

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1996-08-26**  
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### FILER

#### **PURE SOFTWARE INC**

CIK: **946487** | IRS No.: **943141575** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **S-8** | Act: **33** | File No.: **333-10789** | Film No.: **96620209**  
SIC: **7372** Prepackaged software

#### Mailing Address

*1309 SOUTH MARY AVENUE  
SUNNYVALE CA 94087*

#### Business Address

*1309 SOUTH MARY AVE  
SUNNYVALE CA 94087  
4087201600*

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

PURE SOFTWARE INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
-----  
(STATE OF INCORPORATION)

94-3141575  
-----  
(I.R.S. EMPLOYER IDENTIFICATION NO.)

1309 SOUTH MARY AVENUE  
SUNNYVALE, CA 94087  
(ADDRESS, INCLUDING ZIP CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ATRIA SOFTWARE, INC. 1990 STOCK OPTION PLAN  
ATRIA SOFTWARE, INC. 1994 STOCK PLAN  
ATRIA SOFTWARE, INC. 1994 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN  
ATRIA SOFTWARE, INC. 1994 EMPLOYEE STOCK PURCHASE PLAN  
PURE SOFTWARE INC. 1995 STOCK OPTION PLAN

(FULL TITLE OF THE PLAN)

CHUCK BAY  
PURE SOFTWARE INC.  
1309 S. MARY AVENUE  
SUNNYVALE, CA 94087  
(408) 720-1600  
(NAME, ADDRESS, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

Copies to:  
LARRY W. SONSINI, ESQ.  
MARTIN KORMAN, ESQ.  
WILSON, SONSINI, GOODRICH & ROSATI  
PROFESSIONAL CORPORATION  
650 PAGE MILL ROAD  
PALO ALTO, CA 94304-1050  
(415) 493-9300

CALCULATION OF REGISTRATION FEE

<TABLE>  
<CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
<S> Common Stock, \$0.0001 par value	<C> 5,500,000 shares	<C> \$21.625	<C> \$118,937,500	<C> \$41,012.93

</TABLE>

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a).

PURE SOFTWARE INC.  
REGISTRATION STATEMENT ON FORM S-8

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.  
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There are hereby incorporated by reference in this Registration Statement the following documents and information heretofore filed with the Securities and Exchange Commission (the "Commission"):

(a) The Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, filed with the Commission.

(b) The Registrant's Quarterly Reports of Form 10-Q for the quarterly periods ended March 31, 1996 and June 30, 1996, filed with the Commission.

(c) The description of the Registrant's Common Stock contained in the Registration Statement on Form S-4 (File No. 333-08695) initially filed by the Registrant with the Commission on July 24, 1996, and any amendment or report filed hereafter for the purpose of updating such description.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the filing of this Registration Statement, and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in the Registration Statement and to be part hereof from the date of filing of such documents.

Item 4. Description of Securities.  
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Not applicable.

Item 5. Interests of Named Experts and Counsel.  
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Not applicable.

Item 6. Indemnification of Directors and Officers.  
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Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's Board of Directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended. Article X of the Registrant's Certificate of Incorporation and Article VII of the Registrant's Bylaws provide for indemnification of its officers, directors, employees and other agents to the maximum extent permitted by the Delaware Law. In addition, the Registrant has entered into Indemnification Agreements with its officers and directors.

Item 7. Exemption from Registration Claimed.  
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Not applicable.

Item 8. Exhibits.

Exhibit Number	Description
5.1	Opinion of Wilson, Sonsini, Goodrich & Rosati, P.C. with respect to the securities being registered.
10.1	Atria Software, Inc. 1990 Stock Option Plan.
10.2	Atria Software, Inc. 1994 Stock Plan.
10.3	Atria Software, Inc. 1994 Non-Employee Director Stock Option Plan.
10.4	Atria Software, Inc. 1994 Employee Stock Purchase Plan.
10.5*	Pure Software Inc. 1995 Stock Option Plan
23.1	Consent of Independent Accountants.
23.2	Consent of Counsel (contained in Exhibit 5.1).
24.1	Power of Attorney (see page II-4).

\*Incorporated by reference to the Registrant's Registration Statement on Form S-1, Registration No. 33-93254.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be an initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the California General Corporations Code, the Certificate of Incorporation of the Registrant, the Bylaws of the Registrant, Indemnification Agreements entered into between the Registrant and its officers and directors, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person

of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with

the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by the controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of the such issue.

II-3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirement for filing on Form S-8 and has duly caused the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Sunnyvale, State of California, on this 23rd day of August, 1996.

PURE SOFTWARE INC.

By: /s/ Reed Hastings

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 Reed Hastings  
 President, Chief Executive Officer and  
 Chairman of the Board of Directors

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Reed Hastings and Chuck Bay, and each one of them, individually and without the other, his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Registration Statement on Form S-8, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated.

<TABLE>		
<CAPTION>		
SIGNATURE	TITLE	DATE
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<S>	<C>	<C>
* /s/ REED HASTINGS ----- Reed Hastings	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	August 23, 1996
* /s/ CHUCK BAY ----- Chuck Bay	Vice President, Finance, Chief Financial Officer, General Counsel and Secretary (Principal Accounting and Financial Officer)	August 23, 1996
* /s/ AUDREY MACLEAN ----- Audrey MacLean	Director	August 23, 1996
* /s/ ANDREW S. RACHLEFF ----- Andrew S. Rachleff	Director	August 23, 1996
* /s/ AKI FUJIMURA -----	Director	August 23, 1996

Aki Fujimura

\* /s/ THOMAS A. JERMOLUK      Director

August 23, 1996

-----  
Thomas A. Jermoluk

\* /s/ LARRY W. SONSINI      Director

August 23, 1996

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Larry W. Sonsini  
</TABLE>

II-4

August 23, 1996

Pure Software Inc.  
1309 S. Mary Avenue  
Sunnyvale, CA 94087

RE: REGISTRATION STATEMENT ON FORM S-8  
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Ladies and Gentlemen:

We have examined the Registration Statement on Form S-8 to be filed by you with the Securities and Exchange Commission on or about August 26, 1996 (the "Registration Statement") in connection with the registration under the Securities Act of 1933, as amended, of shares of your Common Stock (the "Shares") reserved for issuance under the 1990 Stock Option Plan, 1994 Stock Plan, 1994 Non-Employee Director Stock Option Plan, and 1994 Employee Stock Purchase Plan of Atria Software, Inc. as well as under the 1995 Stock Option Plan of Pure Software Inc. (collectively, the "Plans"). As your legal counsel, we have examined the proceedings taken and are familiar with the proceedings proposed to be taken by you in connection with the sale and issuance of the Shares under the Plans.

It is our opinion that, when issued and sold in the manner referred to in the Plans and pursuant to the respective agreements which accompany each grant under the Plans, the Shares will be legally and validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name wherever it appears in the Registration Statement and any amendment thereto.

Very truly yours,

/s/ Wilson Sonsini Goodrich & Rosati  
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WILSON, SONSINI, GOODRICH & ROSATI  
Professional Corporation

## Atria Software, Inc.

## 1990 STOCK OPTION PLAN

## 1. PURPOSE

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The purpose of this 1990 Stock Option Plan (the "Plan") is to encourage  
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 directors, consultants and key employees of Atria Software, Inc. (the "Company")  
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 and its Subsidiaries (as hereinafter defined) to continue their association with  
 the Company, by providing favorable opportunities for such persons to  
 participate in the ownership of the Company and in its future growth through the  
 granting of stock options, some of which, as specially designated under Section  
 4 hereof, are designed to qualify as "incentive stock options" within the  
 meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the  
 "Code"). The term "Subsidiary" as used in the Plan means a corporation of which  
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 -----  
 the Company owns, directly or indirectly through an unbroken chain of ownership,  
 fifty percent (50%) or more of the total combined voting power of all classes of  
 stock.

## 2. ADMINISTRATION OF THE PLAN

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The Plan shall be administered by the Board of Directors of the Company  
 (the "Board"). The Board shall have the authority to adopt, amend and rescind  
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 such rules and regulations as, in its opinion, may be advisable in the  
 administration of the Plan. All questions of interpretation and application of  
 such rules and regulations, of the Plan or of options granted thereunder (the  
 "Options") shall be subject to the determination, which shall be final and  
 -----  
 binding, of a majority of the whole Board. The Plan shall be administered in  
 such a manner as to permit those Options granted hereunder and specially  
 designated under Section 4 hereof to qualify as "incentive stock options" as  
 described in Section 422A of the Code. Notwithstanding the foregoing, in the  
 event that the Company at any time becomes subject to the reporting requirements  
 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Plan  
 shall be administered by a disinterested administrator or administrators in  
 accordance with all applicable requirements of Rule 16b-3 under the 1934 Act.

## 3. OPTION SHARES



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The stock subject to Options under the Plan shall be shares of the Company's common stock, par value \$.01 per share (the "Stock"). The total

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amount of the Stock with respect to which options may be granted shall not exceed in the aggregate 23,500 shares\*; provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of Section 17. In the event that any outstanding Option shall expire for any reason or shall terminate by reason of the death or severance of employment of the optionee, the surrender of

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\* Share information does not include any stock splits.

-2-

any such Option, or any other cause, the shares of Stock allocable to the unexercised portion of such Option may again be subject to an option under the Plan.

#### 4. AUTHORITY TO GRANT OPTIONS

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The Board may grant from time to time, to such eligible individuals as it shall from time to time determine, an Option or options to buy a stated number of shares of Stock under the terms and conditions of the Plan, each of which Option or Options shall be designated at the time of grant either a non-qualified option or an "incentive stock option" within the meaning of Section 422A of the Code. Subject only to any applicable limitations set forth elsewhere in the Plan, the number of shares of Stock to be covered by any option shall be as determined by the Board.

#### 5. WRITTEN AGREEMENT

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Each Option granted hereunder shall be embodied in a written option agreement which shall be subject to the terms and conditions prescribed herein and shall be signed by the optionee and by the President or any Vice President of the Company for and in the name and on behalf of the Company. Such an option agreement shall indicate whether the subject Option has been designated a non-qualified option or an incentive stock option. The written option agreement for any Option shall contain such provisions not inconsistent with this Plan as the Board in its discretion shall deem advisable.

#### 6. ELIGIBILITY

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The individuals who shall be eligible for grant of Options under the Plan shall be key employees (including officers who may be members of the Board) and other individuals who render services of special importance to the management, operation, or development of the Company or a Subsidiary, and who have contributed or may be expected to contribute materially to the success of the Company or a Subsidiary. Options designated incentive stock options shall not be granted to any individual who is not an employee of the Company or a Subsidiary.

