

SUPPORTSOFT INC
Form PRER14A
May 14, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant x

Filed by a Party other than the Registrant ..

Check the appropriate box:

- | | | | |
|---------------------------------------|---|-----------------------------|--|
| <input checked="" type="checkbox"/> x | Preliminary Proxy Statement | <input type="checkbox"/> .. | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> .. | Definitive Proxy Statement | | |
| <input type="checkbox"/> .. | Definitive Additional Materials | | |
| <input type="checkbox"/> .. | Soliciting Material Pursuant to §240.14a-12 | | |

SupportSoft, Inc.

(Name of Registrant as Specified In Its Charter)

n/a

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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.. No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The purchase price payable under the asset purchase agreement consists of \$20,000,000, subject to a possible adjustment as set forth in the asset purchase agreement. Solely for purposes of calculating the filing fee, the registrant estimates a purchase price of \$20,000,000.

(4) Proposed maximum aggregate value of transaction:

\$20,000,000

(5) Total fee paid:

\$1,116

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid with preliminary materials:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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SUPPORTSOFT, INC.

1900 SEAPORT BOULEVARD, 3RD FLOOR

REDWOOD CITY, CA 94063

Dear Stockholder:

We cordially invite you to attend the 2009 Annual Meeting (the "Annual Meeting") of stockholders of SupportSoft, Inc. ("SupportSoft" or the "Company") which will be held on _____, 2009 at 4 p.m., Pacific Time, at the Company's principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

In addition to the election of directors to serve on our Board of Directors and the ratification of the appointment of our independent registered public accounting firm, both of which we typically do at our Annual Meeting, this year we are also seeking your approval for an important transaction and related matters. We have agreed to sell our Enterprise Business (the "Enterprise Business") to Consona Corporation ("Consona" or the "Buyer"), pursuant to an Asset Purchase Agreement dated as of April 5, 2009 (the "Asset Purchase Agreement"). In accordance with the terms and conditions of the Asset Purchase Agreement, we will sell the Enterprise Business to Consona for \$20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement (the "Asset Sale"). The full text of the Asset Purchase Agreement is included as Annex A to the proxy statement that accompanies this letter. We strongly encourage you to read this entire proxy statement and the entire Asset Purchase Agreement, as the Asset Purchase Agreement will be the legal governing document setting forth the precise terms of the Asset Sale.

The proposed Asset Sale cannot be consummated until such time as we receive the minimum number of votes necessary to adopt and approve the Asset Sale, which constitutes the sale of substantially all of our assets under Delaware law, and all other closing conditions contained in the Asset Purchase Agreement are satisfied or waived. We have scheduled this vote to occur at our Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Adoption and approval of the Asset Sale and the Asset Purchase Agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting. Therefore, failure to vote will have the same effect as a vote **AGAINST** the adoption and approval of the Asset Sale and the Asset Purchase Agreement.

At the Annual Meeting, you will be asked to consider and vote upon the following proposals, each as described more fully in the enclosed proxy statement: (i) to adopt and approve the Asset Sale and the Asset Purchase Agreement, (ii) to approve an amendment to our Amended and Restated Certificate of Incorporation (the "Charter") to change our name to support.com, Inc. (the "Name Change Charter Amendment"), (iii) to elect six directors to serve on the Board of Directors until the 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, (v) to adjourn the Annual Meeting, if necessary, to facilitate the adoption and approval of the preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to adopt and approve the preceding proposals, and (vi) to transact such other business as properly may come before the Annual Meeting.

After careful consideration, our board of directors has unanimously determined that (i) the Asset Sale is expedient and in the best interests of the Company and our stockholders and (ii) the Name Change Charter Amendment is advisable and in the best interests of the Company and our stockholders. Our board of directors unanimously recommends that you vote (i) **FOR** the adoption and approval of the Asset Sale and the Asset Purchase Agreement, (ii) **FOR** the approval of the Name Change Charter Amendment, (iii) **FOR** the election of the six directors identified herein, (iv) **FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year and (v) **FOR** the adjournment of the Annual Meeting, if necessary, to facilitate the adoption and approval of the proposals described herein.

Please review in detail the attached proxy statement for a more complete understanding of the proposed Asset Sale, including a description of the Asset Purchase Agreement, the background of our decision to enter into the Asset Purchase Agreement, the reasons that our board of directors has decided to recommend that you approve the proposed Asset Sale, and the section titled "Special Risk Considerations Regarding the Proposal to Sell the Enterprise Business" describing risk factors relating to the proposed Asset Sale.

