Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
QAD INC. 401(K) RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1988

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

QAD INC.

100 INNOVATION PLACE
SANTA BARBARA, CA 93108

2b Employer Identification Number (EIN) 77-0105228

2c Sponsor's telephone number 805-684-6614

2d Business code (see instructions) 541512

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/27/2012	ROLAND HARDING
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
QAD INC.

100 INNOVATION PLACE
SANTA BARBARA, CA 93108

3b Administrator's EIN
77-0105228

3c Administrator's telephone number
805-684-6614

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	740
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	523
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	226
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	749
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	750
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	699
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 3F 3H 2S 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)	X		**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
QAD INC. 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
QAD INC.

D Employer Identification Number (EIN)
77-0105228

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions

Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
NEW YORK LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year (f) From	Policy or contract year (g) To
13-5582869	66915	31505	699	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid (c) Amount	Fees and other commissions paid (d) Purpose	(e) Organization code

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid (c) Amount	Fees and other commissions paid (d) Purpose	(e) Organization code

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	**4**	
5	Current value of plan's interest under this contract in separate accounts at year end	**5**	6261380

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	**6b**	
c	Premiums due but unpaid at the end of the year	**6c**	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	**6d**	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			**7b**	
c	Additions: (1) Contributions deposited during the year	**7c(1)**			
	(2) Dividends and credits	**7c(2)**			
	(3) Interest credited during the year	**7c(3)**			
	(4) Transferred from separate account	**7c(4)**			
	(5) Other (specify below)	**7c(5)**			
	▶				
	(6) Total additions			**7c(6)**	
d	Total of balance and additions (add **b** and **c(6)**).			**7d**	
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	**7e(1)**			
	(2) Administration charge made by carrier	**7e(2)**			
	(3) Transferred to separate account	**7e(3)**			
	(4) Other (specify below)	**7e(4)**			
	▶				
	(5) Total deductions			**7e(5)**	
f	Balance at the end of the current year (subtract **e(5)** from **d**)			**7f**	

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
QAD INC. 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
QAD INC.

D Employer Identification Number (EIN)
77-0105228

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NEW YORK LIFE INVESTMENT MANAGEMENT

52-2206685

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 62 64	RETAINED BY CLIENT	2650	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

SMITH BARNEY

1001 PAGE MILL ROAD
BLDG 4, SUITE 101
PALO ALTO, CA 93404

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	RETAINED BY CLIENT	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
SMITH BARNEY	61	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
NYLIFE DISTRIBUTORS LLC 169 LACKAWANNA AVENUE PARSIPPANY, NJ 07054 56-2412827	20 BASIS POINTS FINDERS FEE

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
SMITH BARNEY	55	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
NYLIFE DISTRIBUTORS LLC 169 LACKAWANNA AVENUE PARSIPPANY, NJ 07054 56-2412827	10 BASIS POINTS TRAILING COMMISSION

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
QAD INC. 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
QAD INC.

D Employer Identification Number (EIN)
77-0105228

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: NEW YORK LIFE ANCHOR ACCOUNT

b Name of sponsor of entity listed in (a): NEW YORK LIFE INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
13-5582869-125	P	6261380

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
QAD INC. 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
QAD INC.

D Employer Identification Number (EIN)
77-0105228

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	67162	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	763888	722839
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	5787795	6261380
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	59444382	59955970
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	66063227	66940189
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	66063227	66940189

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1334852	
	(B) Participants	2a(1)(B)	4453270	
	(C) Others (including rollovers)	2a(1)(C)	124624	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		5912746
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	36182	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		36182
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	0	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	779894	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		779894
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		154503
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-2569580
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		4313745
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3433948	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3433948
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	2650	
(3) Investment advisory and management fees	2i(3)	185	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		2835
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		3436783
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		876962
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WILLIAM BROWN PARSONS AND CO. (2) EIN: 27-0095060

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
QAD INC. 401(K) RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
QAD INC.

