SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Support.com, Inc.

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2009

OR

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

For the transition period from to

Commission File No. 000-30901

SUPPORT.COM, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3282005**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

1900 Seaport Boulevard, 3rd Floor
Redwood City, CA 94063
(Address of Principal Executive Offices)
(Zip Code)

Registrant's Telephone Number, Including Area Code: (650) 556-9440

FORMER NAME: SUPPORTSOFT, INC.

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 x No ❑

Indicate by check mark whether the registrant has submitted electronically and posted on 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, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ❑	Accelerated filer x
Non-accelerated filer ❑ (Do not check if a smaller reporting company)	Smaller reporting company ❑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ❑ No x

On July 31, 2009, 46,554,621 shares of the Registrant's Common Stock, $0.0001 par value, were outstanding.

SUPPORT.COM, INC.
FORM 10-Q
QUARTERLY PERIOD ENDED JUNE 30, 2009
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUPPORT.COM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2009 (Unaudited)	December 31, 2008 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 65,999	$ 64,306
Short-term investments	30,767	7,784
Auction-rate securities put option	3,424	—
Accounts receivable, net	2,332	2,113
Prepaid expenses and other current assets	1,408	1,128
Current assets of discontinued operations	—	8,785
Total current assets	103,930	84,116
Long-term investments	2,930	15,766
Auction-rate securities put option – long-term	—	7,148
Property and equipment, net	699	1,065
Goodwill	2,854	2,854
Intangible assets, net	334	417
Other assets	648	886
Long-term assets of discontinued operations	—	11,334
Total assets	$ 111,395	$ 123,586
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 170	$ 890
Accrued compensation	1,247	1,469
Other accrued liabilities	4,951	3,534
Deferred revenue	154	22
Current liabilities of discontinued operations	—	9,772
Total current liabilities	6,522	15,687
Other long-term liabilities	1,394	1,434
Long-term liabilities of discontinued operations	—	1,019
Total Liabilities	7,916	18,140
Stockholders' equity:		
Common stock	5	5
Additional paid-in capital	220,070	217,647
Accumulated other comprehensive loss	(1,774)	(2,541)
Accumulated deficit	(114,822)	(109,665)
Total stockholders' equity	103,479	105,446
Total liabilities and stockholders' equity	$ 111,395	$ 123,586

(1) Derived from the December 31, 2008 audited Consolidated Financial Statements included in the Annual Report on Form 10-K, as filed with the Securities and Exchange Commission ("SEC") on March 11, 2009.

See accompanying notes.

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SUPPORT.COM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenue	$ 3,433	$ 891	$ 7,047	$ 1,593
Costs and expenses:				
Cost of revenue	4,280	1,858	8,650	3,100
Amortization of intangible assets	42	28	84	28
Research and development	1,342	1,392	2,748	2,872
Sales and marketing	2,273	2,492	4,620	5,448
General and administrative	2,980	3,654	6,578	6,953
Total costs and expenses	10,917	9,424	22,680	18,401
Loss from operations	(7,484)	(8,533)	(15,633)	(16,808)
Interest income and other, net	422	721	121	2,170
Loss from continuing operations, before income taxes	(7,062)	(7,812)	(15,512)	(14,638)
Income taxes provision/(benefit)	(2,841)	1	(2,837)	1
Loss from continuing operations	(4,221)	(7,813)	(12,675)	(14,639)
Income from discontinued operations, after income taxes	6,460	3,466	7,518	6,661
Net income/(loss)	$ 2,239	$ (4,347)	$ (5,157)	$ (7,978)
Earnings (loss) per share:				
Basic and diluted earnings per share				
Loss from continuing operations	$ (0.09)	$ (0.17)	$ (0.27)	$ (0.32)
Income from discontinued operations	0.14	0.08	0.16	0.15
Net earnings (loss) per share	$ 0.05	$ (0.09)	$ (0.11)	$ (0.17)
Shares used in computing per share amounts:				
Basic	46,360	46,076	46,345	46,065
Diluted	46,360	46,076	46,345	46,065

See accompanying notes.

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SUPPORT.COM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Operating Activities:		
Net loss	$ (5,157)	$ (7,978)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Gain on the sale of discontinued operations, net of tax	(4,740)	—
Depreciation	387	612
Write-off of fixed assets	104	—
Amortization of premiums and discounts on marketable securities	(31)	(430)
Amortization of purchased technology	132	—
Amortization of intangible assets	84	88
Realized loss on put option re-valuation	3,724	—
Realized gain on auction-rate securities	(3,724)	—
Stock-based compensation	2,158	2,507
Changes in assets and liabilities:		
Accounts receivable, net	3,035	609
Prepaid expenses and other current assets	(52)	698
Other long-term assets	(112)	12
Accounts payable	(737)	(79)
Accrued compensation	(488)	(139)
Other accrued liabilities	(6,811)	(996)
Other long-term liabilities	179	95
Deferred revenue	(1,466)	(1,641)
Net cash used in operating activities	(13,515)	(6,642)
Investing Activities:		
Proceeds from sale of discontinued operations	20,475	—
Purchase of developed technology	—	(1,375)
Purchases of property and equipment	(66)	(322)
Purchases of marketable securities	(13,392)	(38,276)
Sales of marketable securities	—	22,300
Maturities of marketable securities	7,900	55,544
Acquisition of business, net of cash acquired	—	(2,778)
Net cash provided by investing activities	14,917	35,093
Financing Activities:		
Proceeds from issuances of common stock	265	195
Net cash provided by financing activities of continuing operations	265	195
Net increase in cash and cash equivalents	1,667	28,646
Effect of exchange rate changes on cash and cash equivalents	26	9
Cash and cash equivalents at beginning of period	64,306	12,926
Cash and cash equivalents at end of period	$ 65,999	$ 41,581
Supplemental schedule of cash flow information:		
Income taxes paid	$ 130	$ 137

See accompanying notes.

SUPPORT.COM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Significant Accounting Policies

Basis of Presentation

support.com, Inc. (the "Company" or "support.com," "we," "us" or "our") is a Delaware corporation. The Company changed its name from SupportSoft, Inc. on June 22 2009. The Company's common stock continues to trade on the NASDAQ Global Select Market under the symbol "SPRT."

On June 23, 2009 the Company sold its Enterprise Business to Consona Corporation. This business had accounted for a substantial majority of our revenue in 2009 and 2008. As a result of the sale of the Enterprise Business, our unaudited condensed consolidated financial statements, accompanying notes and other information provided in this Form 10-Q reflect the Enterprise Business as a discontinued operation for all periods presented. Detailed information regarding the financial results of the Enterprise Business is presented in Note 2.

The accompanying unaudited condensed consolidated financial statements include the accounts of support.com, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated. The condensed consolidated balance sheet as of June 30, 2009 and the condensed consolidated statements of operations for the three and six months ended June 30, 2009 and 2008 and the condensed consolidated cash flows for the six months ended June 30, 2009 and 2008 are unaudited. In the opinion of our management, these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the results for, and as of, the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. The condensed consolidated financial statement information as of December 31, 2008 is derived from audited financial statements as of that date. These unaudited interim condensed consolidated financial statements and footnotes should be read with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 11, 2009.

Use of Estimates

The preparation of interim condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. Actual results could differ materially from these estimates.

Reclassifications

Certain amounts in the condensed consolidated financial statements and accompanying notes for the prior periods have been reclassified to conform to the current periods presentation. On June 23, 2009 the Company completed the sale of the Enterprise Business. The assets, liabilities and results of operations of the Enterprise Business have been reclassified from continuing operations to discontinued operations, and certain costs historically allocated to our previously reported operating segments, i.e., the Enterprise and Consumer operating segments, have been reclassified to general and administrative operating costs of the continuing operations (See Note 2, in each case for all periods presented).

Subsequent Events Evaluation

In accordance with FAS 165, our management has reviewed and evaluated material subsequent events from the balance sheet date of June 30, 2009 through the financial statements issue date of August 10, 2009. All appropriate subsequent event disclosures, if any, have been made in the notes to our unaudited condensed consolidated financial statements.

Revenue Recognition

support.com recognizes revenue in accordance with the SEC's Staff Accounting Bulletin No. 104 (SAB 104)*"Revenue Recognition"* and the Financial Standards Accounting Board (FASB) Emerging Issues Task Force (EITF) Issue No. 00-21 "*Revenue Arrangements with Multiple Deliverables."*

support.com revenues come primarily from premium (fee-based) technology services. We provide these services remotely, using skilled work-from-home agents who utilize our proprietary technology to deliver services.

We render services to consumers, either through our channel partners (which include brick and mortar and online retailers, anti-virus providers, and others) or directly via our website (www.support.com). We transact with consumers via direct transactions, referral programs or reseller programs. In reseller programs, the channel partner generally executes the financial transactions with the consumer and pays a fee to us. In such instances, since our channel partner is the transacting party that bears substantially all risks associated with the transaction, we record only the net fee received as revenue in accordance with the provisions of EITF Issue No. 99-19, "*Reporting Revenue Gross as a Principal versus Net as an Agent*." In referral programs, support.com transacts with the consumer and pays a fixed fee to the referring party. In such instances, since support.com is the transacting party and bears substantially all risks associated with the transaction, we record the gross amount of revenue. In direct transactions, support.com sells directly to the consumer at the retail price. For all transactions, in accordance with SAB 104, we recognize revenue for these services only when all of the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- Collection is considered probable; and
- The fees are fixed or determinable.

We consider all arrangements with payment terms longer than 90 days not to be fixed or determinable. If the fee is determined not to be fixed or determinable, revenue is recognized as payment becomes due from the customer.

Our services are of three types:

- Incident-Based Services – Consumers purchase discrete, one-time services which are delivered at time of sale (or immediately thereafter). Revenue recognition occurs at time of sale, which is also the time of service delivery.
- Service Cards / Gift Cards – A consumer may purchase a service card and/or gift card, which entitles the purchaser to redeem a certain service at a time of his/her choosing. For these sales, revenue is deferred until the card has been redeemed and the service has been rendered.
- Subscriptions – Consumers may purchase subscriptions – or "service plans" – under which certain services are provided over a fixed subscription period. Revenues for subscriptions are recognized ratably over the respective subscription periods.

We also license certain of our consumer software products to channel partners who use our software to provide services to their customers. Such channel partners are charged a per-use fee for the software and revenue is recognized in the period usage occurs.

Channel partners are generally invoiced monthly for services delivered and subscriptions sold during that period. Fees from transactions directly with consumers are generally paid with a credit card at the time of delivery (for incident-based services) or time of sale (for gift cards/service cards and subscriptions). Revenue is recognized net of any applicable sales tax.

support.com generally provides a refund period on services, during which refunds may be granted to consumers under certain circumstances, including inability to resolve certain support issues. For our channel sales, the refund period varies by partner, but is generally between 5-10 days. For our direct-to-consumer sales, the refund period is generally 5 days. For all channels, we recognize revenue net of refunds and cancellations during the period.

Cash, Cash Equivalents and Investments

All liquid instruments with an original maturity at the date of purchase of ninety days or less are classified as cash equivalents. Cash equivalents and short-term investments consist primarily of money market funds, commercial paper, corporate and municipal bonds and auction-rate securities (ARS) held by UBS, which have a put option exercisable within one year. Long-term investments consist of other ARS positions not held with UBS. Other than the ARS held by UBS, our cash equivalents and short-term investments are classified as available-for-sale, and are reported at fair value with unrealized gains/losses (when deemed to be temporary) included in accumulated other comprehensive income within stockholders' equity on the condensed consolidated balance sheets. The ARS held by UBS are classified as trading securities and are reported at fair value with realized gains/losses included in interest income (expense) and other, net in the condensed consolidated statements of operations. We have designated all long-term investments as available-for-sale and they are therefore reported at fair value, with unrealized gains and losses recorded in accumulated other comprehensive income. For the three months ended June 30, 2009, we recorded a realized loss of $1.6 million on the ARS put option re-valuation, offset by a realized gain of $1.8 million on the UBS ARS, for a net realized gain of $218,000. For the six months ended June 30, 2009, we had a net realized gain/loss of zero. This was due to the put option re-valuation fully offsetting the UBS ARS re-valuation. There were no other realized gains or losses for the three and six months ended June 30, 2008. We recorded net unrealized losses on available-for-sale securities of $0.7 million and $1.6 million at June 30, 2009 and December 31, 2008, respectively.

We monitor our investments for impairment on a quarterly basis and determine whether a decline in fair value is other-than-temporary by considering factors such as current economic and market conditions, the credit rating of the security's issuer, the length of time an investment's fair value has been below our carrying value, the Company's intent to sell the security and, the Company's belief that it will not be required to sell the security before the recovery of its amortized cost. If an investment's decline in fair value is deemed to be other-than-temporary, we reduce its carrying value to its estimated fair value, as determined based on quoted market prices or liquidation values. Declines in value judged to be other-than-temporary, if any, are recorded in operations as incurred. At June 30, 2009, the Company evaluated its unrealized gains/losses on available-for-sale securities, the majority of which are from the long-term ARS, and determined them to be temporary. The long-term investments have been in a continuous unrealized loss position for more than 12 months. In accordance with FSP No. 115-2, the Company concluded that it does not intend to sell a security with an unrealized loss and it will not be required to sell the security before the recovery of its amortized cost basis.

The following is a summary of cash, cash equivalents and investments at June 30, 2009 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Gross Realized Losses	Fair Value
Cash	$ 4,134	$ —	$ —	$ —	$ 4,134
Money market funds	54,865	—	—	—	54,865
Commercial paper	15,881	—	—	—	15,881
Agency bonds	2,000	1	—	—	2,001
Corporate bonds	2,519	—	(10)	—	2,509
Auction-rate securities (1)	24,400	—	(670)	(3,424)	20,306
	$103,799	$ 1	$ (680)	$(3,424)	$99,696
Classified as:					
Cash and cash equivalents	$ 65,999	$ —	$ —	$ —	$65,999
Short-term investments	34,200	1	(10)	(3,424)	30,767
Long-term investments	3,600	—	(670)	—	2,930
	$103,799	$ 1	$ (680)	$(3,424)	$99,696

(1) In addition to the fair value of our ARS holdings, we hold an ARS put option, which is classified as a short-term asset valued of $3.4 million as of June 30, 2009. At June 30, 2009, the fair value of cash, cash equivalents, investments and the ARS put option was $103.1 million.

The following table summarizes the estimated fair value of our available-for-sale and trading debt securities classified by the stated maturity date of the security:

Due within one year	13,391
Due within two years	—
Due after three years	20,306

At June 30, 2009 and December 31, 2008 we had investments in AAA-rated ARS with various state student loan authorities with estimated fair values of $20.3 million and $15.8 million, respectively. The student loans made by these authorities are substantially guaranteed by the federal government through the Federal Family Education Loan Program (FFELP). ARS are long-term floating rate bonds tied to short-term interest rates. After the initial issuance of the securities, the interest rate on the securities is reset periodically, at intervals established at the time of issuance (e.g., every seven days, twenty-eight days, thirty-five days, or every six months), based on market demand, if the auctions are successful. ARS are bought and sold in the marketplace through a competitive bidding process often referred to as a "Dutch auction." If there is insufficient interest in the securities at the time of an auction, the auction may not be completed and the ARS then pays a default interest rate. Following such a failed auction, we cannot access our funds that are invested in the corresponding ARS until a future auction of these investments is successful, new buyers express interest in purchasing these securities in between reset dates, issuers establish a different form of financing to replace these securities or final payments become due according to contractual maturities. Commencing in February 2008, conditions in the global credit markets resulted in failed auctions for all of our ARS held. In the near term, our ability to liquidate our investments or fully recover the carrying values may be limited or not exist.

In August 2008, UBS, the broker-dealer for most of our ARS, announced a settlement under which it has offered to provide liquidity solutions for, or purchase, the ARS held by its institutional clients. In October 2008, UBS extended an offer of rights to us to sell our eligible ARS at par value back to UBS beginning June 30, 2010 through July 2, 2012. All of the UBS ARS qualify as "eligible" for purposes of the rights offer. Under the offer, UBS will have sole discretion without prior notice to the Company, to sell our eligible ARS and return par value to the Company up through July 2, 2012. In November 2008, we elected to accept the offer of rights from UBS, which gives us the option to sell to UBS a total of $20.8 million at par value at any time beginning June 30, 2010 through July 2, 2012. Upon acceptance of the UBS rights offer, we elected to value the ARS put option at fair value as allowed under SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities."* Refer to the Auction-Rate Securities Put Option section below for further discussion. Given the UBS rights offer, we have elected a one-time transfer of our UBS ARS from available-for-sale to trading securities in accordance with FASB Statement No. 115, "*Accounting for Certain Investments in Debt and Equity Securities*" (SFAS 115). The transfer to trading securities reflects management's intent to exercise its ARS put option during the period June 30, 2010 to July 2, 2012. During the quarter ended June 30, 2009, we recorded a gain of $1.8 million to adjust the value of the UBS ARS to fair value and a loss of $1.6 million on ARS put option for a net realized gain of $218,000 in interest income (expense) and other, net, in our condensed consolidated statement of operations. We also reclassified the UBS ARS and ARS put option to current assets in our condensed consolidated balance sheet as of June 30, 2009 because the ARS put option is now exercisable within one year. For the six months ended June 30, 2009 we had a net realized gain of zero. Further changes in the value of the UBS ARS will also be recorded on our condensed consolidated statement of operations in this manner.

We determined that the gross unrealized losses on our available-for-sale investments as of June 30, 2009 are temporary in nature. The fair value of our ARS at June 30, 2009 reflects an unrealized loss of $0.7 million, entirely related to securities classified as available-for-sale.

Fair value for all ARS, including both the UBS securities classified as trading securities and the other ARS classified as available-for-sale, was based on a discounted cash flow valuation that takes into account a number of factors including the weighted average remaining term (WART) of the underlying securities, the expected return, and the discount rate. The actual WART from servicing reports was used where available. For securities where the actual WART was not available an estimate based on other securities held was used. The expected return was calculated based on the last twelve months average for the 91 day T-bill plus a spread. This rate is the typical default rate for ARS held by us. The discount rate was calculated using the 3-month LIBOR rate plus adjustments for the security type. Changes in any of the above estimates, especially the weighted average remaining term or the discount rate, could result in a material change to the fair value. At June 30, 2009, all ARS were classified as Level 3 assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 157, "*Fair Value Measurements*" hierarchy. Presently we have determined the decline in value for the available-for-sale ARS to be temporary because i) we have no intent to sell the security, and we believe that we will not be required to sell the security before the recovery of its amortized cost due to our large cash reserves; ii) through June 30, 2009 all of the securities have maintained AAA credit ratings; and iii) loans made by the issuers are backed by the federal government. In accordance with FSP No. 115-2, we also conclude that we do not intend to sell an impaired available-for-sale security and will not be required to sell such a security before the recovery of our amortized cost.

However, if circumstances change, we may be required to record an other-than-temporary impairment charge on the available-for-sale ARS. We may similarly be required to record other-than-temporary impairment charges if the ratings on any of these securities are reduced or if any of the issuers default on their obligations. In addition to impairment charges, any of these events could cause us to lose part or all of our investment in these securities. Any of these events could materially affect our results of operations and our financial condition. We currently believe these securities are not significantly impaired for the reasons described above; however, it could take until the final maturity of the underlying notes (up to 30 years) to realize our investments' recorded value.

Auction-Rate Securities Put Option

In November 2008, we signed a Rights Agreement with UBS concerning the disposition of our ARS. The UBS agreement gives us the right to sell our ARS back to UBS, at par value, beginning June 30, 2010 through July 2, 2012. Prior to June 30, 2010, UBS has the right to sell our ARS holdings at any time, and return par value to us. The rights represent a freestanding financial instrument for accounting purposes. As noted above, we elected to value this “put” option at fair value as allowed under SFAS No. 159. As such, we recognized the value of the repurchase right as an asset with the corresponding gain recorded in earnings. Fair value was determined using a “with and without” approach based on a discounted cash flow valuation comparing the value of the auction-rate securities with the put option and without it. We took into account the same factors as those used to value the auction-rate securities noted above, adjusted to account for differences in cash flow timing and UBS credit risk. The value of the rights offer was recorded in interest income and expense, net. The value of the ARS put option at June 30, 2009 and December 31, 2008 was $3.4 million and $7.1 million. During the quarter ended June 30, 2009, we recorded a gain of $1.8 million to adjust the value of the UBS ARS to fair value and a loss of $1.6 million on ARS put option for a net gain of $218,000 in interest income (expense) and other, net, in our condensed consolidated statement of operations. At December 31, 2008 the ARS put option fully offset the realized loss recorded on the related ARS in our condensed statement of operations. Because the ARS put option represents a freestanding financial instrument and is valued separately taking into account adjustments to the factors used to value the related ARS, its value may not fully offset the realized losses on the related ARS in every reporting period. In any period in which a change in value of our ARS put option does not fully offset a change in value of our UBS ARS, or vice versa, our condensed consolidated statement of operations will be impacted.

As of June 30, 2009, our UBS ARS are presented as short-term investments on our condensed consolidated balance sheet, while the value of the Rights Agreement is presented separately in current assets as ARS put option. The ARS put option is not a traditional put option in that it is non-transferable, non-assignable and not available for trade in any financial market. If UBS has insufficient funding to fulfill their obligation to buy back the ARS per the Rights Agreement, then we may incur further losses in our statement of operations.

The offer of rights includes the right to a loan from UBS at no net cost for up to the amount of the par value of our eligible ARS. The loan option is available until June 30, 2010. As of June 30, 2009, we had not exercised our right to obtain a loan.

Fair Value Measurements

Effective January 1, 2008, we adopted SFAS No. 157, ‘*Fair Value Measurements*”. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In accordance with SFAS No. 157, the following table represents our fair value hierarchy for our financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of June 30, 2009 and December 31, 2008 (in thousands):

As of June 30, 2009	Level 1	Level 2	Level 3	Total
Money market funds	$58,999	$ —	$ —	$58,999
Commercial paper	—	15,881	—	15,881
Corporate bonds	—	4,510	—	4,510
Auction-rate securities	—	—	20,306	20,306
Auction-rate securities put option	—	—	3,424	3,424

As of December 31, 2008	Level 1	Level 2	Level 3	Total
Money market funds	$55,058	$ —	$ —	$55,058
Commercial paper	—	7,781	—	7,781
Corporate bonds	—	2,999	—	2,999
Auction-rate securities	—	—	15,766	15,766
Auction-rate securities put option	—	—	7,148	7,148

Level 3 assets consist of ARS with various state student loan authorities and the ARS put option. Since the auctions for these securities have continued to fail since February 2008, these investments are not currently trading and therefore do not have a readily determinable market value. The fair value of the ARS as of June 30, 2009 and 2008 was estimated by management.

The following table provides a summary of changes in fair value of our Level 3 financial assets as of June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30, 2009		Three Months Ended June 30, 2008	
	Auction-Rate Securities	Auction-Rate Securities Put Option	Auction-Rate Securities	Auction-Rate Securities Put Option
Beginning balance at March 31	$ 18,216	$ 5,037	$ 23,934	$ —
Transfer into Level 3	—	—	—	—
Sales	—	—	(500)	—
Total gains/(losses):				
Included in interest income (expense) and other, net	1,831	(1,613)	—	—
Included in other comprehensive income	259	—	(169)	—
Ending balance at June 30	$ 20,306	$ 3,424	$ 23,265	$ —

	Six Months Ended June 30, 2009		Six Months Ended June 30, 2008	
	Auction-Rate Securities	Auction-Rate Securities Put Option	Auction-Rate Securities	Auction-Rate Securities Put Option
Beginning balance at December 31	$ 15,766	$ 7,148	$ —	$ —
Transfer into Level 3	—	—	25,300	—
Sales	—	—	(500)	—
Total gains/(losses):				
Included in interest income (expense) and other, net	3,724	(3,724)	—	—
Included in other comprehensive income	816	—	(1,535)	—
Ending balance at June 30	$ 20,306	$ 3,424	$ 23,265	$ —

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, investments and trade accounts receivable. Our investment portfolio consists of investment grade securities. Except for obligations of the United States government and securities issued by agencies of the United States government, we diversify our investments by limiting our holdings with any individual issuer. We also limit the amount of credit risk exposure to any one country except the United States. We are exposed to credit risks in the event of default by the issuers of the securities we hold to the extent of the amount recorded on the balance sheet. At June 30, 2009 we held approximately $20.3 million of AAA-rated student loan ARS.

The student loans made by the issuers of these securities are substantially guaranteed by the federal government through FFELP. Prior to February 2008, these securities had not experienced failed auctions, however, since February 2008 all auctions for these securities have failed. See the Cash, Cash Equivalents and Investments section of this Note 1 to the condensed consolidated financial statements for more information.

The credit risk in our trade accounts receivable is mitigated by our credit evaluation process, reasonably short payment terms and because we sell our products primarily to large organizations. At June 30, 2009 and December 31, 2008 Office Depot accounted for a substantial majority of our total accounts receivable.

For the three- and six-month periods ended June 30, 2009, and for the three- and six-month periods ended June 30, 2008 Office Depot accounted for the substantial majority of our revenue.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount. We perform evaluations of our customers' financial condition and generally do not require collateral. We make judgments as to our ability to collect outstanding receivables and provide allowances for the portion of receivables when collection becomes doubtful. Provisions are made based upon a specific review of all significant outstanding invoices. For those invoices not specifically provided for, provisions are recorded at differing rates based upon the age of the receivable. If the judgments and estimates we use to calculate the allowance for doubtful accounts do not reflect the future ability to collect outstanding receivables, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected. Our Enterprise Business accounts receivable were sold to Consona as part of the sale of our Enterprise Business in June 2009 (see Note 2 for details). We currently believe that we have no specific account collectability risk in our continuing business, and have recorded no specific reserves against our Consumer Business as of June 30, 2009 and December 31, 2008.

Property and Equipment

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

Business Combinations – Purchase Accounting

Under the purchase method of accounting we allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. We record the excess of purchase price over the aggregate fair values as goodwill. We engage third-party appraisal firms to assist us in determining the fair values of assets acquired and liabilities assumed. These valuations require us to make significant estimates and assumptions, especially with respect to intangible assets. We have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expenses. We have estimated the future cash flows to be derived from such assets, and these estimates are used to determine the fair value of the assets. If our estimates of the economic lives or the future cash flows change, depreciation or amortization expenses could be accelerated and the value of our intangible assets could be impaired.

Accounting for Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the cost of acquisition over the sum of the amounts assigned to identifiable assets acquired less liabilities assumed. We record purchased intangible assets at fair value. The original cost is amortized on a straight-line basis over the estimated useful life of each asset.

In accordance with SFAS No. 142, "*Goodwill and Other Intangible Assets*," we review goodwill and other intangible assets that have indefinite useful lives for impairment at least annually in our third fiscal quarter, or more frequently if an event occurs indicating the potential for impairment. In accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," we review intangible assets that have finite useful lives and other long-lived assets when an event occurs indicating the potential for impairment. In our reviews, we look for facts or circumstances, either internal or external, indicating that we may not recover the carrying value of the asset. We measure impairment losses related to long-lived assets based on the amount by which the carrying amounts of these assets exceed their fair values.

