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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 14, 2010

QAD Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

0-22823
(Commission File
Number)

77-0105228
(IRS Employer
Identification No.)

**100 Innovation Place,
Santa Barbara, California**
(Address of principal executive offices)

93108
(Zip Code)

Registrant's telephone number, including area code: **(805) 566-6000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))
-
-

TABLE OF CONTENTS

[Item 3.03 Material Modifications to Rights of Security Holders.](#)

[Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.](#)

[Item 5.07 Submission of Matters to a Vote of Security Holders.](#)

[Item 8.01 Other Events.](#)

[Item 9.01 Financial Statements and Exhibits.](#)

[SIGNATURES](#)

[INDEX TO EXHIBITS](#)

[EX-3.1](#)

[EX-4.1](#)

[EX-4.2](#)

[EX-99.1](#)

Item 3.03 Material Modifications to Rights of Security Holders.
Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.
Item 5.07 Submission of Matters to a Vote of Security Holders.

On September 21, 2010, QAD Inc., a Delaware corporation (“QAD” or the “Company”) announced that its Board of Directors (the “Board”) had unanimously approved a recapitalization plan pursuant to which the Company would (i) establish two classes of common stock, consisting of a new class of common stock with one-twentieth of a vote per share, designated as Class A common stock \$0.001 par value per share (the “Class A Common Stock”) and a new class of common stock with one vote per share, designated as Class B common stock \$0.001 par value per share (the “Class B Common Stock”); (ii) reclassify each issued and outstanding whole share of the Company’s existing \$0.001 par value per share common stock (the “Existing Stock”) as 0.1 shares of Class B Common Stock; and (iii) issue a dividend of four shares of Class A Common Stock for each share of Class B Common Stock outstanding after giving effect to the foregoing reclassification.

In order to implement the proposed recapitalization plan, the Company determined that it was necessary to amend the Company’s current Certificate of Incorporation, as amended (the “Charter”). As such, the Board adopted resolutions approving certain amendments to the Charter described below and recommended that the Company’s stockholders approve the same at a special meeting of stockholders. Proxies for the special meeting were solicited by the Board pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended, and there was no solicitation in opposition to the Board’s solicitation.

On December 14, 2010, QAD held a special meeting of its stockholders to consider the two proposals to authorize the following amendments to the Charter (the “Amendments”):

1. An amendment to authorize 71,000,000 shares of Class A Common Stock and 4,000,000 shares of Class B Common Stock and to establish the rights, preferences and privileges of, and the restrictions on, the Class A Common Stock and the Class B Common Stock; and
2. An amendment to reclassify each issued and outstanding whole share of Existing Stock as 0.1 shares of Class B Common Stock.

There were 31,697,807 shares of Existing Stock entitled to vote at the special meeting and a total of 24,412,452 shares of Existing Stock were represented at the special meeting in person or by proxy. At the special meeting, both of the Amendments were approved by the affirmative vote of holders of a greater than a majority of QAD’s shares of Existing Stock. The final votes on the proposals presented at the special meeting were as follows:

Proposal	For	Against	Abstain	Broker Non-Votes
1. Proposal to approve an amendment to the Charter to authorize and establish the rights, preferences and privileges of, and the restrictions on, the Class A Common Stock and the Class B Common Stock.	21,489,181	2,914,322	8,949	0
2. Proposal to approve an amendment to the Charter to reclassify each issued and outstanding whole share of Existing Stock as 0.1 shares of Class B Common Stock.	21,495,182	2,907,721	9,549	0

[Table of Contents](#)

On December 15, 2010, the Company implemented each of the Amendments by amending and restating its Charter in the form of an Amended and Restated Certificate of Incorporation of QAD Inc. (the “New Charter”) and filing the New Charter with the Secretary of State of the State of Delaware. Accordingly, as of 5:00 p.m. eastern standard time on December 15, 2010, each issued and outstanding whole share of Existing Stock was automatically reclassified as 0.1 shares of Class B Common Stock (the “Reclassification”). In addition, the Board declared a dividend of four shares of Class A Common Stock on each share of Class B Common Stock held by a holder of record immediately after the effectiveness of the Reclassification on December 15, 2010 (the “Record Date”), which became payable prior to the markets open on December 16, 2010. Each QAD stockholder will receive a dividend of four shares of Class A Common Stock for every share of Class B Common Stock that they held on the Record Date.

