote the Pledged Interests owned by it, such Grantor covenants and agrees that it will not, without the prior written consent of Agent, vote or take any consensual action with respect to such Pledged Interests which would materially adversely affect the rights of Agent, the other members of the Lender Group, or the Bank Product Providers, or the value of the Pledged Interests.

16. Remedies. Upon the occurrence and during the continuance of an Event of Default:

(a) Agent may, and, at the instruction of the Required Lenders, shall exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, in the other Loan Documents, or otherwise available to it, all the rights and remedies of a secured party on default under the Code or any other applicable law. Without limiting the generality of the foregoing, each Grantor expressly agrees that, in any such event, Agent without demand of performance or other demand, advertisement or notice of any kind (except a notice specified below of time and place of public or private sale) to or upon any Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code or any other applicable law), may take immediate possession of all or any portion of the Collateral and (i) require Grantors to, and each Grantor hereby agrees that it will at its own expense and upon request of Agent forthwith, assemble all or part of the Collateral as directed by Agent and make it available to Agent at one or more locations where such Grantor regularly maintains Inventory, and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Agent' s offices or elsewhere, for cash, on credit, and upon such other terms as Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to the applicable Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and specifically such notice shall constitute a reasonable "authenticated notification of disposition" within the meaning of Section 9-611 of the Code. Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that the internet shall constitute a "place" for purposes of Section 9-610(b) of the Code. Each Grantor agrees that any sale of Collateral to a licensor pursuant to the terms of a license agreement between such licensor and a Grantor is sufficient to constitute a commercially reasonable sale (including as to method, terms, manner, and time) within the meaning of Section 9-610 of the Code.

(b) Agent is hereby granted a license or other right to use, without liability for royalties or any other charge, each Grantor' s Intellectual Property, including but not limited to, any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, and advertising matter, whether owned by any Grantor or with respect to which any Grantor has rights under license, sublicense, or

other agreements (including any Intellectual Property License), as it pertains to the Collateral, in preparing for sale, advertising for sale and selling any Collateral, and each Grantor' s rights under all licenses and all franchise agreements shall inure to the benefit of Agent.

(c) Agent may, in addition to other rights and remedies provided for herein, in the other Loan Documents, or otherwise available to it under applicable law and without the requirement of notice to or upon any Grantor or any other Person (which notice is hereby expressly waived to the maximum extent permitted by the Code or any other applicable law), (i) with respect to any Grantor' s Deposit Accounts in which Agent' s Liens are perfected by control under Section 9-104 of the Code, instruct the bank maintaining such Deposit Account for the applicable Grantor to pay the balance of such Deposit Account to or for the benefit of Agent, and (ii) with respect to any Grantor' s Securities Accounts in which Agent' s Liens are perfected by control under Section 9-106 of the Code, instruct the securities intermediary maintaining such Securities Account for the applicable Grantor to (A) transfer any cash in such Securities Account to or for the benefit of Agent, or (B) liquidate any financial assets in such Securities Account that are customarily sold on a recognized market and transfer the cash proceeds thereof to or for the benefit of Agent.

(d) Any cash held by Agent as Collateral and all cash proceeds received by Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied against the Secured Obligations in the order set forth in the Credit Agreement. In the event the proceeds of Collateral are insufficient to satisfy all of the Secured Obligations in full, each Grantor shall remain jointly and severally liable for any such deficiency.

(e) Each Grantor hereby acknowledges that the Secured Obligations arise out of a commercial transaction, and agrees that if an Event of Default shall occur and be continuing Agent shall have the right to an immediate writ of possession without notice of a hearing. Agent shall have the right to the appointment of a receiver for the properties and assets of each Grantor, and each Grantor hereby consents to such rights and such appointment and hereby waives any objection such Grantor may have thereto or the right to have a bond or other security posted by Agent.

17. Remedies Cumulative. Each right, power, and remedy of Agent as provided for in this Agreement or in the other Loan Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or in the other Loan Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Agent, of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Agent of any or all such other rights, powers, or remedies.

18. Marshaling. Agent shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Agent' s rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefits of all such laws.