Stock-Based Compensation

We comply with Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment,*" ("SFAS No. 123R") which requires the measurement and recognition of compensation expense for all stock-based payment awards, including grants of stock and options to purchase stock, made to employees and directors based on estimated fair values.

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The fair value of our stock options granted to employees and employee stock purchases for the three and six months ended June 30, 2009 and 2008 was estimated using the following assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Stock Option Plan:				
Risk-free interest rate	2.1%	3.1%	2.1%	2.5%
Expected term	4.4 years	4.1 years	4.4 years	4.1 years
Volatility	60.2%	51.4%	60.2%	51.4%
Expected dividend	0%	0%	0%	0%
Weighted average fair value	$ 1.09	$ 1.62	$ 1.09	$ 1.59
Employee Stock Purchase Plan (ESPP):				
Risk-free interest rate	n/a	1.5%	n/a	1.5%
Expected term	n/a	0.5 years	n/a	0.5 years
Volatility	n/a	58.6%	n/a	58.6%
Expected dividend	n/a	0%	n/a	0%
Weighted average fair value	n/a	$ 1.15	n/a	$ 1.15

On June 23, 2009 the Company sold its Enterprise Business to Consona Corporation pursuant to an Asset Purchase Agreement (see Note 2). A sale of this nature qualifies as the sale of “substantially all the assets of the business,” and according to the terms of the ESPP plan document such a sale automatically terminates the ESPP. As a result of the automatic termination of the ESPP, the company reversed all ESPP expenses related to the current purchase period and refunded all amounts to the employees. We recorded the following stock-compensation expense for the three and six months ended June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Stock option compensation expense recognized in:				
Cost of revenue	$ 31	$ 20	$ 65	$ 30
Research and development	62	67	134	151
Sales and marketing	163	245	423	493
General and administrative	388	523	771	938
	$ 644	$ 855	$1,393	$1,612
ESPP compensation expense recognized in:				
Cost of revenue	$ (4)	$ 17	$ 3	$ 18
Research and development	(2)	3	2	5
Sales and marketing	(2)	4	2	6
General and administrative	(3)	4	2	7
	$ (11)	$ 28	$ 9	$ 36
Stock-based compensation expense included in total costs and expenses	$ 633	$ 883	$1,402	$1,648

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The following table represents stock option activity for the six months ended June 30, 2009:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in '000's)
Outstanding options at the beginning of the period	13,635,580	$ 4.41	4.54	$ 243
Granted	169,500	2.20		
Exercised	(146,239)	0.95		
Forfeited	(3,916,817)	4.57		
Outstanding options at the end of the period	9,742,024	$ 4.36	3.6	$ 13
Options vested and expected to vest	9,731,554	$ 4.36	3.6	$ 13
Outstanding and exercisable at the end of the period	6,658,043	$ 4.68	2.8	$ 13

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that would have been received by the option holders had they all exercised their options on June 30, 2009. This amount changes based on the fair market value of our stock. During the three and six months ended June 30 2009 the aggregate intrinsic value of options exercised under our stock option plans was $180,000. During the three and six months ended June 30, 2008 there were no exercises, therefore, the aggregate intrinsic value of options exercised under our stock option plans was zero. Total fair value of options vested during the three and six months ended June 30, 2009 was $0.9 million and $2.1 million, respectively. Total fair value of options vested during the three and six months ended June 30, 2008 was $1.3 million and $2.4 million, respectively.

At June 30, 2009 there was $11.2 million of unrecognized compensation cost related to existing options outstanding, which is expected to be recognized over a weighted average period of 2.3 years.

Net Loss Per Share

Basic and diluted net loss per share have been computed using the weighted-average number of common shares outstanding during the periods. In accordance with SFAS 128, which states that "an entity that reports a discontinued operation or an extraordinary item in a period shall use income from continuing operations as the 'control number' in determining whether potential common shares are dilutive or antidilutive." Accordingly, outstanding options were excluded from the computation of diluted net loss per share for all periods presented given the loss from operations incurred in each period.

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Loss from continuing operations	$ (4,221)	$ (7,813)	$(12,675)	$(14,639)
Income from discontinued operations	6,460	3,466	7,518	6,661
Net income(loss)	$ 2,239	$ (4,347)	$ (5,157)	$ (7,978)
Shares used in computing basic net gain (loss) per share	46,360	46,076	46,345	46,065
Shares used in computing diluted net gain (loss) per share	46,360	46,076	46,345	46,065
Basic and diluted net loss per share from continuing operations	$ (0.09)	$ (0.17)	$ (0.27)	$ (0.32)
Basic and diluted net income per share from discontinued operations	0.14	0.08	0.16	0.15
Basic and diluted net gain (loss) per share	$ 0.05	$ (0.09)	$ (0.11)	$ (0.17)

Warranties and Indemnifications

support.com generally provides a refund period on sales, during which refunds may be granted to consumers under certain circumstances, including the inability to resolve certain support issues. For our channel sales, the refund period varies by partner, but is generally between 5-10 days. For our direct-to-consumer sales, the refund period is generally 5 days. For all channels, we recognize revenue net of refunds and cancellations during the period.

We generally agree to indemnify our customers against legal claims that our software products infringe certain third-party intellectual property rights and account for our indemnification obligations under SFAS No. 5. As of June 30, 2009 we have not been required to make any payment resulting from infringement claims asserted against our customers and have not recorded any related accruals.

Recent Accounting Pronouncements

Effective April 1, 2009, the Company adopted three Financial Accounting Standard Board (FASB) Staff Positions ("FSP") that provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities. FSP No. 157-4*, "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"*, provides additional guidelines for estimating fair value in accordance with SFAS No. 157, "*Fair Value Measurements*." FSP No. 115-2, *"Recognition and Presentation of Other-Than-Temporary Impairments",* changes existing accounting requirements for other-than-temporary-impairment (OTTI) for debt securities by replacing the current requirement that a holder have the positive intent and ability to hold an impaired security to recovery in order to conclude an impairment was temporary with a requirement that an entity conclude it does not intend to sell an impaired security and it will not be required to sell the security before the recovery of its amortized cost basis. FSP No. 107-1 and Accounting Principles Board ("APB") Opinion No. 28-1, "*Interim Disclosures about Fair Value of Financial Instruments,"* increases the frequency of fair value disclosures. These FSPs are effective for fiscal years and interim periods ended after June 15, 2009. The adoption of these FSPs did not have any impact on the Company's consolidated financial statements.

Effective April 1, 2009, the Company adopted the SFAS No. 165, "*Subsequent Events*" (SFAS 165). The standard modifies the names of the two types of subsequent events either as recognized subsequent events (previously referred to in practice as Type I subsequent events) or non-recognized subsequent events (previously referred to in practice as Type II subsequent events). In addition, the standard modifies the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statements are issued. It also requires the disclosure of the date through which subsequent events have been evaluated. The standard did not result in significant changes in the practice of subsequent event disclosures or the related accounting thereof, and therefore the adoption did not have any impact on the Company's consolidated financial statements.

Note 2. Discontinued Operations

support.com, Inc., formerly SupportSoft, Inc., was founded as an enterprise software provider. In 2007, the Company launched a premium technology services business focused on consumers and, in 2008, began reporting two operating segments under the requirements of Statement of Financial Accounting Standard ("FAS") No. 131, "*Disclosures about Segments of an Enterprise and Related Information*." The two segments were the Enterprise Business (comprised of the enterprise software and related services businesses) and the Consumer Business (comprised of the new consumer services business). This segment reporting structure was used for all publicly filed Company financial statements beginning January 1, 2008.

During the second quarter of 2009, pursuant to an Asset Purchase Agreement dated April 5, 2009, the Company sold substantially all of the assets and transferred certain of the liabilities of its Enterprise Business to Consona Corporation ("Consona"). The Company has retained all assets and liabilities associated with its Consumer Business and intends to continue operations in this segment. As the Company has irrevocably sold the Enterprise Business to Consona, the operations and cash flows of the disposed business have been completely eliminated from the ongoing operations of support.com. Furthermore, other than a services arrangement whereby certain support.com employees will provide transitional support services to Consona, support.com will not have any continuing involvement in the operations of the disposed business. Additionally, the Company will make no operational decisions as part of the transitional services arrangement and will only process transactions for Consona. Therefore, the Company is reporting the Enterprise Business as a discontinued operation as of June 23, 2009, and for all periods presented in accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets"* (SFAS 144).

Operating results for the discontinued operation are listed below for the three- and six-month periods ended June 30, 2009 and comparable periods ending June 30, 2008:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue:				
License	$ 432	$ 2,897	$ 1,238	$ 5,871
Maintenance	3,115	3,895	6,783	7,898
Services	2,215	3,933	4,659	7,883
Total revenue	5,762	10,725	12,680	21,652
Costs and expenses:				
Costs of license	105	92	215	143
Cost of maintenance	338	414	728	910
Cost of services	1,885	3,089	4,141	6,418
Amortization of intangible assets	—	30	—	60
Research and development	416	689	849	1,352
Sales and marketing	1,403	2,862	3,970	5,917
Total costs and expenses	4,147	7,176	9,903	14,800
Income from discontinued operations, before income taxes	1,615	3,549	2,777	6,852

Summary results from discontinued operations, including gain on sale and tax impact, are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Income from discontinued operations, before income taxes	$ 1,615	$3,549	$ 2,777	$6,852
Gain on sale of discontinued operations	9,509	—	9,509	—
Taxes on discontinued operations	(4,664)	(83)	(4,768)	(191)
Income from discontinued operations, after income taxes	$ 6,460	$3,466	$ 7,518	$6,661

Income from discontinued operations, before income taxes, represents the Enterprise Business' historic segment reporting, including all directly attributable revenues (license, maintenance and professional services) and costs (cost of goods sold, research and development and sales and marketing). These revenues and costs are consistent with prior reporting methodologies, but exclude all corporate costs, primarily facilities and information technology, which were previously allocated to the segment.

Historically, the Company has allocated certain overhead expenditures, such as facilities and information technology, across the functional departments of its two operating segments. Since these support functions remain as part of the Company's continuing operations, they are therefore not included in discontinued operations reporting.

The gain on sale of the Enterprise Business was approximately $9.5 million, reflecting the cash received from Consona (approximately $20.5 million), and the carrying value of the net liabilities of the Enterprise Business acquired by Consona (approximately $1.9 million), less Enterprise Business goodwill ($9.8 million) and deal-related expenditures (approximately $3.1 million).

Tax expenses have been attributed to discontinued operations or continuing operations based on specific analysis for federal, state and international amounts. As a result, the Company had $4.7 million of income tax expense related to the income from discontinued operations and the gain on sale of the Enterprise segment. The income tax expense is recorded as part of the Company's discontinued operations and is partially offset by an income tax benefit recorded as part of the continuing operations in the current period (see Note 4). The benefit represents the utilization of the Company's continuing operations' tax attributes, including current year losses, which can be used to offset the tax expense for the gain on the sale. The Company expects to fully offset the $4.7 million tax expense on the sale of discontinued operations with further tax benefits on continuing operations in the third and fourth quarters of 2009.

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Note 3. Comprehensive Loss

SFAS No. 130 "*Reporting Comprehensive Income*" (SFAS No. 130) establishes standards for reporting and displaying comprehensive net income/loss and its components in stockholders' equity. SFAS No. 130 has no impact on our net income or loss as presented in our financial statements. SFAS No. 130 requires foreign currency translation adjustments and changes in the fair value of available-for-sale securities to be included in comprehensive income or loss.

The following are the components of comprehensive loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income/(loss)	$2,239	$(4,347)	$(5,157)	$(7,978)
Net unrealized gain/(loss) on available-for-sale securities	350	(220)	901	(1,572)
Foreign currency translation gain/(loss)	(79)	(27)	(133)	(143)
Total comprehensive income/(loss)	$2,510	$(4,594)	$(4,389)	$(9,693)
Income tax provision netted against unrealized gain (loss) on available-for-sale securities	$ —	$ —	$ —	$ —
Income tax provision (benefit) netted against foreign currency translation loss	$ (23)	$ (1)	$ (61)	$ 69

Note 4. Income Taxes

As a result of the sale of the Company's Enterprise Business to Consona Corporation (see Note 2 for details), the Company is reporting all financial activity for that segment – including revenues, direct expenses, gain on sale of discontinued operations, and the tax impact of the gain on the sale and the related tax impact of discontinued operations – as discontinued operations. For details on the tax impact on our discontinued operations, please see Note 2. The income tax provision reported in this Note relates to the tax position of the Company's continuing operations.

Generally, the amount of tax expense or benefit allocated to continuing operations is determined without regard to the tax effects of other categories of income or loss, such as income from discontinued operations. However, an exception is provided when there is a pre-tax loss from continuing operations and pre-tax income from other categories in the current year. The intraperiod tax allocation rules in Statement of Financial Accounting Standards No. 109, "*Accounting for Income Taxes,*" ("SFAS 109") related to items charged directly to discontinued operations can result in disproportionate tax effects that remain in discontinued operations for interim reporting periods.

During the second quarter of 2009, because support.com projected a loss in continuing operations for 2009 and generated a gain on sale on discontinuing operations for the three months ended June 30, 2009, the intraperiod tax allocation exception contained in SFAS 109 applied. Specifically, support.com recorded a tax expense of approximately $4.7 million in its discontinued operations, related primarily to the gain on sale of its discontinued operations, and recorded a benefit of approximately $2.8 million in continuing operations, primarily related to this pre-tax gain from discontinued operations. The $2.8 million benefit on continuing operations only partially off-sets the $4.7 million expense for the three- and six-month period ending June 30, 2009; however, since the company projects further losses on continuing operations in 2009, it expects to fully off-set the tax expense from discontinued operations with additional tax benefits in the third and fourth quarters of 2009.

The Company recorded an income tax benefit from continuing operations of approximately $2.8 million for the three and six months ended June 30, 2009. For the three and six months ended June 30, 2008 the Company recorded an income tax benefit of $1,000 and an income tax benefit of $1,000, respectively. These provisions primarily reflect the benefit of utilization of continuing operations tax attributes given the impact of the tax on the income from discontinued operations (for the 2009 periods) (see Note 2) as well as some state income taxes and the benefit of federal refundable research and development credits. In accordance with Financial Accounting Standards Interpretation No. 48 (FIN 48), no material increase or decrease in unrecognized tax benefits was included in the quarterly provision for the three months ended June 30, 2009 and 2008, respectively.

As of June 30, 2009, the Company's deferred tax assets are fully offset by a valuation allowance except in those jurisdictions where it is determined that a valuation allowance is not required. SFAS No. 109 "*Accounting for Income Taxes*" (SFAS No. 109) provides for the recognition of deferred tax assets if realization of such assets is more likely than not. Based upon the weight of available evidence, which includes historical operating performance, reported cumulative net losses since inception and difficulty in accurately forecasting our future results, we provided a full valuation allowance against our net U.S. deferred tax assets and a full valuation allowance on certain foreign deferred tax assets. The Company reassesses the need for our valuation allowance on a quarterly basis. If it is later determined that a portion of the valuation allowance should be reversed it will be a benefit to the income tax provision.

Note 5. Contingencies

Legal contingencies

In November 2001, a class action lawsuit was filed against the Company, two of the Company's former officers and certain underwriters in the United States District Court for the Southern District of New York. Similar complaints have been filed against 55 underwriters and more than 300 other companies and other individual officers and directors of those companies; the consolidated case is *In re Initial Public Offering Securities Litigation*, No. 21 MC 92 (SAS) (S.D.N.Y.). The lawsuit, which seeks unspecified damages, fees and costs, alleged that our registration statement and prospectus dated July 18, 2000 for the issuance and initial public offering of 4,250,000 shares of the Company's common stock contained material misrepresentations and/or omissions related to alleged inflated commissions received by the underwriters of the offering. On April 1, 2009, all parties entered into a Stipulation and Agreement of Settlement that, if approved, would resolve all claims and dismiss the case against the Company and its former officers, without any payment by the Company or its former officers. The court has not yet set a date for a hearing to approve the settlement.

The Company is also subject to other routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of its business, potentially including assertions that we may be infringing patents or other intellectual property rights of others. We currently do not believe that the ultimate amount of liability, if any, for any pending claims of any type (alone or combined) will materially affect our financial position, results of operations or cash flows. The ultimate outcome of any litigation is uncertain, however, and unfavorable outcomes could have a material negative impact on our financial condition and operating results. Regardless of outcome, litigation can have an adverse impact on us because of defense costs, negative publicity, diversion of management resources and other factors.

Tax Contingencies

The Company is required to make periodic filings in the jurisdictions where we are deemed to have a presence for tax purposes. The Company has undergone audits in the past and has paid assessments arising from these audits. During the third quarter of 2008, the Company received a notice from the New York State Franchise Tax Office ("NYFTO") pertaining to tax years 2000-2005. The Notice claimed that certain expenses directly attributable to the Company's international subsidiaries should be disallowed for these tax years. The Company informed NYFTO that it disagreed with the findings, and settled this matter for $90,000 in the second quarter of 2009. During the fourth quarter of 2008, the Company's Indian subsidiary was issued a notice of income tax assessment pertaining to the 2005-2006 fiscal year. The notice claimed that the transfer price used in the Company's inter-company agreements with the Company's Indian subsidiary was too low, and that the rate should be increased. The Company believes that its current transfer pricing position is more likely than not to be sustained. The Company believes that this will be resolved for an immaterial amount through the normal judicial appeal process used in India, and has submitted its case to the court.

The Company may be subject to other income tax assessments in the future. The Company evaluates estimated losses that could arise from those assessments in accordance with Financial Accounting Standards Interpretation, FIN No. 48, "*Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109.*" The Company considers such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate on the amount of loss. The Company records the estimated liability amount for those assessments that we consider to be more likely than not in our balance sheet.

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Note 6. Restructuring Obligations and Other Charges

In the fourth quarter of 2008, the Company reduced its workforce by 33 employees, or approximately 10% of its non-technology support agent workforce at that time, and closed certain facilities worldwide to reduce its ongoing cost structure. As a result, the Company recorded a restructuring and impairment charge of $1.9 million in 2008. All of the affected employees were terminated as of December 31, 2008. The restructuring charge was primarily comprised of employee termination costs, professional services costs and facilities impairment costs. Restructuring and impairment expenses included in the condensed consolidated statement of operations totaled $702,000 in discontinued operations and $1.2 million in continuing operations, including $5,000 for cost of revenue, $56,000 for research and development, $608,000 for sales and marketing and $525,000 for general and administration. As of June 30, 2009, there was no remaining balance on the restructuring obligation.

In the first quarter of 2009, the Company implemented a reduction in workforce and closed certain facilities worldwide in order to reduce its ongoing cost structure. The Company reduced its workforce by 17 employees, or approximately 6% of its non-technology support agent headcount. All of the affected employees were terminated as of March 31, 2009. As a result, the Company recorded a restructuring charge of $896,000 in 2009. The restructuring charge was primarily comprised of employee termination costs, professional services costs and facilities impairment costs. Restructuring and impairment expenses included in the condensed consolidated statement of operations totaled $821,000 in discontinued operations and $75,000 in continuing operations, including $6,000 for sales and marketing and $69,000 for general and administrative. As of June 30, 2009, the remaining balance of the restructuring obligation was $504,000, which the Company expects to pay through 2011.

In the second quarter of 2009, the Company implemented a reduction in its workforce in order to align its on-going cost structure with the scale of its revenue following the sale of its Enterprise Business. The Company reduced its workforce by 23 employees, or approximately 19% of its non-technology support agent workforce. All of the affected employees were terminated as of June 30, 2009. In addition, the Company surrendered the lease for its Canadian facility, which had been impaired as of December 31, 2008. The Company reversed the remaining balance accrued of $219,000. As a result of these actions, the Company recorded a restructuring charge of approximately $345,000 in the second quarter of 2009 in its continuing operations. The restructuring charge was primarily comprised of employee terminations costs and professional services costs. Restructuring expenses included in the condensed consolidated statement of operations were $62,000 for cost of revenue, $187,000 for research and development, $315,000 for sales and marketing and $(219,000) for general and administrative due to the reversal of the Canadian facility accrual. As of June 30, 2009, the remaining balance was $78,000, which the Company expects to pay in the third quarter of 2009.

The following table summarizes activity associated with the restructuring and related expenses incurred as of June 30, 2009 in our continuing operations (in thousands):

	Severance(1)	Facilities(2)	Impairment(3)	Total
Restructuring obligations, December 31, 2008	$ 620	$ 332	$ —	$ 952
Restructuring costs incurred in the first quarter of 2009	76	439	41	556
Cash payments	(545)	(44)	—	(589)
Non-cash charges	—	—	(41)	(41)
Restructuring obligations, March 31, 2009	151	727	—	878
Restructuring costs incurred in the second quarter of 2009	564	(219)	—	345
Cash payments	(624)	(17)	—	(641)
Restructuring obligations, June 30, 2009	$ 91	$ 491	$ —	$ 582

(1) Severance costs include those expenses related to severance pay and related employee benefit obligations.

(2) Facilities costs include obligations under non-cancelable leases for facilities that we will no longer occupy, as well as penalties associated with early terminations of leases and disposal of fixed assets. No sublease income has been included because subleasing is not permitted under the terms of such leases.

(3) As part of the restructuring costs included in the table above, the Company wrote-off fixed assets related to the facilities that it will no longer occupy. This is a non-cash charge.

Note 7. Subsequent Event

On July 27, 2009, support.com, Inc. announced a tender offer in which it extends to its employees the opportunity to exchange (the “Exchange Offer”) outstanding options to purchase shares of the Company’s common stock granted under its 2000 Omnibus Equity Incentive Plan, as amended (the “2000 Plan”) that are outstanding as of July 27, 2009 and that have exercise prices per share greater than the last reported sale price per share of its common stock on The Nasdaq Global Select Market on August 21, 2009 (“Eligible Options”). Eligible Options will be exchangeable for an equivalent number of new nonqualified stock options (“New Options”) that the Company will grant under the 2000 Plan. The Company is making this offer on the terms and subject to the conditions set forth in the Exchange Offer documentation, including a new three-year vesting schedule. The Company intends to grant New Options to Eligible Optionholders on August 21, 2009, with an exercise price for the New Options equal to the last reported sale price per share of its common stock on The Nasdaq Global Select Market on that date.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q (the “Report”) and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2008. The following discussion includes forward-looking statements. Please see “Risk Factors” in Item 1A of Part II of this Report for important information to consider when evaluating these statements.

Overview

During the second quarter of 2009, we sold our Enterprise Business to Consona Corporation. This business had accounted for a substantial majority of our revenue in 2009 and 2008. As a result of the sale of the Enterprise segment, our unaudited condensed consolidated financial statements, accompanying notes and other information provided in this Form 10-Q reflect the Enterprise segment as a discontinued operation for all periods presented. Detailed information regarding the operating results of the Enterprise Business is presented in Note 2. After reclassifying the Enterprise segment to discontinued operations, our continuing operations consist solely of our remaining segment, the Consumer Business.

Following the sale of the Enterprise Business, we now operate purely in the consumer technology services market, in which we provide technology-enabled services that assist consumers in managing technology. We deliver our services remotely, using work-from-home agents who utilize our proprietary technology to deliver our services. We reach consumers through channel partners (which include brick and mortar and online retailers and anti-virus providers) and directly via our website (www.support.com). We offer incident-based services, service cards/gift cards and subscriptions.

We launched the Consumer Business in 2007 and recorded approximately $1.1 million in revenue. We recorded approximately $6.8 million in revenue in 2008, and expect to grow our revenues substantially in 2009. The growth we have experienced in our Consumer Business is due primarily to growth in of our channel partnerships. Currently, our key channel partners include Office Depot, Staples, Systemax (operating under the TigerDirect, CompUSA and Circuit City brands) and the anti-virus provider AVG.

Our key financial goals are to continue to grow and diversify revenue and to improve gross margin. To achieve growth in revenues, we seek to expand existing programs, add new partners and grow our direct support.com business. We aim to diversify revenue by developing partnerships with additional channel partners and by growing our direct support.com business through referral partnerships and marketing activities. We are also expanding our service offerings. We recently introduced subscription offerings and plan to continue to expand our offerings to include new services and support for additional devices and platforms.

We aim to improve gross margin by optimizing our service delivery operations through increased automation and process improvement. We are focusing a substantial part of our research and development activities on technology that increases the efficiency and improves the effectiveness of our technology support agents. To date, these activities have been focused on our Solutions Toolkit, an integrated set of tools for delivery of premium technology services, which has resulted in substantial efficiency gains through reductions in the average handle time for calls to our support agents. In addition, we have introduced significant process improvements into our service delivery operations and augmented our call center management team to drive efficiency gains and productivity increases, and we expect to continue these efforts. We also expect improved forecasting and revenue scale to enable resource optimization. Due to efficiency gains driven by technology and process improvement, we believe we can grow revenue substantially from current levels with only modest increases in our agent population, which should produce gross margin improvement. This progress is not evident in the second fiscal quarter results because we retained the same agent population with a modest revenue decline, but we believe that it will become evident in the second half of 2009 as revenue increases.

In April 2009, we announced a reduction in force of our Consumer Business to reduce our go-forward cost structure. In conjunction with the sale of our Enterprise Business in June 2009, we reduced our staffing to align our cost structure with the size of the on-going business. In addition, we have adopted a new compensation philosophy to match our transformation into a small, technology-enabled services business aimed at long-term growth. As part of that philosophy, we determined that short-term cash incentives should play a smaller role and long-term equity incentives, in the form of stock options, should play a more prominent role in our compensation program. Accordingly, we reduced cash compensation for executive officers. We also initiated a stock option exchange tender offer on July 24, 2009 in which eligible stock options held by employees may be exchanged for new options at current market values, and we have made additional option grants to key contributors. To ensure employee retention, stock options held by employees are being exchanged at current market values and subjected to new 3 year vesting schedules. Notwithstanding these equity-related actions, we expect the total number of options outstanding at the end of this year to be down materially from the number outstanding at the beginning of the year due to cancellation of options held by employees of the Enterprise Business and employees included in our 2009 reductions in force.

Achieving the revenue scale and positive gross margin will take time, and we expect to continue to consume cash in operations until we reach certain revenue levels. We ended the second quarter of 2009 with approximately $103.1 million in cash and cash equivalents, investments and the ARS put option. Based on current plans, we expect to consume additional cash before reaching profitability.

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

Critical Accounting Policies and Estimates

In preparing our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States, we make assumptions, judgments and estimates that can have a significant impact on our net revenue, and operating results, as well as on the value of certain assets and liabilities on our condensed consolidated balance sheet. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis we evaluate our assumptions, judgments and estimates and make changes accordingly. We believe that the assumptions, judgments and estimates involved in the accounting for revenue recognition, allowance for doubtful accounts, business combinations – purchase accounting, fair value measurements, fair value estimates, accounting for income taxes, accounting for goodwill and other intangible assets, and stock-based compensation have the greatest potential impact on our condensed consolidated financial statements, so we consider these to be our critical accounting policies. We discuss below the critical accounting estimates associated with these policies. For further information on the critical accounting policies, see Note 1 to our Condensed Consolidated Financial Statements.