Please sign and return the enclosed proxy card as soon as possible in the envelope provided, or vote by telephone or via the Internet as provided in the proxy card. Voting by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. If you attend the meeting, you can revoke your proxy at any time before it is exercised at the meeting and vote your shares personally by following the procedures described in the accompanying proxy statement.

We look forward to seeing you.

Sincerely,

Anne-Marie Eileraas

Senior Vice President, General Counsel and Secretary

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SUPPORTSOFT, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On _____, 2009

TO ALL SUPPORTSOFT STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting (the Annual Meeting) of stockholders of SupportSoft, Inc., a Delaware corporation (SupportSoft or the Company), will be held on:

Date: _____, 2009

Time: 4 p.m. Pacific Time

Place: The Company's principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063

We are holding the meeting for the following purposes, as more fully described in the accompanying proxy statement:

1. To approve the sale of substantially all of our assets under Delaware law through the sale (the Asset Sale) of our Enterprise Business (the Enterprise Business) to Consona Corporation (Consona or the Buyer) pursuant to the terms and conditions of an asset purchase agreement dated as of April 5, 2009, by and between the Company and Consona (the Asset Purchase Agreement). The Asset Purchase Agreement is attached as Annex A to this proxy statement;
2. To approve an amendment to our Amended and Restated Certificate of Incorporation (the Charter) to change our name to support.com, Inc. (the Name Change Charter Amendment);
3. To elect six directors to serve on the Board of Directors until the 2010 Annual Meeting of Stockholders and thereafter until their successors are elected and qualified;
4. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009;
5. To adjourn the Annual Meeting, if necessary, to facilitate the approval of the preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to approve the preceding proposals; and
6. To transact such other business as may properly be brought before the meeting.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. On _____, 2009 we began mailing to stockholders this Notice of the Annual Meeting, the proxy statement and the form of proxy.

All stockholders are cordially invited to attend the Annual Meeting in person. Only stockholders of record at the close of business on _____, 2009 (the Record Date) are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting. Any registered stockholder in attendance at the Annual Meeting and entitled to vote may do so in person even if such

stockholder returned a proxy.

FOR THE BOARD OF DIRECTORS

Anne-Marie Eileraas

Senior Vice President, General Counsel and Secretary

Redwood City, California

, 2009

IMPORTANT: WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE PROXY CARD AND MAIL IT PROMPTLY, OR YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET BY FOLLOWING THE DIRECTIONS ON THE PROXY CARD. ANY ONE OF THESE METHODS WILL ENSURE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED TO THE COMPANY-PROVIDED PROXY CARD ENVELOPE IF MAILED IN THE UNITED STATES.

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**PROXY STATEMENT FOR
2009 ANNUAL MEETING OF STOCKHOLDERS**

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FORM OF PROXY CARD

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QUESTIONS AND ANSWERS ABOUT THE ASSET SALE, THE ASSET PURCHASE AGREEMENT AND THE NAME CHANGE CHARTER AMENDMENT

The following questions and answers briefly address some commonly asked questions about the Asset Sale, the Asset Purchase Agreement and the Name Change Charter Amendment. These questions and answers may not address all questions that may be important to you as a stockholder. You should still carefully read this entire proxy statement, including each of the annexes.

This proxy statement is furnished to the holders of common stock, \$0.0001 par value per share (Common Stock), of SupportSoft, Inc., a Delaware corporation (SupportSoft or the Company), in connection with the solicitation of proxies for use at the Annual Meeting of stockholders, and at any adjournment of that meeting. In this proxy statement the terms SupportSoft, company, we, our, ours, and us refer to SupportSoft, Inc., a Delaware corporation, and its subsidiaries. The term Asset Purchase Agreement refers to the asset purchase agreement, dated as of April 5, 2009, by and between SupportSoft and Consona Corporation, and as it may be amended, restated, modified or superseded from time to time in accordance with its terms. The term Enterprise Business refers to the Company's Enterprise Business as further described in the Asset Purchase Agreement. The term Asset Sale refers to the proposed sale of the Enterprise Business pursuant to the Asset Purchase Agreement. The term Consona or the Buyer refers to Consona Corporation, a Delaware corporation. Each of SupportSoft and Consona are sometimes referred to in this proxy statement as a party, or collectively as the parties. The term Consumer Business refers to the Company's Consumer Business.

