

BlackRock Inc.
Form 4
October 02, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GERBER MURRY

(Last) (First) (Middle)

**BLACKROCK, INC., 40 EAST
52ND STREET**

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
BlackRock Inc. [BLK]

3. Date of Earliest Transaction
(Month/Day/Year)
09/30/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Shares of Common Stock (par value \$0.01 per share)	09/30/2008		A		182 ⁽¹⁾	A	\$ 0 ₍₁₎ 22,351	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Edgar Filing: BlackRock Inc. - Form 4

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
--	--	--------------------------------------	--	--------------------------------	---	--	---	--	--

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GERBER MURRY BLACKROCK, INC. 40 EAST 52ND STREET NEW YORK, NY 10022		X		

Signatures

/s/ Daniel R. Waltcher as Attorney-in-Fact for Murry Gerber 10/02/2008

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Common Stock granted to Nonemployee Directors under the BlackRock, Inc. 1999 Stock Award and Incentive Plan, based on \$194.50 per share which was the closing price of the stock on September 30, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. (2) Represents shares of common stock that may be issued pursuant to options available for future grant under the following plans: 2,494,627 shares under the 1999 Stock Option Plan and 546,503 shares of common stock available for purchase by employees under the 2001 Employee Stock Purchase Plan.

ITEM 12. Certain Relationships and Related Transactions

A description of the terms of the Note Exchange Agreement and the Agreement Regarding Amended and Restated Common Stock Purchase Warrant and 5% Convertible Subordinated Note Due 2008 between us and ACP, a significant stockholder of ours, may be found under the caption Liquidity and Capital Resources in Part II, Item 6 hereof and is incorporated by reference into this Item 12. Mr. Koe, a director, is the President and sole shareholder of ACM, and Mr. Koe and ACM are the General Partners of ACP. Mr. Baab, our President, Chief Executive

Edgar Filing: BlackRock Inc. - Form 4

Officer, and Director, is an employee of ACM. As an employee of ACM, Mr. Baab is entitled to an annual bonus equal to a fixed percentage of any special profit allocation ACP receives for the year in question. Mr. Baab is currently on a formal leave of absence from ACM.

A description of the terms of the Severance and Change of Control Agreement between us and Mr. Baab, and the offer letter agreements between us and Mr. Ramachandran, and between us and Mr. Albo, may be found under the caption Employment Contracts and Termination of Employment and Change-in-Control Arrangements in Item 10 hereof.

We have entered into our standard form of indemnification agreement with each of our directors and certain executives.

It is our current policy that all transactions between us and our officers, directors, five percent (5%) stockholders and their affiliates will be entered into only if these transactions are approved by our Audit Committee, are on terms no less favorable to us than could be obtained from unaffiliated parties and are reasonably expected to benefit us.

Related Party Transactions

We entered into a Staff Resources Agreement in September 2004 with SourceN Inc. to obtain technical resources, certain infrastructure, workstations, and telecommunication services in India. The Executive Vice President of SourceN Inc. is the brother of our CTO and Vice President of XML-Centric Applications and Platforms, Mr. Ramachandran. Total payments made by us to SourceN were \$731,000 in fiscal year 2007, \$580,000 in fiscal year 2006, and \$246,000 in fiscal year 2005. This agreement was subsequently terminated by us in April 2007.

31

ITEM 13. Exhibits

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant dated November 29, 2005 (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of the Registrant, dated November 28, 2005 (included as Exhibit 3.2 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).
3.3	Certificate of Designations dated March 31, 1999, as corrected (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference).
4.1	Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of December 4, 2000, as amended on April 3, 2003 (included as Exhibit 4.3 to the Registrant's Form 10-QSB filed with the Commission on August 13, 2002 and incorporated herein by reference).
4.2	Sixth Amendment to the Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of April 1, 2003 (included as Exhibit 4.3 to the Registrant's Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
4.3	Registration Rights Agreement by and between the Registrant and Astoria Capital Partners, L.P., dated as of September 27, 2001, as amended on April 3, 2002 (included as Exhibit 4.2 to the Registrant's Form 10-QSB filed with the Commission on August 13, 2002 and incorporated herein by reference).
4.4	Third Amendment to Registration Rights Agreement by and between the Registrant and Astoria Capital Partners, L.P., dated as of September 27, 2001, as amended on January 30, 2003 (included as Exhibit 4.3 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.5	Note Exchange Agreement between the Registrant and Astoria Capital Partners, L.P. dated January 30, 2003 (included as Exhibit 4.1 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.6	5% Convertible Subordinated Note Due 2008 between the Registrant and Astoria Capital Partners, L.P. dated January 30, 2003 (included as Exhibit 4.2 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.7	Form of payment in kind note, as referenced in the 5% Convertible Subordinated Note, between the Registrant and Astoria Capital Partners, L.P. (included as Exhibit 4.8 to the Registrant's Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
4.8	Form of Common Stock Purchase Warrant issued by the Registrant to Astoria Capital Partners, L.P. dated April 1, 2004. Originally issued on November 30, 2000 and adjusted on April 1, 2003 (included as Exhibit 4.9 to the Registrant's Form 10-KSB filed with the Commission on June 29, 2004 and incorporated herein by reference).
4.9	Agreement Regarding Amended and Restated Common Stock Purchase Warrant and 5% Convertible Subordinated Note Due 2008, dated December 14, 2004 (included as exhibit 4.12 to the Registrant's Form 8-K filed with the Commission on December 17, 2004 and incorporated herein by reference).
10.1*	1999 Stock Option Plan, as amended on November 28, 2005, Form of Notice of Stock Option Agreement and Form of Stock Option Agreement (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).

32

- 10.2* 2001 Employee Stock Purchase Plan as amended on December 28, 2001 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on March 21, 2002 and incorporated herein by reference).
- 10.3* Option Agreement dated September 24, 2001, between the Registrant and Carlton H. Baab (included as Exhibit 10.22 of Registrant's Form 10-QSB filed with the Commission on November 14, 2001 and incorporated herein by reference).
- 10.5* Form of Indemnification Agreement entered into with officers and directors of Registrant (included as Exhibit 10.2 to the Registrant's Form 10-QSB filed with the Commission on March 21, 2002 and incorporated herein by reference).
- 10.9* Severance and Change of Control Agreement, dated April 5, 2003, between the Registrant and Carlton H. Baab (included as Exhibit 10.12 to the Registrants Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
- 10.10 Loan and Security Agreement dated February 11, 2004, between the Registrant, Raining Data U.S., Inc. and Silicon Valley Bank (included as Exhibit 10.13 to the Registrant's Form 10-KSB filed with the Commission on June 29, 2004 and incorporated herein by reference).
- 10.11 Lease Agreement dated November 9, 2004 between Registrant and The Irvine Company (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on November 9, 2004 and incorporated herein by reference).
- 10.12* Offer Letter Agreement, effective March 17, 2004, between the Registrant and Ajay Ramachandran (included as Exhibit 10.12 to the Registrant's Form 10-KSB filed with the Commission on July 24, 2006 and incorporated herein by reference).
- 10.13* Offer Letter, dated April 22, 2006, between the Registrant and Thomas G. Lim (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on April 27, 2006 and incorporated herein by reference).
- 10.14* Offer Letter Agreement, effective July 15, 2005 between the Registrant and Robert W. Albo.
- 21.1 Subsidiaries of the Registrant (included as Exhibit 21.1 to the Registrant's Form 10-KSB filed with the Commission on June 28, 2002 and incorporated herein by reference).
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 24.1 Power of Attorney (included in the signature page and incorporated herein by reference).
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contracts or compensatory plans and arrangements filed pursuant to Item 601 of Regulation S-B under the Exchange Act.