Revenue Recognition

Our revenue recognition policy is one of our critical accounting policies because revenue is a key component of our results of operations and is based on complex rules which require us to make judgments. In applying our revenue recognition policy we must determine whether revenue is to be recognized on a gross or net basis in accordance with the provisions of EITF Issue No. 99-19, "*Reporting Revenue Gross as a Principal versus Net as an Agent*," which portions of our revenue are to be recognized, and which portions must be deferred and recognized in subsequent periods. We do not record revenue on sales transactions when the collection of cash is in doubt at the time of sale, and we use management judgment in determining collectability. From time to time, we may enter into agreements which involve us making payments to our channel partners. We evaluate the agreements based on EITF Issue No. 01-9, "*Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*," and use judgment in evaluating the treatment of such payments and in determining which portions of these payments should be recorded against revenue and which should be recorded as an expense. We generally provide a refund period on services, and we employ judgment in determining whether a customer is eligible for a refund based on that customer's specific facts and circumstances.

Allowances for Doubtful Accounts

We make judgments as to our ability to collect outstanding receivables and provide allowances for the portion of receivables when collection becomes doubtful. Provisions are made based upon a specific review of all significant outstanding invoices. For those invoices not specifically provided for, provisions are recorded at differing rates, based upon the age of the receivable. In determining these percentages, we analyze our historical collection experience and current payment trends. If the estimated data we use to calculate the allowance for doubtful accounts does not reflect the future ability to collect outstanding receivables, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected.

Business Combinations – Purchase Accounting

Under the purchase method of accounting, we allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. We record the excess of purchase price over the aggregate fair values as goodwill. We engage third-party appraisal firms to assist us in determining the fair values of assets acquired and liabilities assumed. These valuations require us to make significant estimates and assumptions, especially with respect to intangible assets. We have estimated the economic lives of certain acquired assets and these live are used to calculate depreciation and amortization expenses. We have estimated the future cash flows to be derived from such assets, and these estimates are used to determine the fair value of the assets. If our estimates of the economic lives or the future cash flows change, depreciation or amortization expenses could be accelerated and the value of our intangible assets could be impaired.

Fair Value Measurements

Effective January 1, 2008, support.com adopted SFAS No. 157, "*Fair Value Measurements*." SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Therefore, determining fair value for Level 1 instruments generally does not require significant management judgment, and the estimation is not difficult.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The determination of fair value for Level 3 instruments requires the most management judgment and subjectivity.

Our Level 3 assets consist of auction-rate debt securities with various state student loan authorities and the auction-rate securities put option (discussed below). Beginning in February 2008, all auctions for these securities have failed. Based on the continued failure of these auctions and the underlying maturities of the securities, we continue to classify our non-UBS holdings as long-term assets. Based on our ability to exercise the Rights Agreement with UBS beginning June 30, 2010, we have classified our UBS ARS holdings as current assets on our balance sheet. The fair value of the auction-rate securities as of June 30, 2009 was estimated by management.

Fair Value Estimates

In November, 2008, we signed a Rights Agreement with UBS concerning the disposition of our auction-rate securities (ARS). The UBS agreement gives us the right to sell our ARS holdings back to UBS, at par value, beginning June 30, 2010 through July 2, 2012. Prior to June 30, 2010, UBS has the right to sell support.com's ARS holdings at any time, and return par value to us. The rights represent a freestanding financial instrument for accounting purposes. As noted above, we elected to value this “put” option at fair value as allowed under SFAS No. 159. We recognized the value of the repurchase right as an asset with the corresponding gain recorded in earnings. Fair value was determined using a “with and without” approach, based on a discounted cash flow valuation comparing the value of the ARS with the put option and without it. We took into account the same factors as those used to value the ARS noted above. The value of the rights offer was recorded in interest income and expense, net. As of June 30, 2009, the value of the rights offer was $3.4 million, which substantially off-set the realized loss recorded on the related ARS in our condensed statement of operations. In any period in which a change in value of our ARS put option does not fully offset a change in value of our UBS ARS, or vice versa, our condensed consolidated statement of operations will be impacted.

Our UBS ARS are presented as short-term investments on our balance sheet, and the value of the Rights Agreement is presented separately as an ARS put option. At June 30, 2009, the value of the ARS and the ARS put option was 21.3% of our total assets. This ARS put option is not a traditional put option in that it is non-transferable, non-assignable, and not available for trade in any financial market.

We have made certain estimates in calculating the fair value of the ARS put option for our UBS securities, including estimates for the weighted average remaining term (WART) of the underlying securities in which actual WART from servicing reports was unavailable, the expected return, and the discount rate. In future periods, if our estimates for these assumptions change, the fair value estimate of our ARS holdings as well as the fair value estimate of our ARS put option would change, which would impact our operating results.

Accounting for Income Taxes

We are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves our management’s estimation of our actual current tax exposures together with an assessment of temporary differences determined based on the difference between the financial statement and tax basis of certain items. These differences result in net deferred tax assets and liabilities, which are included within our condensed consolidated balance sheets. We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. We currently have provided a full valuation allowance on our U.S deferred tax assets and a full valuation allowance on certain foreign deferred tax assets.

Accounting for Goodwill and Other Intangible Assets

At June 30, 2009, our recorded goodwill was $2.9 million. We assess the impairment of goodwill annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss would be recognized if the fair value of the reporting unit is less than the carrying value of the reporting unit’s net assets on the date of the evaluation. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance and an appropriate discount rate determined by our management. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to the business model or changes in operating performance. If we made different estimates, material differences may result in write-downs of net long-lived and intangible assets, which would be reflected by charges to our operating results for any period presented.

At June 30, 2009, our intangible assets, net were $334,000. We assess the impairment of finite lived identifiable intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized when the sum of the future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Such impairment loss would be measured as the difference between the carrying amount of the asset and its fair value.

Stock-based Compensation

We account for stock-based compensation in accordance with the provisions of SFAS 123R. Under the fair value recognition provisions of SFAS 123R, stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period of the award. We estimate the fair value of stock-based awards on the grant date using the Black-Scholes-Merton option-pricing model. Determining the appropriate fair value model and calculating the fair value of stock-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected life. If any of these assumptions used in the option-pricing models changes significantly, stock-based compensation may differ materially in the future from that record.

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RESULTS OF OPERATIONS

The following table sets forth the results of operations for the three and six months ended June 30, 2009 and 2008 expressed as a percentage of total revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	100%	100%	100%	100%
Costs and expenses:				
Cost of revenue	125	209	123	195
Amortization of intangible assets	1	3	1	2
Research and development	39	156	39	180
Sales and marketing	66	280	66	342
General and administrative	87	410	93	436
Total costs and expenses	318	1,058	322	1,155
Loss from operations	(218)	(958)	(222)	(1,055)
Interest and other income, net	12	81	2	136
Loss from continuing operations, before income taxes	(206)	(877)	(220)	(919)
Provision/(benefit) for income taxes	(83)	0	(40)	0
Loss from continuing operations	(123)	(877)	(180)	(919)
Income from discontinued operations, after income taxes	188	389	107	418
Net income/(loss)	65%	(488)%	(73)%	(501)%

REVENUE

	Three Months Ended June 30,				Six Months Ended June 30,			
In thousands, except percentages	2009	2008	$ Change	% Change	2009	2008	$ Change	% Change
Revenue	$3,433	$891	$2,542	285%	$7,047	$1,593	$5,454	342%

Revenue consisted primarily of services to consumers, either through our channel partners or directly via our website www.support.com. We also license certain of our consumer software products to partners on a per-use basis. Our business was beginning to generate revenue in 2008 and revenues in the three- and six- month period ended June 30, 2008 were significantly smaller than in the same periods in 2009. The increase in revenue from 2008 to 2009 was due to increased services demand from consumer partners, primarily from Office Depot. We expect revenue to grow this year relative to 2008 as we diversify and grow our channel partnerships and our direct-to-consumer business.

COSTS AND EXPENSES

Costs of Revenue

In thousands, except percentages	Three Months Ended June 30, 2009	2008	$ Change	% Change	Six Months Ended June 30, 2009	2008	$ Change	% Change
Cost of revenue	$4,280	$1,858	$2,422	130%	$8,650	$3,100	$5,550	179%

Cost of revenue consists primarily of salary and related expenses for operations personnel and technology support agents, technology and telecommunication expenses related to the delivery of services and other employee-related expenses. The increase for 2009 as compared to 2008 resulted primarily from salary and related overhead expenses for our technology support agents. Over time we expect to add technology support agents to support revenue growth, but we expect to continue driving increased efficiencies through technology and call center management, resulting in improved gross margins.

Amortization of Intangible Assets

In thousands, except percentages	Three Months Ended June 30, 2009	2008	$ Change	% Change	Six Months Ended June 30, 2009	2008	$ Change	% Change
Amortization of intangible assets	$42	$28	$ 14	50%	$84	$28	$ 56	200%

Amortization of intangible assets resulted from acquisition of YourTechOnline.com (YTO), which occurred May 2, 2008.

OPERATING EXPENSES

In thousands, except percentages	Three Months Ended June 30, 2009	2008	$ Change	% Change	Six Months Ended June 30, 2009	2008	$ Change	% Change
Research and development	$1,342	$1,392	$ (50)	(4)%	$2,748	$2,872	$ (124)	(4)%
Sales and marketing	$2,273	$2,492	$ (219)	(9)%	$4,620	$5,448	$ (828)	(15)%
General and administrative	$2,980	$3,654	$ (674)	(18)%	$6,578	$6,953	$ (375)	(5)%

Research and development. Research and development costs are expensed as incurred. Research and development expense consists primarily of compensation costs, third-party consulting expenses and related overhead costs for research and development personnel. The decrease in research and development expense from 2008 to 2009 resulted primarily from lower salary and related expenses due to fewer research and development personnel.

Sales and marketing. Sales and marketing expense consists primarily of compensation costs, including salaries and sales commissions for sales, business development and marketing personnel expenses for lead generation activities and promotional expenses, including public relations, advertising and marketing activities. The decrease in sales and marketing expense from 2008 to 2009 resulted primarily from lower salary and related expenses due to fewer personnel and lower advertising expense offset by restructuring costs in 2009.

General and administrative. General and administrative expense consists primarily of compensation costs and related overhead costs for administrative personnel and professional fees for legal, accounting and other professional services. The decrease in general and administrative expense from 2008 to 2009 resulted primarily from lower salary and related expense due to fewer personnel and lower facilities and information technology costs.

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INTEREST INCOME AND OTHER, NET

	Three Months Ended June 30,				Six Months Ended June 30,			
In thousands, except percentages	2009	2008	$ Change	% Change	2009	2008	$ Change	% Change
Interest income and other, net	$422	$721	$ (299)	(41)%	$121	$2,170	$(2,049)	(94)%

The decrease in interest income and other resulted primarily from lower average investment balances and lower interest income on our marketable securities as we shifted more of our investments into relatively safer but lower yielding money market instruments in order to reduce our credit risk. During the second quarter of 2009, we recorded a realized gain of $218,000, net, related to a gain of $1.8 million to adjust the value of UBS ARS to fair value and a loss of $1.6 million on ARS put option. For the six months ended June 30, 2009, the change in value of our ARS put option fully offset the change in value of our UBS ARS.

PROVISION FOR INCOME TAXES

	Three Months Ended June 30,				Six Months Ended June 30,			
In thousands, except percentages	2009	2008	$ Change	% Change	2009	2008	$ Change	% Change
Provision/(benefit) for income taxes	$(2,841)	$ 1	$(2,840)	(2,840)%	$(2,837)	$ (1)	$(2,836)	(2,836)%

The income tax benefits in 2009 related to continuing operations are primarily comprised of the benefit of utilization of continuing operations tax attributes to offset the tax on the income from discontinued operations as well as some state income taxes and the benefit of federal refundable research and development credits.

The increase in the provision (benefit) for income taxes from 2008 to 2009 resulted from the utilization of continuing operations tax attributes to offset the tax reported as part of discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

Total cash, cash equivalents, investments and the auction-rate securities put option at June 30, 2009 was $103.1 million, including approximately $20.5 million received for the sale of our Enterprise Business. This balance presents an $8.1 million increase from the balance of $95.0 million at December 31, 2008.

Operating Activities

Net cash used in operating activities was $13.5 million and $6.6 million for the six months ended June 30, 2009 and 2008, respectively. Net cash used in operating activities for the six months ended June 30, 2009 resulted primarily from a net loss of $5.2 million, a reduction in deferred revenue for discontinued operations of $1.5 million driven by lower deferred maintenance revenue and a gain on the sale of the Enterprise Business of $4.7 million, partially offset by non-cash items of $2.8 million. Such items primarily include depreciation, write-off of fixed assets, amortization of premiums and discounts on marketable securities, stock-based compensation expenses and amortization of intangible assets. Net cash used in operating activities for the six months ended June 30, 2008 resulted primarily from a net loss of $8.0 million and a reduction in deferred revenue for discontinued operations of $1.6 million driven by lower deferred maintenance revenue, partially offset by non-cash items of $2.7 million. Such items primarily include depreciation, amortization of premiums and discounts on marketable securities, stock-based compensation expense and amortization of intangible assets.

Investing Activities

Net cash provided by investing activities was $14.9 million and $35.1 million for the six months ended June 30, 2009 and 2008, respectively. Net cash provided by investing activities for the six months ended June 30, 2009 was primarily due to the proceeds from the sale of the Enterprise Business of $20.5 million and sales and maturities of $7.9 million in marketable securities offset by the purchases of $13.4 million in marketable securities. Net cash provided by investing activities for the six months ended June 30, 2008 was primarily due to sales and maturities of $77.8 million in marketable securities offset by the purchases of $38.3 million in marketable securities, $2.8 million for the acquisition of YTO, expenditures of $322,000 for property and equipment and $1.4 million for purchased technology.

Financing Activities

Net cash provided by financing activities was $265,000 and $195,000 for the six months ended June 30, 2009 and 2008, respectively. Net cash provided by financing activities for the six months ended June 30, 2009 resulted from net proceeds from the purchase of 74,041 common shares under the ESPP and net proceeds from the issuance of 146,239 common shares under the 2000 Omnibus Equity Incentive Plan. Net cash provided by financing activities for the six months ended June 30, 2008 was attributable to net proceeds from the purchase of 64,181 common shares under the ESPP.

Working Capital and Capital Expenditure Requirements

At June 30, 2009, we had stockholders' equity of $103.5 million and working capital of $ 97.4 million. We believe that our existing cash balances will be sufficient to meet our working capital requirements for at least the next 12 months.

We plan to make substantial investments in our business during 2009. We believe these investments and others are essential to creating sustainable growth in our business in the future. Because these investments will likely precede any associated revenues, we expect our working capital to decrease in the near term. Additionally, we may choose to acquire other businesses or complimentary technologies to enhance our product capabilities and such acquisitions would likely require the use of cash.

Achieving revenue scale to reach positive gross margin will take time, and we expect to consume cash in operations until we reach these revenue levels. We ended the second quarter of 2009 with approximately $103.1 million in cash and cash equivalents, investments and ARS put option. Based on current plans, we expect to consume additional cash before reaching profitability.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate and Market Risk

We actively monitor market conditions and developments specific to the securities and security classes in which we invest. We believe that we take a conservative approach to investing our funds. While we believe we take prudent measures to mitigate investment-related risks, such risks cannot be fully eliminated, as there are circumstances outside our control. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve this objective, we have invested our excess cash in a variety of securities, including government debt securities, auction-rate securities (ARS), corporate notes and bonds, commercial paper and money market funds meeting certain criteria. These securities are classified as available-for-sale, except for our UBS ARS holdings, which are classified as trading, as described below. Consequently, our available-for-sale securities are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income (loss). Our holdings of the securities of any one issuer, except government agencies, do not exceed 10% of our portfolio. We do not utilize derivative financial instruments to manage our interest rate risks.

At June 30, 2009 and December 31, 2008 we had investments in AAA-rated ARS with various state student loan authorities with estimated fair values of $20.3 million and $15.8 million, respectively. The student loans made by these authorities are substantially guaranteed by the federal government through the Federal Family Education Loan Program (FFELP). ARS are long-term floating rate bonds tied to short-term interest rates. After the initial issuance of the securities, the interest rate on the securities is reset periodically, at intervals established at the time of issuance (e.g., every seven days, twenty-eight days, thirty-five days, or every six months), based on market demand, if the auctions are successful. ARS are bought and sold in the marketplace through a competitive bidding process often referred to as a "Dutch auction." If there is insufficient interest in the securities at the time of an auction, the auction may not be completed and the ARS then pays a default interest rate. Following such a failed auction, we cannot access our funds that are invested in the corresponding ARS until a future auction of these investments is successful, new buyers express interest in purchasing these securities in between reset dates, issuers establish a different form of financing to replace these securities, or final payments become due according to contractual maturities. Commencing in February 2008, conditions in the global credit markets resulted in failed auctions for all of our ARS held. In the near term, our ability to liquidate our investments or fully recover the carrying values may be limited or not exist.

In August 2008, UBS, the broker-dealer for most of our ARS, announced a settlement under which it has offered to provide liquidity solutions for, or purchase, the ARS held by its institutional clients. In October 2008, UBS extended an offer of rights to us to sell our eligible ARS at par value back to UBS beginning June 30, 2010 through July 2, 2012. All of the UBS ARS qualify as "eligible" for purposes of the rights offer. Under the offer, UBS will have sole discretion without prior notice to the Company, to sell our eligible securities and return par value to the Company up through July 2, 2012. In November 2008, we elected to accept the offer of rights from UBS that gives us the option to sell UBS a total of $20.8 million at par value at any time beginning June 30, 2010 through July 2, 2012. Upon acceptance of the UBS rights offer, we elected to value the ARS put option at fair value as allowed under SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities."* See Note 1 "Significant Accounting Policies" to the accompanying condensed consolidated financial statements of this Form 10-Q for further information. Given the UBS rights offer, we have elected a one-time transfer of our UBS ARS from available-for-sale to trading securities in accordance with FASB Statement No. 115, "*Accounting for Certain Investments in Debt and Equity Securities*" (SFAS 115). The transfer to trading securities reflects our management's intent to exercise its ARS put option during the period June 30, 2010 to July 2, 2012. During the quarter ended June 30, 2009, we recorded a gain of $1.8 million to adjust the value of the UBS ARS to fair value and a loss of $1.6 million on ARS put option for a net realized gain of $218,000 in interest income (expense) and other, net, in our condensed consolidated statement of operations. For the six months ended June 30, 2009, we had a net realized gain of zero. Further changes in the value of the UBS ARS will also be recorded on our condensed consolidated statement of operations in this manner.

The fair value of our ARS at June 30, 2009 reflects an unrealized loss of $0.7 million, entirely related to securities classified as available-for-sale.

Fair value for all ARS, including both the UBS securities classified as trading securities and the other ARS classified as available-for-sale, was based on a discounted cash flow valuation that takes into account a number of factors including the weighted average remaining term (WART) of the underlying securities, the expected return, and the discount rate. The actual WART from servicing reports was used where available. For securities where the actual WART was not available an estimate based on other securities held was used. The expected return was calculated based on the last twelve months average for the 91 day T-bill plus a spread. This rate is the typical default rate for ARS held by us. The discount rate was calculated using the 3-month LIBOR rate plus adjustments for the security type. Changes in any of the above estimates, especially the weighted average remaining term or the discount rate, could result in a material change to the fair value. At June 30, 2009, all ARS were classified as Level 3 assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 157, "*Fair Value Measurements*" hierarchy. Presently we have determined the decline in value for the available-for-sale ARS to be temporary because i) we have no intent to sell the security and we believe that we will not be required to sell the security before the recovery of its amortized cost due to our large cash reserves; ii) through June 30, 2009 all of the securities have maintained their AAA credit ratings; and iii) loans made by the issuers are backed by the federal government. In accordance with FAS 115-2, we also conclude that we do not intend to sell an impaired security and will not be required to sell the security before the recovery of our amortized cost basis due to its large cash reserves.

However if circumstances change, we may be required to record an other-than-temporary impairment charge on the available-for-sale ARS. We may similarly be required to record other-than-temporary impairment charges if the ratings on any of these securities are reduced or if any of the issuers default on their obligations. In addition to impairment charges, any of these events could cause us to lose part or all of our investment in these securities. Any of these events could materially affect our results of operations and our financial condition. We currently believe these securities are not significantly impaired for the reasons described above; however, it could take until the final maturity of the underlying notes (up to 30 years) to realize our investments' recorded value.

Impact of Foreign Currency Rate Changes

The functional currencies of our international operating subsidiaries are the local currencies. We translate the assets and liabilities of our foreign subsidiaries at the exchange rates in effect on the balance sheet date. We translate their cost–plus income and expenses at the average rates of exchange in effect during the period. We include translation gains and losses in the stockholders' equity section of our balance sheet. We include net gains and losses resulting from foreign exchange transactions in interest income and other in our statements of operations. Since we translate foreign currencies (primarily Canadian dollars, British pounds, European Union euros and Indian rupees) into U.S. dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results. We have both revenues and expenses that are denominated in foreign currencies. Historically, foreign currency expenses have been larger than foreign currency revenues. A weaker U.S. dollar environment would generally have a negative impact on our statement of operations, while a stronger U.S. dollar environment would have a positive impact on our statement of operations. The historical impact of currency fluctuations has generally been immaterial. Although the impact of currency fluctuations on our financial results has generally been immaterial, there can be no guarantee that the impact of currency fluctuations will not be material in the future. As of June 30, 2009 we did not engage in foreign currency hedging activities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet, and our management believes they meet, reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon 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.

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our “disclosure controls and procedures” as of the end of the period covered by this quarterly report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 5 “Contingencies” to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of legal proceedings.

ITEM 1A. RISK FACTORS

This report contains forward-looking statements regarding our business and expected future performance as well as assumptions underlying or relating to such statements of expectation, all of which are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We are subject to many risks and uncertainties that may materially affect our business and future performance and cause those forward-looking statements to be inaccurate. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “forecasts,” “estimates,” “seeks,” “may result in,” “focused on,” “continue to,” and similar expressions often identify forward-looking statements. In this report, forward-looking statements include, without limitation, the following:

- Our expectations and beliefs regarding future conduct and growth of our business;
- Our expectations regarding channel partners and the anticipated timing and magnitude of revenue from these partners;
- Our expectations regarding our ability to deliver premium technology services efficiently;
- Our beliefs regarding the impact of global economic instability on our business;
- Our ability to hire, train and retain technology support agents;
- Our beliefs and expectations regarding the introduction of new products and related services;

- Our expectations regarding cash flows and expenses, including cost of goods sold, sales and marketing, research and development efforts, and administrative expenses;
- Our assessment of seasonality, mix of revenue, and other trends for our business;
- Our expectations regarding the costs and other effects of acquisition and disposition transactions;
- The assumptions underlying our Critical Accounting Policies and Estimates, including our assumptions regarding revenue recognition; assumptions used to estimate the fair value of share-based compensation; assumptions regarding the impairment of goodwill and intangible assets; and expected accounting for income taxes; and
- The expected effects of the adoption of new accounting standards.

An investment in our stock involves risk, and we caution investors that forward-looking statements are only predictions based on our current expectations about future events and are not guarantees of future performance. We encourage you to read carefully all information provided in this report and in our other filings with the SEC before deciding to invest in our stock or to maintain or change your investment. Forward-looking statements are based on information as of the filing date of this report, and we undertake no obligation to publicly revise or update any forward-looking statement for any reason.

Because forward-looking statements involve risks and uncertainties, there are important factors that may cause actual results to differ materially from our stated expectations. These factors are described below. This list does not include all risks that could affect our business, and if these or any other risks or uncertainties materialize, or if our underlying assumptions prove to be inaccurate, actual results could differ materially from past results and from our expected future results.

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

In June 2009, we sold our Enterprise Business, which has historically been the source of a substantial portion of our revenue. For the fiscal year ended December 31, 2008, our Enterprise Business segment accounted for $42.1 million of our total revenues of $48.9 million while our Consumer Business segment accounted for only $6.8 million of our total revenues. We intend to invest a portion of the net proceeds of the sale of the Enterprise Business to grow our Consumer Business. There is no guarantee that we will be able to achieve sustained growth or profitability in our Consumer Business or in new business opportunities we may pursue. In addition, given our size and the fact that the sole focus of our business is our Consumer Business, our management has an even greater expectation from stockholders and industry analysts to produce improved quarterly financial results for our Consumer Business as compared to the periods prior to the sale of the Enterprise Business when the diversity of our revenue streams could would enable one of our segments to offset weakness in the other segment.

Our Consumer Business has not been profitable and may not achieve profitability in future periods.

We were not profitable in 2008 or in the first half of 2009. In addition, we intend to make significant investments in support of our business, and we expect to continue to sustain losses over the balance of 2009 and in subsequent periods. If we fail to achieve revenue growth as a result of these additional investments or if such revenue growth does not result in our achieving profitability, the market price of our common stock will likely decline. A sustained period of losses would also result in an increased usage of cash to fund our operating activities and a corresponding reduction in our cash balance.

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

In 2009, one company, Office Depot, has accounted for the substantial majority of our total revenue after giving effect to the sale of our Enterprise Business. Although we are expanding our relationships with other channel partners, Office Depot will, at least in the near term, account for a substantial majority of our total revenue. Therefore, our revenue could decline because of the loss or decline in activity of Office Depot or delay of a significant program by any channel partner. Additionally, we may not obtain new channel partners or customers. The failure to obtain significant new channel partners, the loss or decline of significant channel partners, and the failure to receive fees for services delivered would harm our operating results.

Our failure to establish and expand successful partnerships to sell our products and services would harm our operating results.

Our service offerings require us to establish and maintain relationships with third parties who market and sell our premium technology services. Failure to establish or maintain third-party relationships in our business, particularly with firms that sell our services, on acceptable terms or at all, could materially and adversely affect the success of our business. We sell to numerous consumers through each of these channel partners, and therefore a delay in the launch or rollout of our services program with even one of these channel partners could cause us to miss revenue targets. The process of establishing a relationship with a channel partner can be complex and time consuming, and we must pass multiple levels of review and test marketing in order to be selected. If we are unable to establish a sufficient number of new channel partners on a timely basis our sales will suffer. There is also the risk that, once established, our programs with these channel partners may take longer than we expect to produce revenue or may not produce revenue at all. One or more of our key channel partners may also discontinue selling our services, offer them only on a limited basis or devote insufficient time and attention to promoting them to their customers. If any of these key channel partners merge with a competitor, particularly one that offers a service competitive with ours, all of these risks could be exacerbated. Each of these risks could reduce our sales and significantly harm our operating results.