7. OPTION PRICE  
-----

The price at which shares may be purchased pursuant to an Option shall be specified by the Board at the time the option is granted, but in the case of an incentive stock option shall not be less than the fair market value of the shares of Stock on the date the Option is granted. For purposes of the Plan, the "fair market value" of a share of Stock at any particular date shall be determined according to the following rules: (i) if the Stock is not at the time listed or admitted to trading on a stock exchange, the fair market value shall be the mean between the lowest reported bid price and highest reported asked price of the Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation

-3-

selected by the Board and regularly reporting the price of the Stock in such market; provided, however, that if the price of the Stock is not so reported, the fair market value shall be determined by the Board, which may take into consideration (1) the price paid for the Stock in the most recent trade of a substantial number of shares known to the Board to have occurred at arm's length between willing and knowledgeable investors, or (2) an appraisal by an independent party, or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect; or (ii) if the stock is at the time listed or admitted to trading on any stock exchange, then the fair market value shall be the mean between the lowest and highest reported sale prices of the Stock on the date in question on the principal exchange on which the Stock is then listed or admitted to trading. If no reported sale of Stock takes place on the date in question on the principal exchange, then the reported closing asked price of the Stock on such date on the principal exchange shall be determinative of fair market value.

In the case of any employee of the Company or a Subsidiary who owns, directly or indirectly, Stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any corporation which on the date of grant of an Option is a Subsidiary, the price at which shares may be so purchased pursuant to an incentive stock option shall be not less than one hundred ten percent (110%) of the fair market value of the

Stock on the date the Option is granted.

8. DURATION OF OPTIONS

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The duration of any Option shall be specified by the Board, but no Option designated an incentive stock option shall be exercisable after the expiration of ten (10) years from the date such option is granted; and no incentive stock option granted to an employee of the Company or a Subsidiary who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or a Subsidiary shall be exercisable after the expiration of five (5) years from the date such Option is granted. The Board, in its discretion, may provide that an Option shall be exercisable during its entire duration or during any lesser period of time.

9. AMOUNT EXERCISABLE

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Each Option shall be immediately exercisable in full or in part and shall remain exercisable for its specified duration.

10. EXERCISE OF OPTION

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Options shall be exercised by the delivery of written notice to the Company setting forth the number of shares with respect to which the Option is to be exercised, accompanied by payment of the option price of such shares, which payment shall be made, subject to the

-4-

alternative provisions of this Section 10, in cash in an amount in United States dollars equal to the option price of such shares, as the Board in its discretion shall consider acceptable. Such notice shall be delivered in person to the Clerk of the Company or shall be sent by registered mail, return receipt requested, to the Clerk of the Company, in which case delivery shall be deemed made on the date such notice is deposited in the mail.

Alternatively, payment of the option price may be made, in whole or in part, in shares of Stock previously acquired by the optionee. If payment is made in whole or in part in shares of Stock, then the optionee shall deliver to the Company in payment of the option price of the shares with respect of which such option is exercised (i) certificates registered in the name of such optionee representing a number of shares of Stock legally and beneficially owned by such optionee, free of all liens, claims and encumbrances of every kind and having a fair market value on the date of delivery of such notice equal to the option price of the shares with respect to which such Option is to be exercised,

such certificates to be accompanied by stock powers duly endorsed in blank by the record holder of the shares represented by such certificates; and (ii) if the option price of the shares with respect to which such Option is to be exercised exceeds such fair market value, cash or such cash equivalents payable to the order to the Company, in an amount in United States dollars equal to the amount of such excess, as the Board in its discretion shall consider acceptable. Notwithstanding the foregoing provisions of this Section 10, the Board, in its sole discretion, may refuse to accept shares of Stock in payment of the option price of the shares with respect to which such Option is to be exercised and, in that event, any certificates representing shares of Stock which were delivered to the Company with such written notice shall be returned to such optionee together with notice by the Company to such optionee of the refusal of the Board to accept such shares of Stock.

As promptly as practicable after the receipt by the Company of (i) written notice from the optionee setting forth the number of shares with respect to which such Option is to be exercised and (ii) payment of the option price of such shares in the form required by the foregoing provisions of this Section 10, the Company shall cause to be delivered to such optionee certificates representing the number of shares with respect to which such Option has been so exercised.

11. TRANSFERABILITY OF OPTIONS  
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Options shall not be transferable by the optionee otherwise than by will or under the laws of descent and distribution, and shall be exercisable during his lifetime only by him.

12. TERMINATION OF EMPLOYMENT OR RELATIONSHIP OF OPTIONEE WITH THE COMPANY  
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For purposes of this Section 12, employment by a Subsidiary shall be considered employment by the Company. Non-qualified options shall be exercisable following an optionee's termination of employment to the extent provided below with respect to incentive stock options, unless otherwise set forth in the option agreement for such non-qualified options.

-5-

Except as may be otherwise expressly provided herein, Options designated incentive stock options shall be exercisable after the optionee's termination of employment with the Company only within the period of three (3) months after the date the optionee ceases to be in the employ of the Company, and only to the extent to which the optionee was entitled to exercise the Option immediately prior to the termination of his employment. If, before the date of expiration of the Option, the optionee shall be retired in good standing from the employ of the Company for reasons of age under the then established rules of the Company, the Option shall terminate on the earlier of such date of expiration or three

(3) months after the date of such retirement. In the event of the death of the holder of an option before the date of expiration of such Option and while in the employ of the Company or during the three (3) month period described in the preceding sentence, or in the event of the retirement of the optionee for reasons of disability (within the meaning of Section 22(e)(3) of the Code), such Option shall terminate on the earlier of such date of expiration or one (1) year following the date of such death or retirement. After the death of the optionee, his executors, administrators or any persons to whom his option may be transferred by will or by the laws of descent and distribution shall have the right at any time prior to such termination to exercise the Option to the extent to which the optionee was entitled to exercise the Option on the date of his death.

Authorized leave of absence or absence on military or government service shall not constitute severance of the employment relationship between the Company and the optionee for purposes of the Plan, provided that either (i) such absence is for a period of no more than ninety (90) days or (b) the Employee's right to re-employment after such absence is guaranteed either by statute or by contract.

For optionees who are not employees of the Company, options shall be exercisable for such periods following the termination of the optionee's Relationship (as defined in Section 19(d) hereof) with the Company as may be set forth in the specific written option agreement with the optionee.

Notwithstanding any other provision of this Plan or an option agreement to the contrary, an Option which has not been exercised as of the termination of an optionee's Relationship with the company may only be exercised after such termination for Stock which would constitute First Refusal Stock were such Option exercised as of the date of such termination.

13. REQUIREMENTS OF LAW  
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The Company shall not be required to sell or issue any shares upon the exercise of any Option if the issuance of such shares shall constitute or result in a violation by the optionee or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended (the "Securities Act"),

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upon exercise of any Option the Company shall not be required to issue such shares unless the Board has received evidence satisfactory to it to the effect that the holder of such Option will not transfer such shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company

to the effect that such registration is not required. Any determination in this

connection by the Board shall be final, binding and conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of an Option or the issuance of shares pursuant thereto to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.

14. NO RIGHTS AS STOCKHOLDER  
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No optionee shall have rights as a stockholder with respect to shares covered by his Option until the date of issuance of a stock certificate for such shares; except as otherwise provided in Section 17 no adjustment for dividends or otherwise shall be made if the record date therefor is prior to the date of issuance of such certificate.

15. EMPLOYMENT OBLIGATION  
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The granting of any Option shall not impose upon the Company or any Subsidiary any obligation to employ or continue to employ any optionee, or to engage or retain the services of any person and the right of the Company or any Subsidiary to terminate the employment or services of any person shall not be diminished or affected by reason of the fact that an Option has been granted to him. The existence of any Option shall not be taken into account in determining any damages relating to termination of employment for any reason.

16. FORFEITURE FOR DISHONESTY  
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Notwithstanding anything to the contrary in the Plan, if the Board determines, after full consideration of the facts presented on behalf of both the Company and the optionee, that the optionee has been engaged in fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment by the company or a Subsidiary, which damaged the Company or a Subsidiary, or has made unauthorized disclosure of trade secrets or other proprietary information of the Company or a Subsidiary or of a third party who has entrusted such information to the Company or a Subsidiary, the optionee shall forfeit all unexercised options. The decision of the Board as to the cause of an optionee's discharge and the damage done to the Company or a Subsidiary shall be final, binding and conclusive. No decision of the Board, however, shall affect in any manner the finality of the discharge of such optionee by the Company or a Subsidiary.

17. CHANGES IN THE COMPANY'S CAPITAL STRUCTURE  
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The existence of outstanding Options shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all

adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business or any merger or consolidation of the Company or any issue of bonds, debentures, preferred or preference stock,

-7-

whether or not convertible into the Stock or other securities, ranking prior to the Stock or affecting the rights thereof, or warrants, rights or options to acquire the same, or the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business or any other corporate act or proceeding, whether of a similar character or otherwise.

The number of shares covered by any outstanding option and the price per share payable upon exercise thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Stock resulting from the subdivision, split, combination or consolidation of shares of Stock or any other capital adjustment, the payment of a Stock dividend or any other increase in such shares effected without receipt of consideration by the Company or any other decrease therein effected without a distribution of cash or property in connection therewith.

In the event the Company merges or consolidates with one or more corporations and the Company is the surviving corporation, thereafter upon any exercise of an Option, the holder thereof shall be entitled to purchase in lieu of the number of shares of Stock as to which the Option shall then be exercisable, the number and class of shares of stock and securities to which the holder would have been entitled pursuant to the terms of the agreement of merger or consolidation if immediately prior to such merger or consolidation, the holder had been the holder of record of shares of Stock as to which the Option is then exercisable.

In the event the Company merges or consolidates with a wholly-owned subsidiary for the purpose of reincorporating itself under the laws of another jurisdiction, the optionees will be entitled to acquire shares of the common stock of the reincorporated Company upon the same terms and conditions as were in effect immediately prior to such reincorporation and the Plan, unless otherwise rescinded by the Board, will remain the Plan of the reincorporated Company.

Except as otherwise provided in the preceding paragraph, if the Company is merged into or consolidated with another corporation under circumstances where the Company is not the surviving corporation, or if the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another corporation while unexercised Options remain outstanding under the Plan, (i) subject to the provisions of clause (iii) below, after the effective date of such merger, consolidation or sale, as the case may be, each holder of an outstanding Option shall be entitled, upon exercise of such Option, to receive in lieu of shares of Stock, shares of such stock or other securities as the holders of shares of Stock received pursuant to the terms of the merger, consolidation or sale; (ii) the Board may waive any limitations imposed pursuant



to Section 9 so that all Options from and after a date prior to the effective date of such merger, consolidation, liquidation or sale, as the case may be, specified by the Board, shall be exercisable in full; and (iii) all outstanding Options may be cancelled by the Board as of the effective date of any such merger, consolidation, liquidation or sale provided that notice of such cancellation shall be given to each holder of an Option not less than thirty (30) days preceding the effective date of such merger, consolidation, liquidation, sale or disposition and provided that the Board may in its sole discretion waive any limitations imposed pursuant to Section 9 with respect to any Option so that such Option shall be exercisable in full or in part as the Board may determine during such thirty (30) day period.