D Employer Identification Number (EIN)
77-0105228

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 13-3808042

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

QAD INC.
401(k) RETIREMENT PLAN

FINANCIAL STATEMENTS

December 31, 2011 and 2010

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits - Modified Cash Basis	2
Statement of Changes in Net Assets Available for Benefits With Fund Information - Modified Cash Basis	3
Notes to the Financial Statements	4-8
SUPPLEMENTARY INFORMATION	9
Schedule of Assets Held for Investment - Modified Cash Basis	10

WILLIAMS BROWN PARSONS & COMPANY Accountancy Corp.
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Plan Trustees
QAD INC.
401(k) Retirement Plan
Summerland, California

We were engaged to audit the financial statements of the QAD INC. 401(k) Retirement Plan, (the "Plan"), as of December 31, 2011 and 2010, and for the year ended December 31, 2011, and the supplemental schedules as of and for the year ended December 31, 2011, as listed in the accompanying contents. These financial statements and schedules are the responsibility of the pension Plan's trustees.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note F, which was certified by New York Life Trust Co., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. The plan administrator has informed us that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

As described in Note B, the financial statements and supplemental schedules were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Because of the significance of the information that we did not audit, we were unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Williams Brown Parsons & Company
WILLIAMS BROWN PARSONS & COMPANY ACCOUNTANCY CORP.

September 21, 2012

5558 California Avenue, Suite 208 • Bakersfield, CA 93309-0705 • (661) 633-9122 • Fax (661) 633-2719
American Institute of Certified Public Accountants • California Society of Certified Public Accountants
www.wbpandco.com

QAD INC.
401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
INVESTMENTS – AT FAIR VALUE		
Value of interest in pooled separate accounts	$ 6,261,380	$ 5,787,795
Value of interest in registered investment companies	59,955,970	59,444,382
	66,217,350	65,232,177
RECEIVABLES		
Notes receivable from participants	722,839	763,888
CASH		67,162
TOTAL ASSETS	$ 66,940,189	$ 66,063,227

LIABILITIES

OTHER PAYABLES	$	$
TOTAL LIABILITIES		
NET ASSETS AVAILABLE FOR BENEFITS	$ 66,940,189	$ 66,063,227

See accompanying notes and Independent Auditors' Report.

QAD INC.
401(k) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH FUND INFORMATION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Cash	Participant Loans	Pooled Separate	Investments Companies	Total
ADDITION TO NET ASSETS ATTRIBUTED TO:					
INVESTMENT INCOME:					
Net appreciation in fair value of investments	$	$	$ 154,503	$ (2,569,580)	$ (2,415,077)
Interest and dividends		36,182		779,894	816,076
		36,182	154,503	(1,789,686)	(1,599,001)
CONTRIBUTIONS					
Employer				1,334,852	1,334,852
Participants				4,453,270	4,453,270
Rollovers				124,624	124,624
				5,912,746	5,912,746
TOTAL ADDITIONS		36,182	154,503	4,123,060	4,313,745
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:					
Benefits paid to participants	67,162	24,126		3,345,495	3,436,783
TOTAL DEDUCTIONS	67,162	24,126		3,345,495	3,436,783
INTERFUND TRANSFERS					
Interfund transfers		(53,105)	319,082	(265,977)	
NET INCREASE (DECREASE)	(67,162)	(41,049)	473,585	511,588	876,962
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	67,162	763,888	5,787,795	59,444,382	66,063,227
END OF YEAR	$	$ 722,839	$ 6,261,380	$ 59,955,970	$ 66,940,189

See accompanying notes and Independent Auditors' Report.

NOTE A — DESCRIPTION OF PLAN

General

The following description of QAD INC. 401(k) Retirement Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The plan is a 401(k) Retirement Plan covering the employees of QAD INC. It was effective January 1, 1988. After July 1, 1994, employees will be eligible to participate in the Plan 30 days after their hire date. The Plan is subject to the provisions of the Employees Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to contribute, on a tax deferred basis, a portion of their compensation up to the maximum deferral limit. Participants may also contribute amounts representing distributions from other qualified plans. The Company may elect to make voluntary contributions to the Plan. Participants will be eligible to receive an allocable share of the forfeitures and any employer contributions if they have completed a year of service and they are employed by the Company on the last day of the plan year unless they have retired, died, or become disabled.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of (a) the Company's contribution, (b) Plan earnings, and (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100 percent vested after five years of credited service.

Investment Options

Participants may direct the manner in which their accounts are invested among the Plan's investment funds.

NOTE A — DESCRIPTION OF PLAN (CONTINUED)

Participant Loans

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of $50,000 or 50% of their account balance. Loan terms range from 1-5 years or up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, or in installments. At December 31, 2011 and 2010, the account balances of employees who terminated services but had not received a distribution from the Plan totaled $14,060,973 and $14,222,183, respectively.