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

Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in managing technology. Prior to January 2008, we operated our business in only one segment. We are executing a plan to extend our Consumer Business by providing premium technology services to consumers both through channel partners and directly. We may not be able to offer these services successfully. We have limited experience in reaching or serving consumers and in managing technology services agents. All of our North American technology services agents are now home-based, which requires a high degree of coordination and quality control of employees working from diverse and remote locations. We are currently experiencing losses in our Consumer Business and we expect to continue to use significant cash and incur costs to support this initiative, including costs associated with recruiting, training and managing our technology services agents, costs to develop and acquire technology and infrastructure to support our Consumer Business, promotional costs associated with reaching consumers, and costs of obtaining personnel with the necessary consumer expertise. These investments, which typically are made in advance of revenue, may not yield increased revenue to offset these expenses. As a result of these factors, the future revenue and income potential of our Consumer Business is uncertain. Any evaluation of our Consumer Business and our prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in our early stage of development. Some of these risks and uncertainties relate to our ability to do the following:

- Maintain our current relationships, and develop new relationships, with consumers and channel partners;
- Meet anticipated growth targets;
- Successfully introduce new, and upgrade our existing, products and services for consumers;
- Adapt to industry consolidation;
- Respond effectively to competition;
- Respond to government regulations relating to our Consumer Business;
- Attract and retain qualified management and employees; and
- Manage our expanding operations and implement and improve our operational, financial and management controls.

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

We are a small public company with a large cash balance relative to our size.

We are a publicly traded company and are subject to SEC and Nasdaq rules and regulations, including the Sarbanes-Oxley Act of 2002. While all public companies face the costs and burdens associated with being publicly traded, given the size of our Consumer Business, the costs and burden of being a public company will be a significant portion of our annual revenues. We had approximately $103.1 million in cash, cash equivalents, investments and ARS put option as of June 30, 2009. In the past our market capitalization has been lower than our cash balance. If these dynamics continue, we may be a take-over target in the future. This might cause distractions for our management and our board of directors and might otherwise prevent us from executing on our strategy for the Consumer Business to build long term stockholder value.

Our quarterly results have in the past, and may in the future, fluctuate significantly.

Our quarterly revenue and operating results have in the past and may in the future fluctuate from quarter to quarter. As a result, we believe that quarter-to-quarter and year-to-year comparisons of our revenue and operating results may not be accurate indicators of future performance.

Several factors that have contributed or may in the future contribute to fluctuations in our operating results include:

- Demand for our services;
- Our ability to increase the efficiency and capacity of our technology services agents;
- The performance of our channel partners;
- Instability in the global macroeconomic climate and its effect on our and our channel partners' operations;
- The rate of expansion of our offerings and our investments therein;
- Our reliance on a small number of channel partners for a substantial portion of our revenue;
- The price and mix of products and services we or our competitors offer;
- Our ability to attract and retain customers and channel partners;
- Our ability to adapt to our customers' needs in a market space defined by frequent technological change;
- Seasonal trends resulting from corporate spending patterns;
- The amount and timing of operating costs and capital expenditures in our business;
- Diversion of management's attention from other business concerns and disruption of our ongoing business as a result of acquisitions or divestitures by us;
- The exercise of judgment by our management in making accounting decisions in accordance with our accounting policies; and
- Potential losses on investments, or other losses from financial instruments we may hold that are exposed to market risk.

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

We are considering acquisitions for our Consumer Business. We may not be able to identify suitable acquisition candidates at prices we consider appropriate. If we do identify an appropriate acquisition candidate, we may not be able to successfully and satisfactorily negotiate the terms of the acquisition. Our management may not be able to effectively implement our acquisition program and internal growth strategy simultaneously. The integration of acquisitions involves a number of risks and presents financial, managerial and operational challenges. We may have difficulty, and may incur unanticipated expenses related to, integrating management and personnel from these acquired entities with our management and personnel. Our failure to identify, consummate or integrate suitable acquisitions could adversely affect our Consumer Business. We cannot readily predict the timing, size or success of our future acquisitions. Failure to successfully operate our acquisition program could have a material adverse effect on our business, prospects, financial condition and results of operations. Acquisitions and divestitures could involve a number of other potential risks to our business, including the following, any of which could harm our business results:

- Unanticipated costs and liabilities and unforeseen accounting charges or fluctuations;
- Delays and difficulties in delivery of products and services;
- Failure to effectively integrate or separate management information systems, personnel, research and development, marketing, sales and support operations;
- Loss of key employees;
- Economic dilution to gross and operating profit;
- Diversion of management's attention from other business concerns and disruption of our ongoing business;
- Difficulty in maintaining controls and procedures;
- Uncertainty on the part of our existing customers about our ability to operate after a transaction;
- Loss of customers;
- Loss of partnerships;
- Declines in revenue and increases in losses;
- Failure to realize the potential financial or strategic benefits of the acquisition or divestiture; and
- Failure to successfully further develop the combined or remaining technology, resulting in the impairment of amounts recorded as goodwill or other intangible assets.

Declines in demand for computers and other electronic products could adversely affect our business.

Some of our channel partners have reported a decline in the sale of personal computers and other personal electronics. Delays or reductions in demand for our services by consumers could materially adversely affect our financial results. If the markets for computers and electronic products continue to decline, demand for services related thereto may also decline, and our business, results of operations or financial condition could be materially and adversely affected.

Economic instability may harm our operating results and the financial condition of our business.

As has been widely reported, over the past year the economies of the United States and foreign countries have been experiencing extreme disruption, including, among other things, higher mortgage delinquencies, increased unemployment, decreased consumer spending, highly volatile securities markets, diminished liquidity and credit availability, currency fluctuation, and downgrades and declining valuations of certain investments. These economic developments potentially affect our business in several ways. Our channel partners and prospects may be unable to obtain financing for major commitments and operations, they may reduce their spending or delay or cancel programs that include our offerings and they may be unable to pay us in a timely fashion. While we monitor these situations carefully and attempt to take appropriate measures to protect ourselves by recognizing revenue upon collection of accounts from channel partners we deem to have credit risks and upon sell-through by resellers, it is possible that we may have to write down or write off doubtful accounts. Such write-downs or write-offs would negatively affect our operating results for the period in which they occur and, if large enough, could have a material adverse effect on our operating results and financial condition. Our business, including our investment portfolio, may be harmed by general decreases in economic activity, including decreases in business and consumer spending and uncertainty due to economic disruptions and government intervention in the financial markets. We cannot predict the duration and severity of the current disruption in the macroeconomic climate and market conditions, and these conditions may harm our operating results.

Our inability to meet future financial performance targets that we announce or that are published by research analysts could cause the market price of our common stock to decline.

From time to time, we provide guidance related to our future financial performance. In addition, financial analysts publish their own expectations of our future financial performance. Because our quarterly revenue and our operating results fluctuate, future financial performance is difficult to predict. In the past, we have failed to meet our guidance.

Finally, the market prices of technology companies have been extremely volatile. Stock prices of many technology companies have often fluctuated in a manner unrelated or disproportionate to the operating performance of such companies. In the past, following periods of market volatility, stockholders have often instituted securities class action litigation relating to the stock trading and price volatility of the technology company in question. Any securities litigation we are involved in could result in our incurring substantial defense costs and diverting resources and the attention of management from our business.

If we fail to hire, train and manage our technology services agents efficiently and in a manner that provides an adequate level of support for our customers, our reputation and revenues could be harmed.

Our business plan depends in part on our ability to attract, manage and retain our technology services agents in North America in order to satisfy demand for our services. We may be unable to hire, train and manage adequate numbers of competent technology services agents, which is essential in creating a favorable interactive customer experience, including reducing customer wait times, reducing the time it takes our technology services agents to deliver our services, and meeting customer demand for our services at peak times. We have limited experience in hiring, training, and managing these technology services agents. Although our service delivery and communications infrastructure enables us to monitor and manage these technology services agents remotely, because they are home-based and geographically dispersed, it is more difficult to directly supervise their work. Any problems we encounter retaining technology services agents could seriously jeopardize our service delivery operations and our revenue. If we are unable to continually provide adequate staffing for our service delivery operations, our revenue and reputation could be seriously harmed.

From time to time, we enter into relationships with outsourcers to provide technology services to customers located outside North America and to provide on-site services for certain North American customers. We may be less able to manage the quality of services provided by outsourced technology services agents or third-party onsite service providers as directly as we would our own employees. In addition, outsourced services may be more costly. We also face the risk that disruptions or delays in outsourcers' communications and information technology infrastructure could cause lengthy interruptions in the availability of our services. Any of these risks could harm our operating results.

Disruptions in our information technology and service delivery infrastructure and operations, including interruptions or delays in service from our third-party web hosting provider, could impair the delivery of our services and harm our business.

Our operations depend on the continuing operation of our information technology and communication systems and those of our external service providers. Any damage to or failure of those systems could result in interruptions in our service, which could reduce our revenues and damage our reputation. We serve our customers through a third-party hosting facility located in the United States. This facility is operated by a publicly held company specializing in operating such facilities, and we do not control the operation of this facility. As it briefly did recently, this facility may experience unplanned outages and other technical difficulties, and it is vulnerable to damage or interruption from fires, floods, earthquakes, telecommunications and connectivity failures, power failures, and similar events. This facility is also subject to risks from vandalism, break-ins, intrusion, and other malicious attacks. Despite substantial precautions taken, such as disaster recovery planning and back-up procedures, a natural disaster, act of terrorism or other unanticipated problem could cause a loss of information and data and lengthy interruptions in the availability of our services and hosted solutions offerings because we do not operate or maintain fully redundant systems. We rely on hosted systems maintained by third-party providers to deliver technology services to consumers, including taking customer orders, handling telecommunications for customer calls, and tracking sales and service delivery. Any interruption or failure of our internal or external systems could prevent us or our service providers from accepting orders and delivering services, or cause company and consumer data to be unintentionally disclosed. Our continuing efforts to upgrade and enhance the security and reliability of our information technology and communications infrastructure could be very costly, and we may have to expend significant resources to remedy problems such as a security breach or service interruption. Interruptions in our services resulting from labor disputes, telephone or Internet failures, power or service outages, natural disasters or other events, or a security breach could reduce our revenue, increase our costs, cause customers and channel partners to fail to renew or to terminate their use of our offerings, and harm our reputation and our ability to attract new customers.

The Asset Purchase Agreement for our Enterprise Business may expose us to contingent liabilities.

Under the Asset Purchase Agreement (the “Asset Purchase Agreement”) we entered into with Consona Corporation (“Consona”) in connection with the sale of our Enterprise Business completed in June 2009, we agreed to indemnify Consona for breaches or violations of any representation, warranty, covenant or agreement made by us in the Asset Purchase Agreement, for pre-closing and other liabilities related to the Enterprise Business, and for other matters, subject to certain limitations. Significant indemnification claims by Consona could have a material adverse effect on our financial condition. We will generally not be obligated to indemnify Consona for any breach of the representations and warranties made by us under the Asset Purchase Agreement until the aggregate amount of claims for indemnification for such breach exceeds $200,000 (except in the event of a breach of the sufficiency of purchased assets representation, in which case we will not be obligated to indemnify Consona for any breach of such representation until the aggregate amount of such claims exceeds $50,000, but we are then obligated to indemnify Consona for the full amount of such losses). In the event that claims for indemnification for breach of the representations and warranties made by us under the Asset Purchase Agreement exceed the stated threshold, we may be obligated to indemnify Consona for any damages or loss resulting from such breach in an amount not to exceed $2,000,000. Claims for indemnification for breach of any covenant, agreement or other matter made by us in the Asset Purchase Agreement, including claims for excluded liabilities, or claims for fraud or intentional misrepresentation, are not subject to the limits described above.

Our investments in marketable securities are subject to market risks which may cause losses and affect the liquidity of these investments.

We have historically invested our portfolio in government debt securities, municipal debt securities with an auction reset feature (“auction-rate securities” or “ARS”), corporate notes and bonds, commercial paper and money market funds meeting certain criteria. At June 30, 2009 we had $66.0 million in cash and cash equivalents, $30.8 million in short-term investments and $2.9 million in long-term investments. Included in these amounts are $24.4 million, par value, of auction-rate securities as of June 30, 2009, approximately $20.8 million of which is held by UBS AG (“UBS”). Financing arrangements that are available to us include the right to a loan from UBS at no net cost for up to the amount of the par value of our eligible auction-rate securities. This loan option is part of the rights offer we signed with UBS in November 2008, and is available until June 30, 2010. As of June 30, 2009, we had not exercised our right to obtain this loan.

Certain of our investments are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by the global macroeconomic downturn that, among other things, has caused credit and liquidity issues. Commencing in February 2008, illiquidity conditions in the global credit markets resulted in failed auctions for all of our auction-rate securities. In the near term, our ability to liquidate our investments or fully recover the carrying values may be limited or not exist. In addition, adverse market events could cause us to lose part or all of our investment in our portfolio. The market risks associated with our investment portfolio may have a negative adverse effect on our results of operations, liquidity and financial condition.

We may realize losses on our investments in auction-rate securities or be unable to liquidate these investments at desired times in desired amounts.

At June 30, 2009, we had $20.3 million, fair value, of auction-rate securities. Historically, our ARS were highly liquid, and used a Dutch auction process that resets the applicable interest rate at predetermined intervals, typically every 28 to 35 days, to provide liquidity at par. However, as a result of disruption in the global credit and capital markets, the auctions for all of our ARS failed beginning in February 2008 when sell orders exceeded buy orders. Accordingly, we were unable to sell any of our ARS. Of the $24.4 million, par value, of ARS as of June 30, 2009, approximately $20.8 million is held by UBS and has been classified as trading securities because of the ARS put option described below. Accordingly, during the second quarter of 2009 we recorded a realized gain of $218,000, net, related to a gain of $1.8 million to adjust the value of the UBS ARS to fair value and a loss of $1.6 million on the ARS put option.

In November 2008, we accepted an offer from UBS, entitling UBS, at any time during a two-year period from June 30, 2010 through July 2, 2012, to buy our auction-rate securities originally purchased from UBS at par value. In accepting the offer, we granted UBS the authority to sell or auction the ARS at par at any time up until the expiration date of the offer and released UBS from any claims relating to the marketing and sale of ARS. As part of this offer, we not only received a guarantee from UBS to purchase our UBS ARS holdings at par value, but also the right to a loan from UBS at no net cost to us for up to the amount of the par value of our eligible ARS holdings. Prior to any sale of our ARS, ARS will continue to accrue and pay interest as determined by the auction process or the terms specified in the ARS if the auction process fails. UBS's obligations under the offer are not secured by its assets and do not require UBS to obtain any financing to support its performance obligations under the offer. UBS has disclaimed any assurance that it will have sufficient financial resources to satisfy its obligations under the offer. If UBS has insufficient funding to buy back the ARS and the auction process continues to fail, then we may incur further losses on the carrying value of the ARS.

Under applicable accounting rules we must re-value our ARS and ARS put option for UBS each reporting period. This means that changes in their value will be recorded as interest income (expense) and other, net, in our condensed consolidated statement of operations. In any period, a change in value of our auction-rate securities put option may be offset, at least in part, by a corresponding change in the value of our ARS or vice versa.

The remaining ARS was issued by another investment advisor who has not made an offer similar to UBS. Accordingly, we have continued to classify the ARS issued by this adviser as available-for-sale securities. Changes in their market value during the second quarter of 2009 have been recorded through other comprehensive income as a $670,000 loss. If market conditions deteriorate further, we may be required to record additional unrealized losses in other comprehensive income or as impairment charges. We will not be able to liquidate these investments unless the issuer calls the security, a successful auction occurs, a buyer is found outside of the auction process, or the security matures.

Management changes and reorganization efforts may strain our administrative, technical, operational and financial infrastructure and disrupt our business.

Our success depends on the skills, experience, performance, and focus of our senior management, engineering, sales, marketing and other key personnel. In June 2009, we completed the sale of the assets of our Enterprise Business to Consona Corporation. In connection with this asset sale, we made several management and organizational changes. Our success will depend to a significant extent on the ability of our executives and key employees to function effectively in their new roles and to work together successfully. If these executives and key employees do not function and work together successfully, or if we lose the services of one or more of our executives or key employees, our business could be harmed.

We are also focused on increasing our operating margins and improving our operating efficiencies. To this end, we reduced our workforce in the fourth quarter of 2008 and again in the first and second quarters of 2009. All of these changes place a strain on our management, and our administrative, technical, operational and financial infrastructure. In addition, reductions in our workforce could make it difficult to motivate and retain remaining employees or attract needed new employees, and could also affect our ability to deliver products and services in a timely fashion.

We must compete successfully in the markets in which we operate or our business will suffer.

We compete in markets that are highly competitive, subject to rapid change and significantly affected by new service introductions and other market activities of industry participants. We compete with a number of companies in the market for remote technology services. In addition, our customers and potential customers have developed or may develop similar offerings internally.

The markets for our services are still rapidly evolving, and we may not be able to compete successfully against current and potential competitors. Our ability to expand our business will depend on our ability to maintain our technological advantage, introduce timely enhanced products to meet growing support needs, deliver on-going value to our customers and scale our business. Competition in our markets could reduce our market share or require us to reduce the price of products and services, which could harm our business, financial condition and operating results.

We compete with electronics retailers that offer premium technology services, digital service provides, anti-virus providers, PC manufacturers, warranty providers, companies that offer online technology support and local computer repair shops. Certain of these competitors have longer operating histories, significantly greater financial, technical and other resources, greater access to large numbers of consumers, stronger strategic alliances or greater name recognition than we have.

Our future product and service offerings may not achieve market acceptance.

If we fail to develop enhanced versions of our products and services in a timely manner or to provide services that achieve rapid and broad market acceptance, we may not maintain or expand our market share. We may fail to identify new product or service opportunities for our current market or new markets that we enter in the future. In addition, our existing products and services may become obsolete if we fail to introduce new products and services that meet new customer demands or support new standards. While we are developing new products and services, there can be no assurance that these new products and services will gain market acceptance or generate material revenue for us. We have limited control over factors that affect market acceptance of our products and services, including the willingness of companies to transition to our solutions and customer preferences for competitors' products, services and delivery models.

We rely on third-party technologies and our inability to use or integrate third-party technologies could delay service development and could harm our business.

We generally use our own technology to diagnose and resolve consumer technology problems. If our products fail to perform well in consumers' complex software environment, our services may not be successful. We intend to continue to license technologies from third parties, including applications used in our research and development activities and technologies, which are integrated into our services. Our use of technologies licensed from third parties poses certain risks. Some of the third-party technologies we license may be provided under "open source" licenses, which may have terms that require us to make generally available our modifications or derivative works based on such open source code. Our inability to obtain or integrate third-party technologies with our own technology could delay service development until equivalent compatible technology can be identified, licensed and integrated. These third-party technologies may not continue to be available to us on commercially reasonable terms or at all. We may fail to successfully integrate any licensed technology into our solutions or services, which would harm our business and operating results. Third-party licenses also expose us to increased risks that include:

- Risks of product malfunction after new technology is integrated;
- Risks that we may be unable to obtain or continue to obtain support, maintenance and updates from the technology supplier;
- The diversion of resources from the development of our own proprietary technology; and
- Our inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs.

Our systems collect, access, use, and store personal customer information and enable customer transactions, which poses security risks, requires us to invest significant resources to prevent or correct problems caused by security breaches, and may harm our business.

A fundamental requirement for online communications, transactions and support is the secure collection, storage and transmission of confidential information. Our systems collect and store confidential and/or personal information of our individual customers as well as our channel partners and their end-users, including credit card information, and our employees and contractors may access and use that information in the course of providing services for our customers. In addition, we collect and retain personal information of our employees in the ordinary course of our business. We and our third-party contractors use commercially available technologies to secure this information. Despite these measures, third parties may attempt to breach the security of our data or that of our customers. In addition, errors in the storage or transmission of data could breach the security of that information. We may be liable to our customers for any breach in security and any breach could subject us to governmental or administrative proceedings or monetary penalties, and harm our business and reputation. Also, computers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays or loss of data. We may be required to expend significant capital and other resources to comply with mandatory privacy and security standards required by law, industry standard, or contract, and to further protect against security breaches or to correct problems caused by any breach.

Privacy concerns and laws or other domestic or foreign regulations may require us to incur significant costs and may reduce the effectiveness of our solutions, and our failure to comply with those laws or regulations may harm our business and cause us to lose customers.

Our software contains features that allow our technology services agents to access, control, monitor or collect information from computers running the software. Federal, state and foreign government bodies and agencies, however, have adopted or are considering adopting laws and regulations restricting or otherwise regulating the collection, use and disclosure of personal information obtained from consumers and individuals. Those regulations could require costly compliance measures, could reduce the efficiency of our operations, and could require us to modify our systems or services. Liability for violation of, costs of compliance with, and other burdens imposed by such laws and regulations may limit the use and adoption of our services and reduce overall demand for them. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit adoption of our solutions. In addition, we may face claims about invasion of privacy or inappropriate disclosure, use, storage, or loss of information obtained from our customers. Any imposition of liability could harm our reputation, cause us to lose customers and cause our operating results to suffer.

We are exposed to risks associated with credit card and payment fraud and with credit card processing.

Certain of our customers use credit cards to pay for our technology support offerings. We may suffer losses as a result of orders placed with fraudulent credit cards or other payment data. Our failure to detect or control payment fraud could have an adverse effect on our results of operations. We are also subject to payment card association operating standards and requirements, as in effect from time to time. Compliance with those standards requires us to invest in network and systems infrastructure and processes. Failure to comply with these rules or requirements may subject us to fines, potential contractual liabilities, and other costs, resulting in harm to our business and results of operations.

We have recorded long-lived assets, and our results of operations would be adversely affected if their value becomes impaired.

Goodwill and identifiable intangible assets were recorded in part due to our acquisition of substantially all of the assets of YourTechOnline.com in May 2008. We also have certain intangible assets with indefinite lives. We assess the impairment of goodwill and indefinite lived intangible assets annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. We assess the impairment of acquired product rights and other finite lived intangible assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

We may not obtain sufficient patent protection, which could harm our competitive position, increase our expenses and harm our business.

Our success and ability to compete depend to a significant degree upon the protection of our solutions and other proprietary technology. It is possible that:

- We may not be issued patents we may seek to protect our technology;
- Competitors may independently develop similar technologies or design around any of our patents;
- Patents issued to us may not be broad enough to protect our proprietary rights; and
- Our issued patents could be successfully challenged.

We rely upon intellectual property laws to protect our proprietary rights, and if these rights are not sufficiently protected, it could harm our ability to compete and to generate revenue.

We rely on a combination of laws, such as those applicable to patents, copyrights, trademarks and trade secrets, and contractual restrictions, such as confidentiality agreements and licenses, to establish and protect our proprietary rights. Our ability to compete and grow our business could suffer if these rights are not adequately protected. Our proprietary rights may not be adequately protected because:

- Laws and contractual restrictions may not adequately prevent infringement of our proprietary rights and misappropriation of our technologies or deter others from developing similar technologies; and

- Policing infringement of our patents, trademarks and copyrights, misappropriation of our trade secrets, and unauthorized use of our products is difficult, expensive and time-consuming, and we may be unable to determine the existence or extent of this infringement or unauthorized use.

Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. The outcome of any litigation is uncertain and could significantly impact our financial results. Also, the laws of other countries in which we market our products may offer little or no protection of our proprietary technologies. Reverse engineering, unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without paying us for them, which would harm our competitive position and market share.

We may face intellectual property infringement claims that could be costly to defend and result in our loss of significant rights.

Our business relies upon the use and licensing of technology. Other parties may assert intellectual property infringement claims against us or our customers, and our products may infringe the intellectual property rights of third parties. For example, our products may infringe patents issued to third parties. In addition, as is increasingly common in the technology sector, we may be confronted with the aggressive enforcement of patents by companies whose primary business activity is to acquire patents for the purpose of offensively asserting them against other companies. From time to time, we have received allegations of intellectual property infringement, and we may receive more claims in the future. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. The outcome of any litigation is uncertain and could significantly impact our financial results. If there is a successful claim of infringement, we may be required to develop non-infringing technology or enter into royalty or license agreements, which may not be available on acceptable terms, if at all. Our failure to develop non-infringing technologies or license proprietary rights on a timely basis would harm our business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At our annual meeting of stockholders on June 19, 2009, the following four proposals were voted on and approved as follows:

1. Our stockholders approved the sale of substantially all of our assets under Delaware law through the sale of our Enterprise Business to Consona Corporation ("Consona") pursuant to the terms and conditions of an asset purchase agreement dated as of April 5, 2009, by and between support.com and Consona.

	Total Votes
For	36,028,898
Against	51,423
Abstain	42,073

2. Our stockholders approved an amendment to our Amended and Restated Certificate of Incorporation to change our name from SupportSoft, Inc. to support.com, Inc.

	Total Votes
For	42,728,495
Against	46,257
Abstain	42,491
Broker Non-Votes	6,733,524

3. Our stockholders elected six directors to serve until our next annual meeting of stockholders, or until their successors are duly elected and qualified.

Name	Total Votes For	Total Votes Withheld
Kevin C. Eichler	42,201,822	615,421
Shawn Farshchi	42,302,609	514,634
J. Martin O'Malley	42,302,628	514,615
Joshua Pickus	42,294,064	523,179
Jim Stephens	42,307,107	509,267
James Thanos	42,304,107	513,136

4. Our stockholders ratified the appointment of Ernst & Young LLP as our independent registered public accounting firm.

	Total Votes
For	42,723,490
Against	48,654
Abstain	45,099

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ITEM 6. EXHIBITS

Exhibits.

10.1	Professional Services Agreement between Office Depot and SupportSoft dated July 26, 2007 (1)
10.1(a)	Change Order Number 1 to Office Depot Remote Service Program Description between SupportSoft and Office Depot effective as of October 8, 2008 (1)
10.1(b)	Amendment No. 1 to the Professional Services Agreement between Office Depot and SupportSoft dated October 1, 2008 (1)
10.1(c)	Amendment No. 2 to the Professional Services Agreement between Office Depot and SupportSoft effective as of June 3, 2009 (1)
10.1(d)	Amendment No. 3 to the Professional Services Agreement between Office Depot and SupportSoft effective as of July 8, 2009 (1)
31.1	Chief Executive Officer Section 302 Certification
31.2	Chief Financial Officer Section 302 Certification
32.1	Statement of the Chief Executive Officer under 18 U.S.C. § 1350(2)
32.2	Statement of the Chief Financial Officer under 18 U.S.C. § 1350(2)

(1) Confidential treatment has been requested for portions of this exhibit.

(2) The certifications filed as Exhibits 32.1 and 32.2 are not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Company under the Securities Exchange Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof irrespective of any general incorporation by reference language contained in any such filing, except to the extent that the registrant specifically incorporates it by reference.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 10, 2009

SUPPORT.COM, INC.

By: /s/ SHELLY SCHAFFER

Shelly Schaffer
Chief Financial Officer and
Executive Vice President of Finance and Administration

EXHIBIT INDEX TO SUPPORT.COM, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2009

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CONFIDENTIAL TREATMENT REQUESTED – CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT ("**Agreement**"), dated July 26, 2007 (the "**Effective Date**"), is between OFFICE DEPOT, INC., a Delaware corporation located at 2200 Old Germantown Road, Delray Beach, FL 33445 ("**Office Depot**"), including its subsidiaries and affiliates and SUPPORTSOFT, INC., located at 1900 Seaport Blvd., 3rd Floor, Redwood City, California 94063 ("**SupportSoft**") (each of SupportSoft and Office Depot, a "**Party**," and together, the "**Parties**"). Office Depot and SupportSoft agree as follows:

1. **<u>Definitions</u>.** In addition to terms defined elsewhere in the Agreement, the following terms have the meanings ascribed to them below.