We are electing to deliver this proxy statement together with a copy of our latest Annual Report on Form 10-K, as amended, and our latest Quarterly Report on Form 10-Q. Therefore, this proxy statement is accompanied by a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009. Other than as otherwise described in this proxy statement, there have been no material changes in our affairs that have occurred since December 31, 2008 that were not described in our Form 10-Q for the quarterly period ended March 31, 2009.

The Asset Sale

Q: What is the proposed transaction?

A: The Asset Purchase Agreement provides for the sale of the Enterprise Business to Consona for a cash payment of \$20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43.

Q: Why are we asking for a stockholder vote?

A: The sale of the Enterprise Business constitutes the sale of substantially all of our assets under Delaware law. Delaware law requires that a Delaware corporation obtain approval from its stockholders for the sale of all or substantially all of its property and assets. Additionally, obtaining stockholder approval of the Asset Sale is a condition to the closing of the Asset Sale under the terms of the Asset Purchase Agreement we negotiated with Consona.

Q: What is the purpose of the proposed transaction?

A: The purpose of the Asset Sale is to enable us to focus our resources on and enhance the value of our remaining business, the Consumer Business, and to increase the funds we have available to support that business.

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Q: What are the estimated net cash proceeds from the Asset Sale?

A: We currently estimate the net cash proceeds from the Asset Sale to be approximately \$18,100,000 after the payment of estimated transaction costs. This estimate assumes that the Asset Sale is completed before June 30, 2009 and therefore that there is no reduction of the purchase price as described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43. The actual amount of net cash proceeds from the Asset Sale may vary from this estimate. In addition, this estimate does not include, and the actual amount of cash proceeds from the Asset Sale will be reduced by, among other things, severance costs for non-continuing employees.

Q: How does SupportSoft plan to use the net cash proceeds from the Asset Sale?

A: We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes and to continue investing in our Consumer Business. We may use a portion of the net cash proceeds for future acquisitions complementary to our Consumer Business; however, at this time no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Q: When will the Asset Sale be consummated?

A: In the event the stockholders approve the Asset Sale and the Asset Purchase Agreement, we expect that the Asset Sale will close promptly following our Annual Meeting.

Q: Will SupportSoft continue to be publicly traded following the Asset Sale? Will its Nasdaq ticker symbol change?

A: The Company will continue to be a publicly traded company whether or not the Asset Sale closes and we will continue to be subject to the rules and regulations of the SEC and the Nasdaq Stock Market. Our Nasdaq ticker symbol will not change and will remain SPRT whether or not the Asset Sale closes and whether or not the Name Change Charter Amendment is approved by our stockholders.

Q: What vote of our stockholders is required to adopt and approve the Asset Sale and the Asset Purchase Agreement?

A: For us to complete the Asset Sale, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal adopting and approving the Asset Sale and the Asset Purchase Agreement.

Q: What will happen if the Asset Sale and Asset Purchase Agreement are not adopted and approved?

A: If the Asset Sale and the Asset Purchase Agreement are not adopted and approved, we will not complete the Asset Sale and the other transactions contemplated by the Asset Purchase Agreement. In that event, we expect to reassess our options in light of our long-term strategic goals. Under the Asset Purchase Agreement we would also be required to reimburse the Buyer for its expenses incurred in pursuing the Asset Sale, up to a maximum of \$150,000, in the event the Asset Purchase Agreement is terminated as a result of our failure to obtain stockholder approval of the Asset Sale and Asset Purchase Agreement. We may also be required to pay a \$600,000 termination fee if the Asset Purchase Agreement is terminated in the event our board of directors changes or fails to reconfirm its recommendation regarding the Asset Sale and the Asset Purchase Agreement or if the Asset Sale does not close prior to August 31, 2009 and as of that date a superior proposal has been made or a proposal that would be reasonably likely to lead to a superior proposal shall exist.

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The Name Change Charter Amendment

Q: What is the proposed Name Change Charter Amendment?

A: The proposed Name Change Charter Amendment would change our name from SupportSoft, Inc. to support.com, Inc. upon the closing of the Asset Sale.

Q: Why are we asking for a stockholder vote for the Name Change Charter Amendment?

A: Delaware law requires that we obtain approval from our stockholders in order to amend our Charter.

Q: Why are we changing our name?