The foregoing description of the Amendments does not purport to be complete and is qualified in its entirety by reference to the full text of the New Charter incorporating such Amendments, which is filed as Exhibit 3.1 hereto and incorporated herein by reference. In addition, the forms of stock certificates representing Class A Common Stock and Class B Common Stock are filed as Exhibits 4.1 and 4.2 hereto, respectively.

Item 8.01 Other Events.

On December 15, 2010, the Company issued a press release regarding the approval and effectiveness of the Amendments as well as the timing and terms of the dividend of Class A Common Stock. The press release announcing these matters is filed as Exhibit 99.1 hereto.

The information in this Form 8-K and the exhibits attached hereto shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

Cautionary Note Regarding Forward-Looking Statements

This current report on Form 8-K contains certain forward-looking statements made under the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. A number of risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements. These risks include, but are not limited to, the terms, timing and effects of the recapitalization plan on the Company and its stockholders; evolving demand for the Company’s software products and products that operate with the Company’s products; the Company’s ability to sustain license and service demand; the Company’s ability to leverage changes in technology; the Company’s ability to sustain customer renewal rates at current levels;

[Table of Contents](#)

the publication of opinions by industry and financial analysts about the Company, its products and technology; the reliability of estimates of transaction and integration costs and benefits; the entry of new competitors or new offerings by existing competitors and the associated announcement of new products and technological advances by them; delays in localizing the Company's products for new or existing markets; the ability to recruit and retain key personnel; delays in sales as a result of lengthy sales cycles; changes in operating expenses, pricing, timing of new product releases, and the method of product distribution or product mix; timely and effective integration of newly acquired businesses; general economic conditions; exchange rate fluctuations, ability to achieve savings from cost cutting measures; and the global political environment. In addition, revenue and earnings in the enterprise resource planning (ERP) software industry are subject to fluctuations. Software license revenue, in particular, is subject to variability with a significant proportion of revenue earned in the last month of each quarter. Given the high margins associated with license revenue, modest fluctuations can have a substantial impact on net income. For a more detailed description of the risk factors associated with the Company and the industries in which it operates, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010 and the Company's other filings with the SEC.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of QAD Inc. effective December 15, 2010
4.1	Form of Stock Certificate Representing Shares of Class A Common Stock of QAD Inc.
4.2	Form of Stock Certificate Representing Shares of Class B Common Stock of QAD Inc.
99.1	Press Release dated December 15, 2010

SIGNATURES

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 hereunto duly authorized.

QAD Inc.

December 16, 2010

By: /s/ Daniel Lender

Daniel Lender

Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of QAD Inc. effective December 15, 2010
4.1	Form of Stock Certificate Representing Shares of Class A Common Stock of QAD Inc.
4.2	Form of Stock Certificate Representing Shares of Class B Common Stock of QAD Inc.
99.1	Press Release dated December 15, 2010

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
QAD INC.

QAD Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware, does hereby certify that:

I. The present name of the corporation is QAD Inc., a Delaware corporation (the “**Corporation**”). The original name of the Corporation was QAD Inc. and the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of Delaware on May 15, 1997.

II. This Amended and Restated Certificate of Incorporation amends, restates and integrates the provisions of the Certificate of Incorporation (as heretofore amended). The Certificate of Incorporation of this Corporation shall be amended and restated to read in its entirety as follows:

ARTICLE I

The name of the corporation is QAD Inc. (hereinafter referred to as the “**Corporation**”).

