FORM S-1

General form of registration statement for all companies including face-amount certificate companies

Filing Date: **1999-07-27**
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FILER

INTERWOVEN INC

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As filed with the Securities and Exchange Commission on July 27, 1999
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-1
REGISTRATION STATEMENT

Under
the Securities Act of 1933

INTERWOVEN, INC.
(Exact name of Registrant as specified in its charter)

Delaware	7372	94-3221352
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. employer identification no.)

Interwoven, Inc.
1195 West Fremont Avenue, Suite 2000
Sunnyvale, CA 94087
(408) 774-2000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

David M. Allen
Chief Financial Officer
Interwoven, Inc.
1195 West Fremont Avenue, Suite 2000
Sunnyvale, CA 94087
(408) 774-2000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement

for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

<TABLE>

Title Of Each Class Of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee
<S>	<C>	<C>
Common Stock, $.001 par value par share..	$50,000,000	$13,900

</TABLE>

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the +
+Securities and Exchange Commission is effective. This prospectus is not an +
+offer to sell these securities and it is not soliciting offers to buy these +
+securities in any state where the offer or sale is not permitted. +

SUBJECT TO COMPLETION, DATED JULY 27, 1999

Shares

[LOGO OF INTERWOVEN APPEARS HERE]

Common Stock

Prior to this offering, there has been no public market for our common stock. The initial public offering price is expected to be between $ and $ per share. We have applied to list our common stock on The Nasdaq Stock Market's National Market under the symbol "IWOV."

The underwriters have an option to purchase a maximum of additional shares to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" on page 5.

<TABLE>

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Interwoven
<S>	<C>	<C>	<C>

Per Share..... $ $ $
Total..... $ $ $
</TABLE>

Delivery of the shares of common stock will be made on or about , 1999.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

BancBoston Robertson Stephens

Dain Rauscher Wessels
a division of Dain Rauscher
Incorporated

The date of this prospectus is , 1999.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	Page
<S>	<C>
Prospectus Summary	3
Risk Factors	5
Special Note Regarding Forward-Looking Statements	13
Use of Proceeds	14
Dividend Policy	14
Capitalization	15
Dilution	16
Selected Financial Data	17
Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Business	27

</TABLE>
<TABLE>
<CAPTION>

	Page
<S>	<C>
Management	41
Related Party Transactions	52
Principal Stockholders	54
Description of Capital Stock	56
Shares Eligible for Future Sale	60
Underwriting	62
Notice to Canadian Residents	64
Legal Matters	65
Experts	65
Where You Can Find Additional Information	65
Index to Financial Statements	F-1

</TABLE>

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Interwoven(R), TeamSite(R), OpenDeploy(TM) and SmartContext(TM) are our trademarks. This prospectus also contains trademarks of other companies and organizations.

Unless otherwise indicated, all information contained in this prospectus assumes:

- that the underwriters will not exercise their over-allotment option;
- the completion of a 2-for-3 reverse stock split immediately prior to consummation of this offering;
- the conversion of each outstanding share of our preferred stock into two-thirds of a share of common stock, except for Series B Preferred Stock, each share of which shall be converted into 0.702205 shares of common stock;
- no exercise of outstanding warrants to purchase shares of our preferred stock prior to the consummation of this offering; and
- our reincorporation from California to Delaware prior to consummation of this offering.

Dealer Prospectus Delivery Obligation

Until , 1999 (25 days after the commencement of this offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before buying shares in the offering. You should read the entire prospectus carefully. You should read this summary together with the more detailed information and our financial statements and notes appearing elsewhere in this prospectus.

Interwoven

Interwoven is a leading provider of web content management solutions. Our products are specifically designed to help companies rapidly and efficiently build, maintain and extend mission-critical web sites and eBusiness applications. Our principal product, TeamSite, combines the functions of content management, version control, workflow and application development in an open, standards-based platform that allows large numbers of contributors across an enterprise to add web content in a well-managed manner.

As leading companies demonstrate success on the Internet, business leaders are seeking to capitalize on new business opportunities, reach a broader customer base and reduce overall operating costs by moving their businesses to the web. To accomplish this, companies are making significant investments to develop and deploy eBusiness initiatives. IDC estimates that spending on software applications and services for e-commerce will grow from $7.8 billion in 1998 and $53.8 billion 2002.

The competitive online environment is driving companies to deploy complex web sites that offer enhanced user experiences. These web sites can contain hundreds of thousands of content-rich web pages, and this content has been increasing in volume and complexity. In addition, today's web sites must be updated frequently by numerous contributors throughout an enterprise. Web teams

find it difficult to manage the increasing complexity, volume and variability of this content. At the same time, the large number of web authoring tools and web application servers has contributed to the increasing technological complexity involved in developing and maintaining web sites. These trends have created a need for content management solutions that can accommodate this increasing volume of web content, leverage existing information technology investments and allow more contributors to add content to a web site. IDC estimates that the market in which we participate, which they refer to as the web development life-cycle management software market, will grow from $76.4 million in 1998 to $1.6 billion in 2003.

Interwoven's content management platform assists customers in accelerating their time-to-web by enabling multiple eBusiness applications to be developed in parallel. Our products lower web operating costs by reducing a company's dependence on highly paid web professionals and the time required to test and approve new content. The scalability of our products also allows customers to manage hundreds of thousands of web files and enables hundreds of employees throughout the enterprise to contribute web content. In addition, our software platform's open, standards-based architecture enables businesses to take advantage of existing investments in information technology and web content and, at the same time, to easily integrate new technologies and applications.

We market and sell our software products and services primarily through a direct sales force in North America. To date, we have licensed our software products to over 75 customers, including AltaVista, Best Buy, Cisco Systems, FedEx, The Gap, GeoCities, TCI, the U.S. Department of Education, USWeb/CKS and Viacom/Nickelodeon.

We were incorporated in California in March 1995 and intend to reincorporate in Delaware immediately prior to this offering. Our principal executive offices are located at 1195 West Fremont Avenue, Suite 2000, Sunnyvale, California 94087 and our telephone number is (408) 774-2000. Our World Wide Web address is www.interwoven.com. The information on our web site does not constitute a part of this prospectus.

The Offering

<TABLE>

<C>	<S>
Common stock offered.....	shares
Common stock to be outstanding after this offering..	shares
Use of proceeds.....	For general corporate purposes, including working capital. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	IWOV

</TABLE>

The number of shares of our common stock to be outstanding immediately after this offering is based on the number of shares outstanding as of June 30, 1999, but does not include:

- 944,980 shares issuable upon exercise of options outstanding at June 30, 1999 under our stock option plans and 3,684,034 shares available for future issuance under those plans;
- 300,000 shares available for future issuance under our employee stock purchase plan;
- 72,071 shares issuable upon exercise of outstanding warrants; and
- 11,772 shares issuable upon exercise of warrants issued after June 30, 1999.

Summary Financial Data

(in thousands, except per share amounts)

<TABLE>
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	Years Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:					
Revenues	$ --	$ 168	$ 4,003	$ 886	$ 5,004
Gross profit	--	73	2,670	536	3,456
Total operating expenses	520	2,933	9,165	3,011	9,838
Loss from operations	(520)	(2,860)	(6,495)	(2,475)	(6,382)
Net loss	(510)	(2,948)	(6,344)	(2,418)	(6,228)
Net loss per share:					
Basic and diluted	$ (0.22)	$ (1.36)	$ (2.85)	$ (1.25)	$ (3.66)
Weighted average shares--basic and diluted	2,282	2,356	2,633	2,404	3,435
Pro forma net loss per share:					
Basic and diluted			$ (0.74)		$ (0.44)
Weighted average shares--basic and diluted			8,530		14,000

</TABLE>

<TABLE>
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	As of June 30, 1999	
	Actual	As Adjusted
<S>	<C>	<C>
Balance Sheet Data:		
Cash and cash equivalents	$ 25,203	$
Working capital	22,634	
Total assets	29,948	
Total stockholders' equity (deficit)	(21,155)	

</TABLE>

See Note 1 of Notes to Financial Statements for a description of the method that we used to compute our basic and diluted net loss per share and pro forma basic and diluted net loss per share.

The adjusted balance sheet data gives effect to the sale of the shares of common stock that we are offering under this prospectus at an assumed initial public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. See "Use of Proceeds" and "Capitalization."

RISK FACTORS

You should carefully consider the risks described below before buying shares in this offering. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may impair our business operations. If any of the following risks actually occur, our business, results of operations and financial condition could be seriously harmed, the trading price of our common stock could decline and you may lose all or part of your investment.

We have a limited operating history which makes it difficult to evaluate our business.

We were incorporated in March 1995 and have a limited operating history. We are still in the early stages of our development, which makes the evaluation of our business operations and our prospects difficult. We shipped our first product in May 1997. Since that time, we have derived substantially all of our revenues from licensing our TeamSite product and related services. Before buying our common stock, you should consider the risks and difficulties frequently encountered by early stage companies in new and rapidly evolving

markets, particularly those companies whose businesses depend on the Internet. These risks and difficulties, as they apply to us in particular, include:

- potential fluctuations in operating results and uncertain growth rates;
- limited market acceptance of our products;
- concentration of our revenues in a single product;
- our dependence on a small number of orders for most of our revenue;
- our need to expand our direct sales forces and indirect sales channels;
- our need to manage rapidly expanding operations; and
- our need to attract and train qualified personnel.

We must significantly increase our license revenues if we are to achieve profitability.

We have incurred net losses in each quarter since our inception and expect net losses to increase. We incurred net losses of approximately $510,000 in 1996, $2.9 million in 1997, $6.3 million in 1998 and $6.2 million for the six months ended June 30, 1999. As of June 30, 1999, we had an accumulated deficit of $21.2 million. To compete effectively, we will be required to continue to invest aggressively to expand our sales and marketing, research and development, and professional services organizations. Therefore, we will need to significantly increase our revenues, particularly license revenues, to achieve profitability. We cannot predict when we will become profitable, if at all.

Our operating results fluctuate widely and are difficult to predict.

In the past, our quarterly operating results have fluctuated significantly, and we expect them to continue to fluctuate in the future. Our sales cycle, from initial evaluation to delivery of software, can vary significantly from customer to customer, and is typically between three and nine months. In addition, our products are typically shipped when orders are received, so license backlog at the beginning of any quarter in the past has represented only a small portion of expected license revenues for that quarter. Moreover, we typically recognize a substantial percentage of revenues in the last month of the quarter, frequently in the last week or even the last days of the quarter. As a result, the delay or cancellation of any large orders can result in a significant shortfall from anticipated revenues. These factors make license revenues in any quarter difficult to forecast. Since our expenses are relatively fixed in the near term, any shortfall from anticipated revenues, could result in significant variations in operating results from quarter to quarter and harm to our business. The factors that could affect our quarterly operating results include:

- the size of customer orders and the timing of product and service deliveries;

- variability in the mix of products and services sold;
- our ability to retain our current customers and attract new customers;
- the amount and timing of operating costs relating to expansion of our business, including our planned international expansion;
- the announcement or introduction of new products or services by us or our competitors;
- our ability to attract and retain personnel, particularly management, engineering and sales personnel and technical consultants;
- our ability to upgrade and develop our systems and infrastructure to accommodate our growth; and

- costs related to acquisition of technologies or businesses.

As a result of these and other factors, we believe that period-to-period comparisons of our results of operations may not be meaningful and should not be relied upon as indicators of our future performance. It is possible that in some future periods our results of operations may not meet or exceed the expectations of public market analysts and investors. If this occurs, the price of our common stock is likely to decline.

Our quarterly results often depend on a small number of large orders.

We derive a significant portion of our license revenues in each quarter from a small number of relatively large orders. For example, in the first and second quarters of 1999, our top five customers accounted for 41% and 30%, respectively, of the total revenue in such quarter. We expect that we will continue to depend upon a small number of large orders for a significant portion of our license revenues. As a result, our operating results could suffer if any large orders are delayed or cancelled in any future period.

We face significant competition, which could make it difficult to acquire and retain customers now and in the future.

The market for web content management solutions is competitive and we expect this competition to persist and to intensify in the future. Competitive pressures may seriously harm our business and quarterly and annual results of operations. Our competitors include:

- potential customers engaged in in-house development efforts;

- vendors of software that directly address elements of web content management, such as Vignette; and

- developers of software that address some aspects of web content management.

We face potential competition from companies such as Microsoft and IBM that may decide in the future to enter our market. Many of existing and potential competitors have longer operating histories greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than we do. Many of these companies can also leverage extensive customer bases and adopt aggressive pricing policies to gain market share. Potential competitors may bundle their products in a manner that may discourage users from purchasing our products. Barriers to entering the web content management software market are relatively low.

The market for our products is new and customers may not accept our products.

The market for web content management software is new and rapidly evolving, and the size and potential growth of this new market and the direction of its development are uncertain. We have licensed our products to a small number of customers. We expect that we will continue to need intensive marketing and sales efforts to educate prospective clients about the uses and benefits of our products and services. Enterprises that have invested substantial resources in other methods of conducting business over the Internet may be reluctant to adopt a new approach that may replace, limit or compete with their existing systems. Any of these factors could inhibit the growth and market acceptance of our products and services in particular. Accordingly, we cannot be certain that a viable market for our products will emerge, or if it does emerge, that it will be sustainable.

Our lengthy sales cycle could adversely affect our revenue growth.