A: We believe that the name support.com, Inc. more closely aligns our public identity with our Consumer Business, which will be our only remaining business and the sole focus of our board of directors and management after the Asset Sale. Also, we are selling the rights to use the name SupportSoft to Consona. Therefore, after the closing of the Asset Sale, we will be unable to continue using the name SupportSoft without Consona's consent.

Q: What vote of our stockholders is required to approve the Name Change Charter Amendment?

A: For us to amend the Charter, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal approving the amendment to the Charter. Additionally, since the Name Change Charter Amendment is conditioned upon the closing of the Asset Sale, for us to amend the Charter by means of the Name Change Charter Amendment, stockholders holding at least a majority of the shares of our outstanding Common Stock at the close of business on the Record Date must vote FOR the proposal adopting and approving the Asset Sale and the Asset Purchase Agreement.

Q: Is the Name Change Charter Amendment conditioned on the closing of the Asset Sale?

A: Yes. The Name Change Charter Amendment is conditioned upon the closing of the Asset Sale. If the Asset Sale and the Asset Purchase Agreement are not adopted and approved, we will not file the Name Change Charter Amendment with the Secretary of State of the State of Delaware to change our name.

Q: What will happen if the Asset Sale and Asset Purchase Agreement are adopted and approved but the Name Change Charter Amendment is not approved?

A: If our stockholders adopt and approve the Asset Sale and Asset Purchase Agreement but do not approve the Name Change Charter Amendment, we will pursue other legal means of changing our name, including pursuant to a reverse merger into a subsidiary of SupportSoft, which would not require the approval of SupportSoft's stockholders. We have agreed to sell all of the rights to use the name SupportSoft to Consona pursuant to the Asset Purchase Agreement and the transactions contemplated thereby. Continuing to use the name SupportSoft would breach Consona's rights to use such name. Our board of directors believes that the name

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support.com, Inc. more closely aligns our public identity with our Consumer Business, which would be our only remaining business after the closing of the Asset Sale. In addition, the board of directors has unanimously recommended that our stockholders vote FOR the Name Change Charter Amendment, in part because changing our name through a reverse merger or other legal means will require the expenditure of money by SupportSoft and time by our management and other employees to review all of our commercial agreements to determine if any third-party consents may be required in connection with the merger that would result in the name change.

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The Annual Meeting

Q: Why am I receiving this proxy statement and proxy card?

A: You are receiving a proxy statement and proxy card because you owned shares of our Common Stock as of the Record Date. This proxy statement and proxy card relate to our Annual Meeting (and any adjournment thereof) and describe the matters on which we would like you, as a stockholder, to vote.

Q: When and where is the Annual Meeting?

A: The Annual Meeting will be held on _____, 2009, at 4 p.m. Pacific Time at the Company's principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

Q: What proposals will be voted on at the Annual Meeting?

A: You will be asked to consider and vote on the following proposals:

to adopt and approve the Asset Sale and the Asset Purchase Agreement, which is attached as Annex A to this proxy statement;

to approve an amendment to the Charter to change our name to support.com, Inc. by means of the Name Change Charter Amendment upon the closing of the Asset Sale;

to re-elect Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos as directors to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified;

to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009; and

to adjourn the Annual Meeting, if necessary, to facilitate the approval of the foregoing proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to approve the foregoing proposals.

Q: How does our Board of Directors recommend that I vote?

A: Our board of directors unanimously recommends that you vote:

FOR the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement;

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FOR the proposal to approve the Name Change Charter Amendment upon the closing of the Asset Sale;

FOR the proposal to elect Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified;

FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009; and

FOR the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or approve the foregoing proposals.

Q: What vote of our stockholders is required to approve the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies?

A: The affirmative vote of a majority of the outstanding shares of our common stock present or represented by proxy at the Annual Meeting and entitled to vote on the matter.

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Q: Am I entitled to appraisal or dissenters rights in connection with the Asset Sale or the Name Change Charter Amendment?

A: No. Holders of shares of our outstanding Common Stock will not have appraisal or dissenters rights in connection with the Asset Sale or the Name Change Charter Amendment.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, please vote your shares by completing, signing, dating and returning the enclosed proxy card in the enclosed return envelope or by granting a proxy using the telephone number printed on your proxy card or by following the instructions for Internet voting described on your proxy card. You can also attend the Annual Meeting and vote in person. The Annual Meeting will take place on _____, 2009.

Q: What does it mean if I get more than one proxy card?