ARTICLE II

The address of the Corporation’s registered office in the State of Delaware is 2711 Centerville Road, Suite 400, New Castle County, Wilmington, Delaware 19808,. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (hereinafter referred to as the “**GCL**”).

ARTICLE IV

Section 1. Authorized Shares

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is eighty million (80,000,000) shares, consisting of (i) seventy-one million (71,000,000) shares of Class A Common Stock, par value \$0.001 per share (the “**Class A Common Stock**”); (ii) four million (4,000,000) shares of Class B Common Stock, par value \$0.001 per share (the “**Class B Common Stock**” and together with the Class A Common Stock, the “**Common Stock**”); and (iii) five million (5,000,000) shares of preferred stock, par value \$0.001 per share (the “**Preferred Stock**”).

Upon this Amended and Restated Certificate of Incorporation of the Corporation becoming effective pursuant to the GCL (the “**Effective Time**”), and without any further action on the part of the Corporation or its stockholders, each whole share of the Corporation’s common stock, \$0.001 par value per share, issued and outstanding or held by the Corporation in treasury immediately prior to the Effective Time (the “**Old Common Stock**”), shall automatically be reclassified, changed and converted into 0.10 fully paid and non-assessable shares of Class B Common Stock, and certificates previously representing shares of Old Common Stock shall represent the appropriate number of whole shares of Class B Common Stock, into which such Old Common Stock shall have been reclassified, changed and converted pursuant to this Amended and Restated Certificate of Incorporation. Notwithstanding the foregoing, no fractional shares of Class B Common Stock shall be issued, and any stockholder who would otherwise be entitled to receive a fraction of a share of Class B Common Stock shall, in lieu of receiving such fractional share, be entitled to receive a cash payment equal to such fraction multiplied by the fair value of a share of Class B Common Stock as of the Effective Time, as determined in good faith by the Board of Directors of the Corporation (hereinafter referred to as the “**Board of Directors**”).

Section 2. Designations, Powers and Preferences

A. Preferred Stock.

The Board of Directors is hereby expressly authorized at any time, and from time to time, to create and provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate pursuant to the GCL (hereinafter referred to as a “**Preferred Stock Designation**”), to establish the number of shares to be included in each such series, and to fix the designations, preferences and relative, participating, optional or other special rights of the shares of each such series and the qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, including, but not limited to, the following:

- (i) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;
- (ii) whether dividends, if any, shall be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;
- (iii) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;
- (iv) the terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;
- (v) whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes of, any other series of any class or classes of capital stock of, or any other security of, the Corporation or any other corporation, and, if provision be made for any such conversion or exchange,

the times, prices, rates, adjustments and any other terms and conditions of such conversion or exchange;

(vi) the voting powers, if any, and whether such voting powers are full or limited in such series;

(vii) the restrictions, if any, on the issue or reissue of shares of the same series or of any other class or series;

(viii) the amounts payable on and the preferences, if any, of the shares of such series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and

(ix) any other relative rights, preferences and limitations of that series.

B. Common Stock.

The Common Stock shall be subject to the express terms of any series of Preferred Stock set forth in the Preferred Stock Designation relating thereto. The powers, preferences and rights of the Class A Common Stock and the Class B Common Stock, and the qualifications, limitations or restrictions thereof, shall be in all respects identical, except as otherwise required by law or expressly provided in this Amended and Restated Certificate of Incorporation.