-8-

Except as hereinbefore expressly provided, the issue by the Company of shares of Stock or other securities of any class or securities convertible into shares of Stock or other securities of any class for cash or property or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number, class or price of shares of Stock then subject to outstanding Options.

18. AMENDMENT OR TERMINATION OF PLAN  
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The Board may modify, revise or terminate the Plan at any time and from time to time; provided, however, that without the further approval of the holders of at least a majority of the outstanding shares of Stock, the Board may not (i) materially increase the benefits accruing to optionees under the Plan; (ii) change the aggregate number of shares of Stock which may be issued under options pursuant to the provisions of the Plan; (iii) reduce the option price at which incentive stock options may be granted to an amount less than the fair market value per share at the time the option is granted; or (iv) change the class of persons eligible to receive incentive stock options. Notwithstanding the preceding sentence, the Board shall in all events have the power to make such changes in the Plan and in the regulations and administrative provisions hereunder or in any outstanding Option as, in the opinion of counsel for the Company, may be necessary or appropriate from time to time to enable any Option granted pursuant to the Plan to qualify as an incentive stock option or such other stock option as may be defined under the Code, as amended from time to time, so as to receive preferential federal income tax treatment.

19. RESTRICTIONS ON TRANSFER OR DISPOSITION.  
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Unless an optionee's option agreement specifically provides to the contrary, the provisions of this Section 19 shall apply to each Option granted under the Plan and to the shares of Stock acquired on exercise thereof (the



"Option Stock").

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(a) Right of First Refusal on Dispositions by Optionee. An optionee may

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not sell, assign, transfer or otherwise dispose of any Buy Back Stock (as defined in Section 19(c)) without the prior written approval of the Company. In the event an optionee proposes to sell, assign, transfer or otherwise dispose of any or all of his First Refusal Stock (as defined in Section 19(c)), or with the Company's written approval, Buy Back Stock, the optionee will notify in writing (the "Notification") the Company of the optionee's intention to do so, specifying the number of shares of Option Stock proposed to be transferred (the "Offered Shares"), the name of the person or persons to whom the optionee

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proposes to transfer the Offered Shares (or if no particular purchaser is identified, then the general class of persons to whom he proposes to transfer the Offered Shares), and a price per share which shall be the minimum price at which he proposes to effect the transfer (the "Minimum Price"). The

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Notification shall contain a copy or recitation of all the terms and conditions of the proposed transfer of the Offered Shares at the Minimum Price to such person or persons (or class of persons) and an undertaking that a condition of such

-9-

transfer shall be the agreement of each transferee to be bound by and be deemed to be an optionee for the purposes of this Plan. The Notification shall offer to sell to the Company the Offered Shares, free and clear of any liens or encumbrances in favor of third persons, at (a) in the case of First Refusal Stock, the minimum Price and (b) in the case of Buy Back Stock, the price the optionee acquired the Offered Shares, adjusted for all splits, stock dividends and similar adjustments (the "Acquisition Price").

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The Company shall act upon the offer of the optionee by giving written notice (the "Company's Notice") to the optionee setting forth the Company's

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intention as to any or all of the offered Shares. The Company's Notice shall be given as soon as practicable after receipt of the Notification, and in all events within thirty (30) days after such receipt, such thirty (30) day period being herein referred to as the "Company's Acceptance Period."

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In the event the Company shall elect to purchase or acquire any of the Offered Shares, written notice to the optionee of such election to purchase or so acquire any of the Offered Shares shall, when taken in conjunction with the Notification, be deemed to constitute a valid and legally binding purchase and sale agreement as to those Offered Shares.

If the Company fails to accept the offer to sell all of the Offered Shares, the optionee shall be free to proceed to sell all but not less than all of the remaining Offered Shares to the person or persons (or class of persons) specified in the Notification at not less than the Minimum Price. If the optionee fails to complete his proposed sale within a period of ninety (90) days after the date of the Notification, then the Offered Shares shall once again be subject to the requirement of a prior offer pursuant to the provisions of this Section.

The closing of a purchase and sale of Offered Shares pursuant hereto shall take place at the principal executive offices of the Company on the ninetieth (90th) day following the date of the Notification unless another time is mutually agreed upon, at which time the Optionee shall deliver the stock certificate or certificates representing the Offered Shares so sold (duly endorsed or accompanied by a duly executed stock power or assignment to effect transfer of ownership to the purchaser or purchasers on the records of the Company) against the optionee's receipt of payment in cash (by certified check, bank cashier's check or wire transfer).

(b) Involuntary Disposition. It is the intent of the Company that any

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involuntary disposition of the shares of Option Stock of the Company owned by an optionee and still subject to the restrictions under Section 19 of this Plan, including dispositions pursuant to a divorce or separation proceeding or any other judicial proceeding, be subject to the prior rights of the Company hereunder and that any such disposition be deemed to be an offer to sell said shares to the Company at the Acquisition Price, whether or not such shares constitute First Refusal Stock or Buy Back Stock.

The Company shall act upon the deemed offer under this section within the time periods and following the procedures set forth in Section 19(a), with the date of the deemed offer being the later of the date of the Company's receipt of written notice setting forth the existence of such

-10-

an involuntary disposition event and the date of such involuntary disposition event, such later date being the date of Notification for the purpose of Section 19(a).

(c) Permitted Transfers; Lifting of Restrictions. The provisions of

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Section 19 shall not apply to any proposed sale, assignment, transfer or other disposition of First Refusal Stock (i) pursuant to a registration statement filed by the Company pursuant to the Securities Act of 1933, as amended (a "Public Offering") or (ii) on or after the date that the Company registers its

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Common Stock under Section 12 of the Securities Exchange Act of 1934, as amended.

As used herein, the term "First Refusal Stock" shall mean and include for

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any optionee at any time the shares of option Stock which are Vested. The term  
"Buy Back Stock" shall mean and include for any optionee at any time the number  
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of shares of Option Stock which are not Vested. The term "Vested" shall have  
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the meaning set forth in the applicable written option agreement for the Option  
Stock to which it applies.

(d) Termination of Employment or Other Relationship with the Company. In

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the event an optionee's employment by the Company (or if the optionee is not an  
employee, his or her active consulting, work or other involvement with the  
Company) is terminated voluntarily, for cause or without cause, the terminated  
optionee will be deemed to have offered to sell to the Company all Buy Back  
Stock in the Company owned by him and still subject to the restrictions in this  
Section 19 at the Acquisition Price. The employment or other active involvement  
of an optionee with the Company is hereinafter referred to as the optionee's  
"Relationship" with the Company. The determination of whether an optionee's  
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Relationship with the Company has terminated shall be made by the Board of  
Directors, whose determination shall be final and binding on the optionee.

The Company shall act upon the offer of a terminated optionee within ninety  
(90) days of termination. If the Company fails to accept the offer to sell all  
of a terminated optionee's shares, such terminated optionee may proceed to sell,  
distribute or otherwise dispose of said shares, subject to the other provisions  
of this Plan.

(e) Death of An Optionee. In the event of the death of an optionee he will

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be deemed to have voluntarily terminated his Relationship with the Company and  
to have offered to sell to the Company all of his Buy Back Stock at the  
Acquisition Price.

The Company shall act upon the deemed offer of a deceased optionee as soon  
as practicable after the death of the optionee and in any event within ninety  
(90) days. If the Company fails to accept the offer to sell all of a deceased  
optionee's shares, the representative of the deceased optionee may proceed to  
sell, distribute or otherwise dispose of said shares, subject to the other  
provisions of this Plan.

(f) Disability of An Optionee. In the event of the disability of an

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optionee which materially prevents the optionee from performing his work for the  
Company, he will be deemed to have voluntarily terminated his Relationship with  
the Company and to have offered to sell to the Company all of his Buy Back Stock  
at the Acquisition Price.

The Company shall act upon the offer of a disabled optionee as soon as practicable after such disability of the optionee and in any event within ninety (90) days. If the Company fails to accept the offer to sell all of a disabled optionee's shares, the disabled optionee or representative of the disabled optionee may proceed to sell, distribute or otherwise dispose of said shares, subject to the other provisions of this Plan.

(g) Securities Laws; Transfers In Violation of Agreement. Notwithstanding  
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any other provision of this Agreement the Company may refuse to permit transfer of the Offered Shares if in the opinion of its legal counsel such transfer would violate securities laws or subject the Company to liability thereunder. Any sale, transfer, pledge or other disposition of shares of Stock which is not in accordance with the provisions of this Section 19 shall be void and of no effect and shall not be recognized by the Company.

(h) Consolidations or Mergers. Notwithstanding anything contained herein  
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to the contrary, upon the effective date of a merger or consolidation of the Company into or with another entity, or upon the sale of all or substantially all of the assets of the Company to another entity, the number of shares of Common Stock subject to any option granted hereunder that shall constitute First Refusal Stock shall be equal to that greater number of shares that would be First Refusal Stock as of the date that is two and one-half (2-1/2) years after such effective date of such merger, consolidation or sale.

20. EFFECTIVE DATE AND DURATION OF THE PLAN  
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The Plan shall become effective and shall be deemed to have been adopted on May 7, 1990 subject only to ratification by the holders of at least a majority of the outstanding shares of Stock within twelve (12) months after such date. Unless the Plan shall have terminated earlier, the Plan shall terminate on the tenth (10th) anniversary of its effective date, and no Option shall be granted pursuant to the Plan after the day preceding the tenth (10th) anniversary of its effective date.

## ATRIA SOFTWARE, INC.

1994 STOCK PLAN  
-----1. PURPOSE. The purpose of the Atria Software, Inc. 1994 Stock Plan (the  
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"Plan") is to encourage key employees of Atria Software, Inc. (the "Company") and of any present or future parent or subsidiary of the Company (collectively, "Related Corporations") and other individuals who render services to the Company, by providing opportunities to participate in the ownership of the Company and its future growth through (a) the grant of options which qualify as "incentive stock options" ("ISOs") under Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code"); (b) the grant of options which do not qualify as ISOs ("Non-Qualified Options"); (c) awards of stock in the Company ("Awards"); and (d) opportunities to make direct purchases of stock in the Company ("Purchases"). Both ISOs and Non-Qualified Options are referred to hereafter individually as an "Option" and collectively as "Options." Options, Awards and authorizations to make Purchases are referred to hereafter collectively as "Stock Rights." As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation," respectively, as those terms are defined in Section 424 of the Code.