Forfeited Accounts

During 2011 and 2010, forfeited non-vested accounts totaled $57,938 and $139,623 respectively. Forfeitures are allocated to continuing plan participants.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the modified cash basis of accounting.

Notes receivable from participants

Notes receivable from participants are valued at cost, which approximates fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation

Investments in mutual funds are stated at fair value based on quoted market prices which represent the net asset value of shares held by the Plan at year end. Loans to participants are stated at face value, which approximates fair value. Certificates of deposit are valued based on original cost. Net unrealized appreciation or depreciation resulting from revaluation of investments to fair value is reflected to the statement of changes in net assets available for benefits.

Administrative Expenses

Trust management fees and expenses and other administrative expenses are paid from Plan assets.

Payment of Benefits

Benefits are recorded when paid.

NOTE C — PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

NOTE D — TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 6, 1994, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE E — INVESTMENT CONCENTRATIONS

Investments with New York Life Trust Company are in excess of 5% of net assets.

NOTE F — INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

	2011	2010
INVESTMENTS, AT FAIR VALUE:		
Pooled Separate Accounts	$ 6,261,380	$ 5,787,795
Investment companies	59,955,970	59,444,382
Notes receivable from participants	722,839	763,888
Cash		67,162

NOTE G – SUBSEQUENT EVENT

The Company has evaluated subsequent events through September 21, 2012, the date which the financial statements were issued.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are reported at fair value in the Plan's financial statements. The methods used to measure fair value my produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 are inputs other than quoted price included with Level 1 that are observable for valuing the asset or liability, either directly or indirectly. Observable inputs include quoted price for similar assets or liabilities in active or nonactive markets. Level 2 inputs may also include insignificant adjustments to market observable inputs. No Level 3 inputs were available to the Plan, and Level 2 inputs were used only when Level 1 inputs were not available.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION (CONTINUED)

The Plan's investments are stated at fair value. New York Life Trust Company has determined that the fair values for the Plan are measured as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and Mutual Funds	$ 59,955,970	$ 59,955,970	$
Participant loans	722,839	722,839	
Pooled separate	6,261,380		6,261,380
Total	$ 66,940,189	$ 60,678,809	$ 6,261,380

NOTE I — RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balance and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTARY INFORMATION

QAD INC.
401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR - MODIFIED CASH BASIS
DECEMBER 31, 2011

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	New York Life Trust Co	NYL Insurance Anchor Acct III	$ 6,261,380	$ 6,261,380
	New York Life Trust Co	PIMCO Real Return Instil 90,674.159shs@11.79	1,067,628	1,069,048
	New York Life Trust Co	PIMCO Total Return Fund 514,839.156 shs @ 10.87	5,516,034	5,596,302
	New York Life Trust Co	AllianceBern Ret 2000 Strat A 20,000.680 shs @ 10.29	214,050	205,807
	New York Life Trust Co	AllianceBern Ret 2005 Strat A 24,424.830shs @ 9.78	265,082	238,875
	New York Life Trust Co	AllianceBern Ret 2010 Strat A 98,935.109 shs @ 9.63	1,066,891	952,745
	New York Life Trust Co	AllianceBern Ret 2015 Strat A 19,489.976 shs @ 9.59	201,051	186,909
	New York Life Trust Co	AllianceBern Ret 2020 Strat A 125,893.707 shs @ 9.37	1,369,253	1,179,624
	New York Life Trust Co	AllianceBern Ret 2025 Strat A 72,817.623 shs @ 9.37	729,366	682,301
	New York Life Trust Co	AllianceBern Ret 2030 Strat A 138,198.249 shs @ 9.21	1,468,790	1,272,806
	New York Life Trust Co	AllianceBern Ret 2035 Strat A 46,931.530 shs @ 9.14	452,687	428,954
	New York Life Trust Co	AllianceBern Ret 2040 Strat A 72,794.923 shs @ 9.31	703,662	677,721
	New York Life Trust Co	BlackRock Equity Dividend A 152,547.162 shs @ 18.15	2,830,239	2,768,731
	New York Life Trust Co	Calvert Social Invt Bal Port 16,970.897 shs @ 27.89	483,205	473,318
	New York Life Trust Co	MainStay S&P 500 Index Fund 72,229.565 shs @ 29.00	2,100,309	2,094,658
	New York Life Trust Co	Oakmark Equity & Income Fd(I) 58,011.472 shs @ 27.05	1,469,194	1,569,210
	New York Life Trust Co	Allianz NFJ Small Cap 126,314.324 shs @ 27.77	3,453,854	3,507,749
	New York Life Trust Co	Growth Fund of America 161,384.412 shs @ 28.52	5,101,400	4,602,683
	New York Life Trust Co	Columbia Mid Cap Value Z 362,834.062 shs @ 12.81	4,902,404	4,647,904
	New York Life Trust Co	Fidelity Contrafund 237,900.931 shs @ 67.46	15,751,777	16,048,797
	New York Life Trust Co	Oppen Main Street Small Cap 37,321,932 shs @ 19.84	645,183	740,467
	New York Life Trust Co	Westcore Select Fund Retail 172,242.323 shs @18.71	3,908,564	3,222,654
	New York Life Trust Co	American Cap World Gr 110,217.427 shs @ 32.06	3,584,617	3,533,571
	New York Life Trust Co	Lazard Emerging Markets 32,273.095 shs @ 16.80	630,100	542,188
	New York Life Trust Co	Thornburg Intl Value Fund 151,301.887 shs @ 24.54	4,372,395	3,712,948
	Plan Loans to Participants	Participant Loans, variable interest rates 4.25% - 9.25%		722,839
				$ 66,940,189