19. Indemnity and Expenses.

(a) Each Grantor agrees to indemnify Agent and the other members of the Lender Group to the same extent and in the same manner as Borrower agrees to indemnify the Agent-Related Persons, the

Lender-Related Persons and Participants pursuant to Section 10.3 of the Credit Agreement. This provision shall survive the termination of this Agreement and the Credit Agreement and the repayment of the Secured Obligations.

(b) Grantors, jointly and severally, shall, upon demand, pay to Agent (or Agent, may charge to the Loan Account) all the Lender Group Expenses which Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or, upon an Event of Default, the sale of, collection from, or other realization upon, any of the Collateral in accordance with this Agreement and the other Loan Documents, (iii) the exercise or enforcement of any of the rights of Agent hereunder or (iv) the failure by any Grantor to perform or observe any of the provisions hereof.

20. Merger, Amendments; Etc. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES. No waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment of any provision of this Agreement shall be effective unless the same shall be in writing and signed by Agent and each Grantor to which such amendment applies.

21. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the form and manner and delivered to Agent at its address specified in the Credit Agreement, and to any of the Grantors at their respective addresses specified in the Credit Agreement or Guaranty, as applicable, or, as to any party, at such other address as shall be designated by such party in a written notice to the other party.

22. Continuing Security Interest: Assignments under Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the Obligations have been paid in full in accordance with the provisions of the Credit Agreement and the Commitments have expired or have been terminated, (b) be binding upon each Grantor, and their respective successors and assigns, and (c) inure to the benefit of, and be enforceable by, Agent, and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may, in accordance with the provisions of the Credit Agreement, assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise. Upon payment in full of the Secured Obligations in accordance with the provisions of the Credit Agreement and the expiration or termination of the Commitments, the Security Interest granted hereby shall terminate and all rights to the Collateral shall revert to Grantors or any other Person entitled thereto. At such time, Agent will authorize the filing of appropriate termination statements to terminate such Security Interests, at Grantors' sole and reasonable expense, promptly and, if required to release by law, execute and deliver any termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent' s Liens and all notices of security interests and liens previously filed by Agent. No transfer or renewal, extension, assignment, or termination of this Agreement or of the Credit Agreement, any other Loan Document, or any other instrument or document executed and delivered by any Grantor to Agent nor any additional Advances or other loans made by any Lender to Borrower, nor the taking of further security, nor the retaking or re-delivery of the Collateral to Grantors, or any of them, by Agent, nor any other act of the Lender Group or the Bank Product Providers, or any of them, shall release any Grantor from any obligation, except a release or discharge executed in writing by Agent in accordance with the provisions of the Credit Agreement. Agent shall not by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by Agent and then only to the extent therein set forth. A waiver by Agent of any right or remedy on any occasion shall not be construed as a bar to the exercise of any such right or remedy which Agent would otherwise have had on any other occasion.

23. Governing Law.

(a) **THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 23(b).**

(c) **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

24. New Subsidiaries. Pursuant to Section 5.11 of the Credit Agreement, certain Subsidiaries (whether by acquisition or creation) of any Grantor are required to enter into this Agreement by executing and delivering in favor of Agent a Joinder to this Agreement in substantially the form of Annex 1. Upon the execution and delivery of Annex 1 by any such new Subsidiary, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any instrument adding an additional Grantor as a party to this Agreement shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor hereunder.

25. Agent. Each reference herein to any right granted to, benefit conferred upon or power exercisable by the "Agent" shall be a reference to Agent, for the benefit of each member of the Lender Group and each of the Bank Product Providers.