A: If you have shares of Common Stock that are registered differently or are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: How do I vote in person at the Annual Meeting?

A: If you are a stockholder of record of the Company as of _____, 2009, the Record Date for the Annual Meeting, you may attend the Annual Meeting and vote your shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend that you vote your shares in advance as described above. Your vote will be counted even if you later decide not to attend.

If you hold your shares in _____ street name, you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or nominee.

Q: Can I change my vote after I have mailed in my signed proxy card?

A: Yes. You can change your vote at any time before we vote your proxy at the Annual Meeting. You can do so in three ways. First, you can send written notice stating that you would like to revoke your proxy to our corporate secretary at the address given below. Second, you can request a new proxy card and complete and send it to our corporate secretary at the address given below. Third, you can attend the Annual Meeting and vote in person. You should send any written notice or request for a new proxy card to the attention of our corporate secretary, 1900 Seaport Boulevard, 3rd Floor, Redwood City, CA, 94063. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instructions of your broker or other nominee to revoke a previously given proxy.

Q: If my shares are held in _____ street name by my broker, will my broker vote my shares for me?

A: Your broker or other nominee will vote your shares only if you provide instructions on how to vote to such broker or other nominee. Following the directions provided by your broker or other nominee, you should instruct your broker or other nominee to vote your shares. Without your instructions, your shares will not be voted, which will have the same effect as a vote AGAINST the adoption and approval of the Asset Sale and the Asset Purchase Agreement and AGAINST the Name Change Charter Amendment. However, our by-laws provide

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that our directors are to be elected by a plurality vote of the stockholders. Therefore, failure to provide such instructions to your broker or other nominee will not have the same effect as a vote AGAINST the election of the six directors identified herein.

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Q: How will we solicit proxies?

A: Proxies may be solicited in person, by telephone, facsimile, mail or e-mail by our directors, officers and employees without additional compensation. Brokers, nominees, fiduciaries, and other custodians have been requested to forward soliciting material to the beneficial owners of shares of our Common Stock held of record by them, and we will reimburse such custodians for their reasonable expenses. We have also retained Morrow & Co., LLC, a proxy solicitation firm, to assist in the solicitation of proxies for a fee of approximately \$10,000 to \$15,000, plus out-of-pocket expenses.

Q: What happens if I do not return a proxy card or otherwise do not vote?

A: Your failure to return a proxy card or otherwise vote will mean that your shares will not be counted toward determining whether a quorum is present at the Annual Meeting and will have the legal effect of a vote AGAINST the adoption and approval of the Asset Sale and the Asset Purchase Agreement and the Name Change Charter Amendment. However, our by-laws provide that our directors are to be elected by a plurality vote of the stockholders. Therefore, failure to return a proxy card or otherwise vote will not have the same effect as a vote AGAINST the election of the six directors identified herein.

Q: Who can help answer further questions?

A: If you have more questions about the Asset Sale, the Asset Purchase Agreement, the Name Change Charter Amendment, the election of Kevin C. Eichler, Shawn Farshchi, J. Martin O Malley, Joshua Pickus, Jim Stephens and James Thanos to the board of directors, the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, the Annual Meeting or this proxy statement, you should contact us as follows:

SUPPORTSOFT, INC.

ATTN: INVESTOR RELATIONS

1900 SEAPORT BOULEVARD, 3RD FLOOR

REDWOOD CITY, CA 94063

TELEPHONE: (650) 556-9440

or

MORROW & CO., LLC

470 WEST AVENUE

STAMFORD, CT 06902

TELEPHONE: (800) 607-0088

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SUMMARY TERM SHEET

*This summary highlights selected information from this proxy statement and may not contain all the information that is important to you. You should carefully read this entire proxy statement and the other documents to which we have referred you. See *Where You Can Find More Information* on page 109. Each item in this summary refers to the page of this document on which the applicable subject is discussed in more detail.*

Parties to the Asset Sale (Page 14)

SupportSoft, Inc.

SupportSoft provides software and services designed to make technology work. We currently operate our business in two segments, the Consumer Business and the Enterprise Business. Our Consumer Business is a technology-enabled services business that was launched in 2007 to provide consumers with assistance in resolving technology problems. Our Enterprise Business consists of our traditional business in which we license technical support software to digital service providers (telecommunications and cable companies) and corporate IT departments and IT outsourcers. We have agreed to sell our Enterprise Business pursuant to the Asset Purchase Agreement. For more information please visit our website at www.supportsoft.com. Our common stock is listed on The NASDAQ Global Select Market under the symbol SPRT. Our common stock will continue to be listed under the symbol SPRT whether or not the Asset Sale is consummated or the Name Change Charter Amendment is approved.