2. ADMINISTRATION OF THE PLAN.  
-----A. BOARD OR COMMITTEE ADMINISTRATION. The Plan shall be administered by  
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the Board of Directors of the Company (the "Board") or by a committee appointed by the Board (the "Committee"); provided that the Plan shall be administered (i) to the extent required by applicable regulations under Section 162(m) of the Code, by two or more "outside directors" (as defined in applicable regulations thereunder) and (ii) to the extent required by Rule 16b-3 promulgated under the Securities Exchange Act of 1934 or any successor provision ("Rule 16b-3"), by a disinterested administrator or administrators within the meaning of Rule 16b-3. Hereinafter, all references in this Plan to the "Committee" shall mean the Board if no Committee has been appointed. Subject to ratification of the grant or authorization of each Stock Right by the Board (if so required by applicable state law), and subject to the terms of the Plan, the Committee shall have the authority to (i) determine to whom (from among the class of employees eligible under paragraph 3 to receive ISOs) ISOs shall be granted, and to whom (from among the class of individuals and entities eligible under paragraph 3 to receive Non-Qualified Options and Awards and to make Purchases) Non-Qualified Options, Awards and authorizations to make Purchases may be granted; (ii) determine the time or

times at which Options or Awards shall be granted or Purchases made; (iii) determine the purchase price of shares subject to each Option or Purchase, which prices shall not be less than the minimum price specified in paragraph 6; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine (subject to paragraph 7) the time or times when each Option shall become exercisable and the duration of the exercise period; (vi) determine whether restrictions such as rights of first refusal or repurchase options are to be imposed on shares subject to Options, Awards and Purchases and the nature of such restrictions, if any, and (vii) interpret the Plan and

-2-

prescribe and rescind rules and regulations relating to it. If the Committee determines to issue a Non-Qualified Option, it shall take whatever actions it deems necessary, under Section 422 of the Code and the regulations promulgated thereunder, to ensure that such Option is not treated as an ISO. The interpretation and construction by the Committee of any provisions of the Plan or of any Stock Right granted under it shall be final unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem advisable. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it.

B. COMMITTEE ACTIONS. The Committee may select one of its members as its  
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chairman, and shall hold meetings at such time and places as it may determine. A majority of the Committee shall constitute a quorum and acts of a majority of the members of the Committee at a meeting at which a quorum is present, or acts reduced to or approved in writing by all the members of the Committee, shall be the valid acts of the Committee. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

C. GRANT OF STOCK RIGHTS TO BOARD MEMBERS. Subject to the provisions of  
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the first sentence of paragraph 2(A) above, if applicable, Stock Rights may be granted to members of the Board. All grants of Stock Rights to members of the Board shall in all other respects be made in accordance with the provisions of this Plan applicable to other eligible persons. Members of the Board who either (i) are eligible to receive grants of Stock Rights pursuant to the Plan or (ii) have been granted Stock Rights may vote on any matters affecting the administration of the Plan or the grant of any Stock Rights pursuant to the Plan, except that no such member shall act upon the granting to himself of Stock Rights, but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is

taken with respect to the granting to such member of Stock Rights.

3. ELIGIBLE EMPLOYEES AND OTHERS. ISOs may be granted only to employees of  
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the Company or any Related Corporation. Non-Qualified Options, Awards and authorizations to make Purchases may be granted to any employee, officer or director (whether or not also an employee) or consultant of the Company or any Related Corporation. The Committee may take into consideration a recipient's individual circumstances in determining whether to grant a Stock Right. The granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from, participation in any other grant of Stock Rights.

4. STOCK. The stock subject to Stock Rights shall be authorized but  
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unissued shares of Common Stock of the Company, par value \$.01 per share (the "Common Stock"), or shares of Common Stock reacquired by the Company in any manner. Subject to adjustment as provided in paragraph 13, the aggregate number of shares of Common Stock that may be issued pursuant to the Plan shall be 1,600,000 plus, effective as of January 1, 1996 a number of shares equal to two

-3-

percent (2%) of the total number of shares of Common Stock issued and outstanding as of December 31, 1995, and each January 1st thereafter through and including January 1, 1999, a number of shares of Common Stock equal to four percent (4%) of the total number of shares of Common Stock issued and outstanding as of the close of business on December 31 of the preceding year. Notwithstanding anything to the contrary in this paragraph 4, no more than an aggregate of 6,000,000 shares of Common Stock may be issued pursuant to the exercise of ISOs granted under the Plan (including shares issued pursuant to the exercise of ISOs granted under the Plan that are the subject of disqualifying dispositions within the meaning of Sections 421, 422 and 424 of the and the regulations thereunder). If any Stock Right granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject to such Stock Right shall again be available for grants of Stock Rights under the Plan.

No employee of the Company or any Related Corporation may be granted Options to acquire, in the aggregate, more than 1,600,000 shares of Common Stock under the Plan. If any Option granted under the Plan shall expire, terminate or be repriced for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject to such Option shall be included in the determination of the aggregate number of shares of Common Stock deemed to have been granted to such employee under the Plan.

5. GRANTING OF STOCK RIGHTS. Stock Rights may be granted under the Plan at  
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any time after March 17, 1994 and prior to March 17, 2004. The date of grant of a Stock Right under the Plan will be the date specified by the Committee at the time it grants the Stock Right; provided, however, that such date shall not be prior to the date on which the Committee acts to approve the grant. Unless otherwise specified by the Committee in connection with a particular grant, Options granted under the Plan are intended to qualify as performance-based compensation to the extent required under Section 162(m) of the Code and the regulations thereunder.

6. MINIMUM OPTION PRICE; ISO LIMITATIONS.  
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A. PRICE FOR NON-QUALIFIED OPTIONS, AWARDS AND PURCHASES. The exercise  
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price per share specified in the agreement relating to each Non-Qualified Option granted, and the purchase price per share of stock granted in any Award or authorized as a Purchase, under the Plan shall in no event be less than the minimum legal consideration required therefor under the laws of Massachusetts or the laws of any jurisdiction in which the Company or its successors in interest may be organized. If Non-Qualified Options granted under the Plan, with an exercise price less than the fair market value per share of Common Stock on the date of grant, are intended to qualify as performance-based compensation under Section 162(m) of the Code and any applicable regulations thereunder, then, to the extent required by Section 162(m) of the Code and any applicable regulations thereunder, the validity of such Options shall be subject to the receipt of the approval of the Company's stockholders to the grant thereof and such Options shall be exercisable only upon the attainment of pre-established, objective performance goals established by the Committee.

-4-

B. PRICE FOR ISOS. The exercise price per share specified in the  
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agreement relating to each ISO granted under the Plan shall not be less than the fair market value per share of Common Stock on the date of such grant. In the case of an ISO to be granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share specified in the agreement relating to such ISO shall not be less than one hundred ten percent (110%) of the fair market value per share of Common Stock on the date of grant. For purposes of determining stock ownership under this paragraph, the rules of Section 424(d) of the Code shall apply.

C. \$100,000 ANNUAL LIMITATION ON ISO VESTING. Each eligible employee may  
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be granted Options treated as ISOs only to the extent that, in the aggregate under this Plan and all incentive stock option plans of the Company and any Related Corporation, ISOs do not become exercisable for the first time by such employee during any calendar year with respect to stock having a fair



market value (determined at the time the ISOs were granted) in excess of \$100,000. The Company intends to designate any Options granted in excess of such limitation as Non-Qualified Options.

D. DETERMINATION OF FAIR MARKET VALUE. If, at the time an Option is

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granted under the Plan, the Company's Common Stock is publicly traded, "fair market value" shall be determined as of the last business day for which the prices or quotes discussed in this sentence are available prior to the date such Option is granted and shall mean (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price (or average of bid prices) last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the Nasdaq National Market. If the Common Stock is not publicly traded at the time an Option is granted under the Plan, "fair market value" shall mean the fair value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

7. OPTION DURATION. Subject to earlier termination as provided in

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paragraphs 9 and 10 or in the agreement relating to such Option, each Option shall expire on the date specified by the Committee, but not more than (i) ten years from the date of grant in the case of Options generally and (ii) five years from the date of grant in the case of ISOs granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Related Corporation, as determined under paragraph 6(B). Subject to earlier termination as provided in paragraphs 9 and 10, the term of each ISO shall be the term set forth in the original instrument granting such ISO, except with respect to any part of such ISO that is converted into a Non-Qualified Option pursuant to paragraph 16.

-5-

8. EXERCISE OF OPTION. Subject to the provisions of paragraphs 9 through

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12, each Option granted under the Plan shall be exercisable as follows:

A. VESTING. The Option shall either be fully exercisable on the date of  
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grant or shall become exercisable thereafter in such installments as the Committee may specify.

B. FULL VESTING OF INSTALLMENTS. Once an installment becomes exercisable

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it shall remain exercisable until expiration or termination of the Option,  
unless otherwise specified by the Committee.

C. PARTIAL EXERCISE. Each Option or installment may be exercised at any  
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time or from time to time, in whole or in part, for up to the total number of  
shares with respect to which it is then exercisable.

D. ACCELERATION OF VESTING. The Committee shall have the right to  
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accelerate the date that any installment of any Option becomes exercisable;  
provided that the Committee shall not, without the consent of an optionee,  
accelerate the permitted exercise date of any installment of any Option  
granted to any employee as an ISO (and not previously converted into a Non-  
Qualified Option pursuant to paragraph 16) if such acceleration would violate  
the annual vesting limitation contained in Section 422(d) of the Code, as  
described in paragraph 6(C).

9. TERMINATION OF EMPLOYMENT. Unless otherwise specified in the agreement  
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relating to such ISO, if an ISO optionee ceases to be employed by the Company  
and all Related Corporations other than by reason of death or disability as  
defined in paragraph 10, no further installments of his or her ISOs shall become  
exercisable, and his or her ISOs shall terminate on the earlier of (a) 90 days  
after the date of termination of his or her employment, or (b) their specified  
expiration dates, except to the extent that such ISOs (or unexercised  
installments thereof) have been converted into Non-Qualified Options pursuant to  
paragraph 16. For purposes of this paragraph 9, employment shall be considered  
as continuing uninterrupted during any bona fide leave of absence (such as those  
attributable to illness, military obligations or governmental service) provided  
that the period of such leave does not exceed 90 days or, if longer, any period  
during which such optionee's right to reemployment is guaranteed by statute. A  
bona fide leave of absence with the written approval of the Committee shall not  
be considered an interruption of employment under this paragraph 9, provided  
that such written approval contractually obligates the Company or any Related  
Corporation to continue the employment of the optionee after the approved period  
of absence. ISOs granted under the Plan shall not be affected by any change of  
employment within or among the Company and Related Corporations, so long as the  
optionee continues to be an employee of the Company or any Related Corporation.  
Nothing in the Plan shall be deemed to give any grantee of any Stock Right the  
right to be retained in employment or other service by the Company or any  
Related Corporation for any period of time.