Because our software products impact a large number of departments within an enterprise and are implemented in conjunction with strategic business initiatives, our customers typically commit significant time and resources to

comparing and evaluating our products, internal solutions and other commercially available applications. These evaluations require us to expend substantial time, effort and money educating them about the value of our products and services. The time between initial contact with a potential customer and the ultimate sale typically ranges between three and nine months and can vary significantly from customer to customer. To reduce our sales cycle, we must establish a large number of referenceable customers. Failure to establish a significant base of referenceable customers will significantly inhibit our ability to shorten our sales cycle. As a result of our lengthy sales cycle, we have only a limited ability to forecast the timing and size of specific sales. Any delay in completing, or failure to complete, sales in a particular quarter or fiscal year could harm our business and cause our operating results to vary significantly.

We rely heavily on sales of one product.

Since 1997, we have generated substantially all of our revenues from licenses of, and services related to, our TeamSite product. We believe that revenues generated from TeamSite will continue to account for a large portion of our revenues for the foreseeable future. A decline in the price of TeamSite or our inability to increase license sales of TeamSite would seriously harm our business and operating results. In addition, our future financial performance will depend upon the successful development, introduction and customer acceptance of enhanced versions of TeamSite and future products. Our business could be harmed if we fail to deliver the enhancements or products that customers want.

We depend on our direct sales force to generate revenues.

We sell our products primarily through our direct sales force, and we intend to continue to invest significant resources to expand our direct sales force. We believe that there is significant competition for direct sales personnel with the advanced sales skills and technical knowledge we need. Some of our competitors may have greater resources to hire such personnel. Our inability to hire experienced and competent sales personnel, or our failure to retain them, would harm our business. Furthermore, because we depend on our direct sales force, any turnover in our sales force can significantly harm our operating results. Such turnover tends to slow sales efforts until replacement personnel can be recruited and trained to become productive. See "--We must attract and retain qualified personnel."

We must develop our indirect sales channel.

To date, we have sold our products principally through our direct sales organization. By relying primarily on a direct sales model, we may miss sales opportunities that might be available through other sales channels, such as domestic and international resellers. Our ability to achieve revenue growth and to increase worldwide sales in the future will depend in large part upon our success in expanding and maintaining relationships with

existing system integrators and Internet professional services firms and establishing relationships with additional firms. Although we are currently investing and plan to continue to invest significant resources to develop these relationships, we may not be able to build an indirect channel that will be able to market our products effectively and will be qualified to provide timely and cost-effective customer support and services. In addition, we may not be able to manage conflicts across our various sales channels, and our focus on increasing sales through our indirect channel may divert management resources and attention from direct sales.

We must implement and improve our operational systems on a timely basis to manage our growth properly.

We have expanded our operations rapidly since inception. We intend to continue to expand our systems for the foreseeable future to pursue existing and potential market opportunities. This rapid growth places a significant demand on management and operational resources. In order to manage growth effectively, we must implement and improve our operational systems, procedures

and controls on a timely basis. If we fail to implement and improve these systems in a timely manner, our business will be seriously harmed.

We may experience difficulties in introducing new products and upgrades in a timely manner.

The market for our products is marked by rapid technological change, frequent new product introductions and Internet-related technology enhancements, uncertain product life cycles, changes in customer demands and evolving industry standards. We expect to add new content management functionality to our product offerings by internal development, and possibly by acquisition. Content management technology is complex, and new products or product enhancements can require long development and testing periods. Any delays in developing and releasing new products could harm our business. New products or upgrades may not be released according to schedule or may contain defects when released. Either situation could result in adverse publicity, loss of sales, delay in market acceptance of our products or customer claims against us, any of which could harm our business. If we do not develop, license or acquire new software products, or deliver enhancements to existing products on a timely and cost-effective basis, our business will be harmed.

Our products might not be compatible with all major platforms, which could inhibit sales.

Our products currently operate on the Microsoft Windows NT and Sun Solaris operating systems. In addition, our products are required to interoperate with leading web content authoring tools and web application servers. We must, therefore, continually modify and enhance our products to keep pace with changes in these applications and operating systems. If our products were to be incompatible with a new operating system or web application that achieved sufficient market penetration, our business would be harmed. In addition, uncertainties related to the timing and nature of new product announcements, introductions or modifications by vendors of operating systems, browsers, back-office applications, and other Internet-related applications, could also harm our business.

There are risks associated with international operations.

To date, we have derived all of our revenues from sales to North American customers. We plan to expand our international operations in the future. There are many barriers to competing successfully in the international arena, including:

- costs of customizing products for foreign countries;
- restrictions on the use of software encryption technology;
- dependence on local vendors;
- compliance with multiple, conflicting and changing governmental laws and regulations;
- longer sales cycles; and
- import and export restrictions and tariffs.

Due to all of the foregoing, we cannot assure you that we will be able to market, sell and deliver our products and services in international markets.

It is important for us to establish and maintain strategic relationships.

To offer products and services to a larger customer base our direct sales force depends on strategic partnerships and marketing alliances to obtain customer leads, referrals and distribution. If we are unable to maintain our existing strategic relationships or fail to enter into additional strategic relationships, we will have to devote substantially more resources to the sale and marketing of our products and services. We would also lose anticipated customer introductions and co-marketing benefits. Our success depends in part

on the success of our strategic partners and their ability to market our products and services successfully. In addition, our strategic partners may not regard us as significant for their own businesses. Therefore, they could reduce their commitment to us or terminate their respective relationships with us, pursue other partnerships or relationships, or attempt to develop or acquire products or services that compete with our products and services. Even if we succeed in establishing these relationships, they may not result in additional customers or revenues.

We must attract and retain qualified personnel.

Our success depends on our ability to attract and retain qualified, experienced employees. We face substantial competition for experienced engineering, sales and consulting personnel in the market in which we compete. Many of our competitors for experienced personnel have greater financial and other resources than we do. We compete for personnel with Internet service companies, software vendors, consulting and professional services companies. In addition, our customers generally purchase consulting and implementation services. While we have recently established relationships with some third-party service providers, we continue to be the primary provider of these services. It is difficult and expensive to recruit, train and retain qualified personnel to perform these services, and we may from time to time have inadequate levels of staffing to perform these services. As a result, our growth could be limited due to our lack of capacity to provide such services, or we could experience deterioration in service levels or decreased customer satisfaction, any of which would harm our business.

We depend on growth in our services revenues to increase our total revenues.

Our services revenues represent a significant component of our total revenues. Services revenues represented 21% of total revenues for 1998 and 35% of total revenues for the six months ended June 30, 1999. We anticipate that services revenues will continue to represent a significant percentage of total revenues in the future. To a large extent, the level of services revenues depends upon our ability to license products which generate follow-on services revenue. Additionally, services revenues growth depends on ongoing renewals of maintenance and service contracts. Moreover, if third-party organizations such as systems integrators become proficient in installing or servicing our products, our services revenues could decline. Our ability to increase services revenues will depend in large part on our ability to increase the capacity of our professional services organization, including our ability to recruit, train and retain a sufficient number of qualified personnel.

We might not be able to protect and enforce our intellectual property rights.

We depend upon our proprietary technology, and rely on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect it. We currently do not have any issued United States or foreign patents, but have applied for one U.S. patent. It is possible that a patent will not issue from our currently pending patent application or any future patent application we may file. We have also restricted customer access to our source code and required all employees to enter into confidentiality and invention assignment agreements. Despite our efforts to protect our proprietary technology, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. In addition, the laws of some foreign countries do not protect our proprietary rights as effectively as the laws of

the United States, and we expect that it will become more difficult to monitor use of our products as we increase our international presence. In addition, third parties may claim that our products infringe theirs.

Our failure to deliver defect-free software could result in losses and negative publicity.

Our software products are complex and have in the past and may in the future contain defects or failures that may be detected at any point in the product's life. We have discovered software defects in the past in certain of our

products after their release and we may experience delays or lost revenue to correct such defects in the future. Despite our testing, defects and errors may still be found in new or existing products, resulting in delayed or lost revenues, loss of market share, failure to achieve acceptance, reduced customer satisfaction, diversion of development resources and damage to our reputation. As has occurred in the past, new releases of products or product enhancements may require us to provide additional services under our maintenance contracts to ensure proper installation and implementation. Moreover, third parties may develop and spread computer viruses that may damage the functionality of our software products. Any damage to or interruption in performance of our software could also harm to our business.

Defects or errors in our products may result in product liability claims.

Because customers rely on our products for business critical processes, any significant defects or errors in our products or services might result in tort or warranty claims. It is possible that the limitation of liability provisions in our contracts may not be effective as a result of existing or future federal, state or local laws or ordinances or unfavorable judicial decisions. We have not experienced any such product liability claims to date, but we could in the future. Further, although we maintain errors and omissions insurance, such insurance coverage may not be adequate to cover us. A successful product liability claim could harm our business. Defending a product liability suit, regardless of its merits, could entail substantial expense and require the time and attention of key management personnel.

Potential Year 2000 problems could harm our business.

We may experience reduced sales of products as customers and potential customers put a priority on correcting Year 2000 problems and therefore defer purchases of our products until later in 2000. Accordingly, demand for our products may be particularly volatile and unpredictable for the remainder of 1999 and early 2000.

Our products are generally integrated into enterprise systems involving sophisticated hardware and complex software products, which may not be Year 2000 compliant. We may in the future be subject to claims based on Year 2000 problems in other parties' products, Year 2000 problems alleged to be found in our products, Year 2000 related issues arising from the integration of multiple products within an overall system, or other similar claims. We also need to ensure Year 2000 compliance of our own internal computer and other systems, to continue testing our software products, to audit the Year 2000 compliance status of our suppliers and business partners, and to conduct a legal audit. We have not conducted a comprehensive Year 2000 investigation of our internal systems and do not intend to do so. The total cost of Year 2000 compliance may be material and may harm our business.

Past and future acquisitions might harm our business.

In July 1999, we acquired Lexington Software Associates, Inc., a software consulting company, to help support our existing customer base and to help attract and retain new customers. We may be unable to integrate this company into ours successfully, and our business may not benefit as expected. As part of our business strategy, we may seek to acquire or invest in additional businesses, products or technologies that we feel could complement or expand our business. If we identify an appropriate acquisition opportunity, we might be unable to negotiate the terms of that acquisition successfully, finance it, or integrate it into our existing business and operations. We may also be unable to select, manage or absorb any future acquisitions successfully. Further, the

negotiation of potential acquisitions, as well as the integration of an acquired business, would divert management time and other resources. We may have to use a substantial portion of our available cash, including proceeds of this offering, to consummate an acquisition. On the other hand, if we consummate acquisitions through an exchange of our securities, our stockholders could suffer significant dilution. In addition, we cannot assure you that any particular acquisition, even if successfully completed, will ultimately benefit

our business.

If widespread Internet adoption does not continue, or if the Internet cannot accommodate continued growth, our business will be harmed.

Acceptance of our products depends upon continued adoption of the Internet for commerce. As is typical in the case of an emerging industry characterized by rapidly changing technology, evolving industry standards and frequent new product and service introductions, demand for and acceptance of recently introduced e-commerce enabling products and services are subject to a high level of uncertainty. To the extent that businesses do not consider the Internet a viable commercial medium, our customer base may not grow. In addition, critical issues concerning the commercial use of the Internet remain unresolved and may affect the growth of Internet use. The adoption of the Internet for commerce, communications and access to content, particularly by those who have historically relied upon alternative methods, generally requires understanding and acceptance of a new way of conducting business and exchanging information. In particular, companies that have already invested substantial resources in other means of conducting commerce and exchanging information may be particularly reluctant or slow to adopt a new, Internet-based strategy that may render their existing infrastructure obsolete. If the use of the Internet fails to develop or develops more slowly than expected, our business may be seriously harmed.

To the extent that there is an increase in Internet use, an increase in frequency of use or an increase in the required bandwidth of users, the Internet infrastructure may not be able to support the demands placed upon it. In addition, the Internet could lose its viability as a commercial medium due to delays in development or adoption of new standards or protocols required to handle increased levels of Internet activity. Changes in, or insufficient availability of, telecommunications or similar services to support the Internet also could result in slower response times and could adversely impact use of the Internet generally. If use of the Internet does not continue to grow or grows more slowly than expected, or if the Internet infrastructure, standards, protocols or complementary products, services or facilities do not effectively support any growth that may occur, our business would be seriously harmed.

There is substantial risk that future regulations could be enacted that either directly restrict our business or indirectly impact our business by limiting the growth of Internet commerce.

As Internet commerce evolves, we expect that federal, state or foreign agencies will adopt new legislation or regulations covering issues such as user privacy, pricing, content and quality of products and services. If enacted, such laws, rules or regulations could indirectly harm us to the extent that it impacts our customers and potential customers. We cannot predict if or how any future legislation or regulations would impact our business. Although many of these regulations may not apply to our business directly, we expect that laws regulating or affecting commerce on the Internet could indirectly harm our business.

Our existing stockholders control a majority of our stock.

Immediately after the closing of this offering, approximately % of our outstanding capital stock will be owned by our directors and executive officers or their affiliated entities. As a result, these stockholders, acting together, would be able to control all matters requiring approval by the stockholders, including the election of all directors and approval of significant corporate transactions.

We have various mechanisms in place to discourage takeover attempts.

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a change in control. These provisions include:

- authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;

- providing for the election of only one-third of our directors at each annual meeting of stockholders;

- limitations on who may call special meetings of stockholders;

- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders; and

- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporations Law and our stock incentive plans may discourage, delay or prevent a change in control of us. See "Description of Capital Stock--Anti-Takeover Provisions."

Our stock price may be volatile because our shares have not been publicly traded before.

There has not previously been a public market for our common stock. We cannot predict the extent to which investor interest in Interwoven will lead to the development of a trading market or how liquid that market might become. The initial public offering price for our shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The trading price of our common stock could be subject to wide fluctuations in response to factors such as those described in the risk factor "Our operating results fluctuate widely and are difficult to predict."