1.1. "**Customer**" means a purchaser of technology support services from Office Depot who has entered into a Work Order with Office Depot for those services and purchases the services for internal use and not for distribution or resale.

1.2. "**End User License Agreement**" or "**EULA**" means the license agreement accompanying SupportSoft Software and governing end users access to and use of the Software.

1.3. "**Intellectual Property Rights**" means all current and future worldwide patents, patent applications, copyrights, copyright registrations and applications therefore, mask work rights, trade secrets, and all other intellectual property rights recognized anywhere in the world, now known or later developed, and the related documentation or other tangible expression thereof, including documentation related to ownership.

1.4. "**Software**" means the SupportSoft software, in object code, and any accompanying documentation, that SupportSoft may provide to Office Depot pursuant to an SOW for distribution to Customers, solely for Customers' internal use in conjunction with the purchase of Services.

1.5. "**Statement of Work**" or "**SOW**" means a mutually agreed, signed statement of work attached to this Agreement and incorporated herein by reference.

1.6. "**Technology**" means all technology, including all inventions, know-how, techniques, design rules, algorithms, routines, software, files, databases, works of authorship, processes, devices, prototypes, schematics, test methodologies, any media on which any of the foregoing is recorded, and any other tangible embodiments of any of the foregoing.

1.7. "**Work Order**" means the order form and accompanying terms and conditions applicable to Customers' purchase of services from Office Depot.

2. **<u>Services</u>.** During the term of this Agreement, SupportSoft shall make itself and its personnel available to perform technology support services, as described in the Remote Services Program Specification attached as Exhibit A to this Agreement and in any SOW, to Customers of Office Depot (the "**Services**"). For each Customer purchase of Services, Office Depot will enter into a Work Order with the Customer identifying the particular Services sold, and containing terms and conditions for the delivery of the Services that are substantially similar to, and at least as protective to SupportSoft, as the support.com Terms and Conditions attached hereto as Exhibit D (support.com Service Terms and Conditions).

3. **<u>Marketing and Promotional Activities</u>.**

3.1. **<u>Branding</u>.** The Services will be branded by Office Depot and will be identified as "Delivered by support.com", as further described in Exhibit A. Unless otherwise set forth in an Exhibit or SOW, neither Party may engage in any marketing or promotional activities involving the other Party's brand features without the other Party's prior written consent, and any such use shall be subject to appropriate license terms.

3.2. **Marketing Plan.** Each Party shall perform its respective marketing and promotion activities with respect to the Services as set forth in Exhibit E (Marketing Plan).

4. **<u>Intellectual Property; Licenses</u>.**

4.1. **Intellectual Property Ownership.** SupportSoft retains and shall own all right, title and interest in and to its Technology, Software and Services, and all Intellectual Property Rights in and to the foregoing. Office Depot shall acquire no right, title or interest in any Intellectual Property Rights related to SupportSoft's Technology, Services or Software other than the license rights as described in Section 4 of this Agreement. All rights not expressly granted, are reserved to SupportSoft.

4.2. License to SupportSoft Software. Subject to the terms and conditions of this Agreement and the applicable SOW, SupportSoft hereby grants to Office Depot a nonexclusive, nontransferable license (without the right to grant sublicenses) to (i) reproduce and distribute the Software (in executable form only) solely to Customers who agree to be bound by the terms of the applicable end user license agreements and solely as bundled with the Services; and (ii) use the Software solely in providing Services to such Customers.

4.3. Software License Restrictions. Except to the extent expressly stated herein, Office Depot shall not (and shall not enable or permit any third party to) (i) decompile, disassemble, or otherwise reverse engineer (except to the extent that applicable law prohibits reverse engineering restrictions) or attempt to reconstruct or discover any source code, underlying ideas, algorithms, file formats or programming or interoperability interfaces of the Software by any means whatsoever, (ii) remove any product identification, copyright or other notices, (iii) provide, lease, lend, or use for timesharing, service bureau or hosting purposes, or otherwise use or allow others to use the Software to or for the benefit of third parties, (iv) modify, translate, convert to another programming language, incorporate into or with other software or create a derivative work of any part of the Software or SupportSoft Technology, (v) disseminate information or analysis (including, without limitation, benchmarks) regarding the quality or performance of the Software, (vi) use any third party software included with the Software, except in conjunction with the Software and Services, or (vii) access or use any portion or functionality of the Software not expressly licensed to Office Depot or utilize the Software, or any component or output thereof, except through application program interfaces documented by SupportSoft. Office Depot must reproduce and include the copyright notice and other proprietary notices that appear on the original Software on any copies and any media thereof made in accordance with the terms of this Agreement.

4.4. SupportSoft Trademark License. Subject to the terms and conditions of this Agreement, SupportSoft grants to Office Depot a nonexclusive, nontransferable license (without the right to grant sublicenses) to use and reproduce the SupportSoft trademarks and logos identified in writing by SupportSoft solely in connection with the marketing and promotional activities contemplated under Section 3. Office Depot agrees to comply with SupportSoft's trademark guidelines and policies provided by SupportSoft, as may be modified by SupportSoft from time to time in its sole discretion. Office Depot acknowledges SupportSoft's exclusive ownership of the SupportSoft trademarks and logos and agrees not to take any action inconsistent with such ownership. Upon SupportSoft's reasonable request, Office Depot will provide SupportSoft with samples of materials that contain the SupportSoft trademarks or logos prior to their public use, distribution or display for SupportSoft's quality assurance purposes.

4.5. Office Depot Trademark License. Subject to the terms and conditions of this Agreement, Office Depot grants to SupportSoft a nonexclusive, nontransferable license (without the right to grant sublicenses) to use and reproduce the Office Depot trademarks and logos identified in writing by Office Depot solely in connection with SupportSoft's performance of the Services contemplated in the Agreement. SupportSoft agrees to comply with Office Depot's trademark guidelines and policies provided by Office Depot, as may be modified by Office Depot from time to time in its sole discretion. SupportSoft acknowledges Office Depot's exclusive ownership of the Office Depot trademarks and logos and agrees not to take any action inconsistent with such ownership. Upon Office Depot's reasonable request, SupportSoft will provide Office Depot with samples of materials that contain the Office Depot trademarks or logos prior to their public use, distribution or display for Office Depot's quality assurance purposes.

5. <u>Term and Termination</u>. The term of this Agreement shall commence on the Effective Date and continue for a period of *** (***) *** after the National Launch, as specified in Exhibit A to this Agreement (the "Initial Term"). Upon the expiration of the Initial Term, the Parties may agree to extend the Agreement for an additional *** (***) *** (the "Renewal Term") by written agreement.

5.1. Except as otherwise set forth herein, upon termination, Office Depot shall not be obligated to SupportSoft, or its successors or assigns, for any payments other than for Services performed in accordance with this Agreement prior to the date of termination.

5.2. If either Party fails to perform any of its material obligations hereunder, and does not cure such failure within thirty (30) days after receipt of written notice from the non-defaulting Party, the non-defaulting Party may, in addition to any other rights it may have under this Agreement, terminate this Agreement.

5.3. Absent a good faith dispute, if Office Depot fails to make payment to SupportSoft pursuant to this Agreement when such payment is due, and does not fully cure such failure within ten (10) business days after receipt of written notice thereof from SupportSoft, SupportSoft may, in addition to any other rights it may have under this Agreement, terminate this Agreement.

5.4. If, under the terms of this Agreement, Office Depot is unable to ramp up to, or otherwise withdraws, such quantity or type of services and, SupportSoft, in its reasonable judgment, determines that it is no longer commercially reasonable for SupportSoft to continue to provide any or all Services hereunder, based upon the then-current pricing and contractual terms, then SupportSoft may terminate this Agreement upon thirty (30) days' prior written notice.

5.5. After the Initial Term, either Party may terminate the Agreement for convenience upon *** (***) *** prior written notice to the other Party.

5.6. The following Sections will survive any expiration or termination of this Agreement: Sections 1, 4.1, 4.3, 5.6, 6, 8.2 (for the period identified therein), 9, 11.2, 12.3, 14, 15, 16, and 18.

6. **<u>Payment</u>.** Rates charged for Services shall be set forth in Exhibit F (Pricing), attached hereto, unless otherwise set forth in an SOW. SupportSoft will invoice Office Depot monthly for Services performed in the immediately preceding month. Payments shall be made in full within *** (***) *** following the date of invoice. Services will be deemed accepted upon completion of performance.

6.1. Office Depot agrees to pay amounts equal to any applicable taxes, including, but not limited to, sales and use taxes, resulting from any transaction under this Agreement, excluding taxes based on SupportSoft net income.

7. **<u>Independent Contractor</u>.** Pursuant to this Agreement, SupportSoft and Office Depot intend to enter into an arm's-length commercial relationship. The Parties confirm and agree that no employment relationship is intended nor will be created by provision of Services contemplated by this Agreement. SupportSoft and its personnel, in performing the Services, shall act solely as an independent contractor; SupportSoft, and any employees or agents of SupportSoft, shall under no circumstances be treated as or deemed to be employees of Office Depot. Nothing in this Agreement shall be construed to create a partnership, agency, joint venture, or employer-employee relationship as between Office Depot and SupportSoft, or as between Office Depot and SupportSoft employees. SupportSoft understands Office Depot has no federal, state, or local obligations regarding employee liability or insurance to employees of SupportSoft, and Office Depot's total commitment and obligations concerning such under this Agreement are limited to the cash payments set forth herein or in any applicable SOW. SupportSoft expressly represents and agrees that it is solely responsible for timely remittance to appropriate authorities of all federal, state, and local taxes and charges incident to the provision of and payment of compensation and/or benefits owing to its employees for Services and to the operation of SupportSoft's business, including, but not limited to, payment of workers' compensation insurance premiums, social security taxes (FICA, OASDI, Medicare hospitalization), and federal and state income taxes (including quarterly estimated taxes). NEITHER SUPPORTSOFT NOR ITS EMPLOYEES SHALL HOLD ITSELF (OR HIMSELF OR HERSELF, AS THE CASE MAY BE) OUT OR OTHERWISE REPRESENT ITSELF (OR HIMSELF OR HERSELF, AS THE CASE MAY BE) TO ANY PERSON OR ENTITY AS ANYTHING OTHER THAN AN INDEPENDENT CONTRACTOR OF OFFICE DEPOT. Unless otherwise set forth in a Statement of Work, neither SupportSoft nor its employees shall be entitled to enter into any contract, agreement, arrangement, or association on behalf of Office Depot. SupportSoft shall have sole right and responsibility to supervise its employees in the performance of the Services. Each Party shall comply with all state and federal laws which relate to the employment of its employees and of conduct of its business.

8. **<u>Written Records and Reporting; Audit</u>.**

8.1. **Records.** From time to time, as specifically set forth in the applicable SOW, each Party shall furnish to the other Party written reports pertaining to the Services, including details regarding Work Orders, sales volumes, sales forecasts, transactions, and Services delivered.

8.2. **Audit.** Each Party agrees to maintain records supporting the payments made hereunder for a period of two (2) years following the date that the payment is due. The relevant portion of such records and accounts will be available for inspection and audit by an independent certified public accountant selected by the auditing Party and acceptable to the other Party (but not more than once in any twelve (12) month period) during regular business hours, upon reasonable advance notice, and conducted in a manner that does not unreasonably interfere with the operation of the audited Party's business. Except as provided herein, the auditing Party will bear the sole costs and expenses in connection with such audit. Any underpayments discovered under any audit performed pursuant to this Section 8.2 will be paid promptly by the audited Party following the receipt of a final report from the auditor. Any overpayments found by the auditor will be deducted from any following payments due until such overpayment is fully recouped there from. In the event that a discrepancy is found of greater than ten percent (10%) of revenue for the period that is being audited, then the audited Party will bear the reasonable costs of the audit.

9. **<u>Confidential Data</u>.** During the performance of this Agreement, each Party may disclose to the other certain Confidential Information, as such term in defined in the Mutual Nondisclosure Agreement entered into by and between the Parties on *** (herein, the "NDA"). Such NDA is attached hereto as Exhibit G (Mutual Nondisclosure Agreement) and is incorporated herein by reference. Any such Confidential Information disclosed hereunder will be subject to the terms and conditions of the NDA; provided that, as related to Confidential Information disclosed under this Agreement, the rights and obligations of the Parties under such NDA will survive for a period of two (2) years after termination or expiration of this Agreement.

10. **Conflict of Interest.** SupportSoft represents and warrants that it has no commitments or obligations to perform Services for others during the period of this Agreement which would materially interfere with the performance of SupportSoft obligations under this Agreement. Other than as prohibited by this paragraph, SupportSoft shall be free to provide services to its other customers and clients.

11. **Compliance with Regulations and Policies.** Unless otherwise set forth in the applicable SOW, SupportSoft shall perform the Services at SupportSoft premises or on-site at Office Depot's premises, and shall be responsible for providing all equipment and supplies necessary to perform the Services. If the performance of the Services requires SupportSoft to be located at Office Depot facilities, SupportSoft shall comply with all applicable federal or state laws and regulatory requirements, all safety and health regulations, and all policies and procedures, including anti-harassment policies, prescribed by Office Depot and provided to SupportSoft. SupportSoft remains responsible for ensuring that SupportSoft employees comply with such laws, regulations, and safety laws and policies and procedures, and supervision of SupportSoft employees remains SupportSoft's responsibility.

11.1. SupportSoft hereby certifies compliance with all federal, state, and local employment laws and regulations, including, but not limited to, the Immigration Reform and Control Act ("IRCA"). SupportSoft specifically certifies that each of its employees and subcontractors have completed an 1-9 form as required by IRCA and that the completed forms are maintained in accordance with the provisions of IRCA.

11.2. Each Party agrees to comply with the other Party's then-current privacy policy provided by such Party), relating to any of a Customer's personally identifiable information so disclosed.

12. **Warranty; Warranty Disclaimer.**

12.1. SupportSoft represents and warrants that Services provided hereunder shall be performed (i) in a professional, timely and workmanlike manner, (ii) in accordance with industry standards; and (iii) substantially in accordance with the applicable SOW. As the sole and exclusive remedy for breach of the foregoing warranty, if a Customer experiences a problem with the Services and calls SupportSoft within seven (7) days of the date the Services were originally performed, SupportSoft will use commercially reasonable efforts to try to resolve the Customer's problem at no additional charge, but no refund will be provided. As set forth below, there are no other warranties for the Services, SupportSoft shall pass through to Office Depot all applicable manufacturer warranties, if such warranties have been granted to SupportSoft.

12.2. Customer Consents and Licenses. Office Depot represents and warrants that it will obtain all required consents and authorizations from Customers to enable SupportSoft to access Customers' computers and perform the Services. For any software provided by SupportSoft to Office Depot for distribution to Customers or installation on Customer computers, as set forth in an SOW, Office Depot will require any Customer or other end user of such software to agree to be bound by the terms and conditions of any applicable SupportSoft EULA or third-party end user license agreement. Office Depot will also provide each such Customer with copies of the applicable Supportsoft EULA and third-party end user license agreements and will present to such Customer SupportSoft's then-current privacy policy, with a statement that such privacy policy applies to the Services performed by SupportSoft.

12.3. EXCEPT AS EXPRESSLY SET FORTH ABOVE, THE SERVICES (INCLUDING, WITHOUT LIMITATION, ALL ADVICE, CONTENT, AND SOFTWARE) ARE PROVIDED "AS IS," WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES CONCERNING THE AVAILABILITY, ACCURACY, COMPLETENESS, USEFULNESS OF THE SERVICES, AND ANY WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SUPPORTSOFT DOES NOT WARRANT THAT THE SERVICES WILL BE TIMELY, SECURE, UNINTERRUPTED, ERROR FREE, OR SUCCESSFUL IN RESOLVING CUSTOMER QUESTIONS OR COMPUTER PROBLEMS. SUPPORTSOFT MAKES NO WARRANTY THAT THE SERVICES WILL MEET USERS' EXPECTATIONS OR REQUIREMENTS. NO ADVICE, RESULTS, CONTENT OR MATERIALS WHETHER ORAL OR WRITTEN, OBTAINED BY CUSTOMERS FROM THE SERVICES OR FROM OFFICE DEPOT SHALL CREATE ANY WARRANTY. ANY CONTENT OR SOFTWARE THAT CUSTOMERS ACCESS, DOWNLOAD OR USE WITH THE SERVICES IS DONE AT CUSTOMERS' OWN DISCRETION AND RISK AND CUSTOMERS AGREE THAT THEY WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE THAT RESULTS FROM SUCH ACTIVITIES.

13. **Staffing.** SupportSoft is responsible for supplying its employees to perform the Services, and SupportSoft is responsible for supervising and/or directing those employees. It is SupportSoft's responsibility to ensure that its employees are sufficiently competent and experienced to ensure that the Services are performed in accordance with good industry practices. SupportSoft shall use reasonable efforts to ensure the continued employment by SupportSoft of its employees or subcontractors who perform the Services for Office Depot pursuant to this Agreement. If, at any time during the performance of this Agreement, in Office Depot's sole but reasonable determination, the performance of a particular SupportSoft employee or subcontractor is not compliant with the terms of this Agreement, Office Depot shall promptly notify SupportSoft in writing of Office Depot's determination and the Parties shall discuss in good faith the appropriate actions to be taken to resolve such issue. SupportSoft shall be primarily liable for the acts or omissions of any subcontractors engaged to perform Services under this Agreement or any SOW.

14. **Intellectual Property Indemnity.** SupportSoft agrees, at its own expense, to (1) indemnify and defend Office Depot against or, at its option, to settle any third party claim, suit, or proceeding brought against Office Depot on the issue of any U.S. trademark, patent, or copyright infringement with respect to the SupportSoft Technology or Software provided to Office Depot, or Services performed by SupportSoft; and (2) pay Office Depot any and all costs, damages, and reasonable attorneys' fees and expenses for which Office Depot is found liable to such third party as a result of, or agrees to pay in settlement of, any lawsuit based on such a claim, provided that Office Depot (i) notifies SupportSoft within a reasonable period after it receives notice of such claim, (ii) provides SupportSoft sole control over the defense or settlement of such claim, and (iii) fully cooperates with SupportSoft in its defense or settlement of such claim. Notwithstanding the foregoing, SupportSoft will have no obligation under this Section 14 with respect to any such infringement claim based on a combination of the SupportSoft Technology, Software or Services with any products, technology or services not provided by SupportSoft, or for any modification or unauthorized use of the SupportSoft Technology, Software or Service.

15. **Indemnification.** With respect to damages related to third parties, each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party (the "Indemnified Party"), its agents, and its employees from and against any and all liability, loss, damage, or expense, including reasonable legal fees and costs of defense, arising from any third party claim, demand, action, or cause of action asserted against the Indemnified Party to the extent resulting from: (i) any breach of any representation, warranty or covenant by the Indemnifying Party; (ii) negligence or willful misconduct on the part of the Indemnifying Party, its employees, subcontractors, or agents; and/or (iii) the Indemnifying Party's failure to comply with federal, state, local, or other applicable law relating to its performance of services or this Agreement (including, but not limited to, those laws set forth in Section 11 above). The Indemnified Party shall notify the Indemnifying Party as soon as practicable of any circumstances or set of circumstances that might reasonably lead to the operation of this paragraph. The Indemnifying Party will have sole control over the defense or settlement of such matters, and the Indemnified Party agrees to cooperate fully in such defense or settlement.

16. **Limitation of Liability.** EXCEPT FOR THE PARTIES' INDEMNIFICATION OBLIGATIONS IN SECTIONS 14 AND 15 ABOVE OR EITHER PARTY'S WILLFUL, OR KNOWING BREACH OF SECTION 4, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA OR ITS USE, LOSS OF PROFITS, LOSS OF BUSINESS, OR OTHER ECONOMIC DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. REGARDLESS OF THE FORM OF ACTION, OTHER THAN AN ACTION FOR PAYMENT OF AMOUNTS DUE UNDER THE AGREEMENT, THE PARTIES' INDEMNIFICATION OBLIGATIONS IN SECTIONS 14 AND 15 ABOVE, AND EITHER PARTY'S WILLFUL OR KNOWING BREACH OF SECTION 4, THE TOTAL LIABILITY OF EITHER PARTY UNDER THIS AGREEMENT SHALL NOT EXCEED THE TOTAL AMOUNT PAID TO SUPPORTSOFT FOR SERVICES SATISFACTORILY PERFORMED UNDER THIS AGREEMENT AS OF THE DATE OF SUCH CLAIM.

17. **Insurance.**

17.1. SupportSoft Liability Insurance. During the performance of the Services, SupportSoft at its cost and expense, shall purchase and maintain the insurance set forth in this Section 17. The insurance shall be purchased and maintained in companies acceptable to Office Depot and shall be primary with no right of contribution.

17.2. Workers' Compensation and Employers' Liability. Statutory Worker's Compensation Insurance and Employer's Liability Insurance with a limit of $1,000,000; including coverage for occupational injury, illness and disease, and other similar social insurance in accordance with the laws of the country, state or territory exercising jurisdiction over the employee.

17.3. General Liability. Comprehensive General Liability Insurance, including Products, Completed Operations, Premises Operations, Personal and Advertising Injury, Contractual and Broad Form Property Damage liability coverage, on an occurrence basis, with a minimum combined single limit per occurrence of $1,000,000 and a general aggregate limit of $2,000,000.

17.4. Automobile Liability. Automobile Liability Insurance covering use of all owned, non-owned and hired automobiles for bodily injury, property damage, uninsured motorist and underinsured motorist liability with a minimum combined single limit per accident of $1,000,000.

17.5. Insurance Certificate. Unless otherwise agreed to by the Parties, SupportSoft shall not be permitted to begin to provide Services without first delivering to Office Depot's designated representative certificates from SupportSoft insurers evidencing the above reference coverages.

17.6. No Waiver. Failure of Office Depot to demand insurance certificates or other evidence of full compliance with these insurance requirements or failure of Office Depot to identify a deficiency from evidence that is provided shall not be construed as a waiver of SupportSoft's obligation to maintain such insurance.

17.7 Deductibles. SupportSoft may purchase the above-required insurance policies with such reasonable deductibles as it may elect; provided that losses not covered by reason of such deductible shall be for SupportSoft account.

18. General.

18.1. Assignment. Neither Party shall assign this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any attempt to assign this Agreement without prior consent shall be void.

18.2. Entire Agreement. This Agreement, including completed SOWs, Schedules, Appendices and Exhibits, constitutes the entire agreement between the Parties. All prior negotiations, proposals, and agreements between the Parties concerning the subject matter contained in this Agreement, are canceled and superseded by this Agreement. Any changes to this Agreement must be agreed to by both Parties in writing.

18.3. Notices and Consent. Any notice, demand, or consent required or permitted to be given under the terms of this Agreement shall be deemed to have been duly given or made, if given by any of the following methods:

18.3.1 Deposited in the United States mail, in a sealed envelope, postage prepaid, by registered or certified mail, return receipt requested, or hand delivered, respectively addressed as follows:

To Office Depot:	Office Depot, Inc 2200 Old Germantown Road Delray Beach, FL 33445 Attention: John Lostroscio, Vice President
With a copy to:	Office Depot, Inc. 2200 Old Germantown Road Delray Beach, FL 33445 Attn: Office of the General Counsel
To SupportSoft:	SupportSoft, Inc. 1900 Seaport Blvd., Third Floor Redwood City, CA 94063 Attn: Richard Mandeberg
With a copy to:	SupportSoft, Inc. 1900 Seaport Blvd., Third Floor Redwood City, CA 94063 Attn: Office of the General Counsel

18.3.2 Sent to the above address via an established national overnight delivery service, charges prepaid; or

18.3.3 Sent via any electronic communications method, if the sender (i) obtains written confirmation of receipt of the communication by the electronic communication equipment at the office of the addressee listed above; and (ii) immediately follows such notice with a second notice in one of the methods set forth in 18.3.1 or 18.3.2 above.

18.3.4 Notices shall be effective on the third day after posting if sent by mail, on the next day after posting if sent by express courier and on the day of dispatch if manually delivered within regular business hours or if transmitted within regular business hours by electronic communication methods.

18.4. Severability. If a court of competent jurisdiction shall hold any provisions of this Agreement invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

18.5. Waiver. The failure of either Party to enforce at any time or for any period of time any of the provisions of this Agreement will not be construed to be a waiver of such provisions or of its right thereafter to enforce such provision and each and every provision thereafter.

18.6. Invalid Provisions. If any of the provisions of this Agreement are held to be invalid, illegal, or unenforceable, the provisions shall remain in effect to the extent allowed by law and the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

18.7. Governing Law. This Agreement shall be interpreted in accordance with New York law. Each Party acknowledges that any actual or threatened breach of Section 4 or 9 may cause the other Party irreparable harm for which money damages may not be an adequate remedy, and that injunctive relief may be an appropriate remedy for such breach. Each party will comply with all applicable export and import control laws and regulations in the use and distribution of the Software, Services and any other SupportSoft Technology.

18.8. Breaches of Agreement. Both Parties agree that if either Party breaches any term or condition of this Agreement, subject to the non-breaching Party's termination rights under Section 5, the remaining provisions, clauses, and/or articles of this Agreement, or parts thereof, remain valid and in full force or effect.

18.9. Non-Solicitation of Personnel. Neither Party shall employ or otherwise contract for the same or similar services of any current employee, subcontractor or agent (hereafter collectively referred to for this provision as "Personnel") of the other Party, performing duties in support of this Agreement, or Personnel hired by the other Party, performing duties in support of this Agreement, during the term hereof until one year after the earlier of: (a) the termination of such Personnel's employment; or (b) the termination of this Agreement. No offer or other form of solicitation of employment will be made at any time when the employment of such Personnel is prohibited by this Agreement; provided however, that this limitation shall not prohibit the solicitation, recruitment or hiring of anyone who is identified solely as a result of their response to a general advertisement by Office Depot. The intention of this Section is to prohibit the active recruitment of Personnel of the other Party.

18.10. Force Majeure. Neither Party will be responsible or liable in any way for its failure to perform or delay in performance of its obligations under this Agreement during any period in which performance is prevented or hindered by conditions beyond its reasonable control, including, but not limited to, acts of God, fire, flood, failure or public utilities, war, criminal activity, malicious acts, embargo, strikes, labor disturbances, explosions, riots, and laws, rules, regulations and orders of any governmental authority.

18.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

18.12. Authority. By signing this Agreement, the undersigned representatives of SupportSoft and Office Depot represent and warrant that he/she has the power and authority to sign this Agreement and that once signed this Agreement is legally binding on SupportSoft and Office Depot respectfully,

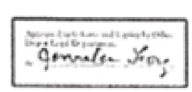
SUPPORTSOFT, INC.

By	/s/ Ken Owyang
Name	Ken Owyang
Title	CFO
Date	26 July 2007

OFFICE DEPOT, INC.