-6-

10. DEATH; DISABILITY.  
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A. DEATH. If an ISO optionee ceases to be employed by the Company and

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all Related Corporations by reason of his or her death, any ISO owned by such optionee may be exercised, to the extent otherwise exercisable on the date of his death, by his estate, personal representative or beneficiary who has acquired the ISO by will or by the laws of descent and distribution, until the earlier of (i) the specified expiration date of the ISO or (ii) 180 days from the date of the optionee's death.

B. DISABILITY. If an ISO optionee ceases to be employed by the Company

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and all Related Corporations by reason of his or her disability, such optionee shall have the right to exercise any ISO held by him or her on the date of termination of employment, for the number of shares for which he or she could have exercised it on that date, until the earlier of the specified expiration date of the ISO or 180 days from the date of the termination of the optionee's employment. For the purposes of the Plan, the term "disability" shall mean "permanent and total disability" as defined in Section 22(e) (3) of the Code or any successor statute.

11. ASSIGNABILITY. No Stock Right shall be assignable or transferable by

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the grantee except by will, by the laws of descent and distribution. Except as set forth in the previous sentence, during the lifetime of a grantee each Stock Right shall be exercisable only by such grantee.

12. TERMS AND CONDITIONS OF OPTIONS. Options shall be evidenced by

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instruments (which need not be identical) in such forms as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in paragraphs 6 through 11 hereof and may contain such other provisions as the Committee deems advisable which are not inconsistent with the Plan, including restrictions applicable to shares of Common Stock issuable upon exercise of Options. The Committee may specify that any Non-Qualified Option shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination and cancellation provisions as the Committee may determine. The Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more officers of the Company to execute and deliver such instruments. The proper officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

13. ADJUSTMENTS. Upon the occurrence of any of the following events, an

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optionee's rights with respect to Options granted to such optionee hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in the written agreement between the optionee and the Company relating to such Option:

A. STOCK DIVIDENDS AND STOCK SPLITS. If the shares of Common Stock shall

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be subdivided or combined into a greater or smaller number of shares or if

the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be

-7-

appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

B. CONSOLIDATIONS OR MERGERS. If the Company is to be consolidated with  
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or acquired by another entity in a merger, sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the  
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board of directors of the Company or, if the Company is not the surviving corporation, the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as  
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to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the shares of Common Stock then subject to such Options the consideration receivable by holders of outstanding shares of Common Stock in connection with the Acquisition; (ii) upon written notice to the optionees, provide that all Options must be exercised, to the extent then exercisable, within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the fair market value of the shares of Common Stock subject to such Options (to the extent then exercisable) over the exercise price thereof. In lieu of the foregoing, the number of shares of Common Stock subject to any option granted hereunder that shall be exercisable shall be equal to that number of shares that would be fully exercisable as of the date that is two and one half years after the effective date of such Acquisition if such option remained outstanding, and all of such shares shall become exercisable immediately prior to the closing of such Acquisition.

In the event of a reorganization, recapitalization, merger, consolidation, or any other change in the corporate structure or shares of the Company, to the extent permitted by Rule 16b-3 under the Securities Exchange Act of 1934, adjustments in the number and kind of shares authorized by this Plan and in the number and kind of shares covered by, and in the option price of outstanding options under this Plan necessary to maintain the proportionate interest of the optionee and preserve, without exceeding, the value of such option, shall be made.

C. RECAPITALIZATION OR REORGANIZATION. In the event of a  
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recapitalization or reorganization of the Company (other than in connection with a transaction described in subparagraph B above) pursuant to which

securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, an optionee upon exercising an Option shall be entitled to receive for the purchase price paid upon such exercise the securities he would have received if he had exercised his Option prior to such recapitalization or reorganization.

D. MODIFICATION OF ISOs. Notwithstanding the foregoing, any adjustments  
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made pursuant to subparagraphs A, B or C with respect to ISOs shall be made only after the Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424 of the Code) or would cause any adverse tax consequences for the holders of

-8-

such ISOs. If the Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs or would cause adverse tax consequences to the holders, it may refrain from making such adjustments.

E. DISSOLUTION OR LIQUIDATION. In the event of the proposed dissolution  
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or liquidation of the Company, each Option will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

F. ISSUANCES OF SECURITIES. Except as expressly provided herein, no  
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issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

G. FRACTIONAL SHARES. No fractional shares shall be issued under the  
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Plan and the optionee shall receive from the Company cash in lieu of such fractional shares.

H. ADJUSTMENTS. Upon the happening of any of the events described in  
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subparagraphs A, B or C above, the class and aggregate number of shares set forth in paragraph 4 hereof that are subject to Stock Rights which previously have been or subsequently may be granted under the Plan shall also be appropriately adjusted to reflect the events described in such subparagraphs. The Committee or the Successor Board shall determine the specific adjustments to be made under this paragraph 13 and, subject to paragraph 2, its determination shall be conclusive.

14. MEANS OF EXERCISING OPTIONS. An option (or any part or installment  
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thereof) shall be exercised by giving written notice to the Company at its principal office address, or to such transfer agent as the Company shall designate. Such notice shall identify the Option being exercised and specify the number of shares as to which such Option is being exercised, accompanied by full payment of the purchase price therefor either (a) in United States dollars in cash or by check, (b) at the discretion of the Committee, through delivery of shares of Common Stock already owned by the person or persons exercising the option for at least six months having a fair market value equal as of the date of the exercise to the cash exercise price of the Option, (c) at the discretion of the Committee, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the lowest applicable Federal rate, as defined in Section 1274(d) of the Code, (d) at the discretion of the Committee and consistent with applicable law, through the delivery of an assignment to the Company of a sufficient amount of the proceeds from the sale of the Common Stock acquired upon exercise of the Option and an authorization to the broker or selling agent to pay that amount to the Company, which sale shall be at the participant's direction at the time of exercise, or (e) at the discretion of the Committee, by any combination of (a), (b), (c) and (d) above. If the Committee exercises its discretion to permit payment of the exercise price of an ISO by means of the methods set forth in clauses (b), (c), (d) or (e) of the preceding sentence, such discretion shall be exercised in writing at the time of the grant of the ISO in question. The holder of an Option shall

-9-

not have the rights of a shareholder with respect to the shares covered by such Option until the date of issuance of a stock certificate to such holder for such shares. Except as expressly provided above in paragraphs 4 and 13 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

15. TERM AND AMENDMENT OF PLAN. This Plan was adopted by the Board on  
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March 17, 1994, subject, with respect to the validation of ISOs granted under the Plan, to approval of the Plan by the stockholders of the Company at the next Meeting of Stockholders or, in lieu thereof, by written consent. If the approval of stockholders is not obtained prior to March 17, 1995, any grants of ISOs under the Plan made prior to that date will be rescinded. The Plan shall expire at the end of the day on March 17, 2004 (except as to Options outstanding on that date). Subject to the provisions of paragraph 5 above, Options may be granted under the Plan prior to the date of stockholder approval of the Plan. The Board may terminate or amend the Plan in any respect at any time, except that, without the approval of the stockholders obtained within 12 months before or after the Board adopts a resolution authorizing any of the following actions: (a) the total number of shares that may be issued under the Plan may not be increased (except by adjustment pursuant to paragraphs 4 and 13); (b) the



benefits accruing to participants under the Plan may not be materially increased; (c) the requirements as to eligibility for participation in the Plan may not be materially modified; (d) the provisions of paragraph 3 regarding eligibility for grants of ISOs may not be modified; (e) the provisions of paragraph 6(B) regarding the exercise price at which shares may be offered pursuant to ISOs may not be modified (except by adjustment pursuant to paragraph 13); (f) the expiration date of the Plan may not be extended; and (g) the Board may not take any action which would cause the Plan to fail to comply with Rule 16b-3. Except as otherwise provided in this paragraph 15, in no event may action of the Board or stockholders alter or impair the rights of a grantee, without such grantee's consent, under any Option previously granted to such grantee.

16. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS. The Committee, at the

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written request or with the written consent of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's ISOs (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the optionee is an employee of the Company or a Related Corporation at the time of such conversion. Such actions may include, but shall not be limited to, extending the exercise period or reducing the exercise price of the appropriate installments of such ISOs. At the time of such conversion, the Committee (with the consent of the optionee) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Committee takes appropriate action.

17. APPLICATION OF FUNDS. The proceeds received by the Company from the

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sale of shares pursuant to Options granted and Purchases authorized under the Plan shall be used for general corporate purposes.

-10-

18. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION. By accepting an ISO

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granted under the Plan, each optionee agrees to notify the Company in writing immediately after he makes a Disqualifying Disposition (as described in Sections 421, 422 and 424 of the Code and regulations thereunder) of any stock acquired pursuant to the exercise of ISOs granted under the Plan. A Disqualifying Disposition is generally any disposition occurring on or before the later of (a) the date two years following the date the ISO was granted or (b) the date one year following the date the ISO was exercised.

19. WITHHOLDING OF ADDITIONAL INCOME TAXES. Upon the exercise of a Non-

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Qualified Option, the grant of an Award, the making of a Purchase of Common Stock for less than its fair market value, the making of a Disqualifying Disposition (as defined in paragraph 18), the vesting or transfer of restricted stock or securities acquired on the exercise of an Option hereunder, or the making of a distribution or other payment with respect to such stock or securities, the Company may withhold taxes in respect of amounts that constitute compensation includible in gross income. The Committee in its discretion may condition (i) the exercise of an Option, (ii) the grant of an Award, (iii) the making of a Purchase of Common Stock for less than its fair market value, or (iv) the vesting or transferability of restricted stock or securities acquired by exercising an Option, on the grantee's making satisfactory arrangement for such withholding. Such arrangement may include payment by the grantee in cash or by check of the amount of the withholding taxes or, at the discretion of the Committee, by the grantee's delivery of previously held shares of Common Stock or the withholding from the shares of Common Stock otherwise deliverable upon exercise of a Option shares having an aggregate fair market value equal to the amount of such withholding taxes.

20. GOVERNMENTAL REGULATION. The Company's obligation to sell and deliver

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shares of the Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

Government regulations may impose reporting or other obligations on the Company with respect to the Plan. For example, the Company may be required to send tax information statements to employees and former employees that exercise ISOs under the Plan, and the Company may be required to file tax information returns reporting the income received by grantees of Options in connection with the Plan.

21. GOVERNING LAW. The validity and construction of the Plan and the

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instruments evidencing Options shall be governed by the laws of Massachusetts, or the laws of any jurisdiction in which the Company or its successors in interest may be organized.