See Accompanying Notes and Independent Auditors' Report.

QAD INC.
401(k) RETIREMENT PLAN

FINANCIAL STATEMENTS

December 31, 2011 and 2010

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits - Modified Cash Basis	2
Statement of Changes in Net Assets Available for Benefits With Fund Information - Modified Cash Basis	3
Notes to the Financial Statements	4-8
SUPPLEMENTARY INFORMATION	9
Schedule of Assets Held for Investment - Modified Cash Basis	10

WILLIAMS BROWN PARSONS & COMPANY Accountancy Corp.
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Plan Trustees
QAD INC.
401(k) Retirement Plan
Summerland, California

We were engaged to audit the financial statements of the QAD INC. 401(k) Retirement Plan, (the "Plan"), as of December 31, 2011 and 2010, and for the year ended December 31, 2011, and the supplemental schedules as of and for the year ended December 31, 2011, as listed in the accompanying contents. These financial statements and schedules are the responsibility of the pension Plan's trustees.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note F, which was certified by New York Life Trust Co., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. The plan administrator has informed us that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

As described in Note B, the financial statements and supplemental schedules were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Because of the significance of the information that we did not audit, we were unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Williams Brown Parsons & Company
WILLIAMS BROWN PARSONS & COMPANY ACCOUNTANCY CORP.

September 21, 2012

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American Institute of Certified Public Accountants • California Society of Certified Public Accountants
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QAD INC.
401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
INVESTMENTS – AT FAIR VALUE		
Value of interest in pooled separate accounts	$ 6,261,380	$ 5,787,795
Value of interest in registered investment companies	59,955,970	59,444,382
	66,217,350	65,232,177
RECEIVABLES		
Notes receivable from participants	722,839	763,888
CASH		67,162
TOTAL ASSETS	$ 66,940,189	$ 66,063,227

LIABILITIES

OTHER PAYABLES	$	$
TOTAL LIABILITIES		
NET ASSETS AVAILABLE FOR BENEFITS	$ 66,940,189	$ 66,063,227

See accompanying notes and Independent Auditors' Report.

QAD INC.
401(k) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH FUND INFORMATION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Cash	Participant Loans	Pooled Separate	Investments Companies	Total
ADDITION TO NET ASSETS ATTRIBUTED TO:					
INVESTMENT INCOME:					
Net appreciation in fair value of investments	$	$	$ 154,503	$ (2,569,580)	$ (2,415,077)
Interest and dividends		36,182		779,894	816,076
		36,182	154,503	(1,789,686)	(1,599,001)
CONTRIBUTIONS					
Employer				1,334,852	1,334,852
Participants				4,453,270	4,453,270
Rollovers				124,624	124,624
				5,912,746	5,912,746
TOTAL ADDITIONS		36,182	154,503	4,123,060	4,313,745
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:					
Benefits paid to participants	67,162	24,126		3,345,495	3,436,783
TOTAL DEDUCTIONS	67,162	24,126		3,345,495	3,436,783
INTERFUND TRANSFERS					
Interfund transfers		(53,105)	319,082	(265,977)	
NET INCREASE (DECREASE)	(67,162)	(41,049)	473,585	511,588	876,962
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	67,162	763,888	5,787,795	59,444,382	66,063,227
END OF YEAR	$	$ 722,839	$ 6,261,380	$ 59,955,970	$ 66,940,189

See accompanying notes and Independent Auditors' Report.