In addition, the stock markets generally, and the Nasdaq National Market and technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. The trading prices of many technology companies' stock are at or near historical highs and these trading prices and multiples are substantially above historic levels. These trading prices and multiples may not be sustained. These broad market and industry factors may seriously impact the market price of our common stock, regardless of our actual operating performance.

Purchasers in this offering will incur immediate and substantial dilution.

The initial public offering price of our common stock will be substantially higher than the book value per share of the outstanding common stock. As a result, if we were liquidated for book value immediately following this offering, each stockholder purchasing in this offering would receive less than they paid for their common stock. To the extent that outstanding options to purchase our common stock are exercised, or options or warrants reserved for issuance are issued and exercised, each stockholder purchasing in this offering will experience further substantial dilution.

Our stock price could be affected by more shares becoming available for sale.

Sales of a substantial number of shares of common stock after this offering could adversely affect the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. For a description of the shares of our common stock that are eligible for future sale, see "Shares Eligible for Future Sale."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus constitute forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other comparable terminology. The forward-looking statements

contained in this prospectus involve known and unknown risks, uncertainties and other factors that may cause industry trends or our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include, among others, those listed under "Risk Factors" and elsewhere in this prospectus.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ from the sale of shares of our common stock ($ if the underwriters' over-allotment option is exercised in full) at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses. The primary purposes of this offering are to obtain additional working capital, create a public market for our common stock, facilitate our future access to public capital markets and provide liquidity to existing stockholders.

We intend to use the proceeds from this offering for working capital and general corporate requirements. We may use the proceeds for acquisitions of technologies, product lines or businesses that are complementary to our business. We have no current acquisition plans. Pending such uses, we plan to invest the net proceeds in short-term to medium-term interest-bearing, investment grade securities. Management will have broad discretion over the allocation of the net proceeds from this offering.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock or other securities, and we do not anticipate paying a cash dividend in the foreseeable future. Our lines of credit currently prohibit the payment of dividends.

CAPITALIZATION

The following table sets forth the following information, as of June 30, 1999:

- our actual capitalization;
- our pro forma capitalization after giving effect to the conversion of all outstanding shares of preferred stock into shares of common stock upon the closing of this offering; and
- our pro forma as adjusted capitalization to give effect to the sale of shares of common stock offered hereby at an assumed initial public offering price of $ per share, less the estimated underwriting discounts and commissions and estimated offering expenses.

<TABLE>
<CAPTION>

	June 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share data)		
<S>	<C>	<C>	<C>
Debt and leases, long-term.....	$ 1,000	$ 1,000	$

Mandatorily redeemable convertible preferred stock, 18,763,092 shares authorized, 18,455,184 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	45,276	--	
Stockholders' equity (deficit):			
Preferred stock, $0.001 par value, no shares authorized, issued or outstanding, actual; 5,000,000 shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	--	--	--
Common stock, $0.001 par value, 26,666,667 shares authorized, 6,230,590 shares issued and outstanding, actual; 75,000,000 shares authorized, 18,642,241 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	6	19	
Additional paid-in capital	9,483	54,746	
Notes receivable for purchase of common stock	(202)	(202)	
Deferred stock-based compensation	(6,130)	(6,130)	
Accumulated deficit	(24,312)	(24,312)	
Total stockholders' equity (deficit)	(21,155)	24,121	
Total capitalization	$ 25,121	$ 25,121	$

</TABLE>

The table excludes:

- 944,980 shares of issuable upon options outstanding at June 30, 1999 under our stock option plans and 3,684,034 shares available for future issuance under those plans;
- 300,000 shares available for future issuance under our employee stock purchase plan;
- 72,071 shares issuable upon exercise of outstanding warrants;
- 249,667 shares issuable upon exercise of outstanding options issued after June 30, 1999; and
- 11,772 shares issuable upon exercise of outstanding warrants issued after June 30, 1999.

DILUTION

The pro forma net intangible book value of our common stock as of June 30, 1999, after giving effect to the conversion of all outstanding shares of preferred stock into common stock, was $24.1 million, or approximately $1.94 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding. Assuming our sale of shares of common stock offered at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our pro forma net tangible book value as of June 30, 1999 would have been $, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors. Investors participating in this offering will incur immediate, substantial dilution. The following table illustrates the per share dilution:

<TABLE>

<S>	<C>	<C>
Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 1999	$1.94	

Increase in pro forma net tangible book value per share attributable to new investors	$
Pro forma net tangible book value per share after offering	$
Dilution per share to new investors	$

The following table summarizes, on a pro forma basis, as of June 30, 1999, the differences between the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by existing stockholders and by the new investors purchasing shares in this offering. We have assumed an initial public offering price of $ per share, and we have not deducted estimated underwriting discounts and commissions and estimated offering expenses in our calculations.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	18,642,291	%	$39,603,609	%	$2.12
New investors					
Total		100%		100%	

The foregoing discussion and table assume no exercise of any outstanding stock options. The exercise of stock options outstanding under our stock option plans having an exercise price less than the offering price would increase the dilutive effect to new investors.

SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with, and is qualified by reference to, the Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial data included elsewhere in this prospectus.

The statement of operations data for the years ended December 31, 1996, 1997 and 1998 and the balance sheet data at December 31, 1997 and 1998, are derived from and are qualified by reference to audited financial statements included elsewhere in this prospectus. The balance sheet data at December 31, 1996 is derived from audited financial statements not included in this prospectus. The statement of operations data for the six months ended June 30, 1998 and 1999, and the balance sheet data at June 30, 1999 are derived from unaudited financial statements included elsewhere in this prospectus and, in the our opinion, include all adjustments consisting solely of normal recurring accruals which are necessary to present fairly the data for such period. Historical results are not necessarily indicative of future results and the results, for interim periods are not necessarily indicative of results to be expected for the entire year.

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
	(in thousands, except per share data)				
Statement of Operations Data:					
Revenues:					

License	$ --	$ 84	$ 3,176	$ 624	$ 3,258
Services	--	84	827	262	1,746
Total revenues	--	168	4,003	886	5,004
Cost of revenues:					
License	--	--	59	--	119
Services	--	95	1,274	350	1,429
Total cost of revenues	--	95	1,333	350	1,548
Gross profit	--	73	2,670	536	3,456
Operating expenses:					
Research and development	328	884	1,797	735	1,701
Sales and marketing	101	1,519	4,817	1,357	5,225
General and administrative	91	530	1,739	572	1,244
Amortization of deferred stock-based compensation	--	--	812	347	1,668
Total operating expenses	520	2,933	9,165	3,011	9,838
Loss from operations	(520)	(2,860)	(6,495)	(2,475)	(6,382)
Other income (expense), net	10	(88)	151	57	154
Net loss	$ (510)	$(2,948)	$(6,344)	$(2,418)	$(6,228)
Net loss per share:					
Basic and diluted	$(0.22)	$ (1.36)	$ (2.85)	$ (1.25)	$ (3.66)
Weighted average shares--basic and diluted	2,282	2,356	2,633	2,404	3,435
Pro forma net loss per share:					
Basic and diluted			$ (0.74)		$ (0.44)
Weighted average shares--basic and diluted			8,530		14,000

<TABLE>
<CAPTION>

	December 31,			June 30,
	1996	1997	1998	1999
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Balance Sheet Data:				
Cash and cash equivalents	$ 17	$1,019	$ 9,022	$25,203
Working capital	(208)	792	8,844	22,634
Total assets	92	1,384	13,908	29,948
Total stockholders' deficit	(525)	(3,734)	(10,752)	(21,155)

</TABLE>

See Note 1 of Notes to Financial Statements for a discussion regarding computation and presentation of pro forma basic and diluted net loss per share and shares used in computing pro forma basic and diluted net loss per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with "Selected Financial Data" and our Financial Statements and Notes appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

Interwoven was incorporated in March 1995 to provide software products and services for web content management. Designed specifically for the web, our products allow large teams of people across an enterprise to contribute and edit web content on a collaborative basis, reducing the time-to-web for critical eBusiness initiatives. From March 1995 through March 1997, we were a development stage company conducting research and development for our initial products. In May 1997, we shipped the first version of our principal product, TeamSite. We have subsequently developed and released enhanced versions of TeamSite and have introduced related products. As of June 30, 1999, we had sold our products and services to over 75 customers. We market and sell our products primarily through a direct sales force and augment our sales efforts through relationships with systems integrators and other strategic partners. We are headquartered in Sunnyvale, California and maintain additional offices in the metropolitan areas of Atlanta, Boston, Chicago, Los Angeles, Seattle and Washington, D.C. Our revenues to date have been derived exclusively from accounts in North America. In May 1999, we opened an office in the United Kingdom.

We derive revenues from the license of our software products and from services we provide to our customers. To date, we have derived virtually all of our license revenues from licenses of TeamSite. License revenues are recognized when persuasive evidence of an agreement exists, the product has been delivered, no significant post-delivery obligations remain, the license fee is fixed or determinable and collection of the fee is probable. Services revenues consist of professional services and maintenance fees. Professional services primarily consist of software installation and integration, business process consulting and training. We generally bill our professional services customers on a time and materials basis and recognize revenues as the services are performed. Maintenance agreements are typically priced based on a percentage of the product license fee, and typically have a one-year term that is renewable annually. Services provided to customers under maintenance agreements include technical product support and an unspecified number of product upgrades as released by us during the term of a maintenance agreement. Revenues from maintenance support agreements are recognized ratably over the term of the agreement.

Since inception, we have incurred substantial costs to develop our technology and products, to recruit and train personnel for our engineering, sales and marketing and services organizations, and to establish an administrative organization. As a result, we have incurred net losses in each quarter since inception and, as of June 30, 1999, had an accumulated deficit of $21.2 million. We anticipate that our cost of services revenues and operating expenses will increase substantially in future quarters as we grow our services organization to support an increased level and expanded number of services offered, increase our sales and marketing operations, develop new distribution channels, fund greater levels of research and development, and improve operational and financial systems. Accordingly, we expect to incur additional losses for the foreseeable future as we continue to expand our operations. In addition, our limited operating history makes the prediction of future results of operations difficult and, accordingly, there can be no assurance that we will achieve or sustain profitability.

On July 1, 1999, we acquired Lexington Software Associates, Inc. As a result of this acquisition, we have substantially increased our professional services organization. The Lexington Software acquisition added 18 employees to the 118 employees we had as of June 30, 1999. See Note 9 of Notes to Financial Statements.

Results of Operations

The following table lists, for the periods indicated, each line as a percentage of total revenues:

<TABLE>
<CAPTION>

	Years Ended December 31,	Six Months Ended June 30,

	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>
Revenues:				
License	50%	79%	70%	65%
Services	50	21	30	35
Total revenues	100	100	100	100
Cost of revenues:				
License	--	1	--	2
Services	57	32	40	29
Total cost of revenues	57	33	40	31
Gross profit	43	67	60	69
Operating expenses:				
Research and development	526	45	83	34
Sales and marketing	904	120	153	104
General and administrative	315	43	65	25
Amortization of deferred stock-based compensation	--	20	39	33
Total operating expenses	1,745	228	340	196
Loss from operations	(1,702)	(161)	(280)	(127)
Other income (expense), net	(52)	4	6	3
Net loss	(1,754)%	(157)%	(274)%	(124)%

</TABLE>

Six Months Ended June 30, 1998 and 1999

Revenues

Total revenues increased 456% from $900,000 for the six months ended June 30, 1998 to $5.0 million for the six months ended June 30, 1999. This increase was attributable to greater market acceptance of our products and services after their introduction in 1997 and an increase in the number of sales and marketing staff, resulting in an increased number of customers.

License. License revenues increased 429% from $624,000 for the six months ended June 30, 1998 to $3.3 million for the six months ended June 30, 1999. License revenues represented 70% and 65% of total revenues, respectively, in those periods. The increase in license revenues reflected growing market acceptance of our products, an expanded direct sales force, and an increase in average size of new customer contracts.

Services. Services revenues increased 549% from $262,000 for the six months ended June 30, 1998 to $1.7 million for the six months ended June 30, 1999. Services revenues represented 30% and 35% of total revenues, respectively, in those periods. The increase in services revenues reflected an increase in both professional services and maintenance fees generated from an expanded number of customers who licensed our products.

Cost of Revenues

License. Cost of license revenues includes expenses incurred to manufacture, package and distribute software products and related documentation, as well as costs of licensing third-party software sold in conjunction with our software products. Cost of license revenues was not significant for the six months ended June 30, 1998 and increased to $119,000 for the six months ended June 30, 1999. Cost of license revenues

represented 4% of license revenues in the six months ended June 30, 1999. The

increase in cost of license revenues primarily reflected increased sales of third-party products sold in conjunction with our software products. Cost of license revenues may fluctuate from period to period as we sell higher or lower numbers of third-party products.

Services. Cost of services revenues consists primarily of salary and related costs of our professional services, training, maintenance and support staffs, as well as subcontractor expenses. Cost of services revenues increased 300% from $350,000 for the six months ended June 30, 1998 to $1.4 million for the six months ended June 30, 1999. Cost of services revenues represented 134% and 82% of services revenues, respectively, in those periods. This increase in dollar amounts was primarily due to an increase in the number of staff and subcontractors used to provide services to our expanded customer base.

We expect our cost of services revenues to increase in dollar amounts as a result of the increased staffing of our professional services organization due to our acquisition of Lexington Software and through our continued expansion of our services staff and consulting organizations. Since services revenues have substantially lower margins than license revenues, this expansion would reduce our gross margins if our license revenues were not to increase significantly. We expect cost of services revenues as a percentage of services revenues to vary from period to period depending on the mix of services we provide, whether such services are performed by our staff or subcontractors, and the overall utilization rates of professional services staff.