By	/s/ Stephen Olsen
Name	Stephen Olsen
Title	VP Merchandise Strategy & Scs
Date	7/27/07

By	/s/ Scott Koern
Name	Scott Koern
Title	SVP
Date	7/27/07



List of Exhibits

EXHIBIT A
REMOTE SERVICE PROGRAM SPECIFICATION

1. Program Overview

In this Remote Services Program, SupportSoft will deliver remote technology problem resolution services in support of Office Depot's consumer and small and medium business service offering. Office Depot will assume responsibility for demand generation and the associated activities including consumer advertising, promotions, product bundling, etc. SupportSoft will assume responsibility for remote service delivery including providing the services and the associated technical functionality, appropriate staffing capacity, and cross functional processes to ensure the services are delivered according to Office Depot's standards as outlined below.

The parties will work closely to define the services and processes that comprise the program and meet Office Depot's objectives. Based on mutually agreed upon specifications and appropriate input from Office Depot, SupportSoft will tailor its services and supporting technology and will build the necessary reporting and technical integration components to support the program requirements. Office Depot will share its marketing and promotional activities and expected sales estimates to allow SupportSoft to properly staff its call center operations and meets its financial objectives.

The program will be designed for initial deployment through Office Depot's retail stores. The parties will design the core components of the program and run a pilot program in a limited number of stores with a limited number of services available as mutually agreed upon. Based on the pilot results, the Parties expect to make any required modifications to the services and processes and deploy the program nationally to all Office Depot stores. The parties will work closely to review and manage program performance, add or revise new service offerings, amend policies and procedures and integrate to additional Office Depot sales channels.

2. Requirements and Specifications

Transaction Flow; Work Orders. For each Office Depot sales channel, Office Depot and SupportSoft will work together to implement the appropriate Customer POS process and work flow, including the creation and hosting of an online landing page at a URL specified by SupportSoft, where Office Depot Associates and Customers may initiate the service provision process. For each Customer purchase of Services, Office Depot will enter into a Work Order Agreement with the Customer identifying the particular Services sold, and containing terms and conditions for the delivery of the Services that are substantially similar to, and at least as protective to SupportSoft, as the support.com Terms and Conditions attached hereto as Exhibit D (support.com Service Terms and Conditions).

Provision of Services to Customers. Office Depot shall make the Services available to Customers according to the specification defined in each applicable SOW. Unless otherwise provided in an SOW, SupportSoft personnel will provide the Services to Customers via a remote connection over the Internet and by telephone. Customers may receive the Services in one of two ways: (1) directly from SupportSoft, via access to an online Services Redemption page hosted by SupportSoft, or (2) in an Office Depot store, with Office Depot Associates connecting to a SupportSoft online Service Request page on behalf of the Customer.

Branding. The Service tools and materials provided directly by Support.com will be identified as "Delivered by Support.com". ***. Office Depot will provide its service brand documentation to facilitate service development, delivery scripting and call center training.

Customer Information. In order to enable SupportSoft to perform the Services, Office Depot will provide SupportSoft with a copy of the Work Order information and any other configuration specifications required for SupportSoft to deliver the purchased services. Once the Services under a Work Order are completed, SupportSoft will provide both the Customer and Office Depot a written report as to the technology support services performed.

Point of Sale (POS) Integration. For the initial launch, SupportSoft will integrate to the retail store POS through the DecisionOne Work Order system. Office Depot will assume all responsibilities for the accuracy of the data transferred to SupportSoft from the Work Order System and the stability and performance of that system. The program may be integrated to additional Office Depot sales channels, provided that any terms, processes and integration components relating to those additional channels will be mutually agreed upon and attached to this agreement as additional Exhibits.

Pre-Launch Activities. SupportSoft's delivery of the Services may be conditioned upon the Parties' completion of certain implementation, training, configuration, installation, and other preparatory activities. The parties agree to work closely to define a mutually agreeable timeline to develop, deliver and implement all required program components.

Service Pricing and Fees. All pricing and associated fees will be set forth in Exhibit F.

***** CONFIDENTIAL MATERIAL REDACTED AND SEPARATELY FILED WITH THE COMMISSION *****

Press Release. The Parties will negotiate in good faith the timing and content of a press release announcing the public availability of the Services.

Change Control Process. Each party has the right, upon written notice to the other, to request changes and/or modifications to the program, by notifying the other party with a written Change Order Request. Upon receipt of such notification, the receiving party shall promptly evaluate the request to determine the impact the change would have on the program. Once the evaluation has been completed by the receiving party, the parties agree to discuss any objections or concerns in good faith, and mutually agree upon a path to resolution within ten (10) working days thereof. The parties shall then execute the Change Order Request to reflect all changes agreed upon which shall be attached to this agreement as an amendment to the applicable Exhibit.

3. Responsibilities

By Office Depot:

1. Program Promotion and Marketing: Office Depot will be responsible for all marketing, advertising and promotional activities. In the event that the parties agree to develop promotional bundles including both product and the remote Services, Office Depot will be responsible for acquiring all rights and permissions associated with the promotions.

2. Deployment Support: Office Depot will provide the resources to appropriately deploy the program within its store operations including but not limited to associate and field services training, in-store service delivery space build out, and appropriate internet access and connectivity.

3. POS Reporting: For the National Launch, Office Depot will provide daily automated POS reports which detail service transacted the previous day and including Work Order Number, Store Number, and SKU Service Quantity. The Parties agree that for the pilot period, Office Depot will provide manual POS reports on a daily basis.

By SupportSoft:

Associate Standard Operating Procedures: As mutually agreed upon, SupportSoft will define, design and implement the key program processes required to appropriately support service delivery and provide the necessary documentation to effectively train the Office Depot personnel. These processes will be defined in Exhibit C. The parties may amend or add new Procedures provided that the updates are executed per the Change Control Process outlined above and are attached to this agreement in Exhibit C.

Service SKU Development and Delivery: As mutually agreed upon, SupportSoft will define, design and implement the service delivery and provide the necessary documentation to effectively train the Office Depot personnel. The services will each be defined in Exhibit B. The parties may amend or add new service provided that the updates are executed per the Change Control Process outlined above and are attached to this agreement in Exhibit B.

Delivery Functionality Development and Maintenance: SupportSoft is responsible for developing and maintaining the program delivery components including but not limited to the work order integration, online redemption pages, and the service tools such as system tune up, remote control, etc.

Service Delivery Report and Invoicing: SupportSoft will provide a monthly Service Delivery Report which mirrors the information layout provided in the Office Depot POS Report. SupportSoft will invoice Office Depot monthly for the service delivered in the preceding month per the payment terms defined in section 6 and pricing terms outlined in Exhibit F.

4. Timeline and Milestones

Unless otherwise agreed in writing by the Parties, the following timelines will apply:

Pilot Launch: July 27, the parties will launch a pilot program with reduced set of services and into a limited number of stores, as more fully described in an SOW. The parties will develop the required program components and properly prepare and train their respective teams to support the initial pilot program.

Initial Forecast: At least eight (8) weeks prior to National Launch (as defined below), the parties will review the Office Depot marketing and promotion plan and determine a mutually agreed upon sales forecast including day of week and time of day estimates for the sixteen weeks of the program after the national launch.

Launch Preparation: In order to properly prepare for the national launch, Office Depot will commence store training and SupportSoft will begin call center training no later than six (6) weeks prior to the date of the National Launch.

National Launch: The program will be deployed nationally to all 1200 Office Depot stores and online on or before ***.

5. Service Level Agreement and Business Hours

SupportSoft will provide the following service levels: (i) *** (***%) of customer and associate calls will be answered by SupportSoft within *** (***) ***, beginning after all Interactive Voice Response system prompts and user selections have concluded, and (ii) customers shall abandon not more than *** (***%) of total calls provided that such service levels are measured on a monthly average basis for calls made to the Office Depot service that extend beyond the IVR prompts and are received during the then current business hours. The program will be available to consumers and associates daily from 5 am to 2 am eastern time. Any change to the Service Levels and Business Hours will be mutually agreed upon and accepted according to the Change Control process defined above.

6. Account Management

Each Party shall appoint and keep in place during the Term sufficient account managers as may be reasonably necessary to facilitate the performance of each Party's obligations under the Agreement.

7. Program Management, Forecasting and Reporting

Program Forecasting. The parties agree that in order to appropriately staff and cost efficiently manage the program, SupportSoft must have visibility to the expected service yields and units delivery. The parties agree to manage the program on rolling four month basis by conducting monthly performance forecast and tracking meetings to (i) review the previous month's performance versus projection, (ii) review the promotion and marketing plan for the upcoming four month period and (iii) confirm the forecast for the upcoming four month period. The parties will document in writing the meeting results for review at the following monthly meeting.

The first forecasting meeting will occur eight weeks before the date of the National Launch.

Quarterly Performance Reviews. The Parties agree that appropriate senior-level representatives of each Party shall meet at least once per quarter during the Term to review the overall progress and status of performance under the Agreement including, without limitation, the marketing and advertising program and any feedback and suggestions for improvement.

EXHIBIT D
Support.com SERVICE TERMS AND CONDITIONS

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS CAREFULLY. These terms (the “Terms”) govern your use of the web site at www.support.com (“Site”) and any computer support services provided either by telephone or computer (the Site and the computer support services are collectively referred to as the “Services”) provided by SupportSoft, Inc., its subsidiaries, affiliates and contractors (“SupportSoft,” “we” or “us”). By accessing, ordering or using the Services via telephone or online via the Site, you (“You” or “Your”) and other users of the Services (collectively, “Users”) agree to these Terms and our Privacy Policy available at www.support.com/privacy_policy. If You do not agree to these Terms, You may not access or use the Services.

Terms of Use

We provide You with access to and use of the Services subject to Your compliance with the Terms. SupportSoft reserves the right to refuse to provide the Services to anyone at any time without notice for any reason. You represent and warrant to us that (a) You are at least 18 years old; (b) You have the right, capacity and authorization necessary to legally bind Yourself to the Terms; (c) You have read and agree to the terms of the Privacy Policy on the Site, (d) You will comply with all treaties, laws, rules and regulations applicable to Your use of the Services, (e) any information You submit to SupportSoft is correct and complete, and (f) any payment or credit card information You supply is correct.

Authorization to Access your Computer

You acknowledge that by your use of the Services you are authorizing SupportSoft to access and control your computer for the purposes of computer diagnosis, service and repair.

In connection with delivering the services, SupportSoft may download and use software, gather system data, take remote control of your computer and access or modify your computer settings. By accepting these terms, you hereby grant SupportSoft the right to connect to your computer, download and use software on your computer to gather system data, repair your computer, take remote control of your computer and change the settings on your computer while performing the services. Other than as set forth in the warranty section below, you agree that SupportSoft has no responsibility or liability under any circumstance at any time for any loss or harm that may arise from or may be related to the services.

Data Backup

SUPPORTSOFT DOES NOT PROVIDE DATA BACKUP OR RESTORATION SERVICES. YOU ARE SOLELY RESPONSIBLE FOR MAINTAINING AND BACKING UP ALL INFORMATION, DATA, TEXT OR OTHER MATERIALS (COLLECTIVELY “CUSTOMER DATA”) AND SOFTWARE STORED ON YOUR COMPUTER AND STORAGE MEDIA BEFORE ORDERING THE SERVICES. YOU ACKNOWLEDGE AND AGREE THAT SUPPORTSOFT OR ITS REFERRAL PARTNERS HAVE NO RESPONSIBILITY OR LIABILITY UNDER ANY CIRCUMSTANCE AT ANY TIME FOR ANY LOSS OR CORRUPTION OF CUSTOMER DATA, SOFTWARE OR HARDWARE THAT MAY ARISE OUT OF THE SERVICES.

SUPPORTSOFT DOES NOT PROVIDE BACKUP COPIES OR SUPPORT INSTALLATION OF UNLICENSED SOFTWARE TO CUSTOMERS. PLEASE ENSURE THAT YOU HAVE A LICENSED COPY OF ALL NECESSARY SOFTWARE.

Scope of Services

You may initiate the Services via telephone or other means made available by SupportSoft. SupportSoft will use commercially reasonable efforts to answer Your personal technology question and resolve Your personal technology problem for a fee as set forth in the Site or quoted on the telephone. Upon receiving the telephone call, SupportSoft may provide certain portions of the Services via remote control session, online chat or e-mail. We may set forth limits to the personal technology we support. Certain Services may have minimum system requirements.

Warranty

The Services may not be successful because the problem may be beyond our ability to resolve remotely. If we are not able to answer Your question or resolve Your personal technology problem and You have complied with all Your obligations in these Terms, we will refund the fees paid for the Services. Such refund shall only be provided if You request the refund on the same day the Services were ordered and rendered. Such request must be made by telephone. If you experience a problem with the resolution we provided and you call us within five (5) days from the day you originally received the Services, we will use commercially reasonable efforts to try to resolve your problem at no additional charge but no refund will be provided. As set forth below, there are no other warranties for the Services.

DISCLAIMER OF WARRANTIES

YOU UNDERSTAND AND AGREE THAT EXCEPT AS EXPRESSLY SET FORTH ABOVE, THE SERVICES (INCLUDING, WITHOUT LIMITATION, ALL ADVICE, CONTENT, AND SOFTWARE) ARE PROVIDED “AS IS,” WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES CONCERNING THE AVAILABILITY, ACCURACY, COMPLETENESS, USEFULNESS OF THE SERVICES, AND ANY WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SUPPORTSOFT DOES NOT WARRANT THAT THE SERVICES WILL BE TIMELY, SECURE, UNINTERRUPTED, ERROR FREE, OR SUCCESSFUL IN RESOLVING YOUR QUESTION OR COMPUTER PROBLEM. SUPPORTSOFT MAKES NO WARRANTY THAT THE SERVICES WILL MEET USERS’ EXPECTATIONS OR REQUIREMENTS. NO ADVICE, RESULTS, CONTENT OR MATERIALS WHETHER ORAL OR WRITTEN, OBTAINED BY YOU FROM THE SERVICES SHALL CREATE ANY WARRANTY. ANY CONTENT OR SOFTWARE THAT YOU ACCESS, DOWNLOAD OR USE WITH THE SERVICES IS DONE AT YOUR OWN DISCRETION AND RISK AND YOU AGREE THAT YOU WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE THAT RESULTS FROM SUCH ACTIVITIES.

SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES SO THE ABOVE LIMITATIONS MAY NOT APPLY TO YOU.

Use of Software and Tools

SupportSoft may need to download and/or run software on Your personal computer to help diagnose and resolve Your personal technology problem. SupportSoft uses several types of software: the first type provides computer system information to SupportSoft which helps us diagnose and resolve Your personal technology problem, the second type allows SupportSoft to remotely control Your computer and modify its settings or software, and the third type generally consists of utilities and other tools to improve computer performance and help resolve Your personal technology problem.

You acknowledge and agree that use of all SupportSoft software and third party software and tools (accessed, downloaded or otherwise provided or made available with the Services (collectively “Software”) are subject to the license agreements that may appear or be referenced when You access or download the Software. You may not access, download or use any Software without agreeing to the terms and conditions of the license agreements without modification. You agree that we may download and utilize Software from third party web sites and accept any applicable license agreements on your behalf. You acknowledge and agree that we may download and install trial versions of Software that will expire and cease to function after a certain period of time (usually thirty days) unless you purchase a license to continue using such Software. You may use the SupportSoft software only in connection with the Services and for no other purpose. You agree that we may, but are not obligated to, remove any Software downloaded to your computer during the Services after we have completed or terminated the Services.

Customer Responsibilities

You must cooperate with SupportSoft and promptly respond to our requests for information and comply with our requests to take actions to resolve Your personal technology problem. You must consent to the downloading and use of Software on Your personal computer and accept all applicable license agreements for the Software.

Monitoring of the Services

We may, but have no obligation to, monitor and record the Services, including telephone calls and online sessions for purposes of improving customer service, internal training and internal market research. You acknowledge and agree that we do retain the right to monitor and record the Services and to disclose any information as necessary or appropriate to satisfy any law, regulation or other governmental request, to operate the Services properly, or to protect ourselves and/or our Users. Please see our Privacy Policy for further details.

Registration, Passwords and Security

In order to use certain Services, we may require that You register. During the registration process, You may be asked to designate, or we may designate for You, a user name and password. You are responsible for maintaining the confidentiality of any password or account information You receive from SupportSoft, and are responsible for all activities that occur using that password or other account information. You must notify SupportSoft immediately upon learning of any unauthorized disclosure or use of Your password or other account information. SupportSoft has no liability for any unauthorized use of the Services under Your account or on Your computer.

Fees and Payment

The applicable fees for the Services You order will be quoted on the telephone and may be available on the Site. The fee for the Services will be charged directly on Your credit card and You agree to pay the charges applicable to Your selected Services, as well as any applicable taxes.

Service Availability

The Services may not always be available in Your time zone or geographic location. The Services may not always be available due to system maintenance or Internet service disruptions.

Use of the Services

Your use of the Services is only for personal and noncommercial purposes on Your personal technology, and not for resale or transfer to others. You may not sell, lease or rent access to or use of the Services. You may not allow manufacturers, suppliers or vendors of Your personal support technology, or providers of services relating to such technology, to access or use the Services.

You may not use, download or copy any information, data, text, photographs, graphics, video, or other materials provided with the Services (“Content”) unless: (1) You use the Content solely for personal, informational and non-commercial purposes; (2) SupportSoft’s trademarks and copyright symbol and statement set forth on each page of the Site appears on each downloaded or copied page; and (3) no modifications are made to any Content. The rights granted to You in connection with the Services constitute a license and not a transfer of title. SupportSoft reserves the right to revoke the authorization to view, download and print the Content available on the Site at any time, and any such use shall be discontinued immediately upon notice from Supportsoft. Except as expressly provided herein, You may not use, download, upload, copy, print, display, perform, reproduce, publish, license, post, transmit or distribute any Content from the Services in whole or in part without the prior written permission of SupportSoft. Any rights not expressly granted herein are reserved by SupportSoft.

Restrictions

You shall not: (a) “mirror” any Content on the Site on any other server without SupportSoft’s prior express written permission, (b) use the Service for any illegal purpose, (c) misuse, abuse or make any unauthorized use of any property, network, website, personnel or equipment of SupportSoft or its customers or its suppliers, including but not limited interfering with or otherwise disrupting networks connected to the Service, (d) engage in any activities or actions in connection with the Services that infringe or misappropriate the intellectual property rights of others, including without limitation, copyright, patent, trademark, trade secret and confidential information, (e) engage in any activities that violate the personal privacy or publicity rights of others; (f) access, monitor or use data, traffic, computers, systems, facilities or networks provided with or accessible from the Services, without proper authorization, including any attempt to probe, scan or test the vulnerability of a system or network or to breach security or authentication measures without express authorization of the owner of the system or network; (g) send unsolicited commercial messages, advertising, informational announcements or communications in any form (“SPAM”) in connection with the Services; or (h) interfere with the Services or any system, service, network, or person accessible from the Services, including without limitation deliberate attempts to overload a system by the multiple postings of messages.

Modifications to the Services

We reserve the right, for any reason, in our sole discretion and without notice to You, to modify, terminate, change, suspend or discontinue any and all aspects of the Services, including Content, Software, features and/or hours of availability, and we will not be liable to You or to any third party for doing so.

Security

While we use reasonable security measures to deliver the Services, You understand and acknowledge that no data transmission over the Internet can be guaranteed to be 100% secure and in any event we cannot guarantee that any personal information You submit to us will be free from unauthorized intrusion.

Submissions

All comments, feedback, information (other than your personally identifiable information or billing information) or materials submitted to SupportSoft (“Submissions”) shall be considered non-confidential and SupportSoft’s property. By providing such Submissions to SupportSoft, You agree to assign to SupportSoft, at no charge, all worldwide rights, title and interest in copyrights and other intellectual property rights to the Submissions. SupportSoft shall be free to use and/or disseminate such Submissions on an unrestricted basis for any purpose. You acknowledge that You are responsible for the Submissions that You provide, and that You have full responsibility for the Submissions, including their legality, reliability, appropriateness, originality and copyright. Any or all Submissions You provide in connection with the Services may be purged periodically in SupportSoft’s sole discretion.

International Use

Currently, the Services are only available for residents of the United States and Canada. SupportSoft, may, from time to time, offer promotions to residents of other countries. You agree to comply with all applicable laws and regulations, including without limitation, the United States Department of Commerce. You represent and warrant that You are not on the United States' prohibited party list and not located in or a national resident of any country on the United States' prohibited country list.

Proprietary Rights

SupportSoft respects the proprietary rights of software and hardware manufacturers and will not install or support unlicensed materials. The Services, and the Software and Content provided with the Services, are protected by law including copyright, trademark, service mark, patent or other proprietary rights and laws. Supportsoft is the copyright owner or licensee of the Services, Software, and Content, unless otherwise indicated. If You make use of the Services, Software or Content, other than as expressly provided herein, You may violate copyright and other laws of the United States, other countries, as well as applicable state laws and may be subject to liability for such unauthorized use. We do not grant any license or other authorization to any user of our trademarks, registered trademarks, service marks, other copyrightable material, patents or any other intellectual property by including them with the Services.

Trademark Information

SupportSoft, support.com, all SupportSoft product names, service names, logos, designs, titles, words or phrases are protected under law as the trademarks, service mark or trade names of SupportSoft, Inc. Such trademarks, service marks and trade names may be registered in the United States and internationally. Nothing on the Site should be construed to grant any license or right to use any SupportSoft marks without the written consent of SupportSoft, Inc. All other trademarks, product names, trade names, and logos used within these pages are the property of their respective holders. Use of other company trademarks, trade names, product names and logos or images of the same does not necessarily constitute: (1) an endorsement by such company of SupportSoft and its products, or (2) an endorsement of the company or its products by SupportSoft.

Links from and to the Site

This Site may contain hyperlinks to Web sites that are not controlled by SupportSoft. Supportsoft is not responsible for and does not endorse or accept any responsibility over the contents or use of these Web sites, including, without limitation, the accuracy or reliability of any information, data, opinions, advice or statements made on these Web sites.

You may not provide any type of link to the Site without the express written permission of SupportSoft. We reserve the right, however, to deny any request or rescind any permission granted by us to link through such other type of link, and to require termination of any such link to the Site, at our discretion at any time.

Dealings with Third Parties

Your dealings with other entities promoted on or through the Services, including payment and delivery of related goods or services, and any other terms, conditions, warranties or representations associated with such dealings, are solely between You and such other entity. You agree that SupportSoft shall not be responsible or liable for any loss or damage of any sort incurred as the result of any such dealings or as the result of the promotion of such other entities on the Services. Likewise, any third parties that may refer You to the Services have no responsibility or liability for the Services provided by SupportSoft.

TERMINATION

SUPPORTSOFT RESERVES THE RIGHT TO CEASE PROVIDING THE SERVICES FOR ANY REASON AT ANY TIME AND INSTEAD, AS YOUR SOLE AND EXCLUSIVE REMEDY, REFUND THE FEES PAID FOR THE APPLICABLE SERVICES FOR THE TIME PERIOD, IF ANY, AFTER TERMINATION OF THE SERVICES. IF YOU BREACH THE TERMS NO REFUND WILL BE PROVIDED. OTHER THAN PROVIDING A REFUND WHEN WE TERMINATE FOR OUR CONVENIENCE, SUPPORTSOFT WILL NOT BE LIABLE TO YOU OR ANY THIRD-PARTY FOR TERMINATION OF THE

SERVICES FOR ANY REASON. YOU ACKNOWLEDGE AND AGREE THAT UPON TERMINATION SUPPORTSOFT MAY IMMEDIATELY DEACTIVATE OR DELETE YOUR USER ACCOUNT AND ALL RELATED INFORMATION AND FILES IN YOUR USER ACCOUNT AND/OR BAR ANY FURTHER ACCESS TO THE SERVICES.

INDEMNITY

YOU AGREE TO DEFEND, INDEMNIFY AND HOLD SUPPORTSOFT, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND AFFILIATES HARMLESS FROM ANY AND ALL CLAIMS, LIABILITIES, DAMAGES, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, IN ANY WAY ARISING FROM OR RELATED TO YOUR USE OF THE SERVICES OR YOUR VIOLATION OF THE TERMS.

LIMITATION OF LIABILITY

IN NO EVENT SHALL SUPPORTSOFT, ITS SUPPLIERS, AND REFERRAL PARTNERS OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, OR CONTENT OR SERVICE PROVIDERS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, WHETHER FROM CONTRACT, TORT (INCLUDING NEGLIGENCE), MISPRESENTATION, STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY, ARISING FROM DIRECTLY OR INDIRECTLY RELATED TO THE USE OF, OR THE INABILITY TO USE, THE SERVICES, SOFTWARE, CONTENT OR YOUR PERSONAL COMPUTER AND OTHER TECHNOLOGY INCLUDING, WITHOUT LIMITATION, LOST SALES, LOST REVENUE, LOST PROFITS OR OTHER LOSS OF BUSINESS, LOSS OF OR DAMAGE TO DATA, OR COST OF SUBSTITUTE SERVICES EVEN IF SUPPORTSOFT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SOME JURISDICTIONS DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES SO THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY TO YOU.

IN NO EVENT SHALL THE TOTAL LIABILITY OF SUPPORTSOFT TO YOU IN THE AGGREGATE FOR ANY AND ALL DAMAGES, LOSSES, AND CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE OR OTHERWISE) ARISING FROM THE TERMS OR YOUR USE OF THE SERVICES, SOFTWARE OR CONTENT EXCEED THE GREATER OF THE AMOUNT PAID FOR THE SERVICES AT ISSUE OR US$l00.00.

Applicable Law; Arbitration; Jurisdiction

You agree that the laws of the State of California, excluding its conflicts-of-law rules, shall govern these Terms. Except for actions for injunctive relief to protect SupportSoft's intellectual property, any dispute arising out of the Services shall be subject to binding arbitration in San Mateo County, California. Such arbitration shall be conducted by a single arbitrator under the then current rules of the American Arbitration Association. The arbitrator's award shall be binding and may be entered as a judgment in any court of competent jurisdiction. To the fullest extent permitted by applicable law, no arbitration under these Terms may be joined with an arbitration involving any other party subject to these Terms through class arbitration proceedings or otherwise.

In the event SupportSoft seeks injunctive relief against You for breach of its intellectual property rights or if the above agreement to arbitrate disputes is not enforceable in Your jurisdiction, You expressly agree that exclusive jurisdiction for any claim or dispute with SupportSoft or relating in any way to Your use of the Services resides in the state and federal courts of San Mateo County, California, and You further agree and expressly consent to the exercise of personal jurisdiction in the state and federal courts of San Mateo County, California, in connection with any such dispute and including any claim involving SupportSoft.

You agree that, notwithstanding any statute of limitations or other law which provides otherwise, any claim or cause of action arising out of or relating to the Services, these Terms or the Site must be filed within one (1) year after such claim or action arose or be forever barred.