SupportSoft is a Delaware corporation. Our principal executive office is located at 1900 Seaport Boulevard, 3rd Floor, Redwood City, California, 94063. The telephone number there is (650) 556-9440.

Consona Corporation

Consona Corporation (formerly known as M2M Holdings Inc.) is a worldwide leader in providing customer relationship management and enterprise resource planning software and services for companies of all sizes. Consona is dedicated to becoming a valued business partner by helping each and every customer continuously improve business processes over time. Toward this mission, Consona invests in the people, processes, technology and tools needed to provide its customers with a unique combination of customer care; product fit; a broad range of consulting, IT and business services; and industry expertise. Consona serves more than 4,500 customers worldwide and across a variety of industries. Battery Ventures and Thoma Bravo jointly own Consona.

Consona is a Delaware corporation. Its principal executive office is located at 450 East 96th Street, Suite 300, Indianapolis, IN 46240. The telephone number there is (317) 249-1700.

The Annual Meeting

Date, Time and Place of Annual Meeting (Page 14)

The Annual Meeting will be held on _____, 2009, starting at 4 p.m. Pacific Time at the Company's principal executive offices, located at 1900 Seaport Blvd., Third Floor, Redwood City, California 94063.

You will be asked to consider and vote upon the following proposals: (i) the adoption and approval of the Asset Sale and the Asset Purchase Agreement; (ii) the approval of an amendment to our Charter to change our name to support.com, Inc.; (iii) the re-election of six directors to serve on our board of directors until our 2010 Annual Meeting of stockholders and thereafter until their successors are elected and qualified, (iv) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2009, and (v) to adjourn the Annual Meeting, if necessary, to facilitate the adoption and approval of the

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preceding proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Annual Meeting to establish a quorum or to adopt and approve the preceding proposals.

The persons named in the accompanying proxy card will also have discretionary authority to vote upon other business, if any, that properly comes before the Annual Meeting and any adjournment of the Annual Meeting.

Record Date, Voting and Quorum (Page 15) and Required Vote (Page 15)

You are entitled to vote at the Annual Meeting if you owned shares of our Common Stock at the close of business on _____, 2009, the Record Date for the Annual Meeting. You will have one vote for each share of our Common Stock that you owned on the Record Date. As of the Record Date, there were _____ shares of our Common Stock outstanding and entitled to be voted.

A quorum of the holders of the outstanding shares of our Common Stock must be present for the Annual Meeting to be held. The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of our Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, or AGAINST a proposal or marked ABSTAIN and broker non-votes are treated as being present at the Annual Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Annual Meeting with respect to such proposal.

On all matters, each share has one vote. The proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement and the proposal to approve the Name Change Charter Amendment require the affirmative vote of the holders of a majority of the shares outstanding as of the Record Date. Since the proposals for the adoption and approval of the Asset Sale and the Asset Purchase Agreement and the approval of the Name Change Charter Amendment require the approval of the holders of a majority of our shares outstanding as of the Record Date, both broker non-votes and abstentions would have the same effect as votes AGAINST such proposals. Directors are elected by a plurality vote. Therefore, the nominees for the six director seats who receive the most affirmative votes of shares outstanding as of the Record Date that are present in person or represented by proxy at the Annual Meeting will be elected to serve as directors. With respect to the proposal regarding the election of our directors, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal. The proposal to ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009 requires the affirmative vote of the holders of a majority of the outstanding shares as of the Record Date that are present in person or represented by proxy at the Annual Meeting. With respect to the proposal ratify the appointment of Ernst and Young LLP as our independent registered public accounting firm for fiscal year 2009, and the proposal to adjourn the Annual Meeting, if necessary, neither broker non-votes nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes AGAINST such proposal.

Revocability of Proxies (Page 16)

Any registered stockholder who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

delivering to our principal offices (Attention: Investor Relations) a written instrument that revokes the proxy;

submitting another properly completed proxy with a later date; or

attending the Annual Meeting and voting in person.

Simply attending the Annual Meeting will not constitute revocation of a proxy. If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change your instructions.