Gross Profit

Gross profit increased 553% from $536,000 for the six months ended June 30, 1998 to $3.5 million for the six months ended June 30, 1999. Gross profit represented 60% and 69% of total revenues, respectively, in those periods. This increase in dollar amounts reflects increased license and services revenues from a growing customer base. We expect gross profit as a percentage of total revenues to fluctuate from period to period as a result of changes in the relative proportion of license and services revenues.

Operating Expenses

Research and Development. Research and development expenses consist primarily of personnel and related costs to support product development. Research and development expenses increased 131% from $735,000 for the six months ended June 30, 1998 to $1.7 million for the six months ended June 30, 1999, representing 83% and 34% of total revenues, respectively, in those periods. This increase in dollar amounts was due to increases in the number of product development personnel. We believe that continued investment in research and development is critical to our strategic objectives, and we expect that the dollar amounts of research and development expenses will increase significantly in future periods. To date, all software development costs have been expensed in the period incurred.

Sales and Marketing. Sales and marketing expenses consist primarily of salaries and related costs for sales and marketing personnel, sales commissions, travel and marketing programs. Sales and marketing expenses increased 271% from $1.4 million for the six months ended June 30, 1998 to $5.2 million for the six months ended June 30, 1999, representing 153% and 104% of total revenues, respectively, in those periods. This increase in dollar amounts was due to increases in the number of our sales and marketing personnel, higher sales commissions and increased marketing activities. We expect to continue to invest heavily in sales and marketing in order to expand our customer base and increase brand awareness. We also anticipate that the percentage of total revenues represented by sales and marketing expenses will fluctuate from period to period primarily depending on when we hire new sales personnel, the timing of new marketing programs and the levels of revenues in each period.

General and Administrative. General and administrative expenses consist primarily of salaries and related costs for accounting, human resources, legal and other administrative functions, as well as provisions for doubtful accounts. General and administrative expenses increased 110% from $572,000 for the six months

ended June 30, 1998 to $1.2 million for the six months ended June 30, 1999, representing 65% and 25% of total revenues, respectively. This increase in dollar amounts was due to additional staffing of these functions to support expanded operations during this same period. We expect general and administrative expenses to increase in dollar amounts in 1999 as we add personnel to support expanding operations, incur additional costs related to the growth of our business, and assume the reporting requirements of a public company.

Amortization of Deferred Stock-Based Compensation. In 1998 and the first six months of 1999, we recorded deferred stock-based compensation of $1.9 million and $6.7 million in connection with stock options granted during 1998 and 1999, respectively. These amounts represent the difference between the exercise price of certain stock option grants and the deemed fair value of our common stock at the time of such grants. Amortization of deferred stock-based compensation was $347,000 and $1.7 million for the six months ended June 30, 1998 and 1999, respectively. We expect per quarter amortization related to these options of approximately $1.0 million during the remainder of 1999, between $500,000 and $750,000 during 2000, between $270,000 and $400,000 during 2001 and between $130,000 and $250,000 during 2002.

Other Income (Expense), Net

Other income (expense), net, consists of primarily interest income and expenses. Other income (expense), net, increased from $57,000 for the six months ended June 30, 1998 to $154,000 for the six months ended June 30, 1999 due to higher average cash balances.

Income Taxes

As of June 30, 1999, we had approximately $10.8 million of federal and $1.7 million of state net operating loss carryforwards available to reduce future taxable income, expiring in 2015 and 2010 for federal and state tax purposes, respectively. Under the Tax Reform Act of 1986, the amounts of and benefits from net operating loss carryforwards may be impaired or limited in certain circumstances. Events which cause limitation in the amount of net operating losses that we may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50%, as defined, over a three year period. We have provided a full valuation allowance on the deferred tax asset because of the uncertainty regarding its realization. Our accounting for deferred taxes under Statement of Financial Accounting Standards No. 109 involves the evaluation of a number of factors concerning the realizability of our deferred tax assets. In concluding that a full valuation allowance was required, management primarily considered factors such as our history of operating losses and expected future losses and the nature of our deferred tax assets. See Note 5 of Notes to Financial Statements.

Years Ended December 31, 1996, 1997 and 1998

Revenues

We had no revenues in 1996. Total revenues increased from $168,000 in 1997 to $4.0 million in 1998. This increase was attributable to greater market acceptance of our software products after their introduction in 1997 and an increase in the number of sales and marketing staff, resulting in an increased number of customers.

License. License revenues increased from $84,000 in 1997 to $3.2 million in 1998. License revenues represented 50% and 79% of total revenues, respectively, in those periods. The increase in license revenues reflected a growing market acceptance of our software products, an expanded direct sales force, and an increase in average size of new customer contracts.

Services. Services revenues increased from $84,000 in 1997 to $827,000 in 1998. Services revenues represented 50% and 21% of total revenues, respectively, in those periods. The increase in services revenues reflected an increase in both professional services and maintenance fees generated from an expanded number of customers who licensed our products.

Cost of Revenues

License. We had no cost of license revenues in 1996 or 1997. Cost of license revenues in 1998 was $59,000 and represented 2% of license revenues in 1998. The increase in cost of license revenues primarily reflects increased sales of third-party products sold in conjunction with our software products.

Services. We had no cost of services revenues in 1996. Cost of services revenues increased from $95,000 in 1997 to $1.3 million in 1998. Cost of services revenues represented 113% and 154% of services revenues, respectively, in those periods. This increase was primarily due to an increase in the number of services personnel and subcontractors used to provide services to our expanded customer base.

Gross Profit

Gross profit increased from $73,000 in 1997 to $2.7 million in 1998, representing 43% and 67% of total revenues, respectively, in those periods. This increase reflected increased license and services revenues from a growing customer base.

Operating Expenses

Research and Development. Research and development expenses increased from $328,000 in 1996 to $884,000 in 1997 and $1.8 million in 1998. Research and development expenses represented 526% and 45% of total revenues in 1997 and 1998, respectively. This increase in dollar amounts was due to increases in the number of product development personnel.

Sales and Marketing. Sales and marketing expenses increased from $101,000 in 1996 to $1.5 million in 1997 and $4.8 million in 1998. Sales and marketing expenses represented 904% and 120% of total revenues in 1997 and 1998, respectively. This increase in dollar amounts was due to increases in sales and marketing personnel, higher sales commissions and increased marketing activities.

General and Administrative. General and administrative expenses increased from $91,000 in 1996 to $530,000 in 1997 and $1.7 million in 1998, representing 315% and 43% of total revenues in 1997 and 1998, respectively. This increase in dollar amounts was due to additional staffing of these functions to support expanded operations during this same period.

Amortization of Deferred Stock-Based Compensation. In 1998 we recorded deferred stock-based compensation of $1.9 million, $812,000 of which was amortized in 1998.

Other Income (Expense), Net

Other income (expense), net, decreased from $10,000 in 1996 to ($88,000) in 1997 and increased to $151,000 in 1998. The decrease from 1996 to 1997 reflected increased interest expense on promissory notes issued in conjunction with the sale of our preferred stock. The increase from 1997 to 1998 was due to increased interest income earned from cash balances on hand as a result of sales of our preferred stock in March, October, November and December 1998, partially offset by increased interest expense.

Quarterly Results of Operations

The following tables set forth our unaudited statements of operations data in dollars and as a percentage of total revenues for each of our last six quarters. This data has been derived from unaudited financial statements that have been prepared on the same basis as our annual audited financial statements and, in our opinion, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information. These unaudited quarterly results should be read in conjunction with the annual audited financial statements and notes thereto appearing elsewhere in this prospectus. The results of operations for any quarter are not necessarily

indicative of the results for any future period.

<TABLE>
<CAPTION>

	Three Months Ended					
	March 31, 1998	June 30, 1998	Sept. 30, 1998	Dec. 31, 1998	March 31, 1999	June 30, 1999
	(in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Revenues:						
License	$ 187	$ 437	$ 946	$ 1,606	$ 1,360	$ 1,898
Services	44	218	277	288	742	1,004
Total revenues	231	655	1,223	1,894	2,102	2,902
Cost of revenues:						
License	--	--	19	40	15	104
Services	75	275	441	483	549	880
Total cost of revenues	75	275	460	523	564	984
Gross profit	156	380	763	1,371	1,538	1,918
Operating expenses:						
Research and development	282	453	492	570	779	922
Sales and marketing	473	884	1,603	1,857	2,287	2,938
General and administrative	185	387	563	604	598	646
Amortization of deferred stock-based compensation	151	196	217	248	640	1,028
Total operating expenses	1,091	1,920	2,875	3,279	4,304	5,534
Loss from operations	(935)	(1,540)	(2,112)	(1,908)	(2,766)	(3,616)
Other income, net	4	53	32	62	65	89
Net loss	$(931)	$(1,487)	$(2,080)	$(1,846)	$(2,701)	$(3,527)

</TABLE>

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	Three Months Ended					
	March 31, 1998	June 30, 1998	Sept. 30, 1998	Dec. 31, 1998	March 31, 1999	June 30, 1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As a Percentage of Total Revenues:						
Revenues:						
License	81%	67%	77%	85%	65%	65%
Services	19	33	23	15	35	35
Total revenues	100	100	100	100	100	100
Cost of revenues:						
License	--	--	2	2	1	4
Services	32	42	36	26	26	30
Total cost of revenues	32	42	38	28	27	34
Gross profit	68	58	62	72	73	66

Operating expenses:						
Research and development	122	69	40	30	37	32
Sales and marketing	205	135	131	98	109	101
General and administrative	80	59	46	32	28	22
Amortization of deferred stock-based compensation	65	30	18	13	30	35
Total operating expenses	472	293	235	173	204	190
Loss from operations	(404)	(235)	(173)	(101)	(131)	(124)
Other income, net	2	8	3	3	3	3
Net loss	(402)%	(227)%	(170)%	(98)%	(128)%	(121)%

</TABLE>

Our license and services revenues have grown in each of the six quarters in the period ended June 30, 1999, except that our license revenues declined in the three month period ended March 31, 1999 from that in the three month period ended December 31, 1998. This decline reflected the unusually high revenues in the prior period, due in part to certain large license sales in that period. In addition, many companies that license enterprise-scale software products to large customers experience seasonal declines in the first fiscal quarter following the end of their fiscal year. Because of our limited operating history, we do not know whether this pattern was responsible for the declines in the three months ended March 31, 1999, or whether it will apply to future quarterly results. As a general matter, we depend on sales to a relatively few large customers. As a result, our revenues are subject to period-to-period fluctuations reflecting the impact of a few large sales.

Increased services revenues beginning in the three month period ended March 31, 1999 reflect an increase in both professional services and maintenance fees generated from an expanded number of customers which had licensed our products in prior periods, and an increase in the number of professional services staff and a higher effective staff utilization rate.

Liquidity and Capital Resources

Since inception, we have funded our operations through private sales of equity securities. We raised a total of $37.0 million, net of offering costs, from the issuance of preferred stock. At June 30, 1999, our sources of liquidity consisted of $25.2 million in cash and cash equivalents and $22.6 million in working capital. We have a $3.0 million line of credit and a $1.5 million equipment line of credit with Silicon Valley Bank, each of which bear interest at the bank's prime rate, which was 7.75% at June 30, 1999, plus 0.25%. At June 30, 1999, the line of credit was unused and $1.5 million was outstanding under the equipment line of credit. The lines of credit are secured by all of our tangible and intangible assets. We are currently in compliance with all related financial covenants and restrictions.

Net cash used in operating activities was $2.7 million in 1997 and $6.0 million in 1998. Net cash used in operating activities in 1997 and 1998 reflected net losses and, to a lesser extent, accounts receivable, offset in part by increases in accrued liabilities. Net cash used in operating activities was $2.2 million in the six months ended June 30, 1999. Net cash used in operating activities reflected increasing net losses offset in part by reductions in accounts receivable and increases in accounts payable.

From inception, our investing activities have consisted primarily of purchases of property and equipment, principally computer hardware and software for our growing number of employees. Capital expenditures, including those under capital leases, totaled $138,000, $1.7 million and $561,000 in 1997, 1998 and the six months ended June 30, 1999, respectively. We expect that capital

expenditures will increase with our anticipated growth in operations, infrastructure and personnel. We do not expect to incur significant costs to make our products or internal information systems Year 2000 compliant because we believe such products and information systems are designed to function properly through and beyond year 2000.

Net cash provided by financing activities in 1997, 1998 and the first six months of 1999 was $3.9 million, $15.8 million and $18.9 million, respectively. Net cash provided by financing activities reflected primarily the proceeds of issuances of preferred stock in each of these periods, and, in 1998, included proceeds from a bank line of credit.

We believe that the net proceeds of this offering, together with cash and cash equivalents, and funds available under existing credit facilities, will be sufficient to meet our working capital requirements for at least the next 12 months. Thereafter, we may require additional funds to support our working capital requirements or for other purposes and may seek to raise such additional funds through public or private equity financing or from other sources. There can be no assurance that additional financing will be available on acceptable terms, if at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to develop or enhance our products, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements, which could have a material adverse effect on our business, financial condition and operating results.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivatives and Hedging Activities" ("SFAS No. 133"). SFAS 133 is effective for all fiscal quarters beginning with the quarter ending June 30, 2000. SFAS 133 establishes accounting and reporting standards of derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. We will adopt SFAS No. 133 in the quarter ending June 30, 2000 and do not expect such adoption to have an impact on our results of operations, financial position or cash flows.