ITEM 14. Principal Accountant Fees and Services

The following table presents the aggregate fees billed for the indicated services performed by KPMG LLP during the 2007 and 2006 fiscal years.

	2007	2006
Audit Fees	\$ 495,431	\$ 554,685
Tax Fees	70,700	97,605
Total	\$ 566,131	\$ 652,290

Audit Fees. Audit Fees relate to professional services rendered in connection with the audit of our annual financial statements, quarterly review of financial statements included in our 10-QSB, and audit services provided in connection with other statutory and regulatory filings.

Tax Fees. Tax Fees include professional services related to tax compliance, tax advice and tax planning and transfer pricing consultation, including the preparation of federal and state tax returns.

The Audit Committee pre-approved all of the services provided by KPMG LLP in fiscal years 2007 and 2006. Pursuant to the Audit Committee Charter, the Audit Committee must pre-approve audit and non-audit services to be provided to us by the independent auditor, or subsequently approve non-audit services in those circumstances where a subsequent approval is necessary and permissible.

34

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RAINING DATA CORPORATION

By:

/s/ THOMAS LIM

Thomas Lim

Chief Financial Officer

June 29, 2007

Date:

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Carlton H. Baab and Thomas Lim, and each or any one of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-KSB, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their or his substitute or substituted, may lawfully do or cause to be done by virtue hereof.

In accordance with the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ CARLTON H. BAAB Carlton H. Baab	President, Chief Executive Officer and Director (Principal Executive Officer)	June 29, 2007
/s/ THOMAS LIM Thomas Lim	Chief Financial Officer (Principal Financial and Accounting Officer)	June 29, 2007
/s/ RICHARD W. KOE Richard W. Koe	Director	June 29, 2007
/s/ GERALD F. CHEW Gerald F. Chew	Director	June 29, 2007
/s/ DOUGLAS G. MARSHALL Douglas G. Marshall	Director	June 29, 2007
/s/ RICHARD W. SMITH Richard W. Smith	Director	June 29, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Raining Data Corporation:

We have audited the accompanying consolidated balance sheets of Raining Data Corporation and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of operations, cash flows, and stockholders' equity and comprehensive loss for each of the years in the three-year period ended March 31, 2007. These consolidated financial statements are the responsibility of Raining Data Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Raining Data Corporation and subsidiaries as of March 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in notes 2 and 7 to the consolidated financial statements, effective April 1, 2006, the Company adopted the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*.

As discussed in notes 2 and 3 to the consolidated financial statements, effective April 1, 2006, the Company changed its method of quantifying errors.

/s/ KPMG LLP
Costa Mesa, California
June 29, 2007

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2007	March 31, 2006
	(In thousands, except per share data)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,654	\$ 10,789
Trade accounts receivable, less allowance for doubtful accounts of \$200 in 2007 and \$182 in 2006	1,609	2,019
Other current assets	461	355
Total current assets	13,724	13,163
Property, furniture and equipment-net	949	1,055
Goodwill	26,751	26,845
Other assets	112	96
Total assets	\$ 41,536	\$ 41,159
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 130	\$ 399
Accrued liabilities	2,536	2,885
Deferred revenue	4,801	4,886
Total current liabilities	7,467	8,170
Long-term debt-net of discount	24,150	22,893
Total liabilities	31,617	31,063
Commitments and contingencies		
Stockholders equity		
Series A convertible preferred stock: \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding at March 31, 2007 and 2006		
Common stock: \$0.10 par value; 100,000,000 shares authorized; 21,184,402 and 20,644,576 issued and outstanding as of March 31, 2007 and 2006, respectively		
	2,118	2,064
Additional paid-in-capital	101,385	99,341
Accumulated other comprehensive income	1,612	1,234
Accumulated deficit	(95,196)	(92,543)
Total stockholders equity	9,919	10,096
Total liabilities and stockholders equity	\$ 41,536	\$ 41,159

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2007, 2006 and 2005

	2007	2006	2005
	(In thousands, except per share data)		
Net revenues			
Licenses	\$ 6,859	\$ 8,404	\$ 9,362
Services	11,885	11,890	12,121
Total net revenues	18,744	20,294	21,483
Operating expenses			
Cost of license revenues	99	207	318
Cost of service revenues	2,117	2,274	2,333
Selling and marketing	5,466	5,219	5,582
Research and development	9,295	9,638	7,563
General and administrative	3,866	3,477	3,748
Amortization expense			1,733
Total operating expenses	20,843	20,815	21,277
Operating income (loss)	(2,099)	(521)	206
Other expense			
Interest expense-net	(837)	(952)	(1,155)
Other income (expense)-net	72	(75)	28
Total other expense	(765)	(1,027)	(1,127)
Loss before income taxes	(2,864)	(1,548)	(921)
Provision for income taxes	94	76	73
Net loss	\$ (2,958)	\$ (1,624)	\$ (994)
Basic and diluted net loss per share	\$ (0.14)	\$ (0.08)	\$ (0.05)
Shares used in computing basic and diluted loss per share	20,986	20,203	18,803

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2007, 2006 and 2005

	2007 (In thousands)	2006	2005
Cash flows from operating activities:			
Net loss	\$ (2,958)	\$ (1,624)	\$ (994)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization of long-lived assets	318	276	2,021
Provision for bad debt	1		
Note payable discount amortization	83	83	89
Stock-based compensation expense	911	10	66
Deferred income tax expense	94	76	73
Change in assets and liabilities:			
Trade accounts receivable	375	(110)	(38)
Other current and non-current assets	(68)	133	(101)
Accounts payable	(279)	(134)	188
Accrued liabilities	1,145	1,482	1,156
Deferred revenue	98	(355)	352
Net cash provided by (used in) operating activities	(280)	(163)	2,812
Cash flows used in investing activities-purchase of property, furniture and equipment	(87)	(483)	(262)
Cash flows from financing activities:			
Proceeds from exercise of stock options and warrants	1,007	730	91
Proceeds from issuance of common stock	179	133	187
Repayment of debt			(38)
Net cash provided by financing activities	1,186	863	240
Effect of exchange rate changes on cash	46	(53)	52
Net increase in cash and equivalents	865	164	2,842
Cash and equivalents at beginning of period	10,789	10,625	7,783
Cash and equivalents at end of period	\$ 11,654	\$ 10,789	\$ 10,625
Non-cash financing activities:			
Accrued interest added to long-term debt	\$ 1,161	\$ 1,105	\$ 931
Reduction of long-term debt through exercise of warrants	\$	\$	\$ 2,671
Conversion of preferred stock to common stock	\$	\$ 300	\$

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS
For the Years Ended March 31, 2007, 2006 and 2005
(in thousands, except share amounts)

	Series A Convertible Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Deferred Stock-Based Compensation	Accumulated Other Comprehensive Income	Accumulated Deficit	Stockholders' Equity (Deficit)	Comprehensive Loss
Balances March 31, 2004	300,000	\$ 300	18,403,132	\$ 1,840	\$ 95,418	\$ (41)	\$ 1,509	\$ (89,925)	\$ 9,101	
Stock option and purchase plan issuances			151,705	15	263				278	
Stock-based compensation					35	31			66	
Warrants exercised			1,192,961	120	2,551				2,671	
Net loss								(994)	(994)	\$ (994)
Foreign currency translation adjustments							(115)		(115)	(115)
Comprehensive loss										\$ (1,109)
Balances March 31, 2005	300,000	300	19,747,798	1,975	98,267	(10)	1,394	(90,919)	\$ 11,007	
Stock option and purchase plan issuances			396,678	39	824				863	
Stock-based compensation						10			10	
Preferred shares converted	(300,000)	(300)	500,100	50	250					
Net loss								(1,624)	(1,624)	\$ (1,624)
Foreign currency translation adjustments							(160)		(160)	(160)
Comprehensive loss										\$ (1,784)
Balances March 31, 2006			20,644,576	2,064	99,341		1,234	(92,543)	10,096	
Stock option and purchase plan issuances			539,826	54	1,133				1,187	
SAB 108 cumulative effect adjustment								305	305	
Stock-based compensation					911				911	
Net loss								(2,958)	(2,958)	\$ (2,958)
Foreign currency translation adjustments							378		378	378
Comprehensive loss										\$ (2,580)
Balances March 31, 2007			21,184,402	\$ 2,118	\$ 101,385	\$	\$ 1,612	\$ (95,196)	\$ 9,919	

See accompanying notes to the consolidated financial statements.

**RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Organization

Raining Data Corporation (the Company) was incorporated as Blyth Holdings, Inc. under the laws of the State of Delaware in August 1987 pursuant to a reorganization of predecessor companies originally incorporated under the laws of England in 1983. The initial public offering of the Company's stock took place in October 1987. In September 1997, the Company changed its name to Omnis Technology Corporation. In December 2000, the Company acquired PickAx. At the same time, the Company changed its name to Raining Data Corporation. The principal asset of PickAx was the capital stock of Pick Systems. PickAx acquired Pick Systems from the estate of Richard Pick, the founder of Pick Systems, in March 2000. Pick Systems was incorporated in California in November 1982.

The Company's principal business is the design, development, sale, and support of three software product lines: 1) XML data management servers (XDMS), 2) Multidimensional Database Management Systems (MDMS), and 3) Rapid Application Development (RAD) software tools. The Company's products are sold to in-house corporate development teams, commercial application developers, system integrators, independent software vendors, value added resellers and independent consultants. In addition to computer software products, the Company provides continuing maintenance and customer service contracts as well as professional services, technical support and training.

2. Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements of the Company follow:

Principles of Consolidation The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Revenue Recognition The Company recognizes and defers revenue using the residual method pursuant to the requirements of Statement of Position No. 97-2, Software Revenue Recognition. (SOP 97-2), as amended. Under the residual method, revenue is recognized in a multiple element arrangement when company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one or more of the delivered elements in the arrangement. At the outset of the arrangement with the customer, the Company defers revenue for the fair value of its undelivered elements based on company-specific objective evidence of the amount such items are sold to its customers by themselves and recognizes revenue for the remainder of the arrangement fee attributable to the elements initially delivered in the arrangement (e.g., software license) when the basic criteria in SOP 97-2 have been met.

Under SOP 97-2, revenue attributable to an element in a customer arrangement is recognized when persuasive evidence of an arrangement exists and delivery has occurred, provided the fee is fixed or determinable, collectibility is probable and the arrangement does not require significant customization of the software. If at the outset of the customer arrangement, the Company determines that the arrangement fee is not fixed or determinable, it defers the revenue and recognizes the revenue when the arrangement fee becomes due and payable.

Professional services, maintenance and other revenue relate primarily to consulting services, maintenance and training. Maintenance revenue is initially deferred and then recognized ratably over the term of the maintenance contract, typically 12 months. Consulting and training revenue is recognized as

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the services are performed and is usually calculated on a time and materials basis. Such services primarily consist of implementation services related to the installation of its products and do not include significant customization to or development of the underlying software code. The Company does not have price protection programs, conditional acceptance agreements or warranty programs, and sales of its products are made without right of return.

When applicable, the Company records revenue on certain products, such as the PDP product, on a net amount retained basis in accordance with Emerging Issues Task Force Issue No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*.

Cost of License and Service Revenue Cost of license revenue is comprised of direct costs associated with software license sales including software packaging, documentation, physical media costs and royalties. Cost of service revenue includes consulting, technical support, and training, all of which consist primarily of personnel related costs. Other costs specifically identifiable to the revenue source have been classified accordingly.

Cash and cash equivalents Investment securities with a maturity of ninety days or less at the time of purchase are considered cash equivalents.

Trade Accounts Receivable Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 60 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis.

Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Property, Furniture and Equipment Property, furniture, and equipment are stated at historical cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

Capitalized Software Development Costs Costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized until the software is available for general release to customers. The Company does not currently have any internal software development costs capitalized because management believes software is available for general release concurrently with the establishment of technological feasibility.

Income Taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to an amount

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

whose realization is more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Fair Value of Financial Instruments The Company's consolidated balance sheet includes the following financial instruments: cash, accounts receivable, accounts payable, accrued liabilities and notes payable. The Company considers the carrying amount of working capital items to approximate fair value for these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The Company considers the carrying value of its notes payable to approximate fair market value based upon the Company's assessment of the interest rate it believes it would be offered on similar debt as compared to the current rate.

Stock-Based Compensation Prior to April 1, 2006, the Company's stock-based compensation plans were accounted for in accordance with Accounting Principles Board Opinion No. 25 (APB No. 25), *Accounting for Stock Issued to Employees*, by applying the intrinsic value method to account for employee fixed stock-based awards. Under this method, deferred stock-based compensation is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. Deferred stock-based compensation is then amortized using the straight-line method over the vesting term of the underlying option. Additionally, the ESPP qualified as a non-compensatory plan under APB 25; therefore, no compensation cost was recorded in relation to the discount offered to employees for purchases made under the ESPP. The Company disclosed pro forma net income (loss) and earnings (loss) per share as if compensation for its stock options were determined based on the estimated fair value at the grant date in accordance with Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation*.

Effective April 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R) (SFAS No. 123(R)), *Share-Based Payment*, which is a revision of SFAS No. 123. SFAS No. 123(R) supersedes APB No. 25, and amends SFAS No. 95, *Statement of Cash Flows*. SFAS No. 123(R) generally requires share-based payments to employees, including grants of employee stock options and other equity awards, to be recognized in the consolidated financial statements based on their fair values. In addition, SFAS No. 123(R) requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow, rather than as an operating cash flow as prescribed under previous accounting rules. In its adoption, the Company elected to use the modified prospective method, under which compensation expense is recognized for all share-based awards granted after March 31, 2006 and for all awards granted to employees prior to April 1, 2006, that were unvested on the date of adoption, as adjusted for estimated forfeitures. Accordingly, prior period amounts have not been restated.

Additionally, under SFAS No. 123(R), the Company's ESPP is considered a compensatory plan and requires recognition of compensation expense for purchases of common stock made under the ESPP. The Company recognizes compensation expense for stock option and ESPP awards ratably over the vesting period and purchase period, respectively.

Net Loss Per Share Basic loss per share is computed using the net loss and the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the net loss and the weighted average number of common shares and dilutive potential common shares outstanding during the period when the potential common shares are not anti-dilutive. Potential dilutive common shares include, for some or all of the periods presented, outstanding stock options and warrants, convertible debt, and convertible preferred stock. There were 4,228,637, 4,190,691 and 4,386,117

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

outstanding options to purchase shares of the Company's common stock with exercise prices ranging from \$0.75 to \$17.00 per share as of March 31, 2007, \$0.75 to \$33.13 per share as of March 31, 2006 and \$0.75 to \$33.13 per share as of March 31, 2005, respectively. There were no outstanding warrants to purchase shares of the Company's common stock at March 31, 2007 and March 31, 2006. There were outstanding warrants to purchase 500,000 shares of the Company's common stock at March 31, 2005. Exercise prices ranged from \$2.35 to \$6.29 per share at March 31, 2005. There were no shares of preferred stock outstanding at March 31, 2007 and March 31, 2006. There were 300,000 shares of preferred stock, which were convertible into 500,100 shares of common stock, outstanding at March 31, 2005. There was convertible debt outstanding at March 31, 2007, 2006 and 2005, which is convertible into 4,830,084, 4,556,999, and 4,336,094 shares of common stock, respectively. The total of these items were not included in the computation of diluted earnings per share because their effect would have been anti-dilutive.

Concentration of Credit Risk The Company supports computer software systems worldwide in diversified industries, primarily through system integrators and value added resellers. On an ongoing basis, the Company performs credit evaluations of its customer's financial condition and generally requires no collateral. No single customer accounted for more than 10% of revenues during the fiscal years ended March 31, 2007, 2006 and 2005.

Foreign Currency Translation The local currency is used as the functional currency for purposes of translating the financial statements of the Company's foreign subsidiaries into the reporting currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income in stockholders' equity. Gains and losses resulting from foreign currency transactions are included in operations.

The Company's revenues generated through its offices located outside of the United States of America were approximately 31% of total revenue for the each of the fiscal year ended March 31, 2007, 2006 and 2005.

Comprehensive Loss Comprehensive loss encompasses all changes in equity other than those with stockholders and consists of net loss and foreign currency translation adjustments. The Company does not provide for U.S. income taxes on foreign currency translation adjustments because it does not provide for such taxes on undistributed earnings of foreign subsidiaries.

Use of Estimates The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of Goodwill and Other Long-Lived Assets In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment, and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. For goodwill, the impairment determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with the Financial Accounting Standards Board (FASB) Statement No. 141, *Business Combinations*. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill.

Recently Issued Accounting Standards

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, which becomes effective for the first fiscal year ending after November 15, 2006. SAB No. 108 provides guidance on the consideration of the effects of prior period misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB No. 108 requires an entity to evaluate the impact of correcting all misstatements, including both the carryover and reversing effects of prior year misstatements, on current year financial statements. If a misstatement is material to the current year financial statements, the prior year financial statements should also be corrected, even though such revision was, and continues to be, immaterial to the prior year financial statements. Correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. Such corrections could be made in the current period filings. We adopted SAB No. 108 as of March 31, 2007 and completed our analysis under the dual approach of the previously existing immaterial errors, and believe the cumulative effect of correction would be material to our fiscal 2007 financial statements. Refer to Note 3 for further discussion on the method used to quantify the misstatements and the effect to our fiscal 2007 financial statements.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurement*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. It also applies under other accounting pronouncements that require or permit fair value measurement as a relevant attribute. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and all interim periods within that fiscal year. Management of the Company is evaluating the impact of this pronouncement on the Company's consolidated results of operations and financial condition.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 will become effective for the Company in fiscal year 2008. Management of the Company does not expect the impact of this pronouncement to be material on the Company's consolidated results of operations and financial condition.

3. Staff Accounting Bulletin No. 108

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 (SAB 108), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, which is effective for the first fiscal year ending after November 15, 2006. SAB 108 provides guidance on the consideration of the effects of prior period misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 requires an entity to evaluate the impact of correcting all misstatements, including both the carryover and reversing effects of prior year misstatements, on current year financial statements. If a misstatement is material to the current year financial statements, the prior year financial statements should also be corrected, even though such revision was, and continues to be, immaterial to the prior year financial statements. Correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. Such corrections could be made in the current period filings.

There are two methods of quantifying the effects of financial statement misstatements: the rollover and iron curtain methods. Under the rollover method, the focus is primarily on the impact of a misstatement on the income statement, including the reversing effect of prior year misstatements. As a result, this method can lead to the accumulation of misstatements in the balance sheet that may be immaterial to the balance sheet. Under the iron curtain method, the focus is primarily on the effect of correcting for the accumulated misstatements as of the balance sheet date with less emphasis on the reversing effects of prior year errors on the income statement. The SEC staff established an approach that requires quantification of financial statement misstatements based on both the rollover and the iron curtain methods. This approach is referred to as the dual approach. We adopted SAB 108 as of March 31, 2007 and completed our analysis under the dual approach of the previously existing immaterial errors, and believe the cumulative effect of correction would be material to our fiscal 2007 financial statements. In accordance with SAB 108, we have adjusted beginning retained earnings for fiscal year 2007 in the accompanying consolidated financial statements for the item described below.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The table below details the prior period misstatements as well as their cumulative effect on beginning retained earnings:

	Effect on Retained Earnings
Professional fee accrual	\$ (464,000)
Deferred revenue	25,000
Vacation accrual	42,000
Foreign currency loss	69,000
Pension accrual	10,000
Tax accrual	13,000
	\$ (305,000)

Professional fee accrual: in prior years, as a policy, we accrued certain professional fees in the fiscal year they corresponded to, not as the services were provided. In the current year, the methodology has been changed to accrue these fees as the services are provided.

Deferred revenue: the deferred license revenue was under accrued at April 1, 2006 due to a bookkeeping error that occurred in fiscal year 2001.

Vacation accrual: the vacation accrual was under accrued at April 1, 2006 due to bookkeeping errors which occurred in fiscal years 2005 and 2006.

Foreign currency loss: the intercompany foreign currency transaction gains and losses were not properly computed in prior years due to bookkeeping errors, which resulted in an incorrect other comprehensive income balance at April 1, 2006.

Pension accrual: the pension liability was under accrued at April 1, 2006 due a computational error that occurred in fiscal year 2006.

Tax liability: the state tax accrual was under accrued at April 1, 2006 due to a computational error that occurred in fiscal year 2006.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, Furniture and Equipment

Property, furniture and equipment at March 31 consisted of (in thousands):

	2007	2006
Land and buildings	\$ 841	\$ 746
Office equipment, furniture and fixtures	5,121	4,663
Total	5,962	5,409
Accumulated depreciation and amortization	(5,013)	(4,354)
Property, furniture and equipment, net	\$ 949	\$ 1,055

5. Goodwill and Other Intangible Assets

The following table presents details of the Company's intangible assets and goodwill (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Balance
March 31, 2007			
Assets subject to amortization:			
Installed base, including core technology	\$ 10,400	\$ 10,400	\$
Assets not subject to amortization:			
Goodwill			\$ 26,751
March 31, 2006			
Assets subject to amortization:			
Installed base, including core technology	\$ 10,400	\$ 10,400	\$
Assets not subject to amortization:			
Goodwill			\$ 26,845

The changes in goodwill for the periods presented are a result of utilizing net operating loss carryforwards acquired in a business combinations of \$94,000 and \$81,000 in fiscal 2007 and 2006, respectively. The Company had aggregate amortization expense related to intangible assets of zero for the years ended March 31, 2007 and March 31, 2006, and \$1.7 million for the year ended March 31, 2005. As of March 31, 2007, the Company's intangible assets were fully amortized.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Debt

Long-Term Debt

Long-term debt of the Company, including the Note Payable to Astoria Capital Partners (ACP) or (Astoria), the Company s largest stockholder and other related parties, as of March 31, 2007 and 2006 follows (in thousands):

LONG-TERM DEBT SCHEDULE

	March 31, 2007	March 31, 2006
Subordinated convertible note payable to Astoria	\$ 23,946	\$ 22,785
Plus accrued interest	295	281
Less unamortized discount	(91)	(173)
Total long-term debt	\$ 24,150	\$ 22,893

In January 2003, the Company entered into a Note Exchange Agreement (the Exchange Agreement) with Astoria to replace the existing Secured Promissory Note, as amended, with a Convertible Subordinated Note. Under the terms of the Exchange Agreement, the Secured Promissory Note was exchanged and replaced with a Convertible Subordinated Note having a principal amount of \$22.1 million, which principal amount was equal to the outstanding principal and accrued interest payable on the Secured Promissory Note as of the date of the Exchange Agreement. In October 2005, Astoria assigned a portion of its Common Stock holdings totaling 870,536 shares and a portion of the Subordinated Convertible Note, totaling \$1,751,832, to two of its limited partners. As such, the Company issued an Amended and Restated Note to Astoria for \$20,749,581 and corresponding notes directly to the limited partners for \$862,979 and \$888,853, respectively. The Convertible Subordinated Notes are convertible into common stock at any time, at the option of the holder, at a price of \$5.00 per share. The Convertible Subordinated Notes mature on May 30, 2008, extending the May 30, 2003 maturity date of the Secured Promissory Note. The interest rate of the Convertible Subordinated Notes is 5% per annum as compared to an interest rate of 10% per annum under the Secured Promissory Note. The interest is payable quarterly at the Company s option in cash or through increases to the outstanding principal of the Convertible Subordinated Notes.

On December 14, 2004, the Company entered into an Agreement Regarding Amended and Restated Common Stock Purchase Warrant and 5% Convertible Subordinated Note Due 2008 with Astoria whereby the Company could redeem, in part, the Convertible Subordinated Note in advance of January 30, 2005. On December 14, 2004, Astoria exercised its warrant in the amount of \$2,670,904. In lieu of a cash payment, the Company used the proceeds of the exercise to pay down a portion of the indebtedness to Astoria. The pay down consisted of \$247,129 for accrued and unpaid interest, and \$2,423,775 as a reduction of principal of the Convertible Subordinated Note. Unlike the Secured Promissory Note, the Convertible Subordinated Notes are not secured by the Company s assets.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Net interest expense is comprised of the following components (in thousands):

	Twelve Months ended		
	December 31,		
	2007	2006	2005
Interest expense	\$ 1,264	\$ 1,208	\$ 1,249
Interest income	(427)	(256)	(94)
Net interest expense	\$ 837	\$ 952	\$ 1,155

Line of Credit

The Company has a two year credit facility with Silicon Valley Bank which provides for borrowing of up to \$1.5 million at an annual interest rate of Prime plus 1.0%, provided that the annual interest rate shall never be less than 5%. The credit facility is collateralized by the Company's assets and expires in February 2008. The credit facility contains financial and reporting covenants that require the Company to maintain certain financial ratios only when there are have outstanding borrowings on the line. There were no outstanding borrowings at March 31, 2007.

7. Stockholder's Equity

Series A Convertible Preferred Stock

The Company had 5,000,000 shares of Series A convertible preferred stock (Series A) authorized and 0 shares of Series A issued and outstanding at March 31, 2007 and 2006. On November 28, 2005 the shareholders voted to increase the authorized number of shares of preferred stock from 300,000 to 5,000,000 shares. Holders of Series A were entitled to that number of votes equal to the number of shares of common stock into which Series A is then convertible. Dividends were payable at the option of the Board of Directors at the rate of \$0.125 per share per annum, in preference to all other stockholders. Series A ranks senior to the Company's common stock as to liquidation rights. Each share of Series A was convertible at the option of the holder into 1,667 shares of common stock. In effecting the conversion, any unpaid dividends on Series A shall be disregarded. No dividends were declared on the Series A prior to its conversion, which occurred in fiscal 2006.

Common Stock

The Company had 100,000,000 shares of common stock authorized and 21,184,402 and 20,644,576 shares of common stock issued and outstanding as of March 31, 2007 and 2006, respectively. On November 28, 2005 the shareholders voted to increase the authorized number of shares of common stock from 60,000,000 to 100,000,000 shares.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Warrants

The Company has issued warrants under various plans and in connection with the PickAx acquisition. The following table summarizes the warrants outstanding:

	Warrants	Exercise Price	Weighted Average Remaining Contractual Life (Years)
Warrants outstanding at March 31, 2005	500,000	\$ 6.29	0.67
Cancelled	(500,000)	\$ 6.29	
Exercised			
Warrants outstanding at March 31, 2006			
Cancelled			
Exercised			
Warrants outstanding at March 31, 2007			

As part of the acquisition of PickAx, the Company assumed the warrant obligations for PickAx after adjusting both the exercise price and shares underlying the warrants for the conversion ratio of 0.50916, which was the same ratio used for acquiring the PickAx common stock. The PickAx warrants were exchanged for Raining Data warrants (Exchange Warrants) as part of the assumption. All the PickAx warrants were for a term of five years from the original PickAx grant date. There were 1,452,737 Exchange Warrants exercised during fiscal 2005 at a warrant price of \$2.35. All remaining unexercised Exchange Warrants expired during fiscal 2005.

In connection with the merger with PickAx, a promissory note previously issued by PickAx to its controlling stockholder, Astoria, was exchanged for a new promissory note from the Company, as described in Note 5. In addition, Astoria received warrants to purchase 500,000 shares of the Company's common stock (Debt Warrants) at an original exercise price of \$7.00. Due to certain anti-dilutive adjustments as provided for in the Debt Warrants, the exercise price was adjusted to \$6.51 on April 1, 2003 and \$6.29 on April 1, 2004. All remaining unexercised Debt Warrants expired during fiscal 2006.

Stock Options

In April 1999, the Company adopted a new stock option plan (1999 Plan) that provides for the granting of stock options, restricted stock, and restricted stock units to directors, employees and consultants. In conjunction with the adoption of the 1999 Plan, the Company terminated all other plans, except as to options then issued and outstanding under such plans. The 1999 Plan authorizes grants of options to purchase up to an aggregate of 5,000,000 shares of authorized but unissued common stock. On November 28, 2005, the shareholders voted to increase the number of shares authorized for issuance under the Plan by 1,500,000 shares plus an annual increase on the last day of the Company's fiscal year equal to the lesser of (i) 3% of the Company's total outstanding shares on the last day of the Company's fiscal year, (ii) 2,000,000, or (iii) such lesser amount as determined in the sole and absolute discretion of the Board. Total annual increase at March 31, 2007 and March 31, 2006 under this provision was 619,337 shares and 635,532 shares, respectively. At March 31, 2007, total number of shares available for issuance under the 1999 Plan was 2,494,627 shares. Stock options are generally granted with an exercise price equal to the stock's fair market value at the date of grant. All options under the 1999 Plan have ten-year terms and generally vest ratably over a period of four years.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Employee Stock Purchase Plan

On December 12, 2001, the Board of Directors approved the Company's 2001 Employee Stock Purchase Plan (the "ESPP") to provide employees of the Company with an opportunity to purchase common stock of the Company through accumulated payroll deductions. The maximum number of shares of common stock made available for sale under the ESPP is 1,000,000 shares. The offer periods of six months' duration commence each February 15 and August 15. An employee may contribute between 1% and not exceeding 10% of their compensation not to exceed \$21,250 per calendar year. Individual employee share purchases are limited to 1,500 shares per offer period. Employees are able to purchase the stock at an amount equal to 85% of the market value of a share of common stock on the enrollment date or on the exercise date, whichever is lower. Through March 31, 2007, 453,497 shares had been issued to employees under the ESPP. For the year ended March 31, 2007, 84,117 shares of common stock were issued under the ESPP. As of March 31, 2007, employee withholdings under the ESPP aggregated \$15,121.

Stock-Based Compensation

Effective April 1, 2006, the Company adopted SFAS No. 123(R) using the modified prospective method and began recognizing stock-based compensation based on an estimate of an award's fair value. The Company estimates the fair value of stock options granted and ESPP purchase rights using the Black-Scholes option-pricing model and a single option award approach. Under this approach, the compensation expense for awards that have a graded vesting schedule is recognized on a straight-line basis over the requisite service period.

The Company estimated the fair value of its stock options and ESPP purchase rights using the following assumptions for the year ended March 31, 2007:

	Stock options	ESPP purchase rights
Expected term	6.2 Years	0.5 Years
Expected volatility	57%	80%
Risk-free interest rate	4.44%	5.15%
Dividend yield	0%	0%
Forfeiture rate	10%	0%

Expected Term The expected term represents the period the Company's stock-based awards are expected to be outstanding and was determined based on historical experience with similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its stock-based awards.

Expected Volatility The computation of expected volatility is based on historical volatility.

Risk-Free Interest Rate The risk-free interest rate used in the Black-Scholes valuation method is based on the yield currently available on U.S. Treasury securities with an equivalent remaining term.

Dividend Yield No dividends are expected to be paid.

Forfeiture Rate When estimating forfeitures, the Company considers voluntary termination behavior as well as analysis of actual option forfeitures.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total stock-based compensation expense included in the audited consolidated statements of operations for the year ended March 31, 2007 (in thousands) was as follows:

	Year ended March 31, 2007
Operating expense:	
Selling and marketing	\$ 371
Research and development	253
General and administrative	287
Total stock-based compensation expense	911
Income tax benefit	
Net stock-based compensation expense	\$ 911

As of March 31, 2007, there was approximately \$2.5 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the plans. That cost is expected to be recognized over a weighted-average period of 1.3 years.

Stock option activity was as follows for fiscal year 2007:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term In Years	Aggregate Intrinsic Value
Options outstanding as of March 31, 2006	4,190,691	\$ 2.75		
Granted	1,020,000	\$ 3.14		
Exercised	(455,709)	\$ 2.21		
Forfeited	(275,818)	\$ 2.77		
Expired	(250,527)	\$ 4.36		
Options outstanding as of March 31, 2007	4,228,637	\$ 2.80	6.3	\$ 2,158,674
Vested and expected to vest at March 31, 2007	4,043,168	\$ 2.80	6.1	\$ 2,120,132
Exercisable at March 31, 2007	2,771,676	\$ 2.70	4.9	\$ 1,894,027

The aggregate intrinsic value in the table above represents the difference between the exercise price of the underlying awards and the quoted price of our common stock for the options that were in-the-money at March 31, 2007. During the year ended March 31, 2007, the aggregate intrinsic value of options exercised under the 1999 Plan was \$831,455 determined as of the date of option exercise. Weighted-average grant-date fair values of the options granted during the years ended March 31, 2007, 2006, 2005 were \$1.91, \$2.10, and \$2.04, respectively.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pro-forma Disclosure under SFAS No. 123 for Periods prior to Fiscal 2006

The following table illustrates the effect on net loss and net loss per share as if we had applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation during the years ended (in thousands, except per share amounts):

	2006	2005
Net loss:		
As reported	\$ (1,624)	\$ (994)
Add:		
Stock-based employee compensation expense included in net loss, net of tax	10	66
Less:		
Total stock-based employee compensation expense determined under fair value based methods for all awards, net of tax	(1,220)	(1,206)
Pro forma net loss	\$ (2,834)	\$ (2,134)
Basic and diluted loss per share		
As reported	\$ (0.08)	\$ (0.05)
Pro forma	\$ (0.14)	\$ (0.11)

The assumptions used for the above calculation of stock-based employee compensation expense were as follows:

	2006	2005
Dividend yield	0%	0%
Expected volatility	108%	117%
Risk-free interest rate	4.27%	4.01%
Estimated life	7 Years	7 Years

The Company plans on issuing new shares for stock option exercises and ESPP purchases.

Retirement Plans

The Company sponsors a 401(k) Savings and Retirement Plan (the Plan) for substantially all of its employees in the United States. Employees meeting the eligibility requirements may contribute specified percentages of their salaries. Under the Plan, which is qualified under Section 401(k) of the federal tax laws, the Company s Board of Directors, in its sole discretion, may make discretionary profit-sharing contributions at 50% of the employees contributions up to 4% of the employees total compensation, to the Plan. There were no discretionary annual contributions made to the Plan for the years ended March 31, 2007, 2006 and 2005.

The Company sponsors the Raining Data UK Limited Retirement Benefits Scheme (RDUKL Plan) for substantially all of its employees in the United Kingdom. The RDUKL Plan is a defined contribution plan that provides retirement benefits upon attaining normal retirement age, and incidental benefits in the case of death or termination of employment prior to retirement. Raining Data UK contributes an amount ranging from 3% to 8% of each participant s compensation to fund such benefits. In addition, participants are entitled to make voluntary contributions under the RDUKL Plan. The Company contributed

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

approximately \$78,000, \$108,000 and \$121,000 to the RDUKL Plan for the years ended March 31, 2007, 2006 and 2005, respectively.

8. Related Party Transactions

The Company entered into a Staff Resources Agreement in September 2004 with SourceN Inc. to obtain technical professional services in India. The Executive Vice President of SourceN Inc. is the brother of our CTO and Vice President of XML-Centric Applications and Platforms, Mr. Ramachandran. Total payments made by the Company to SourceN were \$731,000 in fiscal year 2007, \$580,000 in fiscal year 2006, and \$246,000 in fiscal year 2005. This agreement was subsequently terminated by us in April 2007.

9. Income Taxes

The current provision for income taxes of \$94,000, \$76,000, and \$73,000 for the years ended March 31, 2007, 2006, and 2005, respectively, were related to foreign jurisdictions. The foreign income before income taxes was approximately \$351,000, \$356,000 and \$328,000 in fiscal year 2007, 2006 and 2005, respectively.

The deferred income tax benefit associated with the recognition of certain foreign net operating loss reduced goodwill in the amount of \$94,000, \$76,000 and \$73,000 for the years ended March 31, 2007, 2006 and 2004, respectively, because a portion of the net operating loss carryforwards were acquired as part of a business combination.

A reconciliation of the expected U.S. Federal tax expense attributable to income from continuing operations differed from the amounts computed by applying the U.S. Federal statutory tax rate to pretax loss from continuing operations as follows:

	2007	2006	2005
Expected U.S. Federal tax	(34.0)%	(34.0)%	(34.0)%
State taxes	(12.0)%	8.6 %	(5.8)%
Foreign taxes	(9.0)%	14.0 %	(3.8)%
Change in valuation allowance	46.7 %	15.6 %	97.4 %
Research and experimental credit	(12.5)%	(36.5)%	(71.5)%
Expiration of net operating losses	17.9 %	35.5 %	24.9 %
ISO Book Compensation	6.8 %		
Other	0.4 %	1.7 %	0.7 %
Actual effective tax rate	3.3 %	4.9 %	7.9 %

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Significant components of the Company's net deferred tax assets are as follows at March 31 (in thousands):

	2007	2006
Deferred tax assets:		
Net operating loss carryforwards	\$ 22,059	\$ 21,826
Accruals and allowances recognized in different periods	507	487
Research and experimental credit carryforward	3,948	3,702
Depreciation	59	206
State taxes		1
Stock-based compensation expense	129	
Other	119	
Total deferred assets	26,821	26,222
Less valuation allowance	(26,821)	(26,222)
Net deferred tax asset	\$	\$

Due to uncertainties surrounding the timing of realizing the benefits of its net favorable tax attributes in the future tax returns, the Company has recorded a full valuation allowance against its net deferred tax assets at March 31, 2007, 2006 and 2005. The net change in the valuation allowance was an increase of \$961,000 in 2007, \$266,000 in 2006, and \$823,000 in 2005.

At March 31, 2007, the Company had net operating loss carryforwards of \$57.8 million for federal income tax purposes, \$0.1 million for state tax purposes, and \$6.9 million for foreign tax purposes expiring at various dates through 2024. During fiscal 2007, \$1.2 million of federal net operating losses and \$2.6 million of state net operating losses expired. Any changes in ownership, as defined by Section 382 of the Internal Revenue Code, may limit the amount of net operating loss carryforwards that can be used in any one year.

As a result of the Company's acquisition of PickAx, the Company assumed preacquisition federal and foreign net operating loss carryforwards. A valuation allowance has been recorded against deferred tax assets attributable to these net operating loss carryforwards. In the event these net operating loss carryforwards are realized in the future, the benefit will be recorded as a reduction of goodwill. \$0.3 million and \$0.2 million of net operating losses related to the exercise of non-qualified stock options for federal and state tax purposes, respectively, will not be available to offset earnings but must be charged to equity upon realization.

As of March 31, 2007, the Company has preacquisition federal, state and foreign net operating losses of \$15.5 million, \$0.2 million, and \$0.1 million, respectively.

10. Commitments and Contingencies

Leases The Company leases office space and certain equipment under noncancelable operating lease agreements with terms expiring through 2010. Rent expense related to operating these leases is

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recognized ratably over the entire lease term. The Company is required to pay property taxes, insurance and normal maintenance costs.

Future minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of March 31, 2007 are as follows (in thousands):

Years Ending March 31,	Operating Leases
2008	\$ 769
2009	710
2010	717
2011	445
2012 and thereafter	16
Total minimum lease payments	\$ 2,657

Rent expense of \$1,175,000, \$1,182,000 and \$1,079,000 was recognized in 2007, 2006 and 2005, respectively.

Litigation

We are subject from time to time to litigation, claims and suits arising in the ordinary course of business. As of March 31, 2007, we have the following outstanding litigations:

Raining Data v. Intrametrix. On or about January 19, 2007, the Company filed a complaint in Orange County Superior Court that sets forth allegations that Intrametrix threatens to and has misappropriated the Company's trade secrets. The Company's allegations in the complaint include that Intrametrix has obtained the Company's source code in violation of the Parties' OEM (Original Equipment Manufacturer) Distribution Agreement and in violation of California's laws prohibiting the misappropriation of trade secrets. The Company seeks injunctive relief from Intrametrix, including, but not limited to, compelling Intrametrix to fully comply with all of the termination provisions set forth in the OEM Agreement; enjoining Intrametrix and its employees and agents from using or disclosing the Company's trade secrets; prohibiting Intrametrix from soliciting the Company's current or potential customers for 3 years, and from soliciting or employing certain of the Company's former employees for 3 years. Intrametrix filed a motion to quash the Complaint, which the Company opposed, but on the morning of the hearing, Intrametrix first notified the Company that it filed Chapter 11 bankruptcy, effectively staying the litigation in Orange County Superior Court. The Company will pursue further discovery and litigation in the Bankruptcy court in Houston, TX.

Raining Data v. Soheil Raissi (formerly the Company's Vice President, Product Development and Professional Services), Mario Barrenechea (formerly the Company's Senior Vice President, Worldwide Sales and Marketing, Pick and Omnis Products), and Adevnet. On or about December 8, 2006, the Company filed a complaint in Orange County Superior Court that sets forth allegations that the defendants threaten to and have misappropriated the Company's trade secrets. The Company's allegations in the complaint include that the individual defendants have used and/or disclosed the Company's trade secrets (in the form of source code and licenses and other trade secret information) in violation of their agreements with the Company to maintain the confidentiality of such trade secret information, and in violation of California laws prohibiting the misappropriation of trade secrets. The Company seeks injunctive relief from the defendants, including, but not limited to, compelling the defendants to immediately return all of the

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company's trade secrets and property; enjoining the defendants and their employees and agents from using or disclosing the Company's trade secrets, including the Company's source code; ordering the defendants to disclose all gains and profits they have derived from the misappropriation of the Company's trade secrets; enjoining the defendants from directly or indirectly supplying, selling or promoting any product that incorporates the Company's trade secrets.

Cross-Complaint by Soheil Raissi, Mario Barrenechea and Adevnet v. Raining Data. On or about January 10, 2007, the defendants in the case above filed a cross-complaint, alleging several claims against the Company and Carlton Baab, the Company's President and Chief Executive Officer, unfair business practices, violation of civil rights, intentional interference with prospective economic advantage, negligent interference with prospective economic advantage, malicious prosecution, abuse of process, negligence, civil conspiracy, and injunctive relief. Cross-complainants allege general, compensatory, special, and punitive and exemplary damages in amounts according to proof, and seek to enjoin the Company from engaging in improper and unlawful conduct. The Company and Carlton Baab assert that all of the claims are baseless, and filed a special motion to strike all the allegations in the cross-complaint. The Company's special motion to strike is scheduled to be heard on August 3, 2007. The Company and Carlton Baab will continue to vigorously defend their rights in this litigation. Although we cannot predict with certainty, management believes that the ultimate disposition of this matter will not have a material adverse effect on the Company's consolidated financial statements, results of operations, cash flows or liquidity.

Indemnification

The Company's standard customer license and software agreements contain indemnification and warranty provisions which are generally consistent with practice in the Company's industry. The duration of the Company's service warranties generally does not exceed 30 days following completion of its services. The Company has not incurred significant obligations under customer indemnification or warranty provisions historically and does not expect to incur significant obligations in the future. Accordingly, the Company does not maintain accruals for potential customer indemnification or warranty-related obligations. The maximum potential amount of future payments that the Company could be required to make is generally limited under the indemnification provisions in its customer license and service agreements.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Segment Information

The Company operates in one reportable segment. International operations consist primarily of foreign sales offices selling software developed in the United States of America combined with local service revenue. The following table summarizes consolidated financial information of the Company's operations by geographic location (in thousands):

	North America	Europe	Total
<i>Fiscal Year 2007</i>			
Net revenues	\$ 12,959	\$ 5,785	\$ 18,744
Long lived assets	27,174	638	27,812
<i>Fiscal Year 2006</i>			
Net revenues	\$ 13,982	\$ 6,312	\$ 20,294
Long lived assets	27,170	826	27,996
<i>Fiscal Year 2005</i>			
Net revenues	\$ 14,906	\$ 6,577	\$ 21,483
Long lived assets	27,354	656	28,010

The Company operates in one reportable segment and is engaged in the design, development, sale, and support of three software product lines: 1) XML data management servers (XDMS), 2) Multidimensional Database Management Systems (MDMS), and 3) Rapid Application Development (RAD) software tools. The following table represents the net revenue from the Company's segment by product line (in thousands):

	Years ended March 31,		
	2007	2006	2005
Databases	\$ 14,569	\$ 15,299	\$ 16,566
RAD Tools	4,175	4,995	4,917
Total	\$ 18,744	\$ 20,294	\$ 21,483

12. Accrued Liabilities

Components of accrued liabilities are as follows:

	2007	2006
	(In thousands)	
Payroll and related costs	\$ 1,845	\$ 1,956
Professional fees	136	419
Accrued taxes	134	164
Other	421	346
Total accrued liabilities	\$ 2,536	\$ 2,885

EXHIBIT INDEX

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant dated November 29, 2005 (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of the Registrant, dated November 28, 2005 (included as Exhibit 3.2 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).
3.3	Certificate of Designations dated March 31, 1999, as corrected (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference).
4.1	Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of December 4, 2000, as amended on April 3, 2003 (included as Exhibit 4.3 to the Registrant's Form 10-QSB filed with the Commission on August 13, 2002 and incorporated herein by reference).
4.2	Sixth Amendment to the Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of April 1, 2003 (included as Exhibit 4.3 to the Registrant's Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
4.3	Registration Rights Agreement by and between the Registrant and Astoria Capital Partners, L.P., dated as of September 27, 2001, as amended on April 3, 2002 (included as Exhibit 4.2 to the Registrant's Form 10-QSB filed with the Commission on August 13, 2002 and incorporated herein by reference).
4.4	Third Amendment to Registration Rights Agreement by and between the Registrant and Astoria Capital Partners, L.P., dated as of September 27, 2001, as amended on January 30, 2003 (included as Exhibit 4.3 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.5	Note Exchange Agreement between the Registrant and Astoria Capital Partners, L.P. dated January 30, 2003 (included as Exhibit 4.1 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.6	5% Convertible Subordinated Note Due 2008 between the Registrant and Astoria Capital Partners, L.P. dated January 30, 2003 (included as Exhibit 4.2 to the Registrant's Form 8-K filed with the Commission on January 30, 2003 and incorporated herein by reference).
4.7	Form of payment in kind note, as referenced in the 5% Convertible Subordinated Note, between the Registrant and Astoria Capital Partners, L.P. (included as Exhibit 4.8 to the Registrant's Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
4.8	Form of Common Stock Purchase Warrant issued by the Registrant to Astoria Capital Partners, L.P. dated April 1, 2004. Originally issued on November 30, 2000 and adjusted on April 1, 2003 (included as Exhibit 4.9 to the Registrant's Form 10-KSB filed with the Commission on June 29, 2004 and incorporated herein by reference).
4.9	Agreement Regarding Amended and Restated Common Stock Purchase Warrant and 5% Convertible Subordinated Note Due 2008, dated December 14, 2004 (included as exhibit 4.12 to the Registrant's Form 8-K filed with the Commission on December 17, 2004 and incorporated herein by reference).
10.1*	1999 Stock Option Plan, as amended on November 28, 2005, Form of Notice of Stock Option Agreement and Form of Stock Option Agreement (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on November 30, 2005 and incorporated herein by reference).
60	

Edgar Filing: BlackRock Inc. - Form 4

- 10.2* 2001 Employee Stock Purchase Plan as amended on December 28, 2001 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on March 21, 2002 and incorporated herein by reference).
- 10.3* Option Agreement dated September 24, 2001, between the Registrant and Carlton H. Baab (included as Exhibit 10.22 of Registrant's Form 10-QSB filed with the Commission on November 14, 2001 and incorporated herein by reference).
- 10.5* Form of Indemnification Agreement entered into with officers and directors of Registrant (included as Exhibit 10.2 to the Registrant's Form 10-QSB filed with the Commission on March 21, 2002 and incorporated herein by reference).
- 10.9* Severance and Change of Control Agreement, dated April 5, 2003, between the Registrant and Carlton H. Baab (included as Exhibit 10.12 to the Registrant's Form 10-KSB filed with the Commission on June 6, 2003 and incorporated herein by reference).
- 10.10 Loan and Security Agreement dated February 11, 2004, between the Registrant, Raining Data U.S., Inc. and Silicon Valley Bank (included as Exhibit 10.13 to the Registrant's Form 10-KSB filed with the Commission on June 29, 2004 and incorporated herein by reference).
- 10.11 Lease Agreement dated November 9, 2004 between Registrant and The Irvine Company (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on November 9, 2004 and incorporated herein by reference).
- 10.12* Offer Letter Agreement, effective March 17, 2004, between the Registrant and Ajay Ramachandran (included as Exhibit 10.12 to the Registrant's Form 10-KSB filed with the Commission on July 24, 2006 and incorporated herein by reference).
- 10.13* Offer Letter, dated April 22, 2006, between the Registrant and Thomas G. Lim (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on April 27, 2006 and incorporated herein by reference).
- 10.14* Offer Letter Agreement, effective July 15, 2005 between the Registrant and Robert W. Albo.
- 21.1 Subsidiaries of the Registrant (included as Exhibit 21.1 to the Registrant's Form 10-KSB filed with the Commission on June 28, 2002 and incorporated herein by reference).
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 24.1 Power of Attorney (included in the signature page and incorporated herein by reference).
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contracts or compensatory plans and arrangements filed pursuant to Item 601 of Regulation S-B under the Exchange Act.