26. Miscellaneous.

(a) This Agreement is a Loan Document. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and

the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

(b) Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

(c) Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

(d) Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any member of the Lender Group or any Grantor, whether under any rule of construction or otherwise. This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

(e) The pronouns used herein shall include, when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

(f) Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”. The words “hereof”, “herein”, “hereby”, “hereunder”, and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash (or, in the case of Letters of Credit or Bank Products, providing Letter of Credit Collateralization or Bank Product Collateralization, as applicable) of all Secured Obligations other than unasserted contingent indemnification Secured Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person’ s successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

(g) All of the annexes, schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

[signature pages follow]

IN WITNESS WHEREOF, the undersigned parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

ROSS SYSTEMS, INC., a Delaware corporation

By: /s/ Gregor Morela

Name: Gregor Morela

Title: President & Director

CDC SOFTWARE, INC., a Delaware corporation

By: /s/ Gregor Morela

Name: Gregor Morela

Title: President & Director

PIVOTAL CORPORATION, a corporation organized under the laws of the Province of British Columbia, Canada

By: /s/ Gregor Morela

Name: Gregor Morela

Title: President & Director

AGENT:

WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company

By: /s/ Stephen Carll

Name: Stephen Carll

Title: Managing Director

EXHIBIT A

COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT (this "Copyright Security Agreement") is made this day of , 20 , by and among Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually, "Grantor"), and **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, in its capacity as agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement, dated as of April 27, 2010 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as parent ("Parent"), Ross Systems, Inc., a Delaware corporation, as borrower ("Borrower"), the lenders party thereto as "Lenders" (such Lenders, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of the Lender Group are willing to make the financial accommodations to Borrower as provided for in the Credit Agreement, but only upon the condition, among others, that Grantors shall have executed and delivered to Agent, for the benefit of the Lender Group and the Bank Product Providers, that certain Security Agreement, dated as of April 27, 2010 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Agent, for the benefit of the Lender Group and the Bank Product Providers, this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantors hereby agree as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Credit Agreement.

2. GRANT OF SECURITY INTEREST IN COPYRIGHT COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to Agent, for the benefit each member of the Lender Group and each of the Bank Product Providers, to secure the Secured Obligations, a continuing security interest (referred to in this Copyright Security Agreement as the "Security Interest") in all of such Grantor' s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "Copyright Collateral"):

(a) all of such Grantor' s Copyrights and Copyright Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all renewals or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Copyright or any Copyright exclusively licensed under any Intellectual Property License, including the right to receive damages, or the right to receive license fees, royalties, and other compensation under any Copyright Intellectual Property License.

3. SECURITY FOR SECURED OBLIGATIONS. This Copyright Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Copyright Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Agent, the Lender Group, the Bank Product Providers or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interests granted to Agent, for the benefit of the Lender Group and the Bank Product Providers, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the Security Interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Copyright Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. Grantors shall give Agent notice in accordance with the terms of the Security Agreement of any additional copyright registrations granted or applied for after the date hereof. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Agent unilaterally to modify this Copyright Security Agreement by amending Schedule I to include any future United States registered copyrights or applications therefor of each Grantor. Notwithstanding the foregoing, no failure to so modify this Copyright Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Agent' s continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Copyright Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Copyright Security Agreement. Delivery of an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Copyright Security Agreement. Any party delivering an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Copyright Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Copyright Security Agreement.

7. CONSTRUCTION. This Copyright Security Agreement is a Loan Document. Unless the context of this Copyright Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Copyright Security Agreement refer to this Copyright Security Agreement as a whole and not to any particular provision of this Copyright Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Copyright Security Agreement unless otherwise specified. Any reference in this Copyright Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any

reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash (or, in the case of Letters of Credit or Bank Products, providing Letter of Credit Collateralization or Bank Product Collateralization, as applicable) of all Secured Obligations other than unasserted contingent indemnification Secured Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person' s successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. THE VALIDITY OF THIS COPYRIGHT SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS COPYRIGHT SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS COPYRIGHT SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Copyright Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

ROSS SYSTEMS, INC., a Delaware corporation

By: _____

Title: _____

CDC SOFTWARE, INC., a Delaware corporation

By: _____

Title: _____

PIVOTAL CORPORATION, a corporation organized under the laws of the Province of British Columbia, Canada

By: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

AGENT:

WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company

By: _____

Name:

Title:

SCHEDULE I

TO

COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS

Grantor	Country	Copyright	Registration No.	Registration Date

Copyright Licenses

COPYRIGHT SECURITY AGREEMENT

EXHIBIT B

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Patent Security Agreement") is made this day of , 20 , by and among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually, "Grantor"), and **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, in its capacity as administrative agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement, dated as of April 27, 2010 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as parent ("Parent"), Ross Systems, Inc., a Delaware corporation, as borrower ("Borrower"), the lenders party thereto as "Lenders" (such Lenders, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of Lender Group are willing to make the financial accommodations to Borrower as provided for in the Credit Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to Agent, for the benefit of the Lender Group and the Bank Product Providers, that certain Security Agreement, dated as of April 27, 2010 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Agent, for the benefit of the Lender Group and the Bank Product Providers, this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Credit Agreement.