Qualitative and Quantitative Disclosures About Market Risk

We develop products in the United States and market our products in North America, and, to a lesser extent in Europe. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Since all of our revenue is currently denominated in U.S. Dollars, a strengthening of the Dollar could make our products less competitive in foreign markets. Our interest income and expense is sensitive to changes in the general level of U.S. interest rates, particularly since the majority of our financial investments are short-term. Due to the short-term nature of our financial investments, we believe that there is not a material risk exposure.

Year 2000 Compliance

The "Year 2000" issue refers generally to the problems that some software may have in determining the correct century for the year. For example, software with date-sensitive functions that is not Year 2000 compliant may not be able to distinguish whether "00" means 1900 or 2000, which may result in failures or the creation of erroneous results.

We have conducted a Year 2000 readiness review for the current and prior versions of our products. The review includes assessment, implementation (including remediation, upgrading and replacement of certain product versions), validation testing and contingency planning.

We have largely completed all phases of our plan, except for contingency planning, with respect to the current and prior versions of all of our products. As a result, the current and prior versions of each of its products are "Year 2000 compliant," as defined below, when configured and used in accordance with the related documentation, and provided that the underlying

operating system of the host machine and any other software used with or in the host machine or the Company's products are also Year 2000 compliant.

We define "Year 2000 compliant" as the ability to: (i) correctly handle date information needed for the December 31, 1999 to January 1, 2000 date change; (ii) function according to the product documentation provided for this date change, without changes in operation resulting from the advent of a new century, assuming correct configuration; (iii) where appropriate, respond to two-digit date input in a way that resolves the ambiguity as to century in a disclosed, defined, and predetermined manner; (iv) store and provide output of date information in ways that are unambiguous as to century if the date elements in interfaces and data storage specify the century; and (v) recognize year 2000 as a leap year. We have not tested our products on all platforms or all versions of operating systems that it currently supports.

We are testing software obtained from third parties (licensed software, shareware, and freeware) that is incorporated into our products or sold in conjunction with our products, and have assurances from our vendors that licensed software is Year 2000 compliant. Despite our testing, our products may contain undetected errors or defects associated with Year 2000 date functions. Known or unknown errors or defects in our products could result in delay or loss of revenue, diversion of development resources, damage to our reputation, or increased service and warranty costs, or liability from our customers, any of which could seriously harm our business.

Some commentators have predicted significant litigation regarding Year 2000 compliance issues, and we are aware of such lawsuits against other software vendors. Because of the unprecedented nature of such litigation, it is uncertain whether or to what extent we may be affected by it.

Our internal systems include both its information technology ("IT") and non-IT systems. We have initiated an assessment of our business critical internal IT systems (including both our own software products and third party software and hardware technology) but have not initiated an assessment of our non-IT systems. We expect to complete testing of our IT systems in 1999. To the extent that we are not able to test the technology provided by third-party vendors, we are seeking assurances from such vendors that their systems are Year 2000 compliant. Although we are not currently aware of any material operational issues or costs associated with preparing our internal IT and non-IT systems for the Year 2000, we may experience unanticipated problems and costs caused by undetected errors or defects in the technology used in our internal IT and non-IT systems.

We currently have only limited information concerning the Year 2000 compliance status of our customers. As is the case with other similarly situated software companies, if our current or future customers fail to achieve Year 2000 compliance or if they divert technology expenditures (especially technology expenditures that were reserved for enterprise software) to address Year 2000 compliance problems, our business could be harmed.

We have funded our Year 2000 plan from available cash and have not separately accounted for these costs in the past. To date, these costs have not been material. We expect to incur additional costs related to the Year 2000 plan for administrative personnel to manage the project, outside contractor assistance, technical support for its products, product engineering and customer satisfaction. We may experience material problems and costs with Year 2000 compliance that could harm its business.

We have not yet fully developed a contingency plan to address situations that may result if we are unable to achieve Year 2000 readiness of our critical operations and do not anticipate the need to do so. The cost of developing and implementing such a plan may itself be material. Finally, we are also subject to external forces that might generally affect industry and commerce, such as utility or transportation company Year 2000 compliance failures and related service interruptions.

BUSINESS

The following discussion contains forward-looking statements that involve assumptions, uncertainties and risks. Actual outcomes may differ from those anticipated in these forward-looking statements in significant ways, as a result of factors such as those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

Interwoven is a leading provider of web content management solutions. Our flagship product, TeamSite, is an open, standards-based enterprise platform designed to help customers develop, maintain and extend large, mission-critical web sites. TeamSite combines the functions of content management, version control, workflow and application development in a single platform that allows large numbers of contributors across an enterprise to add web content in a well-managed manner. By using our products, businesses can accelerate their time-to-web, lower web operating costs, establish a differentiated presence on the web and attract and retain customers. Currently, we have over 75 customers operating in a broad range of industries. Our customers include AltaVista, Best Buy, Cisco Systems, FedEx, The Gap, GeoCities, TCI, the U.S. Department of Education, USWeb/CKS and Viacom/Nickelodeon.

Industry Background

The use of the Internet to communicate and conduct business is increasing rapidly. Companies are accelerating their movement to the Internet to capitalize on new business opportunities, reach broader consumer audiences and reduce operational costs. Forrester Research estimates that the business-to-consumer e-commerce market will grow from $7.8 billion in 1998 to $108 billion in 2003. In addition, International Data Corporation, or IDC, estimates that the business-to-business e-commerce market will grow from $24.9 billion in 1998 to $632.9 billion in 2003.

Migrating to the Web. As leading companies demonstrate revenue growth and achieve competitive advantage by using the Internet, chief executives and other senior corporate decision makers are realizing that web-based business applications, or eBusiness initiatives, are critical for the success of their businesses. As a result, many companies are developing eBusiness applications to enable them to market and sell products and services to consumers online, offer web-based customer self-service programs, implement business-to-business supply chain management solutions and migrate other operational functions online. IDC estimates that spending on software applications and services for e-commerce alone will grow from $7.8 billion in 1998 to $53.8 billion by 2002.

Moving Online Successfully. To compete online and to capitalize on Internet revenue opportunities, businesses must rapidly build a differentiated presence on the web and continuously maintain and extend that presence. Since first-mover advantage is amplified on the web, companies must deploy high quality eBusiness applications quickly to create an online brand and establish a loyal base of customers. Accelerating time-to-web is essential to attracting customers and generating revenue opportunities. In addition, to retain customers, a company must differentiate its web site from competing sites by offering rich, accurate and relevant content. Once customers discover value in a web site, they may be less likely to visit competing web sites. Web site reliability is also important since customers are only a click away from competitors' sites and may lose patience with an incomplete or non-functioning web site. Moreover, poor quality web sites can easily damage a business' online brand.

Evolving Web Sites. As a result of this competitive environment and the available online business opportunities, web sites have rapidly evolved from simple online corporate brochures to complex online storefronts. Early web sites contained relatively limited content, consisting primarily of static text and simple graphics. This content was infrequently updated and web sites required only a few developers to build and maintain them. Today, companies are seeking to differentiate their online presence and to become leaders on the Internet by transforming their businesses into sophisticated eBusinesses featuring content-rich web sites. In

many cases, the content on these web sites must be updated on a daily or hourly basis to meet consumer expectations and to exploit emerging business opportunities. For example, a large online retailer may need to showcase tens of thousands of products through the use of graphic images and product descriptions. All of this information must be continuously refreshed as products are introduced or discontinued and as descriptive product information is revised. As the volume of web content has grown and sophisticated eBusiness applications have emerged, the responsibility for the development and management of web content has shifted from a few developers in small web teams to many contributors working in different departments across the enterprise. Furthermore, the large number of web authoring tools and web application servers required by these applications have contributed to the increasing technological complexity involved in developing these web sites.

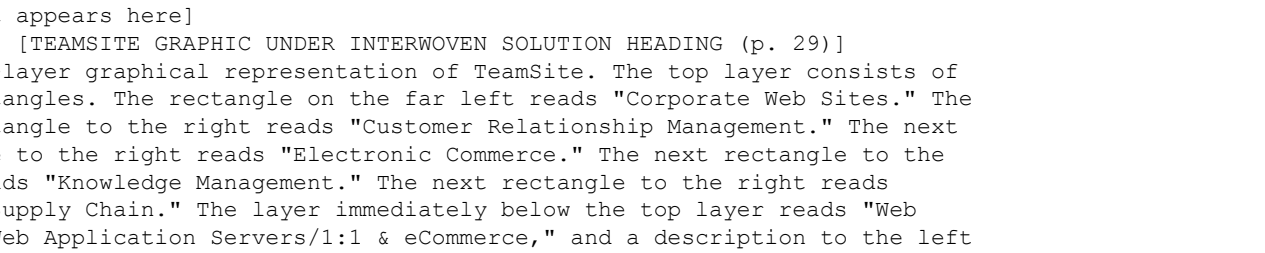
Managing Web Content. Web content, such as high-resolution graphics, audio segments, video clips, hyperlinked text, embedded applets and executable code, is the basis for every web page and most eBusiness applications. IDC estimates that the number of web pages will grow from 925 million in 1998 to 13.1 billion in 2003. In addition, complex eBusiness initiatives may contain hundreds of thousands of web pages. This dramatic growth in content has created a strong need for content management solutions. These solutions must be highly automated to accommodate the volume, complexity and variability of this web content. In addition, such solutions must leverage existing investments in information technology, be highly scalable, and enable the participation of increasing numbers of content contributors. IDC estimates that the market in which we participate, which they refer to as the web development life-cycle management software market, will grow from $76.4 million in 1998 to $1.6 billion in 2003.

Market Opportunity. Until recently, businesses have attempted to satisfy their content management needs through in-house or third-party solutions. In-house solutions are proprietary, expensive and can be difficult to maintain, which can increase the risk of delaying the launch of important eBusiness initiatives. For example, in-house solutions can require extensive re-engineering each time a new web authoring tool or eBusiness application is introduced. Businesses that have utilized third-party solutions have typically turned to workgroup or publishing applications. Workgroup applications are typically designed for simple sites supported by small groups of developers. They generally do not scale to support large numbers of contributors or the increasing complexity and volume of web content. Using these solutions may also impair a company's ability to deliver up-to-date and accurate web content. Similarly, publishing applications effectively address the needs of only a limited segment of the eBusiness community. Publishing applications are often proprietary, and therefore do not accommodate many popular industry web tools or delivery systems. In addition to not allowing large numbers of contributors to add content, many current third-party solutions do not allow web teams to work on applications in parallel or easily integrate new web technologies, thereby slowing the deployment of eBusiness initiatives.

The Interwoven Solution

Interwoven provides a leading, open content management platform for enabling eBusiness applications across the enterprise. Our products are specifically designed to help customers rapidly and efficiently build, maintain and extend mission-critical web sites and eBusiness initiatives.

[chart appears here]



A four-layer graphical representation of TeamSite. The top layer consists of five rectangles. The rectangle on the far left reads "Corporate Web Sites." The next rectangle to the right reads "Customer Relationship Management." The next rectangle to the right reads "Electronic Commerce." The next rectangle to the right reads "Knowledge Management." The next rectangle to the right reads "Global Supply Chain." The layer immediately below the top layer reads "Web Servers/Web Application Servers/1:1 & eCommerce," and a description to the left

of the layer reads "Delivery Systems." The next layer down reads "TeamSite," and a description to the left of the layer reads "Content Management." The bottom layer reads "Web Contributors/Content Creation Tools/Repositories," and a description to the left of the layer reads "Knowledge Sources."

Our products offer customers the following primary benefits:

Accelerate eBusiness Revenue Opportunities. Our products enable customers to migrate their businesses to the web rapidly, thereby increasing their ability to generate more revenues and compete more effectively. Today, the volume and complexity of content and the number of eBusiness applications continue to grow so rapidly that it can be difficult for web teams to meet web site development schedules. Our products enable customers to develop and deploy multiple eBusiness applications in parallel. This approach allows companies to complete their eBusiness initiatives more rapidly than alternative methods that require companies to develop eBusiness applications sequentially. In addition, our products allow content contributors to quality assure modifications as new content is added or code is developed, which significantly reduces testing time.

Reduce Cost of Web Operations. Complex web sites can consist of up to hundreds of thousands of pages containing both static and dynamic content from departments throughout the enterprise. As a result, these sites can be expensive to deploy and manage. Our products lower the costs of web operations primarily by reducing the dependency on specialized web development personnel and improving web operating efficiency through automated web development workflow processes. This reduces the time required to assemble, test and validate new content. In addition, our open, standards-based products support evolving web standards and are compatible with third-party web authoring tools and web application servers that adhere to open standards. As a result, businesses can productively leverage their existing information technology infrastructure.

Create Highly Differentiated Web Sites. To attract and retain online customers, today's leading web sites continuously enhance their users' online experience. Businesses seek to achieve this by integrating new web technologies and refreshing content frequently. The open, standards-based architecture of our products facilitates the rapid integration of new web technologies and the parallel development of multiple eBusiness applications, such as global supply chain management, customer relationship management, knowledge management and e-commerce applications. In addition, our highly scalable solution promotes accurate and relevant content by coordinating the collaborative efforts of hundreds of contributors.

Improve Web Site Quality. Protecting brand and image online has become critical for companies doing business on the Internet. Non-functioning or poor quality sites can significantly harm a business' online brand. With our solution, companies can create reliable, high-quality web sites. Our development platform offers comprehensive testing of the entire web site as a site is built, updated or extended. In addition, our products promote individual accountability, and faster and more accurate authoring, by enabling all web developers and content contributors to control their own portion of the quality assurance and test process. This improves a site's overall quality. By maintaining quality control through sophisticated workflow processes, our solution also ensures that no unauthorized or unapproved content or application is deployed to the site.