NOTE A — DESCRIPTION OF PLAN

General

The following description of QAD INC. 401(k) Retirement Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The plan is a 401(k) Retirement Plan covering the employees of QAD INC. It was effective January 1, 1988. After July 1, 1994, employees will be eligible to participate in the Plan 30 days after their hire date. The Plan is subject to the provisions of the Employees Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to contribute, on a tax deferred basis, a portion of their compensation up to the maximum deferral limit. Participants may also contribute amounts representing distributions from other qualified plans. The Company may elect to make voluntary contributions to the Plan. Participants will be eligible to receive an allocable share of the forfeitures and any employer contributions if they have completed a year of service and they are employed by the Company on the last day of the plan year unless they have retired, died, or become disabled.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of (a) the Company's contribution, (b) Plan earnings, and (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100 percent vested after five years of credited service.

Investment Options

Participants may direct the manner in which their accounts are invested among the Plan's investment funds.

NOTE A — DESCRIPTION OF PLAN (CONTINUED)

Participant Loans

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of $50,000 or 50% of their account balance. Loan terms range from 1-5 years or up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, or in installments. At December 31, 2011 and 2010, the account balances of employees who terminated services but had not received a distribution from the Plan totaled $14,060,973 and $14,222,183, respectively.

Forfeited Accounts

During 2011 and 2010, forfeited non-vested accounts totaled $57,938 and $139,623 respectively. Forfeitures are allocated to continuing plan participants.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the modified cash basis of accounting.

Notes receivable from participants

Notes receivable from participants are valued at cost, which approximates fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation

Investments in mutual funds are stated at fair value based on quoted market prices which represent the net asset value of shares held by the Plan at year end. Loans to participants are stated at face value, which approximates fair value. Certificates of deposit are valued based on original cost. Net unrealized appreciation or depreciation resulting from revaluation of investments to fair value is reflected to the statement of changes in net assets available for benefits.

Administrative Expenses

Trust management fees and expenses and other administrative expenses are paid from Plan assets.

Payment of Benefits

Benefits are recorded when paid.

NOTE C — PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

NOTE D — TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 6, 1994, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE E — INVESTMENT CONCENTRATIONS

Investments with New York Life Trust Company are in excess of 5% of net assets.

NOTE F — INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

	2011	2010
INVESTMENTS, AT FAIR VALUE:		
Pooled Separate Accounts	$ 6,261,380	$ 5,787,795
Investment companies	59,955,970	59,444,382
Notes receivable from participants	722,839	763,888
Cash		67,162

NOTE G – SUBSEQUENT EVENT

The Company has evaluated subsequent events through September 21, 2012, the date which the financial statements were issued.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are reported at fair value in the Plan's financial statements. The methods used to measure fair value my produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 are inputs other than quoted price included with Level 1 that are observable for valuing the asset or liability, either directly or indirectly. Observable inputs include quoted price for similar assets or liabilities in active or nonactive markets. Level 2 inputs may also include insignificant adjustments to market observable inputs. No Level 3 inputs were available to the Plan, and Level 2 inputs were used only when Level 1 inputs were not available.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION (CONTINUED)

The Plan's investments are stated at fair value. New York Life Trust Company has determined that the fair values for the Plan are measured as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and Mutual Funds	$ 59,955,970	$ 59,955,970	$
Participant loans	722,839	722,839	
Pooled separate	6,261,380		6,261,380
Total	$ 66,940,189	$ 60,678,809	$ 6,261,380

NOTE I — RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balance and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTARY INFORMATION

QAD INC.
401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR - MODIFIED CASH BASIS
DECEMBER 31, 2011