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The Asset Purchase Agreement

The Asset Purchase Agreement (Page 42)

On April 3, 2009, our board of directors, at a meeting duly called and held, unanimously adopted and approved the Asset Sale pursuant to the Asset Purchase Agreement, a copy of which is included as Annex A to this proxy statement. Please read it carefully. Pursuant to the terms of the Asset Purchase Agreement:

we agreed to sell certain assets and assign certain liabilities, in each case, related to the Enterprise Business, which would constitute a sale of substantially all of our assets under Delaware law; and

in exchange for the Enterprise Business, Consona agreed to make a cash payment to us in the amount of \$20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement and more fully described below under Proposal No. 1 The Asset Sale and the Asset Purchase Agreement Asset Purchase Agreement General beginning on page 43.

If all necessary approvals have been obtained or waived, including stockholder approval and any third party consents, we hope to complete the Asset Sale shortly after this Annual Meeting scheduled for , 2009.

Reasons for the Asset Sale (Page 25)

In evaluating the Asset Sale, our board of directors considered various factors. For the material factors considered by our board of directors in reaching its decision to adopt and approve the Asset Sale and the Asset Purchase Agreement, see Proposal No. 1 The Asset Sale and the Asset Purchase Agreement The Asset Sale Reasons for the Asset Sale, beginning on page 25.

Recommendation of Our Board of Directors (Page 30)

After careful consideration, our board of directors has unanimously:

adopted and approved the Asset Purchase Agreement;

determined the Asset Sale to be expedient and in the best interests of SupportSoft and our stockholders, and recommended to our stockholders that the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, be adopted and approved by our stockholders; and

determined that the Name Change Charter Amendment is advisable and in the best interests of SupportSoft and our Stockholders, and recommended to our Stockholders that the Name Change Charter Amendment be approved by our Stockholders.

Opinion of Our Financial Advisor (Page 30 and Annex B)

In connection with the Asset Sale, our board of directors received an oral opinion on April 3, 2009 from our exclusive financial advisor, Thomas Weisel Partners LLC (TWP), which was subsequently set forth in writing on April 5, 2009, as to the fairness, from a financial point of view and as of the date of such opinion, to SupportSoft of the aggregate consideration to be received by SupportSoft in the Asset Sale. The full text of TWP s written opinion, dated April 5, 2009, is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully and in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. TWP s opinion, which was provided to our board of directors in connection with its evaluation from a financial point of view of the aggregate consideration to be received by SupportSoft in the Asset Sale, does not address any other aspect of the Asset Sale and does not constitute a recommendation to any stockholder as to how to vote or act with respect to the transaction. Under the terms of TWP s engagement, we have agreed to pay TWP a fee for its financial advisory services in connection with the transaction, a substantial portion of which will become payable only upon completion of the transaction.

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Post-Closing Business and Proceeds from the Asset Sale (Page 28)

If the Asset Sale and the Asset Purchase Agreement are adopted and approved by our stockholders and the other conditions to the closing of the Asset Sale are satisfied or waived, Consona will acquire the Enterprise Business. This will constitute the sale of substantially all of our assets under Delaware law. We expect to focus exclusively on our Consumer Business following the closing of the Asset Sale. If the Asset Sale and the Asset Purchase Agreement are not adopted and approved by the holders of a majority of our outstanding shares, then either we or Consona may terminate the Asset Purchase Agreement and our board of directors, along with our management, will reassess our options in light of our long-term strategic goals.

We currently anticipate that we will retain all of the net cash proceeds from the Asset Sale for working capital and general corporate purposes. We may use a portion of the net cash proceeds for future acquisitions complementary to our Consumer Business. However, at this time, no specific acquisition targets have been identified. If we have adequate working capital and establish adequate cash reserves without using all of our cash, and if we are unable to identify suitable acquisition targets that are appropriately valued, we will consider alternate uses of any excess cash in order to enhance stockholder value.

Other Agreements and Transactions Related to the Asset Sale (Page 35)

In addition to the Asset Purchase Agreement, we intend to enter into a number of related agreements, including the following:

a transition services agreement with Consona pursuant to which we shall provide certain transitional, administrative and support services to Consona on a short-term basis;

an intellectual property license agreement with Consona pursuant to which we shall license certain intellectual property rights to Consona and Consona shall license back to us some of the intellectual property being sold pursuant to the Asset Sale;

a trademark agreement pursuant to which we will agree with Consona to terms relating to the usage and registration of certain trademarks (i) being assigned to Consona pursuant to the Asset Sale and (ii) being retained by us; and

subleases pursuant to which certain space in India will be leased back to us and certain space in Redwood City will be leased to Consona, in each case, on a short term basis.