## ATRIA SOFTWARE, INC.

## 1994 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

1. Purpose. This Non-Qualified Stock Option Plan, to be known as the

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1994 Non-Employee Director Stock Option Plan (hereinafter, this "Plan") is intended to promote the interests of Atria Software, Inc. (hereinafter, the "Company") by providing an inducement to obtain and retain the services of qualified persons who are not employees or officers of the Company to serve as members of its Board of Directors (the "Board").

2. Available Shares. The total number of shares of Common Stock, par

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value \$.01 per share, of the Company (the "Common Stock") for which options may be granted under this Plan shall not exceed 120,000 shares, subject to adjustment in accordance with paragraph 10 of this Plan. Shares subject to this Plan are authorized but unissued shares or shares that were once issued and subsequently reacquired by the Company. If any options granted under this Plan are surrendered before exercise or lapse without exercise, in whole or in part, the shares reserved therefor shall continue to be available under this Plan.

3. Administration. This Plan shall be administered by the Board or by a

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committee appointed by the Board (the "Committee"). In the event the Board fails to appoint or refrains from appointing a Committee, the Board shall have all power and authority to administer this Plan. In such event, the word "Committee" wherever used herein shall be deemed to mean the Board. The Committee shall, subject to the provisions of the Plan, have the power to construe this Plan, to determine all questions hereunder, and to adopt and amend such rules and regulations for the administration of this Plan as it may deem desirable. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to this Plan or any option granted under it.

4. Automatic Grant of Options.

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Subject to the availability of shares under this Plan, each person who is a member of the Company's Board of Directors on January 1, 1995 and on January 1st each year thereafter through and including January 1, 1999 during the term of this Plan, and who is neither an employee nor an officer of the Company on any such date, is automatically granted on each such date, without further action by the Board of Directors, an option to purchase two thousand (4,000) shares of the Company's Common Stock, which options shall be the sole options ever to be granted at any time to such member under this Plan.

Anything in this Plan to the contrary notwithstanding, the effectiveness of this Plan and of the grant of all options hereunder is in all respects subject to, and this Plan and options granted under it shall be of no force and effect unless and until, (i) the approval of this Plan by the affirmative vote of the holders of a majority of the Company's shares of Common Stock present in person or by proxy and voting on the matter of approval of this Plan and (ii) such time, if any, as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. In the event that such approval as aforesaid has not been

-2-

received and the Company is not subject to such reporting requirements on or before January 1, 1995, then this Plan and any options granted hereunder shall be null and void, and upon the occurrence of such approval as aforesaid, this Plan and such options shall become effective as of the date of grant thereof.

Except for the specific options referred to above, no other options shall be granted under this Plan.

5. Option Price. The purchase price of the stock covered by an option  
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granted pursuant to this Plan shall be 100% of the fair market value of such shares on the day the option is granted. The option price will be subject to adjustment in accordance with the provisions of paragraph 10 of this Plan. For purposes of this Plan, if, at the time an option is granted under the Plan, the Company's Common Stock is publicly traded, "fair market value" shall be determined as of the last business day for which the prices or quotes discussed in this sentence are available prior to the date such option is granted and shall mean (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price (or average of bid prices) last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the Nasdaq National Market. The "fair market value" of the stock issuable upon exercise of an option granted pursuant to the Plan within 120 days prior to the time the Company's Common Stock is publicly traded shall be deemed to be equal to the initial per-share purchase price at which the Company's Common Stock is offered to the public.

However, if the Common Stock is not publicly traded at the time an option is granted under the Plan, "fair market value" shall be deemed to be the fair value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

6. Period of Option. Unless sooner terminated in accordance with the  
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provisions of paragraph 8 of this Plan, an option granted hereunder shall expire  
on the date which is ten (10) years after the date of grant of the option.

7. (a) Vesting of Shares and Non-Transferability of Options. Subject to  
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paragraph 10 hereof, options granted under this Plan shall become exercisable,  
in accordance with the following schedule, provided that the optionee has  
continuously served as a member of the Board through such date:

-3-

Percentage of Option Shares for which Option Will be Exercisable -----	Date Option Shares Become Exercisable -----
5.00%	Every three months from the date of grant until fully exercisable five years from the date of grant

The number of shares as to which options may be exercised shall be  
cumulative, so that once the option shall become exercisable as to any shares it  
shall continue to be exercisable as to said shares, until expiration or  
termination of the option as provided in this Plan.

(b) Non-transferability. Any option granted pursuant to this Plan  
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shall not be assignable or transferable other than by will or the laws of  
descent and distribution or pursuant to a domestic relations order and shall be  
exercisable during the optionee's lifetime only by him or her.

8. Termination of Option Rights.  
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(a) Except as otherwise specified in the agreement relating to an  
option, in the event an optionee ceases to be a member of the Board for any  
reason other than death or permanent disability, any then unexercised portion of  
options granted to such optionee shall, to the extent not then vested,  
immediately terminate and become void; any portion of an option which is then  
vested but has not been exercised at the time the optionee so ceases to be a  
member of the Board may be exercised, to the extent it is then vested, by the  
optionee within 90 days of the date the optionee ceased to be a member of the  
Board; and all options shall terminate after such 90 days have expired.

(b) In the event that an optionee ceases to be a member of the Board  
by reason of his or her death or permanent disability, this option may be  
exercised, to the extent otherwise exercisable, by the optionee (or by the

optionee's personal representative, heir or legatee, in the event of death) at any time within 180 days after the date of death or termination, but not later than the scheduled expiration date of the option.

9. Exercise of Option. Subject to the terms and conditions of this Plan  
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and the option agreements, an option granted hereunder shall, to the extent then exercisable, be exercisable in whole or in part by giving written notice to the Company by mail or in person addressed to Atria Software, Inc., 20 Maguire Road, Lexington, Massachusetts 02173, at its principal executive offices, stating the number of shares with respect to which the option is being exercised, accompanied by payment in full for such shares. Payment may be (a) in United States dollars in cash or by check, (b) in whole or in part in shares of the Common Stock of the Company already owned by the person or persons exercising the option for at least six months or shares subject to the option being exercised (subject to such restrictions and guidelines as the Board may adopt from time to time), valued at fair market value determined in accordance with the provisions of paragraph 5 or (c) consistent with applicable law, through the delivery of an assignment to the Company of a sufficient amount of the proceeds from the sale of the Common Stock acquired upon exercise of the option and an authorization to the broker or selling agent to

-4-

pay that amount to the Company, which sale shall be at the participant's direction at the time of exercise. There shall be no such exercise at any one time as to fewer than two hundred (200) shares or all of the remaining shares then purchasable by the person or persons exercising the option, if fewer than two hundred (200) shares. The Company's transfer agent shall, on behalf of the Company, prepare a certificate or certificates representing such shares acquired pursuant to exercise of the option, shall register the optionee as the owner of such shares on the books of the Company and shall cause the fully executed certificate(s) representing such shares to be delivered to the optionee as soon as practicable after payment of the option price in full. The holder of an option shall not have any rights of a stockholder with respect to the shares covered by the option, except to the extent that one or more certificates for such shares shall be delivered to him or her upon the due exercise of the option.

10. Adjustments Upon Changes in Capitalization and Other Events. Upon the  
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occurrence of any of the following events, an optionee's rights with respect to options granted to him or her hereunder shall be adjusted as hereinafter provided:

(a) Stock Dividends and Stock Splits. If the shares of Common Stock shall  
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be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable

upon the exercise of options shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

(b) Recapitalization Adjustments. If the Company is to be consolidated  
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with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the board of directors of the Company or, if the Company is not the surviving corporation, the Committee or the board of directors of any entity assuming the obligations of the Company hereunder, shall, as to outstanding options, either (i) make appropriate provision for the continuation of such options by substituting on an equitable basis for the shares of Common Stock then subject to such options the consideration receivable by holders of outstanding shares of Common Stock in connection with the Acquisition; (ii) upon written notice to the optionees, provide that all options must be exercised, to the extent then exercisable, within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all options in exchange for a cash payment equal to the excess of the fair market value of the shares of Common Stock subject to such options (to the extent then exercisable) over the exercise price thereof. In lieu of the foregoing, the number of shares of Common Stock subject to any option granted hereunder that shall be exercisable shall be equal to that number of shares that would be fully exercisable as of the date that is two and one-half years after the effective date of such Acquisition if such option remained outstanding, and all of such shares shall become exercisable immediately prior to the closing of such Acquisition.

In the event of a reorganization, recapitalization, merger, consolidation, or any other change in the corporate structure or shares of the Company, to the extent permitted by

-5-

Rule 16b-3 under the Securities Exchange Act of 1934, adjustments in the number and kind of shares authorized by this Plan and in the number and kind of shares covered by, and in the option price of outstanding options under this Plan necessary to maintain the proportionate interest of the optionee and preserve, without exceeding, the value of such option, shall be made.

(c) Issuances of Securities. Except as expressly provided herein, no  
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issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

(d) Adjustments. Upon the happening of any of the foregoing events, the  
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class and aggregate number of shares set forth in paragraph 2 of this Plan that are subject to options which previously have been or subsequently may be granted under this Plan shall also be appropriately adjusted to reflect such events. The Board shall determine the specific adjustments to be made under this paragraph 10 and its determination shall be conclusive.

11. Restrictions on Issuance of Shares. Notwithstanding the provisions of  
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paragraphs 4 and 9 of this Plan, the Company shall have no obligation to deliver any certificate or certificates upon exercise of an option until one of the following conditions shall be satisfied:

(i) The issuance of shares with respect to which the option has been exercised is at the time of the issue of such shares effectively registered under applicable Federal and state securities laws as now in force or hereafter amended; or

(ii) Counsel for the Company shall have given an opinion that the issuance of such shares is exempt from registration under Federal and state securities laws as now in force or hereafter amended; and the Company has complied with all applicable laws and regulations with respect thereto, including without limitation all regulations required by any stock exchange upon which the Company's outstanding Common Stock is then listed.

12. Legend on Certificates. The certificates representing shares issued  
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pursuant to the exercise of an option granted hereunder shall carry such appropriate legend, and such written instructions shall be given to the Company's transfer agent, as may be deemed necessary or advisable by counsel to the Company in order to comply with the requirements of the Securities Act of 1933 or any state securities laws.

13. Representation of Optionee. If requested by the Company, the optionee  
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shall deliver to the Company written representations and warranties upon exercise of the option that are necessary to show compliance with Federal and state securities laws, including representations and warranties to the effect that a purchase of shares under the option is made for investment and not with a view to their distribution (as that term is used in the Securities Act of 1933).