Electronic Communications

The information communicated on this Site constitutes an electronic communication. When You communicate with us through the Site or other forms of electronic media, such as e-mail, you are communicating with us electronically. You agree that we may communicate electronically and that such communications, as well as notices, disclosures, agreements and other communications that we provide to You electronically, are equivalent to communications in writing and shall have the same force and effect as if they were in writing and signed by us.

Notices and communications to SupportSoft must be sent to the applicable address given in these Terms or to customerservice@support.com.

Notice for California Users

Under California Civil Code Section 1789.3, California users of the Site are entitled to the following specific consumer rights notice: The headquarters of SupportSoft is currently located at 575 Broadway, Redwood City, California 94063, phone (650) 556-9440 or (888) 411-7778. The charges for the Services are specified on the Site. If you have a complaint regarding the Services or want to request a paper copy of these Terms, please contact SupportSoft by writing to the address above, or by e-mail at customerservice@support.com, or by calling (888) 411-7778. The Consumer Information Center of the Department of Consumer Affairs may be contacted in writing at 1625 North Market Blvd., Suite N-112, Sacramento, CA 95384, or by telephone at (916) 445-1254 or (800) 952-5210.

General Information

This version of the Terms is effective as of December 22, 2006. The most current version of the Terms is available at www.support.com/terms. You should check these Terms periodically for modifications as we may modify the Terms from time to time without notice to You. By using the Services following any modifications to the Terms, You agree to be bound by such modifications. The Terms together with the Privacy Policy and any applicable license agreements constitute the entire agreement between You and SupportSoft and govern Your use of the Services, superseding any prior or contemporaneous agreements between You and SupportSoft. The failure of SupportSoft to exercise or enforce any right or provision of the Terms shall not constitute a waiver of such right or provision. If any provision of the Terms is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision, and the other provisions of the Terms remain in full force and effect. You may not assign the Terms or any of Your rights or obligations under the Terms without SupportSoft's express written consent. The Terms inure to the benefit of SupportSoft's successors, assigns and licensees. The section titles in the Terms are for convenience only and have no legal or contractual effect.

EXHIBIT E

MARKETING PLAN

To be attached and agreed by the Parties no later than eight weeks (8) prior to National Launch.

EXHIBIT F
PRICING

I. Pricing Terms.

1. Net Fees. SupportSoft will invoice and Office Depot shall pay the Net Fees for services delivered per the terms defined in Section 6.0 of the Agreement.

Service	Type	Code	Net Fees to SPRT	Retail Price	Description
Protection & Performance	PC Attach	ODPPRPIS	$ ***	$ ***	The Protection & Performance service installs, updates and configures McAfee Virus Scan Plus and your operating system to provide maximum data security. Additionally, unwanted programs are removed to speed up computer performance
Premium Protection & Performance	PC Attach	ODPPPPIS	$ ***	$ ***	The Premium Protection & Performance service installs, updates and configures McAfee Virus Scan Plus and your operating system to provide maximum data security. Additionally, unwanted programs are removed to speed up performance. ***
Parental Protection	PC Attach	ODPPAPIS	$ ***	$ ***	***
Diagnostic	Break Fix	ODPDAGAH	$ ***	$49.99	The Diagnostic service determines what type of computer problem(s) you are experiencing and provides suggestions for repair. Recommendations are based on a series of system audits that reviews recent software installs, hardware upgrades, status of anti-virus applications, startup services and hardware conflicts.
Remote Repair	Break Fix	ODPRMRAH	$ ***	$99.99	The Remote Repair service implements the repairs suggested by the Diagnostic service.
Virus Removal	Break Fix	ODPVRFAH	$ ***	$ ***	The Virus Removal Service installs antivirus software on your computer and runs a scan to remove viruses and spyware.
PC Optimization	Break Fix	NA	***	TBD	
PC Optimization Plus	Break Fix	ODPSTUAH	$ ***	$69.99	The PC Optimization service optimizes your computer's performance by adjusting key settings, downloading the latest operating system performance updates, installing security patches and scheduling ongoing disk defragmentation.
PC Fitness Check	Break Fix	NA	$ ***	$ 0	

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Data Back Up	Data Mgmnt	ODPDBPAH	$ ***	$ ***	The Data Back Up service installs MEMEO software on your computer and creates an automated backup plan for use with a secondary drive. The plan defines the appropriate data for backup as well as scheduling the most convenient time to run the backup on a regular basis.
Complete Data Protection	Data Mgmnt	ODPCDPAH	$ ***	$ ***	The Complete Data Protection service transfers all applicable files from your old computer to a recently-purchased machine.
Network Setup	Device Mgmnt	ODPNSUAH	$ ***	$99.99	This Network Setup service establishes a connection between your computer and wireless router, implements wireless network security, configures the firewall and enables file and print sharing between two computers and one printer.
Printer Setup	Device Mgmnt	ODPPSUAH	$ ***	$49.99	The Printer Setup service installs and updates the required printer software and drivers for use with your computer. In addition, the service diagnoses and resolves any printing-related problems you may be experiencing.
Digital Camera Setup	Device Mgmnt	ODPDCSAH	$ ***	$49.99	The Digital Camera Setup service installs and configures your digital camera and photo management/editing software on one computer. In addition, the service sets up a download path for transferring digital photos from the camera to the computer.
MP3 Player Setup	Device Mgmnt	ODPMPSAH	$ ***	$49.99	The MP3 Player Setup service installs the appropriate MP3 software on your computer, connects and configures the player to the computer and sets up a folder path for storing, organizing and transferring music that has been copied from a CD.

2. The Net Fees above are calculated based on an Initial Margin to Office Depot of***% on the Suggested Retail Prices as defined above. The blended average of Initial Margin on all SupportSoft services sold will blend to a minimum of ***%. See the Pricing Table above.

3. Advertising Offers. In order to support Office Depot's promotional and advertising activities and pursuant to a promotional plan agreed to by both parties, SupportSoft will provide a credit of up to $*** in free services and/or aggregate discounts against Net Fees per program quarter. The free or discounted services must be offered in conjunction with an advertising promotion which Office Depot will conduct at its sole discretion.

4. Help Desk Services. SupportSoft will charge $*** per minute for any Help Desk services delivered to Office Depot. Payment will be made according to the terms outlined in Section 6.0 of the Agreement.

5. Program Support Funds. $ *** quarterly, Payable by SupportSoft to Office Depot per the schedule outlined below provided that (i) the branding requirements defined in Exhibit A Section 2 are maintained, (ii) Office Depot delivers refresher training on the remote services to its technology associates at least *** during the respective program ***, and (iii) in no event shall the Program Support Funds exceed ***% of the revenue payable to SupportSoft in a given quarter.

SupportSoft will provide the Program Support or “co-op” funds (collectively, “PSF Fund”) to reimburse certain reasonable expenses incurred by Office Depot in marketing the Services. Such reimbursable expenses shall be as determined by SupportSoft, and shall initially include the activities described in Exhibit E (“Marketing Plan”), up to the quarterly maximums specified in the table below. The PSF Funds will be calculated on a calendar quarter basis beginning at National Launch and will be paid to Office Depot within thirty (30) days of the end of the respective quarter. The first quarterly period will be pro-rated from National Launch through December 31, 2007. Each payment shall be for approved marketing activities to be undertaken in the following quarterly period. For example, the first PSF payment will be due in January, 2008 and will be used for marketing expenses incurred in January through March, 2008.

II. Program Support Funds Schedule.

Time Frame	Requirements	Payment	
1st Quarter	• Six weeks prior to National Launch, the parties agree to a revenue forecast by month (the “First Quarter Forecast”). • Within 30 days of the end of the 1st Quarter, the parties will meet and mutually agree upon a revenue forecast by month for the 2nd Quarter (the “Second Quarter Forecast”).	>***% of Forecast: *** - ***% of Forecast: *** - ***% of Forecast: <***% of Forecast:	$*** $*** $*** $***
	• SupportSoft will pay the Program Support Funds according to the terms outlined in the column to the right	*The First Quarter payments will be pro-rated based on the actual date of the National Launch.*	
2nd Quarter	• Within 30 days of the end of the 2nd Quarter, the parties will meet and mutually agree upon a revenue forecast by month for the 3rd Quarter (the “Third Quarter Forecast”). • SupportSoft will pay the Program Support Funds according to the terms outlined in the column to the right	>***% of Forecast: *** - ***% of Forecast: *** - ***% of Forecast: <***% of Forecast:	$*** $*** $*** $***
3rd Quarter	• Within 30 days of the end of the 3rd Quarter, the parties will meet and mutually agree upon a revenue forecast by month for the 4th Quarter (the “Fourth Quarter Forecast”). • SupportSoft will pay the Program Support Funds according to the terms outlined in the column to the right.	>***% of Forecast: *** - ***% of Forecast: *** - ***% of Forecast: <***% of Forecast:	$*** $*** $*** $***
4th Quarter	• Within 30 days of the end of the 4th Quarter, the parties will meet and mutually agree upon a revenue forecast by month for the 5th Quarter (the “Fifth Quarter Forecast”). • SupportSoft will pay the Program Support Funds according to the terms outlined in the column to the right.	>***% of Forecast: *** - ***% of Forecast: *** - ***% of Forecast: <***% of Forecast:	$*** $*** $*** $***

III. Changes to the above. All financial terms can be amended and changed in the future by mutual agreement of both parties. Any such change will be executed via the change control process defined in Exhibit A Section 2.

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EXHIBIT G
MUTUAL NONDISCLOSURE AGREEMENT

Attached.

CONFIDENTIAL TREATMENT REQUESTED – CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION

CHANGE ORDER NUMBER 1
TO
Office Depot Remote Service Program Description

This Change Order Number 1 ("Change Order Number 1") shall amend the Program Description set forth in Exhibit F-1 to the Professional Services Agreement dated July 26, 2007, as amended ("Agreement") by and between SupportSoft, Inc., a Delaware corporation having its principal place of business at 1900 Seaport Boulevard, Redwood City, CA 94063 ("SupportSoft"), and Office Depot, Inc., a Delaware corporation having its principal place of business at 2200 Old Germantown Rd, Delray Beach, FL 33445 ("Office Depot"). This Change Order Number 1 shall be effective as of October 08, 2008 ("Effective Date"). Capitalized terms not otherwise defined herein shall have the meanings defined for them in the Agreement.

Modifications to Office Depot Remote Service Program Description

1. The following Auto Data Back Up SKUs will be added to Exhibit F-l of the Agreement listing pricing for the program to be available to customers commencing on Saturday September 13, 2008.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
Auto Data Back Up	Attach	871305	$ ***	$ ***	The Auto Data Backup service installs Memeo software on your computer and creates an automated backup plan for use with a secondary drive (e.g. hard drive, flash drive, etc.). The backup plan defines the appropriate file types and folders to be backed up, and configures the Memeo software to continuously back up the latest version of your data whenever the secondary drive is attached.
Memeo Software	N/A	873975	***	$ ***	This software is presented to consumers as component of the service. There is no fee due to SupportSoft.
Online Auto Data Back Up	Attach	933870	$ ***	$ ***	The Auto Data Backup service installs Memeo software on your computer and creates an automated backup plan for use with a secondary drive (e.g. hard drive, flash drive, etc.). The backup plan defines the appropriate file types and folders to be backed up, and configures the Memeo software to continuously back up the latest version of your data whenever the secondary drive is attached.

2. The following SKU price changes to Exhibit F-1 of the Agreement will be implemented for any of the following services delivered after midnight pacific time Saturday, September 13, 2008.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
Online Protection and Performance**	PC Attach	933950	$ ***	$ ***	[Sold in Service Card format] The Online Protection & Performance service installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers remove unwanted programs and run a new computer tune up to ensure top performance of your new computer. A tune up report in addition to the service receipt will be left on the PC desktop.

Online Tune and Protect	Break Fix	933935	$	***	$	***	[Sold in Service Card format] The Tune & Protect service installs and updates McAfee’s Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers run a system tune up to ensure top performance of your PC. A tune up report in addition to the service receipt will be left on the PC desktop.

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3. **Effect of Change Order.** Except as expressly set forth herein, all terms and conditions set forth in the Agreement, including Exhibit F-l, shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Change Order Number 1 to be executed by their duly authorized representatives and attached to the Agreement as an amendment to Exhibit F-l.

SupportSoft, Inc.

By: /s/ Richard Mandeberg
Name: Richard Mandeberg
Title: EVP Chief Rev Officer
Date: 12/2/2008

Office Depot, Inc.

By: /s/ Randall Wick
Name: Randall Wick
Title: Vice President, Merchandising
Date: 10/9/2008

By: /s/ Steven Mahurin
Name: Steven Mahurin
Title: Executive Vice President, Merchandising
Date: 10-9-08

Reviewed and approved as to form and legality by Office Depot Legal Department
By:

CONFIDENTIAL TREATMENT REQUESTED – CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION

AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT

This Amendment No. 1 to the Professional Services Agreement ("Amendment No. 1") amends that certain Professional Services Agreement dated July 30, 2007 (the "Agreement") by and between Office Depot, Inc., a Delaware corporation ("Office Depot"), and SupportSoft, Inc., a Delaware corporation ("SupportSoft"). This Amendment No. 1 is effective on the date last executed by the parties below ("Amendment Effective Date").

WHEREAS, SupportSoft and Office Depot wish to amend the Agreement in order to modify certain terms currently set forth therein.

NOW, **THEREFORE**, in consideration of the mutual promises contained herein, SupportSoft and Office Depot agree as follows:

1. **Agreement Term.** The first sentence of Section 5, "Term and Termination," shall be amended to state as follows:

   "**5. Term and Termination**. The term of this Agreement shall commence on the Effective Date and continue through***; provided, however, that if the National Launch (as defined in Exhibit A to this Agreement) occurs after ***, the term of the Agreement shall continue through *** (the "Initial Term")."

2. **Loyalty.** A new Section 3.3 shall be added to the Agreement, as follows:

   "**3.3. Loyalty**. During the Initial Term and any Renewal Term of the Agreement, Office Depot shall use its commercially reasonable efforts to launch, market, promote and make the Services available to Customers in North America and online through www.officedepot.com (or such other website as Office Depot may deploy) in accordance with Exhibit A and shall not, directly or indirectly, on its own behalf or through a third party, develop, market, promote, solicit orders for, or offer for sale, services systems or techniques that are similar to or compete with the services, products, concepts, systems or techniques embodied in the SupportSoft Services made available by SupportSoft to Office Depot ("Competing Offering") offered to Customers in North America or online. A service or other offering will be deemed to be a Competing Offering if a customer would buy the service or other offering to achieve similar purposes as the SupportSoft Services or if such service or other offering embodies systems or techniques which are similar to the systems or techniques of the SupportSoft Services; provided further, however, that a Competing Offering specifically excludes any services that are performed without a network connection, including, but not limited to, any services that are performed by a technician who is physically dispatched to a customer's location for the purpose of completing any service or services in which a customer's technology or hardware is physically shipped to a third party repair facility for completing any service."

3. **Right of Bid.** A new Section 3.4 shall be added to the Agreement, as follows:

   "**3.4. Right of Bid for Customers Outside *** and Customers of *** Division** During the Initial Term and any Renewal Term of the Agreement, if Office Depot desires to offer services to Customers outside *** or to Customers of Office Depot's *** Division that are similar or comparable to the Services provided by SupportSoft to Customers in *** and online (herein "Expanded Offering"), then Office Depot must offer SupportSoft the right to submit a proposal regarding the performance of such Expanded Offering. If SupportSoft elects to submit a proposal for such Expanded Offering, Office Depot will negotiate with SupportSoft in good faith to expand this Agreement to include such Expanded Offering; provided, however, that SupportSoft acknowledges and agrees that Office Depot may, but shall not be obligated to, then solicit other proposals from other third parties for such Expanded Offering ("Additional Proposals") and may make its final determination regarding such Expanded Offering based on the overall service levels, pricing and customer need levels in order to ensure that SupportSoft's proposal is competitive. SupportSoft further acknowledges and agrees that this Section 3.4 provides SupportSoft with a right to bid on the Expanded Offering and does not provide SupportSoft with a right of first refusal nor any guarantee that SupportSoft will be awarded the Expanded Offering business. Promptly upon receipt of an Additional Proposal for the Expanded Offering that Office Depot intends to actively consider, and prior to Office Depot engaging in any discussions with the offeror (the "Other Interested Party") regarding such Additional Proposal, Office Depot will promptly provide SupportSoft with a written summary of the Additional Proposal in reasonably sufficient detail, and to the extent Office Depot is not otherwise bound by any confidentiality, to enable SupportSoft to evaluate and respond to such Additional Proposal. SupportSoft will review the written description for the Additional Proposal and will respond in writing to Office Depot within fifteen (15) days with either a comparable offering for such Expanded Offering, or confirmation that it will not pursue such an offering. If SupportSoft fails to respond in such fifteen-day period, or it confirms that it will not provide a proposal for a comparable offering, or if SupportSoft and Office Depot are not able to reach agreement on such Expanded Offering within sixty (60) days after receipt of SupportSoft's proposal or if Office Depot determines, in its discretion, to not pursue SupportSoft's proposal, SupportSoft acknowledges and agrees that Office Depot may enter into a contractual relationship or accept the Additional Proposal for such Expanded Offering from another person or entity. Notwithstanding the foregoing, SupportSoft acknowledges and agrees that Office Depot will not be obligated to forward or disclose any information in connection with any Additional Proposal or Expanded Offering that Office Depot does not intend to pursue or consider."

4. Compliance with Regulations and Policies. The first sentence of Section 11 of the Agreement, "Compliance with Regulations and Policies," shall be amended to delete the words "at SupportSoft premises" and insert the word "remotely" in place of the deleted text, to read as follows:

> "**11. <u>Compliance with Regulations and Policies</u>**. Unless otherwise set forth in the applicable SOW, SupportSoft shall perform the Services remotely or on site at Office Depot's premises, and shall be responsible for providing all equipment and supplies necessary to perform the Services."

5. Limitation of Liability. Section 16, "Limitation of Liability," shall be deleted in its entirety and replaced with a new Section 16, "Limitation of Liability," as follows:

> "**16. <u>Limitation of Liability</u>**. EXCEPT FOR THE PARTIES' INDEMNIFICATION OBLIGATIONS IN SECTIONS 14 AND 15 ABOVE, OFFICE DEPOT'S BREACH OF SECTIONS 3.3 OR 3.4, OR EITHER PARTY'S WILLFUL, OR KNOWING BREACH OF SECTION 4, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA OR ITS USE, LOSS OF PROFITS, LOSS OF BUSINESS, OR OTHER ECONOMIC DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. REGARDLESS OF THE FORM OF ACTION, OTHER THAN AN ACTION FOR PAYMENT OF AMOUNTS DUE UNDER THE AGREEMENT, THE PARTIES' INDEMNIFICATION OBLIGATIONS IN SECTIONS 14 AND 15 ABOVE, OFFICE DEPOT'S BREACH OF SECTIONS 3.3 OR 3.4, AND EITHER PARTY'S WILLFUL OR KNOWING BREACH OF SECTION 4, THE TOTAL LIABILITY OF EITHER PARTY UNDER THIS AGREEMENT SHALL NOT EXCEED THE TOTAL AMOUNT PAID TO SUPPORTSOFT FOR SERVICES SATISFACTORILY PERFORMED UNDER THIS AGREEMENT AS OF THE DATE OF SUCH CLAIM."

6. Governing Law. The second sentence of Section 18.7, "Governing Law," shall be amended as set forth below, and the existing Section 18.7 shall be deleted in its entirety and replaced with a new Section 18.7, "Governing Law," as follows:

> "**18.7. Governing Law**. This Agreement shall be interpreted in accordance with New York law. Each Party acknowledges that any actual or threatened breach of Sections 3.3, 3.4, 4 or 9 may cause the other Party irreparable harm for which money damages may not be an adequate remedy, and that injunctive relief may be an appropriate remedy for such breach. Each party will comply with all applicable export and import control laws and regulations in the use and distribution of the Software, Services and any other SupportSoft Technology."

7. Program Description. Exhibit A to the Agreement, "Remote Service Program Description," shall be amended as set forth below:

a. The last sentence of Exhibit A, Section 4, "**Timeline and Milestones**," shall be amended to amend the number of Office Depot stores to 1238 and to delete the words "on or before ***," to read as follows:

> "National Launch: The program will be deployed nationally to all 1238 Office Depot stores and online."

b. The last sentence of Exhibit A, Section 7, "**Program Management; Forecasting and Reporting**," shall be amended to insert the words "(meaning for Office Depot, a senior executive of North America retail; and for SupportSoft, the senior-most executive of the Consumer business unit or the Chief Executive Officer)" to read as follows:

> "Quarterly Performance Reviews: The Parties agree that appropriate senior-level representatives of each Party (meaning for Office Depot, a senior executive of North America retail; and for SupportSoft, the senior-most executive of the Consumer business unit or the Chief Executive Officer) shall meet at least once per quarter during the Term to review the overall progress and status of performance under the Agreement including, without limitation, the marketing and advertising program and any feedback and suggestions for improvement."

c. A new Section 8, "**Service Delivery Management System**," shall be added to Exhibit A as set forth below:

> **"8. Service Delivery Management System**
>
> SupportSoft agrees to make available its Service Delivery Management System (SDMS) platform to Office Depot, through which SupportSoft manages remote delivery of services as contemplated in this Remote Service Program Specification.

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License to Use SDMS. Subject to the terms of this Agreement, SupportSoft grants to Office Depot a nonexclusive, nontransferable, nonsublicensable, limited license for use of the Service Delivery Management System Service ("SDMS Service") by Office Depot and on behalf of its third party partners whose product and/or service SKUs have been input into the SDMS Service by SupportSoft. Office Depot shall not (and shall not allow any third party to): (i) decompile, disassemble, or otherwise reverse engineer or attempt to reconstruct or discover any source code, underlying ideas, or interoperability interfaces of the SDMS Service by any means whatsoever; (ii) remove any product identification, copyright or other notices; (iii) provide, lease, lend, use for timesharing, service bureau or hosting purposes or otherwise use the SDMS Service to or for the benefit of third parties, except as expressly authorized herein; (iv) reproduce the SDMS Service or any component thereof; (v) modify, adapt, alter, translate or incorporate into or with other software, or create a derivative work of, any part of the SDMS Service, nor any service or product that is similar to or a substitute in whole or in part for the SDMS Service; (vi) disclose information or analysis (including, without limitation, benchmarks) regarding the quality or performance of the SDMS Service (except as required by law or court order); or (vii) resell, sublicense, distribute, or transfer the SDMS Service or any component thereof to any third party (including, without limitation, sharing Office Depot's username(s) and password(s) for the SDMS Service with any third party). Office Depot represents and warrants that it will use the SDMS Service for its internal business purposes only. Office Depot, and not SupportSoft, shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness, and intellectual property ownership or right to use of all content and data that Office Depot provides to SupportSoft associated with Office Depot's use of the SDMS Service.

SDMS Service Fees. SupportSoft shall charge Office Depot a flat fee (calculated based on the table below) for each work order that is fully completed in the SDMS. Completion shall be measured by the allocation of a Work Order number. Delivered work orders will be billed regardless of whether the corresponding service is cancelled or returned by the end user. The pricing schedule outlined below will apply to all Work Orders generated in each calendar year. For the avoidance of doubt, on January 1st of each year during the term of this Agreement, the cumulative number of Work Orders, for purposes of calculating prices per the table below, shall be reset to zero (0).

Cumulative Number of Work Orders	Price Per Work Order
*** - ***	$ ***
*** - ***	$ ***
*** - ***	$ ***
*** +	$ ***

SupportSoft shall invoice Office Depot on a quarterly basis for all work orders delivered in the prior calendar quarter. Office Depot shall pay SupportSoft's invoices within *** (***) days of the date of each SupportSoft invoice.

SDMS Program Support. During each calendar quarter, Office Depot may request up to*** (***) hours of program support to be provided by SupportSoft. Program support may consist of further customizations to the SDMS and/or the management of SKUs in the SDMS and in each instance the nature and duration of the support effort shall be reflected in a work order or other writing agreed to by the parties. Program support days must be used within the corresponding quarter or else they will expire; for the avoidance of doubt, Office Depot may not roll program support days forward into subsequent quarters. If Office Depot requires additional program support, it may obtain such support from SupportSoft at a daily (8-hour) rate of USD $*** per day.

SDMS Service Provisioning Obligations. SupportSoft's obligations in connection with the provisioning of the SDMS Service shall be limited to the following activities:

1. Ongoing monitoring of server, network and database uptime
2. Periodic backups of database, retained for one year on tape
3. Firewall and load balancer configuration and monitoring, as needed
4. Virus detection & removal
5. FTP push of web logs (upon request, not more frequently than one (1) time per day subject to a file size limitation of 1 GB)
6. Access to Internet Information Services (IIS) logs for up to 1 week, upon request
7. Monitoring of application logs"

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8. Pricing Exhibit F. A new Exhibit F-1, "Pricing," attached hereto and incorporated herein by reference, shall supersede Exhibit F to the Agreement. As of the Amendment Effective Date, Exhibit F shall be terminated and shall have no force or effect.

9. Press Release. The parties agree to work in good faith to issue a mutually agreeable press release within sixty (60) days of the Amendment Effective Date generally describing the nature of the parties' relationship.

10. Interpretation. If any provision in this Amendment No. 1 conflicts with any provision in the Agreement, the provision in this Amendment No. 1 will control and, to the extent necessary, supersede the conflicting provision in the Agreement. All other terms and conditions of the Agreement and shall remain in full force and effect. Any different or additional terms of any purchase order, confirmation, or similar form shall have no force or effect unless signed by authorized representatives of both parties. Any defined terms that have not been defined in this Amendment No. 1 shall have the meaning ascribed to them in the Agreement.

ACCEPTED AND AGREED TO BY THE AUTHORIZED REPRESENTATIVE OF EACH PARTY:

SupportSoft:

SupportSoft, Inc.

By: /s/ Josh Pickus
(Authorized Signature)

Name: Josh Pickus
(Print or Type)

Title: CEO
Date: 8/1/08

LEGAL APPROVED
8-1-08
SupportSoft

Office Depot:

Office Depot, Inc.