The Interwoven Strategy

Our goal is to establish our solution as the platform of choice for web content management across the enterprise. To achieve this goal, we intend to pursue the following key strategies:

Extend Our Position as a Leading Provider of Content Management Solutions. We intend to extend our leadership in content management solutions by continuing to offer a comprehensive, easy-to-use web development platform. Our feature-rich platform addresses our customers' complete eBusiness life-

cycle needs as they build, maintain and extend their web sites. We intend to expand our leadership position by introducing enhanced web content management solutions that assist our customers in accelerating their eBusiness initiatives, and aggressively increasing our sales and marketing efforts.

Become the Preferred Web Development Platform for Industry-Leading Internet Technology Vendors. We intend to increase demand for our products among industry-leading Internet technology vendors by providing a robust web development platform to complement their own eBusiness production applications. Unlike existing closed-architecture or proprietary solutions, the open, standards-based architecture of our products allows us to easily integrate our products with those of industry-leading technology providers. This is attractive to Internet technology vendors because it expands their markets and eliminates costly integration and customization. We intend to continue to strengthen our existing relationships with vendors such as Allaire, ATG, BroadVision, IBM, InterWorld, Microsoft and Netscape. We also intend to enter into additional relationships with other leading technology providers, including additional reseller relationships. We believe our products can become widely adopted as a standard web development platform across Internet technology vendors.

Expand Relationships with Systems Integrators and Internet Professional Services Firms. We have begun establishing relationships with leading systems integrators, such as Andersen Consulting, and Internet professional services firms, such as USWeb/CKS Group. Our existing relationships with the leading systems integrators and Internet professional services firms have allowed us to expand our market reach and increase our access to senior decision makers. Companies often leverage the expertise of systems integrators and Internet professional services firms to deliver and implement eBusiness applications. These firms have significant influence on a customer's technology selection, and their recommendations represent significant endorsements. We intend to continue to expand and build additional relationships with key systems integrators and Internet professional services firms.

Extend our Standards-Based Technology Leadership. Our products can be integrated rapidly and cost-effectively by our customers, Internet technology vendors and Internet professional services providers. In addition, our products have been designed to meet the demanding openness and scalability required for Internet software platforms. Our open architecture enables support for web authoring tools and web application servers that adhere to industry standards. The scalability of our products allows customers to manage hundreds of thousands of web files as well as enable hundreds of employees throughout the enterprise to contribute web content. We intend to continue to invest significantly in research and development to increase the functionality of our products. We also intend to continue to actively participate in the promotion of industry standards, such as XML.

Increase International Sales. As the Internet adoption rate accelerates overseas, we believe that significant international market demand will exist for content management solutions, especially in Europe and Asia. We intend to devote significant resources to penetrate international markets. To that end, we have begun expanding our overseas direct and indirect sales channels and our international marketing presence. We have recently opened an office in the United Kingdom, and intend to open offices in Asia during the next twelve months.

Products and Services

Our product line consists of TeamSite, our web content management platform, and OpenDeploy, our web content replication and syndication solution. We license our products on a per-server and per-user basis. We also provide services that include professional services, maintenance and support.

<TABLE>
 <C> <S> <C>
  Product Description Server Platforms
</TABLE>

TeamSite 3.1	Server-based content management application . allows numerous developers and contributors to add content to a web site . interoperates with leading web authoring and web application servers . supports parallel eBusiness application development and deployment . offers real-time testing capability and sophisticated workflow processes . offers comprehensive file and whole-site versioning scheme	. Sun Solaris . Windows NT
TeamSite Templating	Server-based content templating application . allows content contribution using standard templates . promotes participation from non-technical contributors . allows contribution through standard web browsers . licensed in conjunction with TeamSite	. Sun Solaris . Windows NT
TeamSite Global Report Center	Reporting and auditing application . allows administrators to monitor system activity . delivers sophisticated reporting and auditing functionality . licensed in conjunction with TeamSite	. Sun Solaris . Windows NT
OpenDeploy 3.0	Content replication and distribution application . transfers content among multiple web servers simultaneously . enables automated scheduling of web site updates . ensures conformity of web site roll-out . offers secure and transactional content deployment over the Internet	. Sun Solaris . Windows NT . IBM AIX . Silicon Graphics IRIX

TeamSite -- Content Management

Our flagship product, TeamSite, is an enterprise platform designed to develop, maintain and extend large, mission-critical web sites. TeamSite combines the functions of web content management, version control, workflow and application development in a single platform. TeamSite allows large numbers of contributors across the enterprise to add web content in a well-managed manner.

Web Content Management. TeamSite is designed to version, manage and control all web content. It provides a scalable platform that supports parallel, distributed content contribution across the enterprise. TeamSite is an open, standards-based platform that is compatible with leading web authoring creation tools and web application servers, allowing businesses to leverage existing investments in information technology systems, content and expertise. This enables a faster time-to-web for eBusiness initiatives.

Workflow. Increasing the number of contributors and developers who can contribute to a company's web site is challenging. TeamSite is designed for a diverse group of users, including non-technical and technical

contributors. TeamSite extends the number of web contributors that can easily participate in building and contributing content to the web site through robust workflow solutions to guide overall web operations, approval and site release management processes.

Web Application Development. TeamSite provides programmers with a software development platform that accommodates their choice of development tools. TeamSite's versioning features also allow programmers to track code modifications. Using TeamSite, programmers can also build, install and test the developed code in real-time within the context of the entire web site.

The open, standards-based architecture of TeamSite enables businesses to implement TeamSite without significant changes to existing web content or systems architecture, resulting in rapid implementation. Additionally, TeamSite's file-system structure and server-based design enable businesses to use complementary best-of-breed solutions, such as their preferred web authoring tools, web application servers and other web-based technologies. TeamSite currently operates on Sun Solaris and Microsoft Windows NT operating systems. TeamSite was first shipped in May 1997. We first shipped the current version of TeamSite, TeamSite 3.1, in May 1999.

We also sell products in conjunction with TeamSite that extend TeamSite's functionality. TeamSite Templating is a server-based application that allows TeamSite contributors to contribute web content using standard templates, thereby eliminating the need for contributors to be familiar with HTML or client-side applications. Global Report Center enables TeamSite administrators to generate reports on web operations activity.

OpenDeploy -- Content Replication and Syndication

Our OpenDeploy application transfers content from development to production web servers. OpenDeploy offers content replication and syndication capability across distributed networks of web production servers. OpenDeploy automates the process of synchronizing web sites through the precise replication of content and enables companies to distribute web content to web hosting facilities within the company, or across the extended enterprise, for maximum availability, reduced latency and failover support. Customers using OpenDeploy can also automate the scheduled deployment of content. We believe that OpenDeploy provides the most effective method for distribution and integration of dynamic content across web sites.

OpenDeploy is typically integrated with TeamSite by our customers, but it may be used on a stand-alone basis. OpenDeploy encrypts content for secure transfer over TCP/IP. The version of OpenDeploy shipped within the United States uses 128-bit SSL encryption. Due to U.S. export regulations, the international version does not utilize encryption. OpenDeploy operates on Sun Solaris, Microsoft Windows NT, IBM AIX and Silicon Graphics IRIX operating systems. We first shipped OpenDeploy in January 1998. The current version of OpenDeploy 3.0, was first shipped in May 1999.

Interwoven Services

Our services organization consists of 41 professional employees who utilize a comprehensive methodology to deliver our content management solutions to customers. These services professionals configure each solution they deliver to meet the specific needs of the customer. We sell our services in conjunction with licenses of our software products and include:

- needs analysis and web operations strategy;
- software installation and configuration support;
- project management;
- workflow mapping;

- content and web site release management; and

.education and training.

In addition to professional services, we offer various levels of product maintenance to our customers. Maintenance services are typically subject to an annual, renewable contract and are typically priced as a percentage of product license fees. Customers under maintenance contracts receive technical product support and product upgrades as they are released throughout the life of the maintenance contracts.

Technology

We believe that our technology offers our clients and partners a highly scalable web content management solution that is implemented through an open, standards-based architecture. Our products are specifically designed for the web. Our customers typically use our technology as the platform for their enterprise-wide web operations.

Content Management Process. The following graph illustrates how TeamSite manages content:

[Insert Graph]

[FLOW DIAGRAM UNDER TECHNOLOGY HEADING (p. 33)]

A flow chart representing the Content Management Process. The flow chart consists of several icons, each containing a graphic of cascading pages of paper. The icon on the far left is rectangular and reads "Initial Edition." The next icon to the right is rectangular and reads "Edition 1." The next icon to the right is rectangular and reads "Edition 2." Three arrows lead to the right from this icon to three vertically aligned circular icons labeled "Workareas." Three arrows lead to the right from these circular icons to a rectangular icon which reads "Staging Area." The next icon to the right is rectangular and reads "Edition 3."

Collaboration Through Work Areas, Staging Areas and Editions. TeamSite provides a virtual work area for each contributor. A virtual work area is a local, desktop web site representation that appears to a contributor as a complete, fully-functioning web site. This provides web developers and contributors the ability to see changes instantaneously in the development environment as they would appear in the actual production site. This approach improves quality by promoting individual accountability, allowing web developers to discover costly bugs and helping web contributors prevent deployment of inaccurate content to the production site. Users submit revised content from work areas to a common staging area, a pre-production version of the web site which consolidates web site changes. After the consolidated changes in the staging area are approved, the next edition of the production site can be authorized and deployed. This content management process makes site-level rollbacks, site recovery and site audits possible.

Content and Whole Site Versioning. TeamSite not only allows versioning of all files from each contributor's work area, but also allows versioning of all content within each staging area and whole-site edition. This comprehensive versioning scheme allows customers to record all file modifications and capture complete histories of all web files and whole-site editions. TeamSite Global Report can then be used to audit and report on all historical changes made to a company's web files and sites.

Concurrent Development and Templating. Through its branching technology, TeamSite supports multiple contributors working on a single project, as well as multiple teams working on many projects simultaneously. A development branch typically consists of many work areas connected to one staging area. These branches, for

example, might separately represent a company's intranet and extranet sites. When required, the content within these independent branches can be synchronized. Our TeamSite Templating product enables non-technical content contributors to add content through pre-approved style templates. This allows a corporate look and feel policy to be enforced.

Product Features

Open Architecture. Our architecture is based on open industry standards to support our customers' heterogeneous environments. As a result, TeamSite also integrates with best-of-breed content authoring and delivery systems. This approach allows content contributors to use their favorite web authoring tools. For example, a graphics designer may use Adobe Photoshop, a layout expert may use Macromedia Dreamweaver, and a non-technical contributor may use Microsoft Office 2000 to add content to a site. In addition, TeamSite's browser interface has been developed primarily in Java and JavaScript.

Project Management and Workflow. TeamSite allows customers to manage web development tasks through workflow processes, such as task assignment, resource scheduling, routing and approval and other customer tasks. This enables TeamSite users to build, enforce and automate the business processes necessary to maintain high-quality web sites.

Ease of Use. Our SmartContext Editing component provides non-technical business users with a simple and efficient interface for contributing content as they browse through the web site. With SmartContext Editing, non-technical contributors are only required to be familiar with a web browser. For technical contributors, TeamSite offers an easy to use, but sophisticated, file version comparison and merging tool.

Deployment and Content Syndication. OpenDeploy allows customers to deploy content to numerous web sites through a single transaction to ensure consistent site roll-outs. In addition, it can be used to automatically deploy and run application programs as well as replicate content from relational databases. OpenDeploy can also be used in a fully encrypted mode for the secure deployment of content over the Internet.

Scalability, Performance and Availability

Scalability and Performance. The TeamSite server uses multi-threaded object-oriented technology for user and file management requirements. The TeamSite server has been shown to deliver performance and scalability comparable to native network file systems. For scalability and performance, our server programs are generally programmed in C++. In addition, OpenDeploy can distribute content to a single or to multiple production web servers simultaneously. This content replication functionality meets the requirements for the most demanding web sites that often located in geographically dispersed servers.

Availability. Our open design also promotes reliability and availability by allowing customers to employ their normal data backup, transport and recovery tools. In addition, our back-end repository is designed to provide fault-tolerance, error detection and data recovery. Critical data is duplicated, providing the necessary redundancy for data recovery to minimize the potential for data loss.

Industry Standards

Open to All Files, Tools and Applications. TeamSite's hybrid design, which uses file system and database interfaces, enables TeamSite to manage file content, application code and relational metadata. Unlike proprietary, closed implementations, our products are developed to accommodate the industry leading Internet technologies through industry standards, such as XML, Java and other evolving industry standards. The TeamSite server presents its content through popular file volume management systems such as Unix Network File System and Microsoft Windows Network File System. The server implementation consists of layered services, including low level operating system kernel drivers, through high level application layers.

eXtensible Markup Language. XML provides customers the ability to integrate new applications and data with other XML-compliant technologies and legacy applications. Together with such companies as Microsoft

and IBM, we are a sponsoring member of OASIS, an industry association promoting XML standards. Our products use and support XML, and promote XML for data and content exchange.

Strategic Alliances

To extend our market reach and increase our sales opportunities, we have established relationships with leading technology partners and IT service providers.