2. GRANT OF SECURITY INTEREST IN PATENT COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to Agent, for the benefit each member of the Lender Group and each of the Bank Product Providers, to secure the Secured Obligations, a continuing security interest (referred to in this Patent Security Agreement as the "Security Interest") in all of such Grantor' s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "Patent Collateral"):

(a) all of its Patents and Patent Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all divisionals, continuations, continuations-in-part, reissues, reexaminations, or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Patent or any Patent exclusively licensed under any Intellectual Property License, including the right to receive damages, or right to receive license fees, royalties, and other compensation under any Patent Intellectual Property License.

3. SECURITY FOR SECURED OBLIGATIONS. This Patent Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Patent Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Agent, the Lender Group, the Bank Product Providers or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interests granted to Agent, for the benefit of the Lender Group and the Bank Product Providers, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the Security Interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Patent Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new patent application or issued patent or become entitled to the benefit of any patent application or patent for any divisional, continuation, continuation-in-part, reissue, or reexamination of any existing patent or patent application, the provisions of this Patent Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to Agent with respect to any such new patent rights. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Agent unilaterally to modify this Patent Security Agreement by amending Schedule I to include any such new patent rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Patent Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Agent' s continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Patent Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Patent Security Agreement. Delivery of an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Patent Security Agreement. Any party delivering an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Patent Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Patent Security Agreement.

7. CONSTRUCTION. This Patent Security Agreement is a Loan Document. Unless the context of this Patent Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Patent Security Agreement refer to this Patent Security Agreement as a whole and not to any particular provision of this Patent Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Patent Security Agreement unless otherwise specified. Any reference in this Patent Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as

applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash (or, in the case of Letters of Credit or Bank Products, providing Letter of Credit Collateralization or Bank Product Collateralization, as applicable) of all Secured Obligations other than unasserted contingent indemnification Secured Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person' s successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. THE VALIDITY OF THIS PATENT SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS PATENT SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS PATENT SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Patent Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

ROSS SYSTEMS, INC., a Delaware corporation

By: _____

Title: _____

CDC SOFTWARE, INC., a Delaware corporation

By: _____

Title: _____

PIVOTAL CORPORATION, a corporation organized under the laws of the Province of British Columbia, Canada

By: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

AGENT:

WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company

By: _____

Name:

Title:

SCHEDULE I

to

PATENT SECURITY AGREEMENT

Patents

Grantor	Country	Patent	Application/ Patent No.	Filing Date

Patent Licenses

EXHIBIT C

PLEDGED INTERESTS ADDENDUM

This Pledged Interests Addendum, dated as of , 20 (this "Pledged Interests Addendum"), is delivered pursuant to Section 6 of the Security Agreement referred to below. The undersigned hereby agrees that this Pledged Interests Addendum may be attached to that certain Security Agreement, dated as of April 27, 2010, (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), made by the undersigned, together with the other Grantors named therein, to **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, as Agent. Initially capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Security Agreement or, if not defined therein, in the Credit Agreement. The undersigned hereby agrees that the additional interests listed on Schedule I shall be and become part of the Pledged Interests pledged by the undersigned to Agent in the Security Agreement and any pledged company set forth on Schedule I shall be and become a "Pledged Company" under the Security Agreement, each with the same force and effect as if originally named therein.

This Pledged interests Addendum is a Loan Document. Delivery of an executed counterpart of this Pledged Interests Addendum by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Pledged Interests Addendum. If the undersigned delivers an executed counterpart of this Pledged Interests Addendum by telefacsimile or other electronic method of transmission, the undersigned shall also deliver an original executed counterpart of this Pledged Interests Addendum but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Pledged Interests Addendum.