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	New York Life Trust Co	NYL Insurance Anchor Acct III	$ 6,261,380	$ 6,261,380
	New York Life Trust Co	PIMCO Real Return Instil 90,674.159shs@11.79	1,067,628	1,069,048
	New York Life Trust Co	PIMCO Total Return Fund 514,839.156 shs @ 10.87	5,516,034	5,596,302
	New York Life Trust Co	AllianceBern Ret 2000 Strat A 20,000.680 shs @ 10.29	214,050	205,807
	New York Life Trust Co	AllianceBern Ret 2005 Strat A 24,424.830shs @ 9.78	265,082	238,875
	New York Life Trust Co	AllianceBern Ret 2010 Strat A 98,935.109 shs @ 9.63	1,066,891	952,745
	New York Life Trust Co	AllianceBern Ret 2015 Strat A 19,489.976 shs @ 9.59	201,051	186,909
	New York Life Trust Co	AllianceBern Ret 2020 Strat A 125,893.707 shs @ 9.37	1,369,253	1,179,624
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	New York Life Trust Co	AllianceBern Ret 2040 Strat A 72,794.923 shs @ 9.31	703,662	677,721
	New York Life Trust Co	BlackRock Equity Dividend A 152,547.162 shs @ 18.15	2,830,239	2,768,731
	New York Life Trust Co	Calvert Social Invt Bal Port 16,970.897 shs @ 27.89	483,205	473,318
	New York Life Trust Co	MainStay S&P 500 Index Fund 72,229.565 shs @ 29.00	2,100,309	2,094,658
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	New York Life Trust Co	Allianz NFJ Small Cap 126,314.324 shs @ 27.77	3,453,854	3,507,749
	New York Life Trust Co	Growth Fund of America 161,384.412 shs @ 28.52	5,101,400	4,602,683
	New York Life Trust Co	Columbia Mid Cap Value Z 362,834.062 shs @ 12.81	4,902,404	4,647,904
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	New York Life Trust Co	Oppen Main Street Small Cap 37,321,932 shs @ 19.84	645,183	740,467
	New York Life Trust Co	Westcore Select Fund Retail 172,242.323 shs @18.71	3,908,564	3,222,654
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	New York Life Trust Co	Lazard Emerging Markets 32,273.095 shs @ 16.80	630,100	542,188
	New York Life Trust Co	Thornburg Intl Value Fund 151,301.887 shs @ 24.54	4,372,395	3,712,948
	Plan Loans to Participants	Participant Loans, variable interest rates 4.25% - 9.25%		722,839
				$ 66,940,189

See Accompanying Notes and Independent Auditors' Report.

QAD INC.
401(k) RETIREMENT PLAN

FINANCIAL STATEMENTS

December 31, 2011 and 2010

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits - Modified Cash Basis	2
Statement of Changes in Net Assets Available for Benefits With Fund Information - Modified Cash Basis	3
Notes to the Financial Statements	4-8
SUPPLEMENTARY INFORMATION	9
Schedule of Assets Held for Investment - Modified Cash Basis	10

WILLIAMS BROWN PARSONS & COMPANY Accountancy Corp.
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Plan Trustees
QAD INC.
401(k) Retirement Plan
Summerland, California

We were engaged to audit the financial statements of the QAD INC. 401(k) Retirement Plan, (the "Plan"), as of December 31, 2011 and 2010, and for the year ended December 31, 2011, and the supplemental schedules as of and for the year ended December 31, 2011, as listed in the accompanying contents. These financial statements and schedules are the responsibility of the pension Plan's trustees.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note F, which was certified by New York Life Trust Co., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. The plan administrator has informed us that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

As described in Note B, the financial statements and supplemental schedules were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Because of the significance of the information that we did not audit, we were unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Williams Brown Parsons & Company
WILLIAMS BROWN PARSONS & COMPANY ACCOUNTANCY CORP.

September 21, 2012

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QAD INC.
401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
INVESTMENTS – AT FAIR VALUE		
Value of interest in pooled separate accounts	$ 6,261,380	$ 5,787,795
Value of interest in registered investment companies	59,955,970	59,444,382
	66,217,350	65,232,177
RECEIVABLES		
Notes receivable from participants	722,839	763,888
CASH		67,162
TOTAL ASSETS	$ 66,940,189	$ 66,063,227

LIABILITIES

OTHER PAYABLES	$	$
TOTAL LIABILITIES		
NET ASSETS AVAILABLE FOR BENEFITS	$ 66,940,189	$ 66,063,227

See accompanying notes and Independent Auditors' Report.