By: /s/ Randall W. Wick
(Authorized Signature)

Name: Randall W. Wick
(Print or Type)

Title: Vice President, Merchandising
Date: 7/30/2008

By: /s/ Steven Mahurin
(Authorized Signature)

Name: Steven Mahurin
(Print or Type)

Title: Executive Vice President, Merchandising
Date:

Reviewed and approved as to form and legality by Office Depot Legal Department
By: Nicole Reese

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Exhibit F-1

PRICING

1. **Net Fees**. SupportSoft will invoice and Office Depot shall pay the Net Fees for services delivered per the terms defined in Section 6.0 of the Agreement.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
Protection & Performance	PC Attach	541190	$ ***	$ ***	The Protection & Performance service installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers remove unwanted programs and run a new computer tune up to ensure top performance of your new computer. A tune up report in addition to the service receipt will be left on the PC desktop.
Premium Protection & Performance	PC Attach	541330	$ ***	$ ***	The Premium Protection and Performance service installs and updates McAfee's Internet Security Suite software and configures your updated operating system to provide maximum system and data security. Additionally, our solutions engineers remove unwanted programs and run a new computer tune up to ensure top performance out of your new computer. The service also configures the parental control tools and creates up to three user profiles that restrict internet usage and program access for minors. A tune up report in addition to the service receipt will be left on the PC desktop.
Diagnose & Repair	Break Fix	541650	$ ***	$ 149.99	The Diagnose and Repair Service determines the computer problem(s) you are experiencing, provides recommendations for repair, and implements those recommendations if they can be performed remotely. Recommendations are based on a series of system audits that reviews recent software installs, hardware upgrades, status of anti-virus applications, startup services and hardware conflicts. In addition, once the relevant repair is implemented, our solution engineer will run a system tune up to ensure that your computer's performance is optimized. A tune up report in addition to the service receipt will be left on the PC desktop.
Diagnose, Repair & Protect	Break Fix	602210	$ ***	$ ***	The Diagnose, Repair and Protect Service determines the computer problem(s) you are experiencing, provides recommendations for repair, and implements those recommendations if they can be performed remotely. Recommendations are based on a series of system audits that reviews recent software installs, hardware upgrades, status of anti-virus applications, startup services and hardware conflicts. Once your computer is repaired, our solutions engineer installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. In addition, our solutions engineer will run a system tune up to ensure that your computer's performance is optimized. A tune up report in addition to the service receipt will be left on the PC desktop.

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PC Tune Up	Break Fix	541845	$ ***	$ 69.99	The PC Tune Up service optimizes your computer's performance by adjusting key settings, downloading the latest operating system performance updates, installing security patches and scheduling ongoing disk defragmentation.
PC Tune & Protect	Break Fix	436565	$ ***	$ ***	The Tune & Protect service installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers run a system tune up to ensure top performance of your PC. A tune up report in addition to the service receipt will be left on the PC desktop.
Online Production and Performance**	PC Attach	933950	$ ***	$ ***	[Sold in Service Card format] The Online Protection & Performance service installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers remove unwanted programs and run a new computer tune up to ensure top performance of your new computer. A tune up report in addition to the service receipt will be left on the PC desktop.
Online Wireless Security Setup	Device Management	933930	$ ***	$ 49.99	[Sold in Service Card format] The Online Wireless Security Setup service establishes a connection between your computer and wireless router, and implements wireless network security on your router and PC.
Online Network Setup	Device Management	933990	$ ***	$ 89.99	[Sold in Service Card format] This Network Setup service establishes a connection between your computer and wireless router, implements wireless network security, configures the firewall and enables file and print sharing between two computers and one printer.
Online Peripheral Setup	Device Management	933830	$ ***	$ 39.99	[Sold in Service Card format] The Online peripheral service installs and updates the required peripheral software and drivers for use with your computer. In addition, the service diagnoses and resolves any problems you may be experiencing with the peripheral.
Online PC Tune Up	Break Fix	933965	$ ***	$ 69.99	[Sold in Service Card format] The PC Tune Up service optimizes your computer's performance by adjusting key settings, downloading the latest operating system performance updates, installing security patches and scheduling ongoing disk defragmentation.
Online Diagnose and Repair	Break Fix	933975	$ ***	$149.99	[Sold in Service Card format] The Diagnose and Repair Service determines the computer problem(s) you are experiencing, provides recommendations for repair, and implements those recommendations if they can be performed remotely. Recommendations are based on a series of system audits that reviews recent software installs, hardware upgrades, status of anti-virus applications, startup services and hardware conflicts. In addition, once the relevant repair is implemented, our solution engineer will run a system tune up to ensure that your computer's performance is optimized. A tune up report in addition to the service receipt will be left on the PC desktop.
Online Tune and Protect	Break Fix	933935	$ ***	$ ***	[Sold in Service Card format] The Tune & Protect service installs and updates McAfee's Virus Scan Plus software and configures your operating system to provide maximum system and data security. Additionally, our solution engineers run a system tune up to ensure top performance of your PC. A tune up report in addition to the service receipt will be left on the PC desktop.

2. Notes to Pricing Schedule:

Future Services may be added by written agreement of the parties using the change control process defined in Exhibit A to the Agreement ("Remote Services Program Description").

3. Help Desk Services. SupportSoft will charge $*** per minute for any Help Desk services delivered to Office Depot. Payment will be made according to the terms outlined in Section 6.0 of the Agreement.

4. Program Support Funds.

a. SupportSoft will provide Program Support Funds ("PSF Funds") to reimburse certain Qualified Expenses (as defined below) incurred by Office Depot in marketing the Services; provided that (i) the branding requirements defined in Exhibit A Section 2 are maintained, and (ii) Office Depot has submitted appropriate documentation and receipts for such Qualified Expenses no later than fifteen (15) days after the end of the calendar quarter in which such Qualified Expenses were incurred. All such Qualified Expenses shall be approved by SupportSoft, not to exceed the amounts specified in Section 3.d below. The PSF Funds due to Office Depot for Qualified Expenses during a calendar quarter will be paid to Office Depot within *** (***) days after the end of the calendar quarter in which such expenses were incurred by Office Depot.

b. "Qualified Expenses" are defined as:

Print advertisements where the Services are displayed prominently and documentation provided to SupportSoft that includes proof of the specific print advertisement with the Services clearly visible (i.e. ad copy), the dates, regions, circulation of such advertisements and the costs directly associated with such advertisements.

Radio and television advertisements that specifically market the Services and documentation provided to SupportSoft that includes proof of the specific media placements, the dates and regions of such advertisements and the costs directly associated with such advertisements.

Online advertisements (search, banner ads and the like) that specifically market the Services and documentation provided to SupportSoft that includes proof of the specific online placements, the dates and outlets of such advertisements and the costs directly associated with such advertisements.

Other such advertising expenses that the parties may mutually agree to in writing.

c. The PSF Funds accrual will commence as follows:

i. If Office Depot makes the Services available for online purchase from www.officedepot.com and gives the Services reasonably prominent online marketing placement on or before *** and continuously thereafter, the first quarterly PSF Funds will be accrued for the period from *** through ***.

ii. If the PSF Funds accrual does not commence under Section 3.b.i above, then if Office Depot makes the Services available for online purchase from www.officedepot.com and gives the Services reasonably prominent online marketing placement on or before *** and continuously thereafter, the first quarterly PSF Funds will be accrued for the period *** through ***.

For the avoidance of doubt, no PSF Funds shall be accrued during any calendar quarter in which Office Depot fails to make the Services available for online purchase from www.officedepot.com or fails to give the Services reasonably prominent online marketing placement.

d. The total PSF Funds available to Office Depot for use in any given calendar quarter during the Initial Term shall be an amount up to ******* percent (*******%) of the Net Fees for Services paid by Office Depot to SupportSoft in the immediately preceding calendar quarter (excluding performance bonus payments made for that quarter, as set forth in Section 5 below). For the avoidance of doubt, unused PSF Funds will expire at the end of the quarterly period in which such PSF Funds were available.

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e. Upon SupportSoft's reasonable request, not to exceed once annually, Office Depot will provide SupportSoft with reports and data sufficient for SupportSoft to evaluate the effectiveness of the marketing programs Office Depot conducts relating to the Services.

5. ***** Performance Bonus**. SupportSoft will pay an annual performance bonus to Office Depot based upon SupportSoft's attainment of certain ***, as set forth in the table below (the "*** Performance Bonus").

a. "****" shall mean the ***.

b. The *** Performance Bonus will commence on July 1, 2008, and the first *** Performance Bonus will be effective for *** during the time period from July 1 through December 31, 2008. Thereafter during the Initial Term, the *** Performance Bonus will be calculated on an annual basis. The *** Performance Bonus will be paid to Office Depot within thirty (30) days after the end of the time period to which it pertains.

c. **Reporting**. Within thirty (30) days after the end of each calendar quarter, SupportSoft will provide written reports to Office Depot reflecting the *** for the applicable quarter and year-to-date.

d. ***** and Bonus Amounts**. The table below sets forth the *** thresholds and *** Performance Bonus amounts for the Initial Term. For the avoidance of doubt, no *** Performance Bonus shall be due for any time period in which the *** thresholds in the table below have not been attained.

	Second Half 2008	2009	2010	2011*
***	$ ***	$***	$***	***
*** Performance Bonus	$ ***	$***	$***	***

* *** (***) *** .

<u>*** Rebate for Overachievement of ***</u>

The *** Rebate will be paid for incremental *** above the *** targets above for the calendar years of 2009 and 2010. A *** rebate will be paid to Office Depot for overachievement of the *** targets above by ***% ***. The *** Rebate within each incremental *** overachievement level will be paid at the percentages for each tier as set forth in the table below.

*** Percent Over Target	*** Rebate Percent within Each Tier of Incremental ***
***%	***%
*** - ***%	***%
*** - ***%	***%
*** - ***%	***%

For example, 2009 *** percent over target overachievement of *** % will be calculated as follows:

	2009 ***	2009 *** Overachievement	Eligible Rebates ***	*** Rebate Percentage	*** Rebate Amount
*** Target	$***				
*** Target + ***%	$***	$ ***	$ ***	***%	$ ***
*** Target + ***%	$***	$ ***	$ ***	***%	$ ***
*** Target + ***%	$***	$ ***	$ ***	***%	$ ***
Total at *% Overachievement**	$***	$ ***	$ ***		$ ***

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CONFIDENTIAL TREATMENT REQUESTED – CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION

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AMENDMENT #2

TO

Professional Services Agreement

This Amendment Number 2 ("Amendment Number 2") shall amend the Professional Services Agreement dated July 26, 2007, as amended ("Agreement"), and the Program Description set forth in Exhibit A to the Agreement, by and between SupportSoft, Inc., a Delaware corporation having its principal place of business at 1900 Seaport Boulevard, Redwood City, CA 94063 ("SupportSoft"), and Office Depot, Inc., a Delaware corporation having its principal place of business at 6600 N. Military Trail, Boca Raton, FL 33496("Office Depot"). This Amendment Number 2 shall be effective as of the later date of signature below ("Effective Date").

Capitalized terms not otherwise defined herein shall have the meanings defined for them in the Agreement.

Amendment

1. Effective Sunday, November 16, 2008, the second sentence of Section 12.1 of the Agreement is stricken in its entirety and replaced with the following:

> "As the sole and exclusive remedy for breach of the foregoing warranty, if a Customer experiences a problem with the Services and calls SupportSoft within ten (10) days of the date the Services were originally performed, SupportSoft will use commercially reasonable efforts to try to resolve the Customer's problem at no additional charge, but no refund will be provided."

Modifications to Office Depot Remote Service Program Description

1. The following New PC Set Up and Configure SKU will be added to the program to be available to customers on Sunday November 16, 2008.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
New PC Set Up and Configure	Attach	919705	$ ***	$ 29.99	To make sure your new PC is working properly right out of the box, a technician will do the following: • Set it up for you and create your user account • Help you get Windows operating system updates automatically online • Remove trialware

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2. The following New PC Performance SKU will be added to the program to be available to customers on Sunday November 16, 2008.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
New PC Performance	Attach	919710	$ ***	$ 69.99	To improve the speed and performance of your new PC, a technician will do the following: • Help you create your user account • Set up and adjust 38 Windows operating system and Internet settings • Help you get Windows operating system updates automatically online • Remove trialware • Provide a complete service report on your desktop when the work is completed

3. The following Online New PC Performance SKU will be added to the program to be available to customers on Sunday November 16, 2008.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description
Online New PC Performance	Attach	919775	$ ***	$ 69.99	To improve the speed and performance of your new PC, a technician will do the following: • Help you create your user account • Set up and adjust 38 Windows operating system and Internet settings • Help you get Windows operating system updates automatically online • Remove trialware • Provide a complete service report on your desktop when the work is completed

4. The following PC Re-Image SKU will be added to the program on Monday January 5, 2009. This SKU is not available to consumers but instead is a service delivered by SupportSoft to Office Depot to certify that returned PC's have been re-imaged appropriately for re-sale. SupportSoft will bill Office Depot according to the Net Fees as outlined below.

Service	Type	SKU	Net Fees to SPRT	Suggested Retail Price	Description

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5. **Effect of Amendment.** Except as expressly set forth herein, all terms and conditions set forth in the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment Number 2 to be executed by their duly authorized representatives.

SupportSoft, Inc.

By: /s/ Shelly Schaffer
Name: Shelly Schaffer
Title: EVP/CFO
Date: 6/3/09

Office Depot, Inc.

By: /s/ Randall W. Wick
Name: Randall W. Wick
Title: VP, Merchandising
Date: 5/22/2009

Office Depot, Inc.

By: /s/ Steve Manhurin
Name: Steve Manhurin
Title: EVP, Merchandising
Date: 5-26-09

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AMENDMENT #3

to

Professional Services Agreement

This Amendment #3 ("Amendment #3") shall amend the Professional Services Agreement dated July 26, 2007, as amended ("Agreement"), and the Program Description set forth in Exhibit A to the Agreement, by and between SupportSoft, Inc., a Delaware corporation having its principal place of business at 1900 Seaport Boulevard, Redwood City, CA 94063 ("SupportSoft") and Office Depot, Inc., a Delaware corporation having its principal place of business at 6600 Military Trail, Boca Raton, FL 33496 ("Office Depot"). This Amendment #3 shall be effective as of the later date of signature below.

Capitalized terms not otherwise defined herein shall have the meanings defined for them in the Agreement.

Amendment

1. Effective upon execution of this Amendment #3, the Change Control Process paragraph in Section 2 of Exhibit A - Remote Service Program Description is stricken in its entirety and replaced with the following:

Change Control Process. Each party has the right, upon written notice to the other, to request changes and/or modifications to the program, by notifying the other party with a written Change Order Request. Upon receipt of such notification, the receiving party shall promptly evaluate the request to determine the impact the change would have on the program. Once the evaluation has been completed by the receiving party, the parties agree to discuss any objections or concerns in good faith, and mutually agree upon a path to resolution within ten (10) working days thereof. The parties may then execute a written Change Order, which shall reflect all changes agreed upon and which shall be attached as an amendment to this program description.

SKU Change Process. Notwithstanding the foregoing Change Control Process clause, any changes to Service SKU's including but not limited to the pricing of existing SKU's, the addition of any new SKU's, the removal of any existing SKU's, or changes to Service inclusions, scope, pre-requisite requirements, or entitlements will be managed via Office Depot's Cost List Change Form. SupportSoft will document the SKU changes or additions in the form and submit the form to Office Depot via email. Office Depot will approve the SKU change or addition by replying via email with an "approval" statement in the email message body. SupportSoft will implement the changes according to the terms defined in the Cost List Change form upon receipt of the "approval email".

2. Effective upon execution of this Amendment #3, Section 5.a. in Exhibit F-l of Amendment 1 is stricken in its entirety and replaced with the following:

(a) "***" shall mean the ***."

Modifications to Office Depot Remote Service Program Description

1. The parties agree to expand the program with the addition of a suite of Subscription Services as follows:

Subscriptions. Subscriptions are SKU's that entitle Customers to access a defined set of SKU's over a defined period of time. Subscriptions are offered per the conditions and period as described in more detail, below.

Subscription Periods. Subscriptions are managed on monthly periods ("Periods"), with such Period commencing on the date of purchase by the Customer. The Subscription shall renew on the same date during subsequent months (or on the corresponding anniversary for Subscriptions having a longer commitment as defined in the SKU description), except in months that do not have such date, in which case the Subscription shall renew on the first day of the following month. (For example, if a Customer purchases a monthly Subscription on January 5th, the initial Period will run through February 4th and the Subscription will renew on February 5th. If, however, a Customer purchases a monthly Subscription on January 30th, the initial Period will run through February 28th, with the next Subscription Period commencing on March 1st and running through March 29th.) Customers pay for the Subscription on a per Period basis or as defined in the SKU description. Subscription Service SKU's may carry minimum period commitments as defined in each SKU description.

While Subscriptions are managed on a Period basis, they may be offered to Customers in a variety of formats including monthly with minimum commitments, annual basis, etc. as defined in each SKU description.

Subscription Purchase Flow. Subscriptions are ordered in-store through the standard Service Delivery Management System ("SDMS") Work Order Wizard. An associate orders the Subscription on behalf of the Customer and collects payment for the purchase through Office Depot's POS. The associate provides the Customer with a printout of the work order and contract which contains the Subscription Number; the SDMS automatically sends the Customer an email confirmation with the subscription number and information. The Customer may access the Subscription for redemption as described below.

Subscription Redemption Flow. Subscriptions follow the standard SDMS service redemption process flow. Customers (i) visit the Customer Service Redemption Page; (ii) submit their Subscription Number and email; (iii) accept SupportSoft's Remote Control Software end user license agreement and privacy policy; and (iv) provide credit card information to be used only for renewal billing, with an option to skip.

At redemption, SupportSoft will provide a one-time Subscription Machine Setup service to the customer. This service verifies that the anti-virus/anti-spyware requirement is met, performs a lite tune as required, and installs the Subscription Client software on the customer computer. The Subscription Client software will manage the Subscription, provide streamlined access to SupportSoft's Solutions Engineers, and validate the status of the anti-virus/anti-spyware software on the computer.

Subscription Service States. The SDMS manages Subscription Services in three states:

(i) ***;

(ii) ***

(iii) ***.

The Subscription Service States are managed by the SDMS. Subscriptions will be automatically suspended for non-payment of renewals. Upon receiving valid billing information and successfully processing the charge, the Subscription is automatically reactivated by the system.

Subscriptions may be cancelled by store operations through the SDMS only during the agreed upon grace period *and* for subscriptions for which no services have been delivered with the exception of the Machine Setup Service. Once cancelled, a subscription may not be reactivated. For the Office Depot TDS program, the grace period shall be as defined in the SKU description.

Subscription Renewals. Through the SDMS, SupportSoft will manage billing and payment of subscription renewals on behalf of Office Depot, as follows:

- ***.
- ***.
- ***.
- ***.
- ***.
- ***.
- ***.

Subscription Activation, Grace Period, and Refunds. Subscriptions are activated when ordered through the SDMS as described above in the Subscription Purchase Flow. The grace period and process for cancellations are as set forth above under Subscription Service States. Refunds to customers are provided by associates through Office Depot's POS.

Obligation to Comply with Terms and Conditions. Subscriptions require that the Customer comply with defined pre-requisites and requirements set forth in the SupportSoft terms of service and in this Amendment. SupportSoft may, at its own discretion, refuse to provide service to any Subscription Customer who fails to comply with such pre-requisites and/or requirements. SupportSoft and Office Depot will define a mutually agreed upon standard operating procedure (SOP) for managing related use cases.

Subscription Service Terms. The terms and conditions under which the Customer purchases Subscriptions must be at least as protective of SupportSoft as SupportSoft's standard terms and conditions for its service offerings, as may be updated by SupportSoft from time-to-time. Any changes to the Subscription Service Terms including but not limited to changes in the Fair Use Policy will be executed via the standard Change Order Process. At a minimum, the following provision apply:

(i) The Customer must have either a Microsoft XP (SP 2 or more recent) or Vista operating system on their PC.

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(ii) The Customer must have a working broadband internet connection.

(iii) The Customer must consent to allowing software to be installed on their PC and allowing the SupportSoft Personnel to take remote control of their PC and to deliver the Service.

(iv) The Customer must agree to the current SupportSoft Privacy Policy and End User License Agreement.

Additionally, Subscriptions include, at a minimum, the following provisions:

(i) The Customer must be apprised of the scope and restrictions applicable to the Subscription, as set forth under Entitled Services below.

(ii) The Customer must have, or in conjunction with the Subscription obtain, a current and active software program of antivirus protection with up-to-date virus definition (DAT) files running on their personal computer. To remain eligible for the Subscription, the Customer must then (i) maintain the antivirus software with up to date virus definitions and (ii) take reasonable precautions to protect their software and data from malware.

(iii) The Customer must consent to fair usage restrictions no less protective of Office Depot and SupportSoft than the SupportSoft's fair usage restrictions set forth below:

SupportSoft offers premium support service Subscription Plans to help You maintain Your PC and connect to the internet and devices. SupportSoft reserves the right to suspend or terminate Your Subscription Plan and refuse service if You have not met applicable pre-requisites or maintained the requirements for eligibility. Furthermore, SupportSoft reserves the right to suspend or terminate any Subscription Plan that SupportSoft, in its sole discretion, determines is being used (a) fraudulently, (b) maliciously, (c) by any person other than Customer, (d) for any computer system other than a registered system, (e) unreasonably, or (f) in excess of five (5) completed, in-scope service incidents per any ninety (90) day period.

No SupportSoft Obligation if Failure to Comply with Terms SupportSoft will be excused of its obligations to provide any Services to any Customer that does not comply with the required terms and conditions.

Subscription Renewal Revenue Share and Payment. All service subscription renewals executed by SupportSoft on behalf of Office Depot ("Office Depot Subscription Renewals") shall be managed as follows: For all Office Depot Subscription Renewals, SupportSoft will provide a *** percent (***%) revenue share. The revenue share will be calculated based on the gross volume of renewal revenue recorded in SDMS for all subscriptions which were renewed in the previous month and net of any cancellations recorded in SDMS ("Office Depot Subscription Renewal Revenue"). SupportSoft and Office Depot agree that, while Office Depot Subscription Renewals will be processed by SupportSoft and hence do not result in Net Fees paid by Office Depot to SupportSoft, nonetheless *** percent (***%) of the Office Depot Subscription Renewal Revenue shall accrue as Program Support Funds ("PSF") as defined in Section 4 of attachment F-1 to Amendment #1 to the Agreement, and shall be managed and available to Office Depot consistent with said Section 4. On a monthly basis, no later than 15 days after the close of any month in which there are any Office Depot Renewals, SupportSoft will provide Office Depot with a report showing the gross volume of renewal revenue, any cancellations or refunds, and the amount of revenue share due to Office Depot. SupportSoft shall remit such payment to Office Depot net thirty (30) days following the delivery of the prepared report.

PCI Compliance. SupportSoft acknowledges and agrees that SupportSoft is responsible for security of Cardholder Data (as that term is defined in the PCI-DSS) in its sole possession, and SupportSoft shall adhere to Payment Card Industry Data Security Standard with regard to storage of Cardholder Data.

In the event of termination or expiration of this Agreement, SupportSoft shall continue to treat Cardholder Data as confidential.

SupportSoft agrees to have a disaster recovery plan in place that shall provide for business continuity in the event of a major disruption, disaster or failure of business function. SupportSoft agrees to the clients right to audit in the event of a cardholder data compromise of Office Depot information by a payment card industry approved third party authorized on Office Depot's behalf.

SupportSoft shall only use Cardholder Data for the services contracted for hereunder or as otherwise specifically required by law, regulation or judicial order and shall at all times perform such services in compliance with all applicable laws, rules and regulations.

2. The parties acknowledge that the following PC Protection Subscription Service was added to the program and available to customers on Sunday February 12, 2009. This Service requires that one of the following SKUs is purchased and delivered in conjunction with the Subscription Service: Protection and Performance; Tune and Protect; Diagnose, Repair and Protect; or Premium Protection and Performance.

Service	**Type**	**SKU**	**Net Fees to SPRT**	**Suggested Retail Price**	**Details**
PC Protection Subscription	Subscription	785140	$ ***	$ 150.00	This subscription will be offered with a 12 month Term. The Grace Period will be 14 days. Entitled service sku's include Diagnose and Repair and PC Tune Up per the details defined below. All Terms and Conditions apply.

Entitled Services. The following SKU's are entitled for the PC Protection Subscription Service.

a. Diagnose and Repair

Service Description: ***

***:

- ***
  - ***
  - ***
  - ***
- ***
  - ***
  - ***
  - ***
- ***
  - ***
  - ***
  - ***
  - ***

b. PC Tune UP

Service Description: ***.

Service Tasks:

The following services are performed:

- ***
- ***
- ***
- ***
- ***
- ***
- ***

c. PC Protection Subscription Service Demarcation Definition

The following support is included in the PC Protection Subscription:

- ***
- ***
- ***

***** CONFIDENTIAL MATERIAL REDACTED AND SEPARATELY FILED WITH THE COMMISSION *****

- ***
- ***
- ***
- ***
- ***
- ***
- ***

The following support is ***not*** included in the PC Protection Subscription:

- ***
- ***
- ***
- ***
- ***
- ***
- ***
- ***
- ***
- ***
- ***
- ***

3. **Effect of Amendment.** Except as expressly set forth herein, all terms and conditions set forth in the Agreement shall continue in full force and effect.

***** CONFIDENTIAL MATERIAL REDACTED AND SEPARATELY FILED WITH THE COMMISSION *****

IN WITNESS WHEREOF, the parties have caused this Amendment #3 to be executed by their duly authorized representatives.

SupportSort, Inc.

By: /s/ Anne-Marie Eileraas

Name: Anne-Marie Eileraas

Title: Vice President and General Counsel

Date: 7/08/09

LEGAL APPROVED

SupportSoft

Office Depot, Inc.

By: /s/ John Lostroscio

Name: John Lostroscio

Title: Vice President, Merchandising

Date: 6-30-08

By: /s/ Steven Mahurin

Name: Steven Mahurin

Title: EVP, Merchandising

Date: July 1, 2009

Exhibit 31.1

CHIEF EXECUTIVE OFFICER SECTION 302 CERTIFICATION

I, Joshua Pickus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of support.com, Inc.;

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 registrant as of, and for, the periods presented in this report;

4. The registrant'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: August 10, 2009

By: /s/ JOSHUA PICKUS

Joshua Pickus
Chief Executive Officer and President

Exhibit 31.2

CHIEF FINANCIAL OFFICER SECTION 302 CERTIFICATION

I, Shelly Schaffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of support.com, Inc.;

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 registrant as of, and for, the periods presented in this report;

4. The registrant'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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 registrant, 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;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: August 10, 2009

By: /s/ SHELLY SCHAFFER

Shelly Schaffer
Chief Financial Officer and Executive
Vice President of Finance
and Administration

Exhibit 32.1(1)

STATEMENT OF CHIEF EXECUTIVE OFFICER UNDER 18 U.S.C. § 1350

I, Joshua Pickus, the chief executive officer of support.com, Inc. (the "Company"), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the Quarterly Report of the Company on Form 10-Q for the quarter ended June 30, 2009 (the "Report"), fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2009

/s/ JOSHUA PICKUS

Joshua Pickus
Chief Executive Officer and President

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to support.com, Inc. and will be retained by support.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

(1) The material contained in this Exhibit 32.1 is not deemed "filed" with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

Exhibit 32.2(1)

STATEMENT OF CHIEF FINANCIAL OFFICER UNDER 18 U.S.C. § 1350

I, Shelly Schaffer, the chief financial officer of support.com, Inc. (the "Company"), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of my knowledge,

(i) the Quarterly Report of the Company on Form 10-Q for the quarter ended June 30, 2009 (the "Report"), fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2009

/s/ SHELLY SCHAFFER

Shelly Schaffer
Chief Financial Officer and
Executive Vice President
of Finance and Administration

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to support.com, Inc. and will be retained by support.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

(1) The material contained in this Exhibit 32.2 is not deemed "filed" with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.