14. Option Agreement. Each option granted under the provisions of this  
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Plan shall be evidenced by an option agreement, which agreement shall be duly executed and delivered on behalf of the Company and by the optionee to whom such option is granted. The option agreement shall contain such terms, provisions and conditions not inconsistent with this Plan as may be determined by the officer executing it.

15. Termination and Amendment of Plan. Options may no longer be granted  
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under this Plan after January 1, 1999, and this Plan shall terminate when all options granted or to be granted hereunder are no longer outstanding. The Board may at any time terminate this Plan or make such modification or amendment thereof as it deems advisable; provided, however, that the Board may not,  
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without approval by the affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy and voting on such modification or amendment, (a) increase the maximum number of shares for which options may be granted under this Plan (except by adjustment pursuant to Section 10), (b) materially modify the requirements as to eligibility to participate in this Plan, (c) materially increase benefits accruing to option holders under this Plan, (d) amend this Plan in any manner which would cause Rule 16b-3 under the Securities Exchange Act (or any successor or amended provision thereof) to become inapplicable to this Plan; and provided further that the provisions of  
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this Plan specified in Rule 16b-3(c) (2) (ii) (A) (or any successor or amended provision thereof) under the Securities Exchange Act of 1934 (including without limitation, provisions as to eligibility, amount, price and timing of awards) may not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder. Termination or any modification or amendment of this Plan shall not, without consent of a participant, affect his or her rights under an option previously granted to him or her.

16. Compliance with Regulations. It is the Company's intent that the Plan  
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comply in all respects with Rule 16b-3 under the Securities Exchange Act of 1934 (or any successor or amended provision thereof) and any applicable Securities and Exchange Commission interpretations thereof. If any provision of this Plan is deemed not to be in compliance with Rule 16b-3, the provision shall be null and void.

17. Governing Law. The validity and construction of this Plan and the  
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instruments evidencing options shall be governed by the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof.

Date Approved by Board of Directors of the Company: March 17, 1994

Date Approved by Stockholders of the Company: March 29, 1994



## ATRIA SOFTWARE, INC.

## 1994 EMPLOYEE STOCK PURCHASE PLAN

ARTICLE 1 - PURPOSE.  
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This 1994 Employee Stock Purchase Plan (the "Plan") is intended to encourage stock ownership by all eligible employees of Atria Software, Inc., a Massachusetts corporation (the "Company"), and its participating subsidiaries (as defined in Article 17) so that they may share in the growth of the Company by acquiring or increasing their proprietary interest in the Company. The Plan is designed to encourage eligible employees to remain in the employ of the Company and its participating subsidiaries. It is intended that options issued pursuant to this Plan will constitute options issued pursuant to an "employee stock purchase plan" within the meaning of Section 423(b) of the Internal Revenue Code of 1986, as amended (the "Code").

ARTICLE 2 - ADMINISTRATION OF THE PLAN.  
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The Plan may be administered by a committee appointed by the Board of Directors of the Company (the "Committee"). The Committee shall consist of not less than two members of the Company's Board of Directors. The Board of Directors may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, however caused, shall be filled by the Board of Directors. The Committee may select one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under it shall be final, unless otherwise determined by the Board of Directors. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best, provided that any such rules and regulations shall be applied on a uniform basis to all employees under the Plan. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under it.

In the event the Board of Directors fails to appoint or refrains from appointing a Committee, the Board of Directors shall have all power and authority to administer the Plan. In such event, the word "Committee" wherever used herein shall be deemed to mean the Board of Directors.



ARTICLE 3 - ELIGIBLE EMPLOYEES.

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All employees of the Company or any of its participating subsidiaries whose customary employment is more than 20 hours per week and for more than 5 months in any calendar year who have completed one full calendar month of employment with the Company or any of its participating subsidiaries shall be eligible to receive options under this Plan to purchase the Company's Common Stock, and all eligible employees shall have the same rights and privileges hereunder. Persons who are eligible employees on the first business day of any Payment Period (as defined in Article 5) shall receive their options as of such day. Persons who become eligible employees after any date on which options are granted under this Plan shall be granted options on the first business day of the next succeeding Payment Period on which options are granted to all eligible employees. In no event may an employee be granted an option if such employee, immediately after the option was granted, would own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any parent corporation or subsidiary corporation, as the terms "parent corporation" and "subsidiary corporation" are defined in Section 424(e) and (f) of the Code. For purposes of determining stock ownership under this paragraph, the rules of Section 424(d) of the Code shall apply, and stock which the employee may purchase under outstanding options shall be treated as stock owned by the employee.

ARTICLE 4 - STOCK SUBJECT TO THE PLAN.

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The stock subject to the options under the Plan shall be shares of the Company's authorized but unissued common stock, par value \$.01 per share (the "Common Stock"), or shares of Common Stock reacquired by the Company, including shares purchased in the open market. The aggregate number of shares which may be issued pursuant to the Plan is 700,000, subject to adjustment as provided in Article 12. If any option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject thereto shall again be available under the Plan.

ARTICLE 5 - PAYMENT PERIOD AND STOCK OPTIONS.

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The first Payment Period during which payroll deductions will be accumulated under the Plan shall commence on the later to occur of January 1, 1995 or the first day of the first calendar month following effectiveness of the Form S-8 registration statement filed with the Securities and Exchange Commission covering the shares to be issued pursuant to this Plan and shall end on June 30, 1995. For the remainder of the duration of this Plan, Payment Periods shall consist of the six-month periods commencing on January 1st and July 1st and ending on June 30th and December 31st of each calendar year.

Twice each year, on the first business day of each Payment Period, the

Company will grant to each eligible employee who is then a participant in the Plan an option to purchase on the last day of such Payment Period, at the Option Price hereinafter provided

-3-

for, a maximum of 500 shares, on condition that such employee remains eligible to participate in the Plan throughout such Payment Period. The participant shall be entitled to exercise such option so granted only to the extent of the participant's accumulated payroll deductions on the last business day of such Payment Period. If the participant's accumulated payroll deductions on the last business day of the Payment Period would enable the participant to purchase more than 500 shares except for the 500-share limitation, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the 500 shares shall be promptly refunded to the participant by the Company, without interest. The Option Price for each Payment Period shall be the lesser of (i) 85% of the average market price of the Company's Common Stock on the first business day of the Payment Period or (ii) 85% of the average market price of the Company's Common Stock on the last business day of the Payment Period, in either event rounded up to the nearest cent. The foregoing limitation on the number of shares which may be granted in any Payment Period and the Option Price per share shall be subject to adjustment as provided in Article 12.

For purposes of this Plan, the term "average market price" on any date means (i) the average (on that date) of the high and low prices of the Company's Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market, if the Common Stock is not then traded on a national securities exchange; or (iii) the average of the closing bid and asked prices last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the Nasdaq National Market; or (iv) if the Company's Common Stock is not publicly traded, the fair market value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

For purposes of this Plan, the term "business day" means a day on which there is trading on the Nasdaq National Market or the aforementioned national securities exchange, whichever is applicable pursuant to the preceding paragraph; and if neither is applicable, a day that is not a Saturday, Sunday or legal holiday in the Commonwealth of Massachusetts.

No employee shall be granted an option which permits the employee's right to purchase Common Stock under this Plan, and under all other Section 423(b) employee stock purchase plans of the Company or any parent or subsidiary corporations, to accrue at a rate which exceeds \$25,000 of fair market value of such stock (determined on the date or dates that options on such stock were granted) for each calendar year in which such option is outstanding at any time.

The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code. If the participant's accumulated payroll deductions on the last day of the Payment Period would otherwise enable the participant to purchase Common Stock in excess of the Section 423(b)(8)

-4-

limitation described in this paragraph, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the shares actually purchased shall be promptly refunded to the participant by the Company, without interest.

ARTICLE 6 - EXERCISE OF OPTION.  
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Each eligible employee who continues to be a participant in the Plan on the last business day of a Payment Period shall be deemed to have exercised his or her option on such date and shall be deemed to have purchased from the Company such number of full shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will pay for at the Option Price, subject to the 500-share limit of the option and the Section 423(b)(8) limitation described in Article 5. If a participant is not an eligible employee on the last business day of a Payment Period, he or she shall not be entitled to exercise his or her option. Only full shares of Common Stock may be purchased under the Plan. Unused payroll deductions remaining in a participant's account at the end of a Payment Period by reason of the inability to purchase a fractional share shall be carried forward to the succeeding Payment Period.

ARTICLE 7 - AUTHORIZATION FOR ENTERING THE PLAN.  
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An eligible employee may enter the Plan by filling out, signing and delivering to the Company an authorization:

- A. Stating the percentage to be deducted regularly from the employee's pay;
- B. Authorizing the purchase of stock for the employee in each Payment Period in accordance with the terms of the Plan; and
- C. Specifying the exact name in which stock purchased for the employee is to be issued as provided under Article 11 hereof.

Such authorization must be received by the Company at least ten (10) days before the beginning date of the next succeeding Payment Period.

Unless an employee files a new authorization or withdraws from the Plan, the deductions and purchases under the authorization the employee has on file under the Plan will continue from one Payment Period to succeeding Payment Periods as long as the Plan remains in effect.

The Company will accumulate and hold for the employee's account the amounts deducted from his or her pay. No interest will be paid on these amounts.

ARTICLE 8 - MAXIMUM AMOUNT OF PAYROLL DEDUCTIONS.  
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An employee may authorize payroll deductions by either of the following methods:

-5-

A. Designating an aggregate dollar amount, per Payment Period, not less than \$200.00, but not more than \$10,625, provided that in the event that the employee's accumulated payroll deductions on the last day of the Payment Period exceed ten percent (10%) of the employee's regular pay and commissions for the Payment Period, the excess of the amount of the accumulated payroll deductions over ten percent (10%) of the employee's regular pay and commissions for the Payment Period shall be promptly refunded to the employee by the Company, without interest; provided, however, that an employee may authorize payroll deductions with respect to his or her commissions in an amount that, when added to such employee's regular pay (calculated on an annual basis), does not exceed \$100,000; or

B. In an amount specified as a percentage of regular pay and commissions not less than two percent (2%) but not more than ten percent (10%) of the employee's regular pay and commissions for the Payment Period; provided, however, that an employee may authorize payroll deductions with respect to his or her commissions in an amount that, when added to such employee's regular pay (calculated on an annual basis), does not exceed \$100,000.

ARTICLE 9 - CHANGE IN PAYROLL DEDUCTIONS.  
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Deductions may not be increased or decreased during a Payment Period. However, an employee may withdraw in full from the Plan.

ARTICLE 10 - WITHDRAWAL FROM THE PLAN.  
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An employee may withdraw from the Plan in whole but not in part, at any time prior to the last business day of each Payment Period by delivering a withdrawal notice to the Company, in which event the Company will promptly refund, without interest, the entire balance of the employee's deductions not previously used to purchase stock under the Plan.