QAD INC.
401(k) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH FUND INFORMATION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Cash	Participant Loans	Pooled Separate	Investments Companies	Total
ADDITION TO NET ASSETS ATTRIBUTED TO:					
INVESTMENT INCOME:					
Net appreciation in fair value of investments	$	$	$ 154,503	$ (2,569,580)	$ (2,415,077)
Interest and dividends		36,182		779,894	816,076
		36,182	154,503	(1,789,686)	(1,599,001)
CONTRIBUTIONS					
Employer				1,334,852	1,334,852
Participants				4,453,270	4,453,270
Rollovers				124,624	124,624
				5,912,746	5,912,746
TOTAL ADDITIONS		36,182	154,503	4,123,060	4,313,745
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:					
Benefits paid to participants	67,162	24,126		3,345,495	3,436,783
TOTAL DEDUCTIONS	67,162	24,126		3,345,495	3,436,783
INTERFUND TRANSFERS					
Interfund transfers		(53,105)	319,082	(265,977)	
NET INCREASE (DECREASE)	(67,162)	(41,049)	473,585	511,588	876,962
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	67,162	763,888	5,787,795	59,444,382	66,063,227
END OF YEAR	$	$ 722,839	$ 6,261,380	$ 59,955,970	$ 66,940,189

See accompanying notes and Independent Auditors' Report.

NOTE A — DESCRIPTION OF PLAN

General

The following description of QAD INC. 401(k) Retirement Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The plan is a 401(k) Retirement Plan covering the employees of QAD INC. It was effective January 1, 1988. After July 1, 1994, employees will be eligible to participate in the Plan 30 days after their hire date. The Plan is subject to the provisions of the Employees Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may elect to contribute, on a tax deferred basis, a portion of their compensation up to the maximum deferral limit. Participants may also contribute amounts representing distributions from other qualified plans. The Company may elect to make voluntary contributions to the Plan. Participants will be eligible to receive an allocable share of the forfeitures and any employer contributions if they have completed a year of service and they are employed by the Company on the last day of the plan year unless they have retired, died, or become disabled.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of (a) the Company's contribution, (b) Plan earnings, and (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100 percent vested after five years of credited service.

Investment Options

Participants may direct the manner in which their accounts are invested among the Plan's investment funds.

NOTE A — DESCRIPTION OF PLAN (CONTINUED)

Participant Loans

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of $50,000 or 50% of their account balance. Loan terms range from 1-5 years or up to 30 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, or in installments. At December 31, 2011 and 2010, the account balances of employees who terminated services but had not received a distribution from the Plan totaled $14,060,973 and $14,222,183, respectively.

Forfeited Accounts

During 2011 and 2010, forfeited non-vested accounts totaled $57,938 and $139,623 respectively. Forfeitures are allocated to continuing plan participants.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the modified cash basis of accounting.

Notes receivable from participants

Notes receivable from participants are valued at cost, which approximates fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation

Investments in mutual funds are stated at fair value based on quoted market prices which represent the net asset value of shares held by the Plan at year end. Loans to participants are stated at face value, which approximates fair value. Certificates of deposit are valued based on original cost. Net unrealized appreciation or depreciation resulting from revaluation of investments to fair value is reflected to the statement of changes in net assets available for benefits.

Administrative Expenses

Trust management fees and expenses and other administrative expenses are paid from Plan assets.

Payment of Benefits

Benefits are recorded when paid.

NOTE C — PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

NOTE D — TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated September 6, 1994, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE E — INVESTMENT CONCENTRATIONS

Investments with New York Life Trust Company are in excess of 5% of net assets.

NOTE F — INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

	2011	2010
INVESTMENTS, AT FAIR VALUE:		
Pooled Separate Accounts	$ 6,261,380	$ 5,787,795
Investment companies	59,955,970	59,444,382
Notes receivable from participants	722,839	763,888
Cash		67,162

NOTE G – SUBSEQUENT EVENT

The Company has evaluated subsequent events through September 21, 2012, the date which the financial statements were issued.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are reported at fair value in the Plan's financial statements. The methods used to measure fair value my produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 are inputs other than quoted price included with Level 1 that are observable for valuing the asset or liability, either directly or indirectly. Observable inputs include quoted price for similar assets or liabilities in active or nonactive markets. Level 2 inputs may also include insignificant adjustments to market observable inputs. No Level 3 inputs were available to the Plan, and Level 2 inputs were used only when Level 1 inputs were not available.

