

DIRECTOR COMPENSATION

Director Compensation Overview

Our directors play a critical role in guiding QAD's strategic direction and overseeing the management of the Company. We seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities as directors of the Company. The many responsibilities and risks and the substantial time commitment of being a director of a public company require that we provide adequate incentives for our directors' continued performance by paying compensation commensurate with our directors' workload. While our employee directors are not separately compensated for being on the Board, our non-employee directors are compensated based upon their respective levels of Board participation and responsibilities, including service on Board committees. Annual cash retainers and equity grants to the non-employee directors are intended to correlate with the responsibilities of each such director.

Non-Employee Director Cash Retainer and Meeting Fees

Each of our non-employee directors received the applicable retainers and fees set forth below for serving as a chair or a member of one or more of the standing committees of the Board.

	Standing Committee Fees (\$)
Annual Board Member Retainer	40,000
Lead Director Supplemental Retainer	20,000
Annual Committee Member Retainer:	
Audit Committee	10,000
Compensation Committee	7,500
Governance Committee	—
Annual Committee Chair Retainer:	
Audit Committee	15,000
Compensation Committee	10,000
Governance Committee	—
Fee per Board Meeting:	
In person per meeting	2,000
By telephone per meeting	1,000
Fee per Committee Meeting:	
Audit Committee	
In person per meeting not held concurrently	2,000
By telephone per meeting not held concurrently	1,000
Compensation Committee	
In person per meeting not held concurrently	2,000
By telephone per meeting not held concurrently	1,000
Governance Committee	
In person per meeting not held concurrently	2,000
By telephone per meeting not held concurrently	1,000

A Board member will receive \$2,000 for each Board and committee meeting attended in person and \$1,000 for each such meeting attended via telephone. However, separate fees will not apply to any committee meetings held in conjunction with a regularly scheduled Board meeting or another committee meeting. From time to time, the Board forms special ad hoc committees to perform various functions on behalf of the Board. At times, fees may be paid for services on such committees. Directors are also reimbursed for direct expenses relating to their activities as members of the Board of Directors.

Non-Employee Director Equity Compensation

The Board of Directors has approved an equity compensation plan for the non-employee Board members that provides for the following additional equity compensation:

- For each non-employee Board member, an annual grant of 4,000 shares of Class A common stock that is fully vested on the date of grant with a grant date of the date of the Annual Meeting of Stockholders.
- For each new non-employee Board member, a one-time grant of 6,000 shares of Class A common stock that is fully vested on the date of grant with a grant date on or about the date of such Board member's appointment to the Board and a pro-rata portion of the annual grant of 4,000 shares of Class A common stock, based upon such Board member's time of service on the Board since the date of appointment through the date of the Annual Meeting of Stockholders, that is fully vested on the date of grant with a grant date of the date of the Annual Meeting of Stockholders.

The Board applies stock ownership guidelines to non-employee directors to further align the interests of the non-employee directors with the interests of the Company's stockholders. The guidelines stipulate that each outside Board member should own at least \$30,000 in Company stock per year served on the Board, up to a maximum requirement of \$150,000 in Company stock, measured on an annual basis as of the date of the annual stockholder meeting, based on serving from June 2011 or a director's start date, if later. SARs, options and unvested RSUs will not be included in determining whether a Board member meets the ownership guidelines.