(a) *Voting.* Unless otherwise required by law or as expressly provided in this Amended and Restated Certificate of Incorporation, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class on all matters submitted to the stockholders at all meetings of the stockholders and with respect to any action by written consent in lieu of a meeting. Each record holder of Class A Common Stock shall be entitled to 1/20th of one vote for each share of Class A Common Stock standing in such person's name on the stock transfer records of the Corporation in connection with the election of directors and all other actions submitted to a vote of stockholders at all meetings of the stockholders and with respect to any action by written consent in lieu of a meeting, and each record holder of Class B Common Stock shall be entitled to one vote for each share of Class B Common Stock standing in such person's name on the stock transfer records of the Corporation in connection with the election of directors and all other actions submitted to a vote of stockholders at all meetings of the stockholders and with respect to any action by written consent in lieu of a meeting. In addition to any vote required by law or any other provision in this Amended and Restated Certificate of Incorporation, the affirmative vote or consent of the holders of a majority of the shares of Class A Common Stock, voting separately as a single class shall be required in order to amend this Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Class B Common Stock or effect any reverse stock split that would have any adverse effect on the holders of the Class A Common Stock.

(b) *Dividends and Other Distributions.*

(i) The record holders of the Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the

Corporation as may be declared thereon by the Board of Directors out of funds legally available therefor.

(ii) No dividend may be paid on one class of Common Stock unless a dividend is paid simultaneously on the other class of Common Stock, in accordance with this Section 2(B)(b).

(iii) If the Board of Directors determines to provide the record holders of one class of Common Stock the option to receive a dividend in cash or in capital stock of the Corporation, the same option must be simultaneously provided to the other class of Common Stock, subject to the requirement that the record holders of Class A Common Stock receive a greater amount of such dividend as provided in paragraph (iv) below.

(iv) Except as provided in paragraph (v) below, the amount of any dividend payable in cash or non-cash property of the Corporation (or any dividend pursuant to which the record holders of Common Stock have been granted the option to receive such dividend in the form of cash) with respect to a share of Class A Common Stock shall be equal to 120% of the amount of such dividend payable with respect to a share of Class B Common Stock, if and when declared by the Board of Directors out of funds legally available therefore; provided, however, any dividend payable in cash or non-cash property of the Corporation, if and when declared by the Board of Directors, for the purpose of either (A) distributing all or some portion of the proceeds received by the Corporation from any transaction determined by the Board of Directors to be a material transaction not in the ordinary course of business or (B) effecting a spin-off of a subsidiary of the Corporation, shall be paid ratably, on a per share basis, to all holders of Class A Common Stock and Class B Common Stock.

(v) Dividends payable on the Common Stock only in shares of capital stock of the Corporation (or rights to acquire capital stock of the Corporation) shall only be made as follows: (A) in shares of Class A Common Stock (or rights to acquire Class A Common Stock) to the record holders of Class A Common Stock and to the record holders of Class B Common Stock; (B) solely in connection with a proportionate dividend to effectuate a split of the Common Stock, in shares of Class A Common Stock to the record holders of Class A Common Stock and in shares of Class B Common Stock to the record holders of Class B Common Stock; or (C) in any other authorized class or series of capital stock (or rights to acquire any other authorized class or series of capital stock of the Corporation) to the record holders of Class A Common Stock and to the record holders of Class B Common Stock.

(vi) Whenever a dividend or distribution provided for in this Amended and Restated Certificate of Incorporation shall be payable in non-cash property or shares of capital stock of the Corporation, the value of such dividend or distribution shall be deemed to be the fair value of such non-cash property or

capital stock of the Corporation, as determined in good faith by the Board of Directors.

(c) *Convertibility.* Except as described below, neither the Class A Common Stock nor the Class B Common Stock shall be convertible into another class of Common Stock or any other security of the Corporation.

(i) All outstanding shares of Class A Common Stock may be converted into shares of Class B Common Stock on a share-for-share basis by resolution of the Board of Directors if, as a result of any statute, law, regulation, court order, legal process or rule or rule interpretation of a national securities exchange, either the Class A Common Stock or Class B Common Stock is, or both are, excluded from, or the Board of Directors determines that either the Class A Common Stock or Class B Common Stock is, or both are, subject to exclusion from, listing on the Nasdaq Global Select Market or, if such shares are listed on another national securities exchange, from trading on the principal national securities exchange on which such securities are traded. In making such determination, the Board of Directors may conclusively rely on any information or documentation available to it, including filings made with the Securities and Exchange Commission, any national securities exchange, stock market or any other governmental or regulatory agency or any written instrument purporting to be authentic.

(ii) In the event of any conversion of the Class A Common Stock pursuant to subsection (c)(i) above, certificates which formerly represented outstanding shares of Class A Common Stock will thereafter be deemed to represent a like number of shares of Class B Common Stock and all shares of Common Stock authorized by this Amended and Restated Certificate of Incorporation shall be deemed to be shares of Class B Common Stock.

(d) *Mergers or Sales of Assets.* The holders of Class A Common Stock shall be entitled to receive an amount and form of consideration per share no less favorable than the per share consideration, if any, received by any holder of the Class B Common Stock in any merger, business combination or consolidation of the Corporation (whether or not the Corporation is the surviving entity) or any subsidiary of the Corporation, or any sale, lease or exchange of all or substantially all of the assets of the Corporation or any subsidiary of the Corporation (whether or not executed by way of a single transaction or a series of related transactions).

(e) *Liquidation or Dissolution.* Upon the liquidation, dissolution or winding up of the Corporation, the holders of Class A Common Stock and the holders of Class B Common Stock shall share ratably, on a per share basis, in the net assets of the Corporation available for distribution to the holders of Common Stock. If any assets of the Corporation distributed to stockholders in connection with any liquidation, dissolution, or winding up of the Corporation are other than cash, then the value of such assets shall be their fair value as determined by the Board of Directors in good faith.

(f) *Repurchases.* The Corporation shall have the power to purchase, repurchase, exchange, redeem or otherwise acquire shares of either Class A Common Stock or Class B Common Stock out of funds legally available therefore at any time for such consideration as the Board of Directors determines in its business judgment, whether or not less consideration could be paid upon the purchase of the same number of shares of another class of Common Stock. Notwithstanding the foregoing, if at any time in the future the Corporation publicly announces an issuer self tender offer to concurrently purchase shares of both Class A Common Stock and Class B Common Stock, then the Corporation shall tender to purchase Class A Common Stock at a per share price and on terms no less favorable than the per share price and terms tendered for Class B Common Stock.

(g) *Subdivision, Combination and Reclassification of Shares.* If the Corporation shall in any manner split or subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other such class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined. Other than with respect to a reclassification in connection with a split, subdivision or combination of shares of outstanding Common Stock as provided above, the holders of Class A Common Stock shall be entitled to be treated identically to the holders of Class B Common Stock on a per share basis in any reclassification or recapitalization of the Common Stock.

(h) *No Preemptive Rights.* No holder of Class A Common Stock or Class B Common Stock shall, by reason of such holding, have any preemptive right to subscribe to any additional issue of stock of any class or series of the Corporation or to any security of the Corporation convertible into such stock.

(i) *Amendment.* In addition to any vote required by law or this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, voting separately as a single class, shall be required in order to amend (i) any of the powers, preferences or special rights of the Class A Common Stock (whether by merger, consolidation or otherwise) or (ii) any of the powers, preferences or special rights of the Class B Common Stock (whether by merger, consolidation or otherwise) to the extent that such amendment would adversely affect the holders of the Class A Common Stock.

(j) *Fractional Shares.* No fractional shares of Common Stock shall be issued in connection with any stock dividend, stock split, combination, reclassification or conversion of the Common Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair value of a share of Common Stock as determined in good faith by the Board of Directors.

ARTICLE V

A. In furtherance, and not in limitation, of the powers conferred by law, the Board of Directors is expressly authorized and empowered:

(i) to adopt, amend or repeal the Bylaws of the Corporation, provided, however, that any Bylaws adopted by the Board of Directors under the powers hereby conferred may be amended or repealed by the Board of Directors or by the stockholders having voting power with respect thereto; and

(ii) from time to time to determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to inspection of stockholders; and, except as so determined, or as expressly provided in this Amended and Restated Certificate of Incorporation or in any Preferred Stock Designation, no stockholder shall have any right to inspect any account, book or document of the Corporation other than such rights as may be conferred by law.

B. The Corporation may in its Bylaws confer powers upon the Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board of Directors by law.

ARTICLE VI

A. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specified circumstances, the number of directors of the Corporation shall not be less than 3 nor more than 9 and shall be fixed from time to time in the manner described in the Bylaws.

B. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

C. At each annual election of Directors, the Directors, other than those who may be elected by holders of shares of one or more outstanding series of Preferred Stock under circumstances as shall be provided by this Amended and Restated Certificate of Incorporation, shall hold office until the next annual election of Directors and until their respective successors shall have been duly elected and qualified, subject, however, to prior death, resignation or removal in accordance with this Amended and Restated Certificate of Incorporation and the Bylaws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specified circumstances, any director may be removed from office at any time with or without cause by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class. For the purposes of this Amended and Restated Certificate of Incorporation, "**Voting Stock**" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

E. Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in the Bylaws of the Corporation.

F. Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of Incorporation to elect additional directors under specified circumstances, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified.

ARTICLE VII

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the directors duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the GCL; or (iv) for any transaction from which the director derived an improper personal benefit. No amendment or repeal of this Article VII shall adversely affect any right or protection of a director of the Corporation existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

ARTICLE VIII

Except as may be expressly provided below in this Article VIII, the Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation or a Preferred Stock Designation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed herein or by law, and all powers, preferences and rights of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Amended and Restated Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article VIII; provided, however, that no Preferred Stock Designation shall be amended after the issuance of any shares of the series of Preferred Stock created thereby, except in accordance with the terms of such Preferred Stock Designation and the requirements of law; and provided, further, that the affirmative vote of at least 66²/₃ percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with the provisions of Article V, Article VI or Article VIII of this Amended and Restated Certificate of Incorporation, unless such amendments or changes are approved by a majority of the directors of the Corporation not affiliated or associated with any person, other than Pamela M. Lopker or Karl F. Lopker, holding (or which has announced an intention to acquire) 20% or more of the voting power of the then outstanding Voting Stock, voting together as a single class.

* * *

This Amended and Restated Certificate of Incorporation shall become effective at 5:00 p.m. (EST) on December 15, 2010.

The foregoing Amended and Restated Certificate of Incorporation has been duly adopted by this Corporation's Board of Directors and stockholders in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this 14th day of December, 2010.

QAD Inc.

/s/ Karl F. Lopker

Karl F. Lopker, Chief Executive Officer



The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT – Custodian
(Cust) (Minor)
under Uniform Gifts to Minors
Act
(State)

UNIF TRF MIN ACT – Custodian (until age.....)
(Cust)
(Minor) under Uniform Transfers
to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____. Shares
of the Class A common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____. Attorney
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

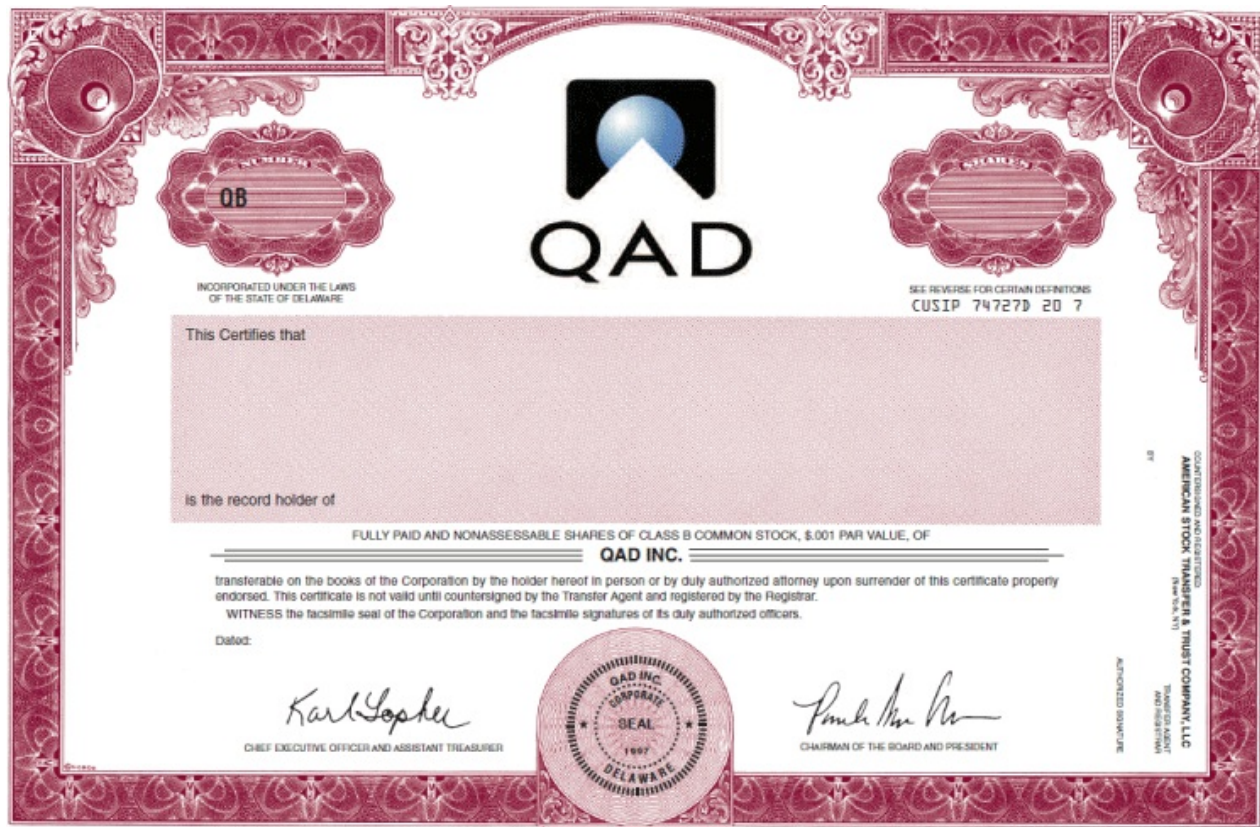
Dated _____

X
X

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.



THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17d-15.

PRESS RELEASE

[QAD LOGO]

For more information, Contact:

John Neale
QAD Senior Vice President and
Treasurer
805.566.5117
investor@qad.com

Laurie Berman
PondelWilkinson Inc.
310.279.5980
investor@pondel.com

FOR IMMEDIATE RELEASE**QAD Stockholders Approve Recapitalization Plan**

SANTA BARBARA, Calif., December 15, 2010 — QAD Inc. (NASDAQ: QADI), a global provider of enterprise software and services, today announced that its stockholders approved the previously announced recapitalization plan at a special stockholders meeting held on December 14, 2010. The recapitalization plan, which is designed to increase financial flexibility for QAD and its stockholders, will establish two classes of common stock: Class A common stock with 1/20th of one vote per share and Class B common stock with one vote per share.

Prior to the meeting, Institutional Shareholder Services (ISS) issued a report recommending a vote for approval of the plan. The majority of votes cast, both including and excluding the controlling shareholders' vote, voted for an approval of the plan.

The recapitalization will become effective at 5:00 p.m. eastern standard time on December 15, 2010. At that time, QAD will reclassify each whole share of its existing common stock as one-tenth of a new share of Class B common stock. Each share of Class B common stock outstanding immediately thereafter as a result of the reclassification will be paid a dividend of four shares of Class A common stock prior to the markets open on December 16, 2010. To illustrate, a hypothetical QAD stockholder who currently owns 1,000 shares of common stock, will own 400 Class A shares, each with 1/20th of one vote, and 100 Class B shares, each with one vote, after the recapitalization.