To re-enter the Plan, an eligible employee who has previously withdrawn must file a new authorization at least ten (10) days before the beginning date of the next Payment Period in which he or she wishes to participate. The employee's re-entry into the Plan becomes effective at the beginning of such Payment

Period.

ARTICLE 11 - ISSUANCE OF STOCK.  
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Certificates for stock issued to participants will be delivered as soon as practicable after each Payment Period by the Company's transfer agent.

Stock purchased under the Plan will be issued only in the name of the employee, or if his or her authorization so specifies, in the name of the employee and another person of legal age as joint tenants with rights of survivorship.

-6-

ARTICLE 12 - ADJUSTMENTS.  
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Upon the happening of any of the following described events, a participant's rights under options granted under the Plan shall be adjusted as hereinafter provided:

A. In the event shares of Common Stock of the Company shall be subdivided or combined into a greater or smaller number of shares or if, upon a reorganization, split-up, liquidation, recapitalization or the like of the Company, the shares of the Company's Common Stock shall be exchanged for other securities of the Company, each participant shall be entitled, subject to the conditions herein stated, to purchase such number of shares of Common Stock or amount of other securities of the Company as were exchangeable for the number of shares of Common Stock of the Company which such participant would have been entitled to purchase except for such action, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or exchange; and

B. In the event the Company shall issue any of its shares as a stock dividend upon or with respect to the shares of stock of the class which shall at the time be subject to option hereunder, each participant upon exercising such an option shall be entitled to receive (for the purchase price paid upon such exercise) the shares as to which the participant is exercising his or her option and, in addition thereto (at no additional cost), such number of shares of the class or classes in which such stock dividend or dividends were declared or paid, and such amount of cash in lieu of fractional shares, as is equal to the number of shares thereof and the amount of cash in lieu of fractional shares, respectively, which the participant would have received if the participant had been the holder of the shares as to which the participant is exercising his or her option at all times between the date of the granting of such option and the date of its exercise.

Upon the happening of any of the foregoing events, the class and aggregate number of shares set forth in Article 4 hereof which are subject to options

which have been or may be granted under the Plan and the limitations set forth in the second paragraph of Article 5 shall also be appropriately adjusted to reflect the events specified in paragraphs A and B above. Notwithstanding the foregoing, any adjustments made pursuant to paragraphs A or B shall be made only after the Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" (as that term is defined in Section 424 of the Code). If the Committee determines that such adjustments would constitute a modification, it may refrain from making such adjustments.

If the Company is to be consolidated with or acquired by another entity in a merger, a sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board") shall, with respect to options then

-7-

outstanding under this Plan, either (i) make appropriate provision for the continuation of such options by arranging for the substitution on an equitable basis for the shares then subject to such options either (a) the consideration payable with respect to the outstanding shares of the Company's Common Stock in connection with the Acquisition, (b) shares of stock of the surviving corporation or (c) such other securities as the Successor Board deems appropriate, the fair market value of which shall not materially exceed the fair market value of the shares of Common Stock subject to such options immediately preceding the Acquisition; or (ii) terminate each participant's outstanding option in exchange for a cash payment equal to the excess of (a) the fair market value, on the date of the Acquisition, of the number of shares of Common Stock that such participant's accumulated payroll deductions as of the date of the Acquisition could purchase, at an option price determined with reference only to the first business day of the applicable Payment Period and subject to the 500-share, Code Section 423(b)(8) and fractional-share limitations on the amount of stock a participant would be entitled to purchase, over (b) the result of multiplying such number of shares by such option price.

The Committee or Board of Directors shall determine the adjustments to be made under this Article 12, and its determination shall be conclusive.

ARTICLE 13 - NO TRANSFER OR ASSIGNMENT OF EMPLOYEE'S RIGHTS.  
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An option granted under the Plan may not be transferred or assigned to any other person and may be exercised only by the participant.

ARTICLE 14 - TERMINATION OF EMPLOYEE'S RIGHTS.  
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A participant's rights under the Plan will terminate when the participant ceases to be an eligible employee because of retirement, voluntary or

involuntary termination, resignation, lay-off, discharge, death, change of status or for any other reason. Notwithstanding the foregoing, eligible employment will be treated as continuing intact while a participant is on military leave, sick leave or other bona fide leave of absence, for up to 90 days or so long as the participant's right to re-employment is guaranteed either by statute or by contract, if longer than 90 days. A withdrawal notice will be considered as having been received from a participant on the day his or her employment ceases, and all payroll deductions not used to purchase stock will be refunded, without interest.

If an employee's payroll deductions are interrupted by any legal process, a withdrawal notice will be considered as having been received from the employee on the day the interruption occurs.

ARTICLE 15 - TERMINATION AND AMENDMENTS TO PLAN.  
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The Plan may be terminated at any time by the Company's Board of Directors but such termination shall not affect options then outstanding under the Plan. It will terminate in any case when all or substantially all of the unissued shares of stock reserved

-8-

for the purposes of the Plan have been purchased. If at any time shares of stock reserved for the purpose of the Plan remain available for purchase but not in sufficient number to satisfy all then unfilled purchase requirements, the available shares shall be apportioned among participants in proportion to the amount of payroll deductions accumulated on behalf of each participant that would otherwise be used to purchase stock and the Plan shall terminate. Upon such termination or any other termination of the Plan, all payroll deductions not used to purchase stock will be refunded, without interest.

The Committee or the Board of Directors may from time to time adopt amendments to the Plan provided that, without the approval of the stockholders of the Company, no amendment may (i) materially increase the number of shares that may be issued under the Plan or change the class of employees eligible to receive options under the Plan or (ii) cause Rule 16b-3 under the Securities Exchange Act of 1934 to become inapplicable to the Plan.

ARTICLE 16 - LIMITS ON SALE OF STOCK PURCHASED UNDER THE PLAN.  
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The Plan is intended to provide shares of Common Stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of his or her own affairs. An employee may, therefore, sell stock purchased under the Plan at any time the employee chooses, subject to compliance with any applicable Federal or state securities laws and subject to any restrictions imposed under Article 21 to ensure that tax withholding obligations are satisfied. THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET



FLUCTUATIONS IN THE PRICE OF THE STOCK.

ARTICLE 17 - PARTICIPATING SUBSIDIARIES.

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The term "participating subsidiary" shall mean any present or future subsidiary of the Company, as that term is defined in Section 424(f) of the Code, which is designated from time to time by the Board of Directors to participate in the Plan. The Board of Directors shall have the power to make such designation before or after the Plan is approved by the stockholders.

ARTICLE 18 - OPTIONEES NOT STOCKHOLDERS.

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Neither the granting of an option to an employee nor the deductions from his or her pay shall constitute such employee a stockholder of the shares covered by an option until such shares have been actually purchased by the employee.

ARTICLE 19 - APPLICATION OF FUNDS.

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The proceeds received by the Company from the sale of Common Stock pursuant to options granted under the Plan will be used for general corporate purposes.

-9-

ARTICLE 20 - NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

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By electing to participate in the Plan, each participant agrees to notify the Company in writing immediately after the participant transfers Common Stock acquired under the Plan, if such transfer occurs within two years after the first business day of the Payment Period in which such Common Stock was acquired. Each participant further agrees to provide any information about such a transfer as may be requested by the Company or any subsidiary corporation in order to assist it in complying with the tax laws. Such dispositions generally are treated as "disqualifying dispositions" under Sections 421 and 424 of the Code, which have certain tax consequences to participants and to the Company and its participating subsidiaries.

ARTICLE 21 - WITHHOLDING OF ADDITIONAL INCOME TAXES.

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By electing to participate in the Plan, each participant acknowledges that the Company and its participating subsidiaries are required to withhold taxes with respect to the amounts deducted from the participant's compensation and accumulated for the benefit of the participant under the Plan, and each participant agrees that the Company and its participating subsidiaries may deduct additional amounts from the participant's compensation, when amounts are added to the participant's account, used to purchase Common Stock or refunded,



in order to satisfy such withholding obligations. Each participant further acknowledges that when Common Stock is purchased under the Plan the Company and its participating subsidiaries may be required to withhold taxes with respect to all or a portion of the difference between the fair market value of the Common Stock purchased and its purchase price, and each participant agrees that such taxes may be withheld from compensation otherwise payable to such participant. It is intended that tax withholding will be accomplished in such a manner that the full amount of payroll deductions elected by the participant under Article 7 will be used to purchase Common Stock. However, if amounts sufficient to satisfy applicable tax withholding obligations have not been withheld from compensation otherwise payable to any participant, then, notwithstanding any other provision of the Plan, the Company may withhold such taxes from the participant's accumulated payroll deductions and apply the net amount to the purchase of Common Stock, unless the participant pays to the Company, prior to the exercise date, an amount sufficient to satisfy such withholding obligations. Each participant further acknowledges that the Company and its participating subsidiaries may be required to withhold taxes in connection with the disposition of stock acquired under the Plan and agrees that the Company or any participating subsidiary may take whatever action it considers appropriate to satisfy such withholding requirements, including deducting from compensation otherwise payable to such participant an amount sufficient to satisfy such withholding requirements or conditioning any disposition of Common Stock by the participant upon the payment to the Company or such subsidiary of an amount sufficient to satisfy such withholding requirements.

ARTICLE 22 - GOVERNMENTAL REGULATIONS.  
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-10-

The Company's obligation to sell and deliver shares of the Company's Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

Government regulations may impose reporting or other obligations on the Company with respect to the Plan. For example, the Company may be required to identify shares of Common Stock issued under the Plan on its stock ownership records and send tax information statements to employees and former employees who transfer title to such shares.

ARTICLE 23 - GOVERNING LAW.  
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The validity and construction of this Plan shall be governed by the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof.

ARTICLE 24 - APPROVAL OF BOARD OF DIRECTORS AND STOCKHOLDERS OF THE COMPANY.  
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The Plan was adopted by the Board of Directors on March 17, 1994 and was approved by the stockholders of the Company as of March 29, 1994. The Plan was amended and restated by vote of the Board of Directors on December 19, 1995, and has been revised to reflect the two-for-one stock split effected in September 1995.

CONSENT OF KPMG PEAT MARWICK LLP, INDEPENDENT AUDITORS

The Board of Directors  
Pure Software Inc.:

We consent to incorporation by reference in the registration statement (No. 333- ) on Form S-8 of our reports dated January 18, 1996, relating to the consolidated balance sheets of Pure Software Inc. as of December 31, 1995 and 1994, and the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' equity and cash flows and related schedule for each of the years in the three-year period ended December 31, 1995, which reports appear in Form S-4 (No. 333-08695) of Pure Software Inc.

/s/ KPMG Peat Marwick LLP

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KPMG Peat Marwick LLP

San Jose, CA  
August 26, 1996