NOTE H — INVESTMENT VALUATION AND INCOME RECOGNITION (CONTINUED)

The Plan's investments are stated at fair value. New York Life Trust Company has determined that the fair values for the Plan are measured as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and Mutual Funds	$ 59,955,970	$ 59,955,970	$
Participant loans	722,839	722,839	
Pooled separate	6,261,380		6,261,380
Total	$ 66,940,189	$ 60,678,809	$ 6,261,380

NOTE I — RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balance and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTARY INFORMATION

QAD INC.
401(k) RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR - MODIFIED CASH BASIS
DECEMBER 31, 2011

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	New York Life Trust Co	NYL Insurance Anchor Acct III	$ 6,261,380	$ 6,261,380
	New York Life Trust Co	PIMCO Real Return Instil 90,674.159shs@11.79	1,067,628	1,069,048
	New York Life Trust Co	PIMCO Total Return Fund 514,839.156 shs @ 10.87	5,516,034	5,596,302
	New York Life Trust Co	AllianceBern Ret 2000 Strat A 20,000.680 shs @ 10.29	214,050	205,807
	New York Life Trust Co	AllianceBern Ret 2005 Strat A 24,424.830shs @ 9.78	265,082	238,875
	New York Life Trust Co	AllianceBern Ret 2010 Strat A 98,935.109 shs @ 9.63	1,066,891	952,745
	New York Life Trust Co	AllianceBern Ret 2015 Strat A 19,489.976 shs @ 9.59	201,051	186,909
	New York Life Trust Co	AllianceBern Ret 2020 Strat A 125,893.707 shs @ 9.37	1,369,253	1,179,624
	New York Life Trust Co	AllianceBern Ret 2025 Strat A 72,817.623 shs @ 9.37	729,366	682,301
	New York Life Trust Co	AllianceBern Ret 2030 Strat A 138,198.249 shs @ 9.21	1,468,790	1,272,806
	New York Life Trust Co	AllianceBern Ret 2035 Strat A 46,931.530 shs @ 9.14	452,687	428,954
	New York Life Trust Co	AllianceBern Ret 2040 Strat A 72,794.923 shs @ 9.31	703,662	677,721
	New York Life Trust Co	BlackRock Equity Dividend A 152,547.162 shs @ 18.15	2,830,239	2,768,731
	New York Life Trust Co	Calvert Social Invt Bal Port 16,970.897 shs @ 27.89	483,205	473,318
	New York Life Trust Co	MainStay S&P 500 Index Fund 72,229.565 shs @ 29.00	2,100,309	2,094,658
	New York Life Trust Co	Oakmark Equity & Income Fd(I) 58,011.472 shs @ 27.05	1,469,194	1,569,210
	New York Life Trust Co	Allianz NFJ Small Cap 126,314.324 shs @ 27.77	3,453,854	3,507,749
	New York Life Trust Co	Growth Fund of America 161,384.412 shs @ 28.52	5,101,400	4,602,683
	New York Life Trust Co	Columbia Mid Cap Value Z 362,834.062 shs @ 12.81	4,902,404	4,647,904
	New York Life Trust Co	Fidelity Contrafund 237,900.931 shs @ 67.46	15,751,777	16,048,797
	New York Life Trust Co	Oppen Main Street Small Cap 37,321,932 shs @ 19.84	645,183	740,467
	New York Life Trust Co	Westcore Select Fund Retail 172,242.323 shs @18.71	3,908,564	3,222,654
	New York Life Trust Co	American Cap World Gr 110,217.427 shs @ 32.06	3,584,617	3,533,571
	New York Life Trust Co	Lazard Emerging Markets 32,273.095 shs @ 16.80	630,100	542,188
	New York Life Trust Co	Thornburg Intl Value Fund 151,301.887 shs @ 24.54	4,372,395	3,712,948
	Plan Loans to Participants	Participant Loans, variable interest rates 4.25% - 9.25%		722,839
				$ 66,940,189

See Accompanying Notes and Independent Auditors' Report.