QAD's new Class A common stock and Class B Common stock will trade on the Nasdaq Global Select Market under the symbols QADA and QADB, respectively. It is expected that trading in such shares will commence on December 16, 2010.

Distribution of Class A common stock and Class B common stock to existing QAD stockholders.

Any stockholder whose shares of QAD's existing common stock are registered in their name will receive a transmittal letter from the Company's transfer agent as soon as practicable after the effective time of the recapitalization. The transmittal letter will be accompanied by instructions specifying how registered stockholders can receive the applicable shares of Class A common stock and Class B common stock together with any payment of cash in lieu of fractional shares. Registered stockholders holding shares of QAD's existing common stock in certificate form will also be required to submit their certificates along with the letter of transmittal.

When registered stockholders submit their letters of transmittal (including any certificate(s) representing the pre-recapitalization shares of QAD common stock, if applicable), their post-recapitalization shares of Class A common stock and Class B common stock will be issued to them electronically in book-entry form. This means that, instead of receiving a new stock certificate, such registered stockholders will

receive a statement of holding that indicates the number of post-recapitalization shares of Class A common stock and Class B common stock they own in book-entry form. QAD will no longer issue physical stock certificates unless stockholders make specific requests for share certificates.

Upon the effectiveness of the recapitalization, QAD intends to treat stockholders holding shares of QAD's existing common stock in "street name" (that is, held through a bank, broker or other nominee) in the same manner as registered stockholders whose shares of QAD's existing common stock are registered in their names. Banks, brokers or other nominees will be instructed to effect the recapitalization for their beneficial holders holding shares of QAD's existing common stock in "street name;" however, these banks, brokers or other nominees may apply their own specific procedures for processing the recapitalization. Any QAD stockholder who holds shares of QAD's existing common stock with a bank, broker or other nominee, should contact the applicable nominee with any questions in this regard.

About QAD Inc.

QAD is a leading provider of enterprise applications for global manufacturing companies. QAD applications provide critical functionality for managing manufacturing resources and operations within and beyond the enterprise, enabling global manufacturers to collaborate with their customers, suppliers and partners to make and deliver the right product, at the right cost and at the right time. Manufacturers of automotive, consumer products, electronics, food and beverage, industrial and life science products use QAD applications in more than 90 countries and in as many as 27 languages. For more information about QAD, telephone +1 805-566-6000, or visit the QAD website at www.qad.com.

"QAD" is a registered trademark of QAD Inc. All other products or company names herein may be trademarks of their respective owners.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements made under the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. A number of risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements. These risks include, but are not limited to, the terms, timing and effects of the recapitalization plan on the Company and its stockholders; evolving demand for the Company's software products and products that operate with the Company's products; the Company's ability to sustain license and service demand; the Company's ability to leverage changes in technology; the Company's ability to sustain customer renewal rates at current levels; the publication of opinions by industry and financial analysts about the Company, its products and technology; the reliability of estimates of transaction and integration costs and benefits; the entry of new competitors or new offerings by existing competitors and the associated announcement of new products and technological advances by them; delays in localizing the Company's products for new or existing markets; the ability to recruit and retain key personnel; delays in sales as a result of lengthy sales cycles; changes in operating expenses, pricing, timing of new product releases, and the method of product distribution or product mix; timely and effective integration of newly acquired businesses; general economic conditions; exchange rate fluctuations, ability to achieve savings from cost cutting measures; and the global political environment. In addition, revenue and earnings in the enterprise resource planning (ERP) software industry are subject to fluctuations. Software license revenue, in particular, is subject to variability with a significant proportion of revenue earned in the last month of each quarter. Given the high margins associated with license revenue, modest fluctuations can have a substantial impact on net income. For a more detailed description of the risk factors associated with the Company and the industries in which it operates, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2010 and the Company's other filings with the SEC.

###