Technology Partners. We work closely with two types of Internet technology vendors: web authoring tool and web application server providers. Web authoring tools, such as Macromedia's Dreamweaver, Microsoft's Office 2000, and Adobe's Photoshop, provide the content that we manage. Web application servers, such as Allaire's ColdFusion, ATG's Dynamo, BroadVision's One-to-One Commerce, IBM's Net.Commerce and Microsoft's SiteServer, distribute the content managed by our platform over the Internet. By combining our development platform with these and other leading web authoring tools and web application servers, our partners can offer their customers an end-to-end web solution. In some instances, we further increase the value of our partners' products to their customers by developing specific product interfaces. For example, we have developed interface offerings for products offered by BroadVision and ATG. In turn, we benefit from our partners' market reach and extensive customer relationships. Our partners sometimes refer their customers to us or resell our products directly.

IT Service Providers. We have worked with a number of leading systems integrators, including Andersen Consulting, Computer Sciences Corporation, EDS and Ernst & Young, and Internet professional services firms, including iXL, Ogilvy Interactive and USWeb/CKS. These firms are strategic to our business because of their knowledgeable technical resources and extensive customer relationships across many industries. Our prospective customers frequently retain the services of systems integrator and Internet professional services firms for the delivery and implementation of eBusiness applications. In many cases, these services firms will recommend a content management solution as part of the eBusiness application they deliver. We intend to devote significant resources to develop these relationships further.

Customers

Our products and services are marketed and sold to a diverse group of customers operating in a broad range of industries. Our customers include both established companies migrating their operations online and new companies formed specifically to deliver products and services over the Internet. These customers typically consider the web and their web operations to be critical to their future success.

As of June 30, 1999, over 75 companies had licensed our products. In 1998 Cisco Systems accounted for 13% of our total revenues. The following table is a representative list of our customers:

<TABLE>

Technology	Consulting Services	Media/Entertainment
<S>	<C>	<C>
AltaVista	Dahlin, Smith & White	AIM Technologies, Inc.
Cisco Systems	DynaMind	CondeNet
Documentum	Hill Holiday	Discovery
Doublebill.com	iXL	Educational Testing Services
Electronic Arts	USWeb/CKS	Los Angeles Times
GeoCities		Mpath
Hitachi	Retail	Quokka Sports
How 2 HQ		Sega
TechRepublic	Best Buy	Viacom/Nickelodeon
Nortel Networks	The Gap	
Sun Microsystems	Walgreens	
Tivoli		Industrial/Transportation

Xerox	Financial Services	
	----------	Boeing
Telecommunications/Utilities	AG Edwards	Clorox
----------	BancTec	FedEx
Alltel	Barclays Global	Ford Motor
Interpath	John Hancock	United Air Lines
Salt River	First American Financial	Yellow Services
Telia	Corporation	W.W. Grainger
TCI	Minnesota Mutual	
Government	Health	
----------	------	
U.S. Department of Education	Blue Cross California	
U.S. Postal Service	Kaiser	
	Pacific Care	

</TABLE>

Customer Case Studies

The following case studies exemplify eBusiness initiatives that have utilized our products:

Educational Testing Service. Educational Testing Service, the world's largest private educational measurement organization, annually administers almost 11 million tests in 180 countries worldwide. Since 1996, ETS has been using the Internet to provide a cost-effective, self-service source of updated information for its international customer base. ETS has moved much of its traditional business to the web in order to reduce operating costs and improve customer service. Its multiple web sites provide information on admission to colleges and universities, test registration and preparation, financial aid planning and services, to hundreds of thousands of students, parents and educators each year.

Educational Testing Service uses TeamSite to support its online business initiatives, such as online registration for exams, free online practice exams and preparatory information, as well as direct sales of its products.

Nortel Networks. Nortel Networks, with 1998 revenues of $17.6 billion and 75,000 employees worldwide, is a leader in telephony and IP-based data, [wireline and] wireless networking equipment. Nortel has been using TeamSite for over 18 months to manage and control globally dispersed content contributors for six different web sites. Nortel's customers include public and private enterprises and institutions, Internet service providers, local, long-distance, cellular and PCS communications companies, cable television carriers, and utilities. Nortel uses TeamSite to deploy content to its corporate web site, e-commerce systems, and a dynamic personalized customer portal. The content for these sites is developed and managed by Nortel Networks marketing teams, service teams, and external agencies but is centrally controlled and supported through TeamSite. The staff required to manage this initiative is kept to a minimum by leveraging TeamSite's ability to distribute web publishing responsibilities to many contributors. Nortel also uses TeamSite to control and support the web operations of its international divisions.

Today, web contributors from four continents participate in the development of six multilingual web sites for Nortel, which translates content into many languages including Chinese, Japanese, French, Spanish and others.

AltaVista. AltaVista is a leading media and commerce network that integrates unique technology, products and services. AltaVista seeks to deliver best-of-breed results by integrating content and functionality from both within the AltaVista network and through external partners. AltaVista has chosen Interwoven TeamSite as its global content management platform.

Since its foundation four years ago, AltaVista has provided its loyal base of web users a broad range of Internet services. As part of its infrastructure requirement, AltaVista required a robust scalable platform to support its

dynamic environment. AltaVista chose TeamSite as its content management platform. Demonstrating its ease of implementation, AltaVista installed and implemented TeamSite in less than one week.

TechRepublic. TechRepublic offers a free web service that provides career insight, community interaction and customized information to information technology executives and strategists, network administrators, support training and other enterprise computing professionals. Its web site provides ready access to critical information through personalized news, analysis and original content written by outstanding contributors from throughout the profession. TechRepublic selected TeamSite to develop and manage its rapidly changing web site.

Since TechRepublic offers articles and information which must be published and frequently updated by contributors who work remotely. This content is routed through a series of editors for revision and approval before the content is finally deployed to the site. With near-constant updates, TechRepublic required a content management solution with intuitive and robust workflow functionality and as easy remote access. TeamSite provided TechRepublic with an ideal solution to its workflow problem. TeamSite also uses our OpenDeploy to provide secure, rules-based web content replication across multiple servers and distribution over the Internet.

Sales and Marketing

To date, we have sold our products and services primarily through our direct sales force in North America and Europe. As of June 30, 1999, we had 30 professionals in our direct sales force, of which 28 were located in the United States and 2 were in Europe. We intend to increase the size of our direct sales force and establish additional sales offices domestically and internationally. In May 1999, we opened our first international sales office in the United Kingdom to support the management of direct and indirect sales channels in Europe.

We are also aggressively developing our indirect sales channel by expanding our relationships with leading Internet technology vendors, Internet professional services firms and systems integrators that recommend and, when appropriate, resell our products. For example, BroadVision and USWeb/CKS currently resell our products.

We believe that demand is increasing for content management solutions such as those we sell. We may not be able to expand our sales and marketing staff, either domestically or internationally, to take advantage of any increase in demand for those solutions. Our failure to expand our sales and marketing organization or other distribution channels could materially adversely affect our business. See "Risk Factors--We must attract and retain qualified personnel."

Research and Development

We invest significantly in research and development to enhance our current products, and develop new products. Our research and development expenses were $884,000 in 1997, $1.8 million in 1998 and $1.7 million for the six months ended June 30, 1999. We expect that we will increase our product development expenditures substantially in the future. As of June 30, 1999, approximately 25 employees were engaged in research and development activities and we plan to continue to hire additional engineers to further our research and development activities. Our business could be harmed if we were not able to hire and retain the required number of engineers. See "Risk Factors--We must attract and retain qualified personnel."

We may fail to complete our product development efforts within our anticipated schedules, and even if completed, the products developed may not have the features necessary to make them successful in the marketplace. Future delays or problems in the development or marketing of product enhancements or new products could harm our business. See "Risk Factors--We may experience difficulties in introducing new products and upgrades in a timely manner."

Competition

The market for content management solutions is rapidly emerging and is characterized by intense competition. We expect existing competition and competition from new market entrants to increase dramatically. A growing number of companies are vying to provide web content management solutions. In this market, new products are frequently introduced and existing products are often enhanced. In addition, new companies, or alliances among existing companies, may be formed that may rapidly achieve a significant market position.

Potential customers may have developed in-house solutions which might make it more difficult for us to sell products to them. We compete with third-party content management solution providers, primarily Vignette, and, to a lesser extent, with workgroup solutions, and content publishing application providers. We may face increased competition from these providers in the future. Other potential competitors include client/server software vendors which are developing or extending existing products which address our market. In addition, although we currently partner with a number of companies that provide complementary products such as web tools, enterprise document repositories and web servers, they may introduce competitive products in the future. Other large software companies, such as Microsoft and IBM, may also introduce competitive products. Many of our existing and potential competitors have greater technical, marketing and financial resources than we do.

We believe that competitive factors in the web content management industry include:

- the quality, scalability and reliability of software;
- functionality that enables a broad base of contributors to add and modify web content;
- interoperability with all leading web authoring tools and web application servers based on industry standards;
- ability to provide advanced workflow functionality;
- the ability to leverage existing information technology infrastructure; and
- adherence to emerging industry standards, including XML.

We believe our products compete favorably on each of these factors.

Proprietary Rights and Licensing

Our success depends upon our ability to maintain the proprietary aspects of our technology and operate without infringing the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright law, and contractual restrictions, to protect the proprietary aspects of our technology. We seek to protect our source code for our software, documentation and other written materials under trade secret and copyright laws. We currently do not have any issued United States or foreign patents, but we have applied for one U.S. patent. It is possible that a patent will not issue from our currently pending patent application. These legal protections afford only limited protection for our technology. Our license agreements impose certain restrictions on our customers' ability to utilize our software. We also seek to protect our intellectual property by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements with us and by restricting access to our source code. There can be no assurance that all employees or consultants have signed or could sign such agreements. Due to rapid technological change, we believe that factors such as the technological and creative skills of our personnel, new product developments and enhancements to existing products are equally as important as the various legal protections of our technology to establishing and maintaining a technology leadership position.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult and while we are unable to determine the extent to which piracy of our software exists, software piracy can be expected to be a persistent problem. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. However, the laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Any such resulting litigation could result in substantial costs and diversion of resources and could seriously harm our business, operating results and financial condition. There can be no assurance that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology. Any failure by us to meaningfully protect our property could seriously harm our business, operating results and financial condition.

To date, we have not been notified that our products infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by us with respect to our current or future products. We expect that developers of web-based commerce software products will increasingly be subject to infringement claims as the number of products and competitors in our industry segment grows and as the functionality of products in different segments of the software industry increasingly overlaps. Any such claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert management's attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all. A successful infringement claim against us and our inability to license the infringed technology or develop or license technology with comparable functionality could seriously harm our business, financial condition and operating results. See "Risk Factors--We might not be able to protect and enforce our intellectual property rights."

Employees

As of July 23, 1999, we had a total of 145 employees, including 60 in sales and marketing, 28 in research and development, 41 in professional services and 16 in administration and finance. Of these employees, 143 were located in the United States and 2 were located in the United Kingdom. None of our employees is represented by a collective bargaining agreement, nor have we experienced any work stoppage. We consider our relations with our employees to be good.

Our future operating results depend in significant part on the continued service of our key technical, sales and senior management personnel. Other than as described in "Management--Employment and Severance

Agreements," none of these individuals is bound by an employment agreement. Our future success also depends on our continuing ability to attract and retain highly qualified technical, sales and senior management personnel. Competition for these personnel is intense, and we may not be able to retain our key technical, sales and senior management personnel or attract these personnel in the future. We have experienced difficulty in recruiting qualified technical, sales and senior management personnel, and we expect to experience these difficulties in the future. If we are unable to hire and retain qualified personnel in the future, this inability could seriously harm our business.

Facilities

Our principal office occupies approximately 27,500 square feet in Sunnyvale, California, under a lease that expires in May 2003. In addition, we also lease sales and service offices in the metropolitan areas of Atlanta, Boston, Chicago, London, Los Angeles, Seattle and Washington, D.C. In July, we moved our services organization to expanded facilities located in approximately 12,600 square feet in Sunnyvale, California. Our lease for this facility expires in December 2000. We believe that our existing facilities will not be

adequate for our current needs. We are currently in the process of locating additional office space for expansion or relocation of our principal offices. There can be no assurance that suitable additional or alternative space will be available in the future on commercially reasonable terms.

Legal Proceedings

We are not a party to any material legal proceedings. We could become involved in litigation from time to time relating to claims arising out of our ordinary course of business.

MANAGEMENT

Executive Officers and Directors

The following table presents information regarding our executive officers and directors as of June 30, 1999.

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Martin W. Brauns	39	President, Chief Executive Officer and Director
Peng T. Ong	36	Chairman of the Board and Vice President of Professional Services
David M. Allen	40	Vice President and Chief Financial Officer
Michael A. Backlund	44	Vice President of Sales
Jeffrey E. Engelmann	37	Vice President of Business Development
Jack S. Jia	36	Vice President of Engineering
Jozef Ruck	47	Vice President of Marketing
Kathryn C. Gould	49	Director
Mark W. Saul	37	Director
Mark C. Thompson	41	Director
Ronald E.F. Codd	43	Director

</TABLE>

Martin W. Brauns has served as our President, Chief Executive Officer and member of the Board of Directors since March 1998. Before joining Interwoven Mr. Brauns served as President and Chief Operating Officer of Sqribe Technologies, Inc., a software company from July 1997 to November 1997. From March 1996 to June 1997 Mr. Brauns served in a number of positions, including most recently as Vice President of North American Sales, at Informix Software, Inc., a software company. From 1992 to January 1996, Mr. Brauns served as Vice President of Worldwide Sales of Adaptec Inc., a hardware and software manufacturer. Mr. Brauns holds a Bachelor of Science in international business and a Master of Business Administration from San Jose State University.