The undersigned hereby certifies that the representations and warranties set forth in Section 5 of the Security Agreement of the undersigned are true and correct as to the Pledged Interests listed herein on and as of the date hereof.

THE VALIDITY OF THIS PLEDGED INTERESTS ADDENDUM, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS PLEDGED INTERESTS ADDENDUM SHALL BE TRIED AND LITIGATED ONLY IN THE STATE, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS PARAGRAPH.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS PLEDGED INTERESTS ADDENDUM OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS PLEDGED INTERESTS ADDENDUM MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Pledged Interests Addendum to be executed and delivered as of the day and year first above written.

[_____]

By: _____

Name:

Title:

SCHEDULE I

TO

PLEDGED INTERESTS ADDENDUM

Pledged Interests

Name of Grantor	Name of Pledged Company	Number of Shares/Units	Class of Interests	Percentage of Class Owned	Certificate Nos.

EXHIBIT D

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Trademark Security Agreement") is made this day of , 20 , by and among Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually, "Grantor"), and **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, in its capacity as agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement, dated as of April 27, 2010 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among CDC Software Corporation, an exempted company incorporated under the laws of the Cayman Islands, as parent ("Parent"), Ross Systems, Inc., a Delaware corporation, as borrower ("Borrower"), the lenders party thereto as "Lenders" (such Lenders, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders"), and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrower from time to time pursuant to the terms and conditions thereof; and

WHEREAS, the members of the Lender Group are willing to make the financial accommodations to Borrower as provided for in the Credit Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to Agent, for the benefit of the Lender Group and the Bank Product Providers, that certain Security Agreement, dated as of April 27, 2010 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Agent, for the benefit of Lender Group and the Bank Product Providers, this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Credit Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to Agent, for the benefit each member of the Lender Group and each of the Bank Product Providers, to secure the Secured Obligations, a continuing security interest (referred to in this Trademark Security Agreement as the "Security Interest") in all of such Grantor' s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "Trademark Collateral"):

(a) all of its Trademarks and Trademark Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark Intellectual Property License; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademarks

exclusively licensed under any Intellectual Property License, including right to receive any damages, (ii) injury to the goodwill associated with any Trademark, or (iii) right to receive license fees, royalties, and other compensation under any Trademark Intellectual Property License.

3. SECURITY FOR SECURED OBLIGATIONS. This Trademark Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Trademark Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to Agent, the Lender Group, the Bank Product Providers or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interests granted to Agent, for the benefit of the Lender Group and the Bank Product Providers, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the Security Interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Trademark Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to Agent with respect to any such new registered or applied-for trademarks or renewal or extension of any trademark registration. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Agent unilaterally to modify this Trademark Security Agreement by amending Schedule I to include any such new trademark rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Trademark Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Agent' s continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Trademark Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Trademark Security Agreement. Delivery of an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Trademark Security Agreement. Any party delivering an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Trademark Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Trademark Security Agreement.

7. CONSTRUCTION. This Trademark Security Agreement is a Loan Document. Unless the context of this Trademark Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Trademark Security Agreement refer to this Trademark Security Agreement as a whole and not to any particular provision of this Trademark Security Agreement. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Trademark Security Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications,

renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein to the satisfaction, repayment, or payment in full of the Secured Obligations shall mean the repayment in full in cash (or, in the case of Letters of Credit or Bank Products, providing Letter of Credit Collateralization or Bank Product Collateralization, as applicable) of all Secured Obligations other than unasserted contingent indemnification Secured Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person' s successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record.