Interests of Our Directors and Executive Officers in the Asset Sale (Page 35)

In considering the recommendation of our board of directors to vote for the proposal to adopt and approve the Asset Sale and the Asset Purchase Agreement, you should be aware that some of our directors and executive officers may have personal interests in the Asset Sale that are, or may be, different from, or in addition to, your interests. On April 6, 2009, we amended and restated the employment offer letter of Michael Sayer, our Executive Vice President, General Manager Enterprise, to provide that a \$250,000 lump sum payment and continued health care coverage may be provided to Mr. Sayer under certain circumstances following the closing of an Enterprise Sale (as such term is defined in the amended and restated employment offer letter) as more fully described in the amended and restated employment offer letter. The Asset Sale will qualify as an Enterprise Sale for purposes of the amended and restated employment offer letter. A copy of the amended and restated employment offer letter has been filed with the SEC with a Current Report on Form 8-K on April 6, 2009.

In the event that the Asset Sale does not close and Mr. Sayer's employment with us is terminated without cause not in connection with an Enterprise Sale (as such term is defined in the amended and restated employment offer letter), Mr. Sayer will be entitled to severance in an amount equal to \$125,000 as of the date of the termination of employment pursuant to the terms of his amended and restated employment offer letter.

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All of our directors and executive officers own shares of our Common Stock and/or options to purchase shares of our Common Stock, and to that extent, their interests in the Asset Sale are the same as that of other holders of our Common Stock. See Securities Ownership of Certain Beneficial Owners and Management, beginning on page 79.

Dissenters Rights (Page 35)

You will not experience any change in your rights as a stockholder as a result of the Asset Sale. Delaware law, the Charter and our bylaws do not provide for appraisal or other similar rights for dissenting stockholders in connection with the Asset Sale, and we do not intend to independently provide stockholders with any such right. Accordingly, you will have no right to dissent and obtain payment for your shares in connection with the Asset Sale.

Material U.S. Federal, State and Foreign Income Tax Consequences (Page 36)

The Asset Sale will not result in any material U.S. federal income tax consequences to our stockholders. The transaction will be a taxable event to us for U.S. federal, state and foreign income tax purposes, but we anticipate that a portion of the taxable gain resulting from the Asset Sale will be offset by net operating losses. The transaction will result in alternative minimum tax, which cannot be offset against our net operating losses. For a complete description of the material tax consequences of the Asset Sale to SupportSoft, please see Material U.S. Federal and State Income Tax Consequences, beginning on page 36.

Regulatory Matters (Page 36)

The Asset Sale is not subject to the Hart Scott Rodino Antitrust Improvements Act of 1976 or the reporting and waiting requirements of any other United States antitrust law. We are not aware of any other material regulatory consents that are required in connection with the Asset Sale.

Asset Purchase Agreement (Page 42 and Annex A)

General

Pursuant to the Asset Purchase Agreement, Consona has agreed to pay us \$20,000,000, subject to a possible adjustment as set forth in the Asset Purchase Agreement, and assume certain liabilities, for our Enterprise Business. The parties have provided each other with customary representations and warranties as more fully set forth in the Asset Purchase Agreement. In addition, we have agreed to certain covenants, including interim operating covenants which place certain restrictions on the operation of the Enterprise Business until the Asset Sale closes and a mutual non-solicitation of employees covenant. We have not agreed to a non-competition covenant in connection with the Asset Sale.

No Negotiation (Page 47)

The Asset Purchase Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving the Enterprise Business or the sale of SupportSoft as a whole. Notwithstanding these restrictions, under certain limited circumstances, our board of directors may respond to a competing transaction made by a third party, change its recommendation with respect to the Asset Sale or terminate the Asset Purchase Agreement and enter into an alternative agreement, if it constitutes a superior proposal under the criteria and pursuant to the procedures set forth in the Asset Purchase Agreement and after paying the termination fee in the amount and manner specified in the Asset Purchase Agreement. In addition, pursuant to the Asset Purchase Agreement, we may enter into discussions with third parties regarding a sale of the entire company (i.e., a sale that includes both the Enterprise Business and the Consumer Business).

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Conditions to Completion of the Asset Sale (Page 49)

Before we can complete the Asset Sale, a number of conditions must be satisfied. These include, among other things: