



ANYTIME, ANYWHERE, ANYWAY.



Founded in 1994, Digital River, Inc., is a leading provider of global e-commerce solutions. Our client base includes thousands of leading software publishers, consumer electronics manufacturers, game developers and publishers, online retailers and affiliates from around the world. Our world-class e-commerce solution, which is designed to help companies of all sizes maximize revenue as well as reduce the costs and risks of running an online business, offers a comprehensive range of services. Some of these key features include site development and hosting, order management, global payments, fraud prevention, export controls, tax management, physical and digital product fulfillment, multi-lingual customer service, advanced reporting and strategic e-marketing services. Digital River is headquartered in Minneapolis with offices in major U.S. cities as well as Europe, Asia and South America.

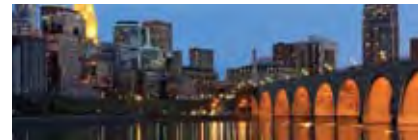
Dear Shareholders:

I am pleased to report 2010 was the best year of operating execution in Digital River's history.

We accelerated our revenue growth, acquired an education reseller, introduced a new global payments solution, and managed through the busiest client delivery period in the company's history. On the technology front, we expanded our self-service offering, consolidated technology platforms and expanded our order processing capabilities. As a result, we can offer our clients more advanced e-commerce features and functionality on a more scalable basis than ever before.

And we accomplished all this while remaining true to our central mission, which is to be the world's leading provider of global e-commerce solutions. Today, Digital River:

- Handles [online transactions](#) across more than [190 countries](#);
- Runs fully-managed [e-marketing](#) programs in more than [85 countries](#) and [25 languages](#);
- Supports [40 transaction currencies](#) and [40 localized payment methods](#);
- Provides customer service in [15 languages](#);
- Processes more than [300,000 daily orders](#);
- Serves more than [60 million Web pages](#) globally per day; and
- Runs triple redundant international data centers at [99.97% uptime](#).





Proven.

Bewährt.

Établi.

成效实证.

Испытано.

実績の裏付け.

Proven: E-Commerce Anytime, Anywhere, Anyway.

WINNING NEW BUSINESS

Companies come to Digital River because we know what it takes to build, manage and grow online businesses around the clock and around the world. They stay with us because we help them win customers and drive global sales. One very visible sign of our success can be found in our growing portfolio of world-class clients. In 2010, we made tremendous progress growing our enterprise commerce business across software, consumer electronics and games, as well as diversifying into new markets.

[In software](#), we have spent more than 15 years earning our reputation as the global leader in digital downloads. In 2010, we successfully completed our largest and most complex global launch to date when we went live with Microsoft Office 2010. In addition, we won new contracts to drive new business-to-business sales, expanding our relationships with companies such as Adobe, VMware and Autodesk, among others.

[Consumer electronics](#) is another market where we believe we are now the clear leader in providing global, business-to-consumer e-commerce solutions. In 2010, I am proud to say we signed new or expanded agreements with some of the biggest brands in the world, including Acer, Lenovo, Logitech, Nikon, Research In Motion (RIM), Samsung, Sony, Western Digital and others. We believe our momentum in this market will continue to be fueled by the shift to multi-channel, direct-to-consumer strategies. We successfully facilitated the shift from physical to digital delivery in the software market in the early 2000's and we're in a strong position to lead a transformation once again in consumer electronics.

[Games](#) also is a market where we continued to expand our footprint, winning additional business with market leaders, such as Electronic Arts, Activision, Ubisoft, THQ, CapCom and Mattel.

Our client wins in the first half of 2010 turned the second half of the year into the busiest client delivery period in the history of

the company. During the back half of 2010, we completed over 200 online commerce projects, which included the launch of over 100 new stores. This pace is continuing into 2011, as we expand business with existing clients and sign more new deals.

DIVERSIFYING FOR GROWTH

In 2010, we not only successfully grew our enterprise commerce business in software, consumer electronics and games, but also expanded further into the education and payments markets. As a result of these expansion efforts, we exited the year a more diversified business with more opportunities for growth than ever before.

[In the education market](#), we grew our presence through an acquisition of a leading education software reseller. As a result, we are now reaching more than three quarters of the 55-plus million students in grades kindergarten through 12 and over half of the 18-plus million students in higher education. When you combine this new distribution channel with our affiliate network and software partnership with Softonic, we can now offer our clients access to millions of potential customers around the globe. This global distribution channel is a significant competitive differentiator for Digital River and you will continue to see us invest in it in the future.

[In the payments market](#), we capitalized on our more than 15 years of experience processing online transactions and introduced Digital River World Payments. This new stand-alone solution offers a single connection to a payments gateway and an unparalleled product offering, ranging from payment processing to tax, fraud, foreign exchange and subscriptions services. The solution, which can be sold to anyone taking online orders – including e-retail, travel, entertainment and online services – provides us with yet another opportunity to expand our business into new vertical markets.



Profitable.

Rentabel.

Rentable.

盈利能力.

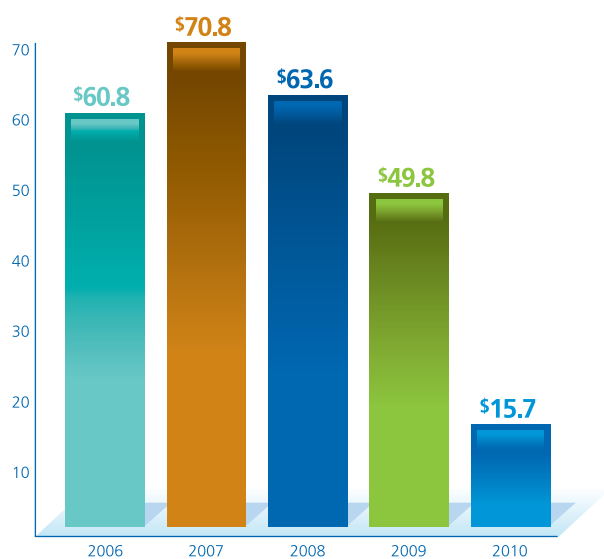
Выгодно.

利益確保.

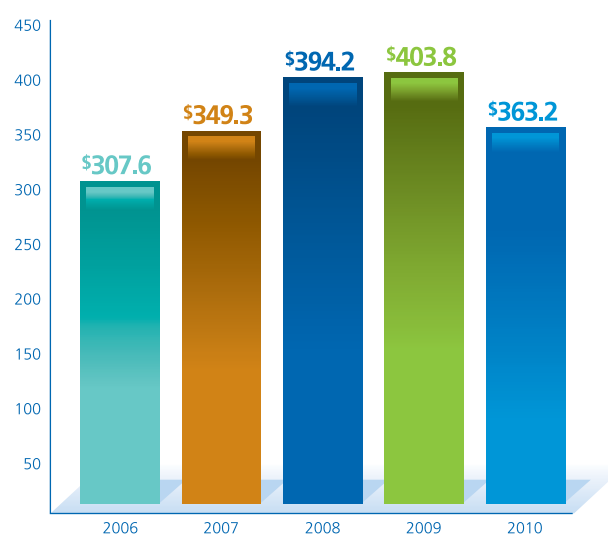
Profitable.

We started out 2010 with a commitment to accelerate sales and replace 30 percent of our revenue – revenue that we lost in 2009 when a large client departed. I'm pleased to report that [we replaced the majority of that revenue through organic growth](#). On a year-over-year basis, our fourth quarter 2010 revenue was only about \$7 million short of our fourth quarter 2009 results.

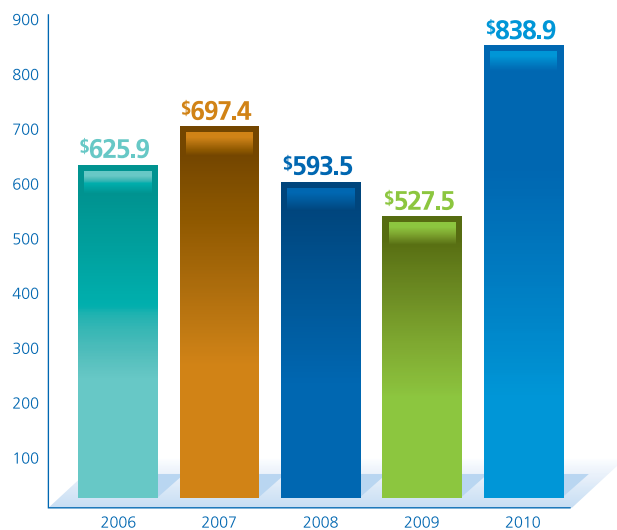
For the full year ended December 31, 2010, total revenue was \$363.2 million, with our core revenue increasing 17 percent on a year-over-year basis. Our GAAP net income totaled \$15.7 million or \$0.41 cents per share. We ended the year with a very strong balance sheet and substantial liquidity.



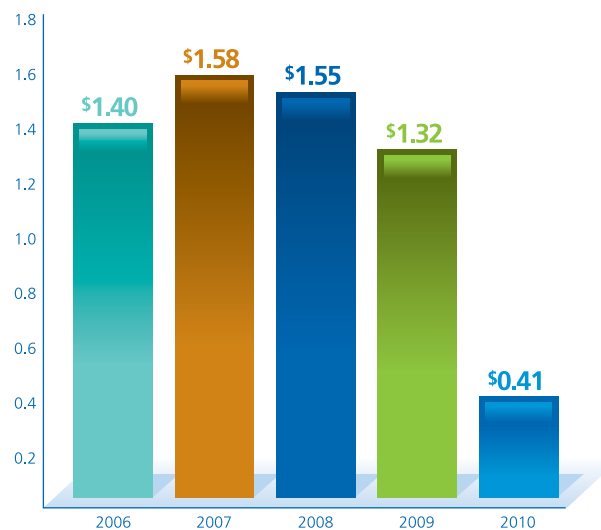
EARNINGS
IN MILLIONS OF US DOLLARS



REVENUE
IN MILLIONS OF US DOLLARS



CASH AND INVESTMENTS
IN MILLIONS OF US DOLLARS



EPS
IN US DOLLARS



The Path to the Future.

Der Weg in die Zukunft.

La voie vers l'avenir.

未来之路。

Путь в будущее.

将来に向けて。

The Path to the Future: Transparent Commerce.

This year we continued to see online markets grow as the adoption of mobile and connected devices and tablets boomed – and we are excited about the new opportunities that lie ahead as we help publishers and device manufacturers transition to these new digital delivery models. Mobile and connected devices and app store models play right into our expanded vision for [anytime, anywhere, anyway e-commerce](#).

It's what we call Transparent Commerce – where a single sign-on will enable a shopper to complete a highly personalized transaction from any device, anytime, anywhere in the world.

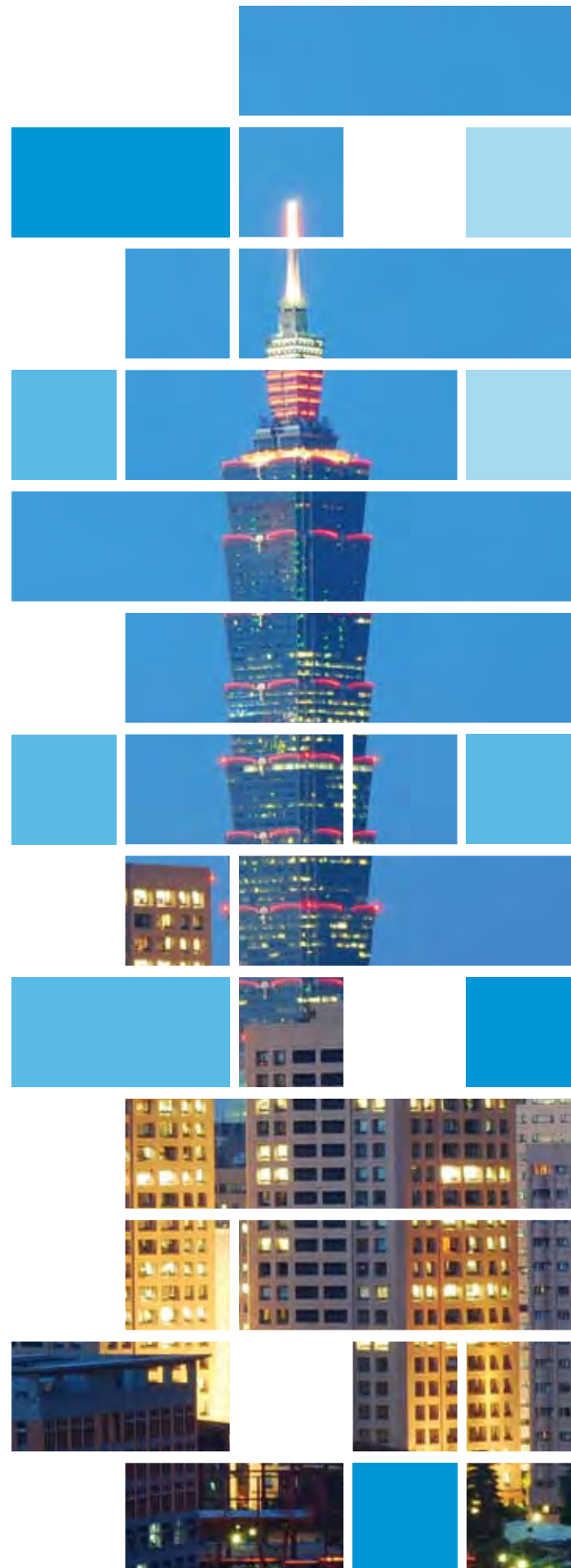
In 2011, we intend to capitalize on this market momentum while continuing to grow our enterprise commerce business in software, consumer electronics and games, and expand into the education and payments markets. The common denominator that continues to successfully drive these growth strategies is our value proposition – delivering the online expertise, technologies and revenue strategies companies need to succeed in today's online marketplace.

At the heart of Digital River is the drive to succeed – nowhere was this more evident than in 2010, when we delivered on our aggressive commitment to accelerate our revenue and convert our pipeline of prospects into signed clients. Our ability to execute against this plan was backed by the people at Digital River – a team of e-commerce experts unparalleled in the industry.

On behalf of the Digital River board of directors, I would like to thank our associates for their dedication, our clients for their ongoing commitment and you, our investors, for your continued support. While 2010 was a tremendous year – we now are even more inspired by the opportunities open to us in 2011.



Joel A. Ronning
Chairman of the Board
and Chief Executive Officer



Board of Directors*

Joel A. Ronning

Chairman of the Board
Director since 1994

Thomas F. Madison (1, 2, 3, 4, 5)

Director since 1996

Alfred J. Castino (2, 4)

Director since 2010

Cheryl Rosner (2, 4)

Director since 2009

Douglas M. Steenland (2, 3, 4, 5)

Director since 2009

Perry W. Steiner (4, 5)

Director since 1998

(1) Lead Director

(2) Audit Committee

(3) Compensation Committee

(4) Corporate Governance and Nominating
Committee

(5) Finance Committee

* Denotes committees that members of the
Board of Directors served on during the year
ended Dec. 31, 2010.

Executive Officers

Joel A. Ronning

Chief Executive Officer

Thomas M. Donnelly

President and Chief Financial Officer

Kevin L. Crudden

Vice President and General Counsel

Investor Relations

Ed Merritt

Vice President, Investor Relations

+1.952.253.1234

investorrelations@digitalriver.com

Corporate Headquarters

9625 West 76th Street
Eden Prairie, MN 55344
USA

Market Listing

NASDAQ Global Select Market
Symbol: DRIV

Independent Auditors

Ernst & Young LLP
Minneapolis, MN
USA

Transfer Agent and Registrar

Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55075
USA
+1.800.468.9716

Form 10-K

Additional information constituting part of the 2010 Annual Report is contained in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2010, as filed with the Securities and Exchange Commission, a copy of which is included herewith. Additional copies of the Form 10-K may be obtained without charge upon written request to Investor Relations at the corporate address or by emailing investorrelations@digitalriver.com.

Common Stock Information

The Company's Common Stock has traded on the NASDAQ Global Select Market under the symbol DRIV since Aug. 11, 1998. Prior to that date, there was no public market for Digital River Common Stock. The quotations set forth in the chart to the right reflect the high, low and closing prices for the company's Common Stock on the NASDAQ Global Select Market for each of the identified periods.

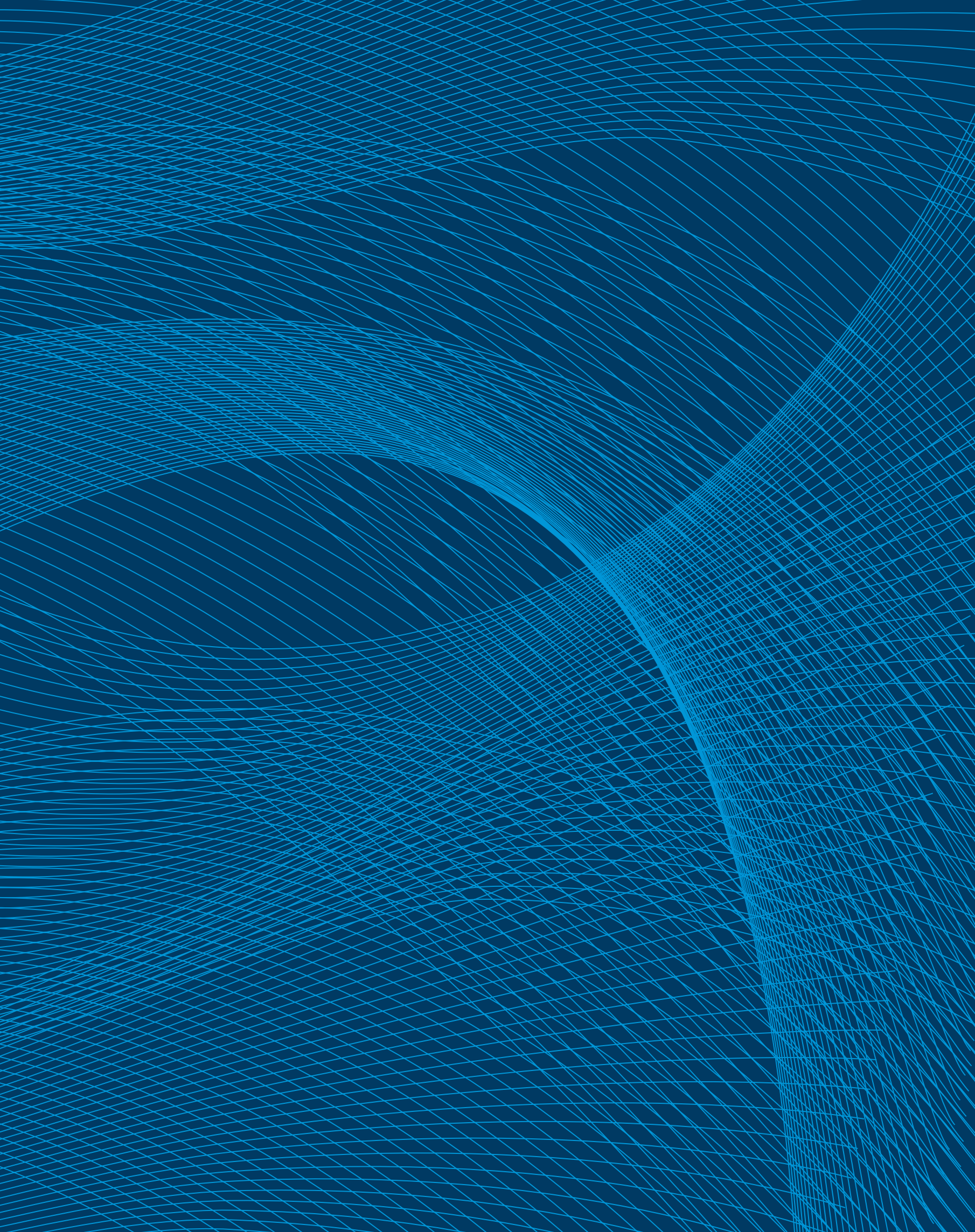
Forward-Looking Statements

In addition to the historical information contained herein, this report contains forward-looking statements, including statements regarding the company's anticipated future growth as well as statements containing the words "anticipates," "believes," "plans," "will," or "expects" and similar words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company, or industry results, to differ materially from those expressed or implied by such forward-looking statements. These risk factors are referenced in the company's public filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year ended Dec. 31, 2010.

2010	High	Low	Close
Qtr. 1	\$31.84	\$23.59	\$30.30
Qtr. 2	32.36	23.79	23.91
Qtr. 3	34.31	23.22	34.04
Qtr. 4	39.10	33.50	34.42

2009	High	Low	Close
Qtr. 1	\$31.16	\$19.07	\$29.82
Qtr. 2	41.20	29.25	36.32
Qtr. 3	41.17	32.90	40.32
Qtr. 4	41.00	21.83	26.99







www.digitalriver.com

Corporate Headquarters
9625 West 76th Street
Eden Prairie, Minnesota 55344
U.S.A.

Digital River do Brasil
São Paulo, Brazil

Digital River Trading (Shanghai) Co., Ltd.
Shanghai, China

Digital River GmbH
Cologne, Germany

Digital River Ireland, Ltd.
Shannon, Ireland

Digital River Japan K.K.
Tokyo, Japan

Digital River International S.à r.l.
Luxembourg, Luxembourg

DR APAC, LLC., Taiwan branch (U.S.A.)
Taipei, Taiwan

Digital River UK Ltd
London, United Kingdom