8. THE VALIDITY OF THIS TRADEMARK SECURITY AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS TRADEMARK SECURITY AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT' S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. AGENT AND EACH GRANTOR WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AGENT AND EACH GRANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. AGENT AND EACH GRANTOR REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS TRADEMARK SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

ROSS SYSTEMS, INC., a Delaware corporation

By: _____

Title: _____

CDC SOFTWARE, INC., a Delaware corporation

By: _____

Title: _____

PIVOTAL CORPORATION, a corporation organized under the laws of the Province of British Columbia, Canada

By: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

AGENT:

WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company

By: _____

Name:

Title:

SCHEDULE I

to

TRADEMARK SECURITY AGREEMENT

Trademark Registrations/Applications

Grantor	Country	Mark	Application/ Registration No.	App/Reg Date

Trade Names

Common Law Trademarks

Trademarks Not Currently In Use

Trademark Licenses

2009 Stock Incentive Plan
Option Award Agreement

Name of Optionee:	[ ]
Number of Option Shares:	[ ]
Option Exercise Price:	[ ]
Grant Date:	[ ]
Vesting Start Date:	[ ]
Type of Option:	Non-qualified Stock Option
Expiration Date:	[ ]

Pursuant to the CDC Software Corporation 2009 Stock Incentive Plan (the "Plan"), CDC Software Corporation, a Cayman Islands company (the "Company"), hereby grants to the Optionee named above an Option to purchase all or any part of the number of Class A Ordinary Shares, par value US$0.001 per share (the "Common Shares"), of the Company specified above (the "Option Shares") at the Option Exercise Price per Option Share specified above, subject to the terms and conditions set forth herein, in the Plan and in that certain Deposit Agreement by and among each of the Company, Deutsche Bank Trust Company Americas and the Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued thereunder, dated as of August 5, 2009 (the "Deposit Agreement"). This Option is not intended to qualify and shall not be treated as an "incentive stock option" under Section 422(b) of the U.S. Internal Revenue Code of 1986, as amended from time to time (the "Code").

1. Vesting Schedule.

No portion of this Option may be exercised until the date on which such portion has or shall have vested. Except as set forth herein, and subject to the determination of the Company in its sole discretion to accelerate the vesting schedule hereunder due to other circumstances, and subject to adjustment of the vesting schedule to provide for reduced or extended vesting of Option Shares in the event that the Optionee is no longer a director or becomes employed on less than a full-time basis (such adjusted vesting schedule shall be determined by the Company at the time the Optionee becomes employed on less than a full time basis and shall be set forth in a replacement option award agreement to be executed at that time; *provided, however*, that in any event all Option Shares in such adjusted vesting schedule shall have vested no later than 60 days prior to

the Expiration Date set forth above), this Option shall be vested and exercisable with respect to the following number of Option Shares on the following dates commencing with the Vesting Start Date set forth above:

Vesting Date	Number of Option Shares	Cumulative Number of Option Shares*
[ ]	[ ]	[ ]

*

Assuming no exercise of any Options that is the subject of this Option Award Agreement.

2.

Exercise of Option.

(a) Optionee may exercise only vested portions of this Option and only in the following manner. From time to time prior to the earlier to occur of (i) the termination hereof in accordance with the provisions of this Option or (ii) the Expiration Date (as set forth above), Optionee may give written notice to the Company of his election to purchase some or all of the Option Shares for which this Option may be exercised at the time of such notice. Said notice shall specify the number of Option Shares to be purchased and shall be accompanied (i) by payment therefor in cash or, at the discretion of the Company, such other method of payment set forth in Section 11(a) of the Plan and (ii) by such agreement, statement or other evidence as the Company may require in order to satisfy itself that the issuance of the Option Shares being purchased pursuant to such exercise and any subsequent resale thereof will be in compliance with applicable laws and regulations, including without limitation all applicable U.S. federal and state securities laws and regulations and subject to any requirements set forth in the Deposit Agreement.

(b) The Company reserves the right to withhold the exercise of Option Shares for reasons including but not limited to the Optionee' s failure to comply with the Company' s rules and regulations; the Optionee' s breach of his/her employment agreement; the Optionee' s unwillingness or failure to follow Company directives; and the Optionee' s failure to perform his/her duties and responsibilities.

(c) Subject to the terms and conditions set forth in the Deposit Agreement, Option Shares shall be evidenced by American Depositary Receipts, as represented by American Depositary Shares ("ADSs"). Certificates for the Option Shares (ADSs) so purchased will be issued to Optionee upon compliance, to the satisfaction of the Company, with all requirements under applicable laws or regulations in connection with such issuance, including without limitation, if said Option Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), receipt of a representation from Optionee upon each exercise of this Option that Optionee is purchasing the Option Shares for his own account and not with a view to any resale or distribution thereof, the legending of any certificate representing said Option Shares (as represented by American Depositary shares), and the imposition of a stop transfer order with respect thereto, to prevent a resale or distribution in violation of U.S. federal or state securities laws. Until Optionee shall have complied with the requirements hereof and of the Plan, the Company shall be under no obligation to issue the Option Shares subject to this Option, and the determination of the Committee (as defined in the Plan) as to such compliance shall be final and binding on Optionee. Optionee shall not be deemed for any purpose to be the owner of any Option Shares subject to this Option until such Option Shares shall have been issued in accordance with the foregoing provisions.

(d) Exercisablity of this Option upon and after termination of the Optionee shall be in accordance with Section 9 of the Plan, except as may be otherwise specifically provided for in this Paragraph 2(d). Subject to the Company' s then-current policy at the time of termination, in the event of a termination pursuant to Section 9(d) of the Plan and at the time of such termination the Optionee is subject to a blackout period under the Company' s Insider Trading Policy, the one-month period following termination during which such Option may be exercised as set forth in Section 9(d) of the Plan shall not begin until, at the Company' s sole discretion, either (i) the date that the trading window under the Company' s Insider Trading Policy next opens following the termination of Optionee' s employment; or (ii) such date as the Committee (or its authorized designee) notifies the Optionee in writing that such Optionee is no longer in possession of material non-public information such that the Optionee may freely exercise this Option in compliance with the Company' s Insider Trading Policy and applicable law.

(e) Notwithstanding any other provision hereof or of the Plan, no portion of this Option shall be exercisable at any time unless all necessary regulatory or other approvals have been received.

(f) To the extent that this Option is exercised for a number of Option Shares which is less than the full number of Option Shares for which this Option is then exercisable, it shall be deemed to have been

exercised first with respect to the maximum number of vested Option Shares for which this Option has not been previously exercised for the Vesting Date that is closest to the Vesting Start Date, then the maximum number of vested Option Shares for which this Option has not been previously exercised for the next sequential Vesting Date, and so forth, including for purposes of determining which Option Shares hereunder have expired in accordance with Paragraph 3 herein.

3. Expiration Date of Option and Underlying Option Shares.

Notwithstanding anything herein to the contrary, unless earlier expired, forfeited or otherwise terminated, each Option shall expire in its entirety upon the seventh anniversary of the date of grant.

4. Incorporation of Plan and Deposit Agreement.

Notwithstanding anything herein to the contrary, this Option shall be subject to and governed by all the terms and conditions of the Plan and Deposit Agreement. Capitalized terms used herein without definition shall have the same meaning given to such term in the Plan and Deposit Agreement. A copy of the Deposit Agreement can be found at:

http://www.sec.gov/Archives/edgar/data/1415841/000119312509149661/dex44.htm

5. Transferability.

Except as otherwise permitted in the Plan, this Agreement is personal to Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or by the laws of descent and distribution, and is exercisable, during Optionee' s lifetime, only by Optionee. The terms of the Plan and this Option Award Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

6. Tax Withholding.

The Optionee shall, not later than the date as of which the exercise of this Option or disposition of Option Shares becomes a taxable event for income tax purposes, pay to the Company or make arrangements satisfactory to the Committee for payment of any local taxes required by law to be withheld on account of such taxable event. For income tax purposes, the number of Option Shares in respect of which the Option is being exercised shall be considered transferred to the Optionee on the date the Option is exercised.

7. Representations.

By acceptance of this Option, the Optionee agrees, acknowledges and understands that a purchase of Option Shares under this Option will not be made with a view to their distribution, as that term is used in the Securities Act unless, in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of the Securities Act, and (if the Company so requires) the Optionee agrees to sign a certificate to such effect at the time of exercising this Option and agrees that the certificate for the Option Shares so purchased may be inscribed with a legend to ensure compliance with the Securities Act.

8. NO GUARANTEE OF CONTINUED SERVICE.

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS AN EMPLOYEE, DIRECTOR OR CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE, DIRECTOR OR CONSULTANT

FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE' S RIGHT OR THE COMPANY' S RIGHT TO TERMINATE OPTIONEE' S RELATIONSHIP AS AN EMPLOYEE, DIRECTOR OR CONSULTANT AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO THE TERMS OF ANY EMPLOYMENT, CONSULTING OR OTHER AGREEMENT WITH THE EMPLOYEE, DIRECTOR OR CONSULTANT, AS THE CASE MAY BE (IF ANY)).

9. Miscellaneous.

Notice hereunder shall be mailed or delivered to the Company at its principal place of business, and shall be delivered to Optionee in person or mailed or delivered to Optionee at the address set forth below, or in either case at such other address as one party may subsequently furnish to the other party in writing.

By Optionee' s signature and the signature of the Company' s representative below, Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, this Option Award Agreement and the Deposit Agreement. Optionee has reviewed the Plan, this Option Award Agreement and the Deposit Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Award Agreement and fully understands all provisions of the Plan, this Option Award Agreement and the Deposit Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, this Option Award Agreement and the Deposit Agreement.

This Option Award Agreement shall be governed by the laws of the State of New York, U.S.A. without reference to principles of conflict of laws.

10. Lock-Up.

The Option granted hereunder, as well as the Common Shares, as represented by ADSs, issuable upon exercise of the Option granted hereunder (the "Securities"), are subject to the terms and conditions of that certain Lock-Up Agreement by and among Optionee, JMP Securities LLC and Lazard Capital Markets LLC dated as of August 1, 2009 (the "Lock-Up Agreement"). In addition to such terms and conditions as are set forth herein, Optionee shall not, directly or indirectly, except in accordance with the Lock-Up Agreement: (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, any Securities, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Securities, other securities, in cash or otherwise, or (3) publicly disclose the intention to do any of the foregoing. Optionee agrees and consents to the placement of appropriate restrictive legends on Securities and the entry of stop transfer instructions with the Company' s Depositary Agent, transfer agent and registrar against the transfer of the Securities except in compliance with the Lock-Up Agreement, in such form as may be determined by the Committee.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Award has been granted by the Company as of the date of grant as mentioned above.

CDC SOFTWARE CORPORATION:

By:

Name:

Title:

Address for service of Notice:

CDC Software Corporation
Attn: Stock Option Plan Administrator
2002 Summit Boulevard, Suite 700
Atlanta, GA 30319

GRANTEE:

Name:

Residence Address:

Entity Name	Jurisdiction of Incorporation	Name Under Which Business is Done (if different)
Cayman First Tier	Cayman Islands	–
Industri-Matematik International Corporation	Delaware	–
Industri-Matematik AB	Sweden	–
Pivotal Corporation	British Columbia	–
CDC Acquisition Co II SRL	Barbados	–
Ross Systems, Inc.	Delaware	–
Catalyst International, Inc.	Delaware	–
Saratoga Systems, Inc.	California	–

Exhibit 12.1

CERTIFICATION

I, Peter Yip, certify that:

1. I have reviewed this annual report on Form 20-F of CDC Software Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company' s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting; and

5. The company' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: June 1, 2010

/s/ Peter Yip

Peter Yip

Principal Executive Officer

Exhibit 12.2

CERTIFICATION

I, Matthew S. Lavelle, certify that:

1. I have reviewed this annual report on Form 20-F of CDC Software Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company' s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting; and

5. The company' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: June 1, 2010

/s/ Matthew S. Lavelle

Matthew S. Lavelle

Principal Financial Officer

Exhibit 13(a).1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CDC Software Corporation (the "Company") on Form 20-F for the period ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Peter Yip, chief executive officer of the Company, certify that:

(1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 1, 2010

/s/ Peter Yip

Peter Yip

Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to CDC Software Corporation and will be retained by CDC Software Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 13(a).2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CDC Software Corporation (the "Company") on Form 20-F for the period ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Matthew S. Lavelle, chief financial officer of the Company, certify that:

(1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 1, 2010

/s/ Matthew S. Lavelle

Matthew S. Lavelle

Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to CDC Software Corporation and will be retained by CDC Software Corporation and furnished to the Securities and Exchange Commission or its staff upon request.