Peng T. Ong is our founder, Chairman of our Board of Directors and Vice President of Professional Services. Prior to founding Interwoven, Mr. Ong was a founder of Electric Classifieds, Inc., an Internet classifieds company, and its Chief Architect from March 1994 to May 1995. From 1994 to December 1995, he served as a consultant to Illustra Information Technologies, Inc., a software company. Mr. Ong holds a Bachelor of Science in electrical engineering from the University of Texas at Austin and a Master of Science in computer science from the University of Illinois at Urbana-Champaign.

David M. Allen has served as our Vice President and Chief Financial Officer since joining Interwoven in March 1999. Before joining Interwoven Mr. Allen served as Vice President and Chief Financial Officer of Object Systems Integrators, Inc., a telecommunications network management company, from July 1996 to March 1999. From 1985 to July 1996, he served in a number of positions, including most recently as Vice President and Chief Financial Officer, at Telecommunications Techniques Corporation, a communications test equipment manufacturing company. Mr. Allen holds a Bachelor of Science in accounting from the University of Maryland.

Michael A. Backlund has served as our Vice President of Worldwide Sales

since joining Interwoven in May 1998. From January 1997 to May 1998, Mr. Backlund served in a number of positions at Computer Associates International, a software company, including most recently as Vice President of Divisional Sales. Prior to joining Interwoven, he was a founder of CMS Communications, Inc., a telecommunications equipment company, and served in a number of capacities from August 1986 to December 1996, including most recently as Vice President of Sales and Marketing. Mr. Backlund holds a Bachelor of Arts and a Master of Arts in economics from the University of Southern California.

Jeffrey E. Engelmann has served as our Vice President of Business Development since joining Interwoven in January 1999. Before joining Interwoven Mr. Engelmann served as Executive Operations Officer of the Internet division of IBM. From 1991 to December 1997, he served in a number of development, consulting and

sales positions within IBM, including most recently as Business Unit Executive of eBusiness Solution Sales. Mr. Engelmann holds a Bachelor of Science in chemical engineering and an Bachelor of Arts in computer science from the University of Wisconsin at Madison.

Jack S. Jia has served in a variety of positions, including most recently as our Vice President of Engineering, since joining Interwoven in January 1997. Prior to joining Interwoven, Mr. Jia was a founder of V-Max America, Inc., a computer distribution company, and served as the Chief Executive Officer from June 1993 to October 1998. From May 1995 to January 1997, he served as a Project Manager at Silicon Graphics, Inc., a computer systems company, and from January 1993 to May 1995, he served in a number of senior engineering positions at Sun Microsystems, Inc., a computer systems company. Mr. Jia holds a Bachelor of Science in electrical engineering and a Master of Science in computer science from the Northern Jiao-Tong University, Beijing, a Master of Science in electrical engineering from Polytechnic University of New York, and a Master of Business Administration from Santa Clara University.

Jozef Ruck has served as our Vice President of Marketing since joining Interwoven in March 1999. From April 1997 to April 1999, Mr. Ruck served in a number of positions at Genesys Telecommunications Laboratories, a call center software company, including most recently as Vice President of Customer Marketing. From September 1994 to March 1997, he served in a number of positions, including most recently as Western Region Sales Director, at Network Appliance, Inc., a data storage company. Mr. Ruck holds a Bachelor of Science in mechanical engineering from Oregon State University and a Master of Business Administration from Santa Clara University.

Kathryn C. Gould has been one of our directors since March 1998. She is a founder of Foundation Capital, a venture capital firm, and has been a member since December 1995. Since 1989, Ms. Gould has been a general partner of Merrill, Pickard, Anderson & Eyre, a venture capital firm. Ms. Gould also serves as a director of Documentum, Inc., a publicly held web-based software application developer. Ms. Gould holds a Bachelor of Science in physics from the University of Toronto and a Master of Business Administration from the University of Chicago.

Mark W. Saul has been one of our directors since July 1997. Since June 1996, Mr. Saul has served as President and Chief Executive Officer and Chairman of the Board of Acuity Corporation, a web-based customer interaction solutions company. From May 1995 to May 1996, Mr. Saul was Vice President of Marketing for Network Appliance, Inc. From March 1994 to May 1995, he served as Vice President of World Wide Field Operations of Minerva Systems, Inc., a video technology company. Mr. Saul holds a Bachelor of Arts in history and a Bachelor of Science in engineering from Stanford University and a Master of Business Administration from the Harvard Business School.

Mark C. Thompson has been one of our directors since July 1999. Since 1988, Mr. Thompson has served in a number of positions with Charles Schwab since 1988, a financial services center, including most recently Senior Vice President and Executive Purchaser. Mr. Thompson holds a Master of Arts in media from Stanford University.

Ronald E.F. Codd is expected to begin serving as a member of our Board of Directors after the completion of this offering. Mr. Codd has served as President, Chief Executive Officer and a director of Momentum Business Applications, Inc., a publicly held software company, since January 1999. From September 1991 to December 1998, he served as Senior Vice President, Finance and Administration, Chief Financial Officer and Secretary of PeopleSoft, Inc., an enterprise software developer and marketer. Mr. Codd also serves on the board of directors of each of Adept Technology, Inc., a publicly held robotics manufacturer, Information Advantage, Inc., a publicly held enterprise software developer and marketer, and Intraware, Inc., a publicly held provider of business to business ecommerce-based services. Mr. Codd holds a Bachelor of Science in accounting from the University of California at Berkeley and a Master of Management from the J.L. Kellogg Graduate School of Management (Northwestern University).

There are no family relationships among any of our directors or officers.

Board Composition

We currently have six directors. Our amended and restated certificate of incorporation, which will become effective upon the closing of this offering, states that our board of directors will be divided into three classes: Class I, the term for which will expire at the annual meeting of stockholders to be held in 2000, Class II, the term for which will expire at the annual meeting of stockholders to be held in 2001, and Class III, the term for which will expire at the annual meeting of stockholders to be held in 2002. At each annual meeting of stockholders after the initial classification, the successors to directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election. The Class I directors are Messrs. Brauns and Saul; the Class II directors are Mr. Peng and Ms. Gould; and the Class III directors will be Messrs. Thompson and Codd.

In addition, our bylaws, as they will be effective upon the closing of this offering, provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors.

This classification of the board of directors may have the effect of delaying or preventing a change in control. See "Description of Capital Stock--Anti-Takeover Provisions."

Board Committees

Our board of directors has a compensation committee and an audit committee.

Compensation Committee. The current members of our compensation committee are Mr. Saul and Ms. Gould. The compensation committee reviews and makes recommendations to our board concerning salaries and incentive compensation for our officers and employees. The compensation committee also administers our stock plans.

Audit Committee. The current members of our audit committee are Messrs. Codd and Thompson. Our audit committee reviews and monitors our financial statements and accounting practices, makes recommendations to our board regarding the selection of independent auditors and reviews the results and scope of the audit and other services provided by our independent auditors.

Compensation Committee Interlocks and Insider Participation

Except for Mr. Brauns' participation on the compensation committee from May 1998 to July 1999, none of the members of the compensation committee has at any time since our formation been an officer or employee of Interwoven. No executive officer of Interwoven currently serves, or in the past has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board or compensation

committee. Prior to the creation of our compensation committee, all compensation decisions were made by our full board. Neither Mr. Brauns nor Mr. Peng participated in discussions by our board with respect to decisions bearing on this respective compensation.

Director Compensation

Our directors receive no cash compensation for their services as directors but are reimbursed for their reasonable expenses in attending board and board committee meetings.

Each eligible director who is not our employee and who becomes a member of our board on or after the completion of this offering will be granted an option to purchase 20,000 shares of common stock under our 1999 Equity Incentive Plan, unless that director has previously received an option grant before the effective date. Mr. Codd and Mr. Thompson will each be granted an option to purchase 20,000 shares of Common Stock under our 1998 Stock Option Plan before the effective date. Ms. Gould and Mr. Saul will each be granted an option to purchase 10,000 shares of Common Stock under the 1999 Equity Incentive Plan on the effective date

of this offering. Immediately following each annual meeting of our stockholders, each eligible director will automatically be granted an additional option to purchase 10,000 shares under the plan if the director has served continuously as a member of the board for at least one year. The options will have 10-year terms and will terminate three months following the date the director ceases to be one of our directors or consultants or 12 months if the termination is due to death or disability. All options granted under the plan will be fully vested and immediately exercisable as of the date of grant.

Executive Compensation

The following table presents compensation information for 1998 paid to or accrued by each person serving as our chief executive officer in 1998 and each of our four other most highly compensated executive officers whose salary and bonus for 1998 was more than $100,000.

Summary Compensation Table

<TABLE>
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	Annual Compensation			Long Term Compensation Awards	
Name and Principal Positions	Salary	Bonus	Other Annual Compensation	Restricted Stock Award	Securities Underlying Options
<S>	<C>	<C>	<C>	<C>	<C>
Martin W. Brauns..... President and Chief Executive Officer	$206,119	$100,000	$320	1,333,333	--
Steven Farber..... President and Chief Executive Officer	93,060	--	--	--	--
John Chang..... Vice President of Marketing	134,186	67,167	960	--	46,666
Peng T. Ong..... Chairman and Vice President of Professional Services	114,315	125,000	--	--	--
Michael A. Backlund..... Vice President of Sales	80,826	100,000	--	--	156,666

Jack S. Jia..... Vice President of Engineering	104,988	3,000	960	--	96,666

Mr. Farber's employment with us terminated as of August 1, 1998. Mr. Chang's employment with us terminated as of March 31, 1999. The amounts listed under the column captioned "Other Annual Compensation" represent payments in lieu of health insurance premiums paid by us.

Option Grants in 1998

The following table presents the grants of stock options under our 1996 Stock Option Plan and 1998 Stock Option Plan during 1998 to each person serving as our chief executive officer and each of the persons listed in the Summary Compensation Table.

All options granted under the 1996 plan and 1998 plan are immediately exercisable and are either incentive stock options or nonqualified stock options. We have a right to repurchase the shares issued upon exercise of these options at the original purchase price if they are unvested at the time the grantee terminates employment with us. This repurchase right generally lapses as to 25% of the shares on the first anniversary of the date of grant and the remainder expire ratably over a 36-month period thereafter. We have also granted nonqualified stock options that do not contain a repurchase right or contain repurchase terms that are negotiated between the optionee and us. Options expire 10 years from the first date of employment. Options were granted at an exercise price equal to the fair market value of our common stock, as determined by our board, on the date of grant. In 1998, we granted to our employees and consultants options to purchase a total of 824,425 shares of our common stock.

Potential realizable values in the following table are computed by

- multiplying the number of shares of common stock subject to a given option by $ per share;
- assuming that the aggregate stock value derived from that calculation compounds at the annual 0%, 5% or 10% rates shown in the table for the entire 10 year term of the option; and
- subtracting from that result the aggregate option exercise price.

The 5% and 10% assumed annual rates of stock price appreciation are required by the rules of the Securities and Exchange Commission and do not represent our estimate or projection of future common stock prices.

<TABLE>
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	Individual Grants						
					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in 1998	Exercise Price Per Share	Expiration Date	0%	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Martin W. Brauns.....	--	-- %	$ --	--	$	$	$
Steven Farber.....	--	--	--	--			
John Chang.....	46,666	5.7	0.18	3/5/08			
Peng T. Ong.....	--	--	--	--			
Michael A. Backlund.....	156,666	19.0	0.21	5/26/08			
Jack S. Jia.....	23,333	2.8	0.18	3/5/08			
	13,333	1.6	0.18	5/7/08			

	60,000	7.3	0.21	10/15/08

</TABLE>

Aggregate Option Exercises in 1998 and Option Values at December 31, 1998

The following table presents the number of shares acquired and the value realized upon exercise of stock options during 1998 and the number of shares of common stock subject to "exercisable" and "unexercisable" stock options held as of December 31, 1998 by each of the persons listed in the Summary Compensation Table. Also presented are values of "in-the-money" options, which represent the positive difference between the exercise price of each outstanding stock option and an assumed initial public offering price of $ per share. Each of these options was exercisable immediately upon grant, subject to our right to repurchase the option shares at the exercise price upon termination of the optionee's employment. The repurchase right generally expires as to 25% of the shares on the first anniversary of the date of grant and the remainder expires ratably over a 30-month period thereafter.

<TABLE>
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			Number of Securities Underlying Unexercised Options at December 31, 1998		Value of Unexercised In-the-Money Options at December 31, 1998	
Name	Number of Shares Acquired on Exercise	Value Realized	Exercisable(1)	Unexercisable(1)	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Martin W. Brauns.....	--	$--	--	--	$	$
Steven Farber.....	130,666		--	--		
John Chang.....	--					
Peng T. Ong.....	--	--	--	--		
Michael A. Backlund.....	--	--	156,666	--		
Jack S. Jia.....		--	28,747	130,919		

</TABLE>

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(1) Options granted under our stock option plans are generally exercisable immediately but the shares acquired upon exercise are subject to lapsing rights of repurchase at the exercise price. The heading "exercisable" refers to shares as to which our right of repurchase has lapsed. The heading "unexercisable" refers to shares that we still have the right to repurchase upon termination of the optionee's employment.

Employee Benefit Plans

1996 Stock Option Plan. As of June 30, 1999, options to purchase 25,000 shares of common stock were outstanding under the 1996 Stock Option Plan and options to purchase 616,574 shares had been exercised and remain subject to our repurchase right. No additional options may be granted under this plan. Options granted under the stock option plan are subject to terms substantially similar to those described below with respect to options granted under the 1999 Equity Incentive Plan.

1998 Stock Option Plan. As of June 30, 1999, options to purchase 919,980 shares of common stock were outstanding under the 1998 Stock Option Plan, options to purchase 784,034 shares remained available for issuance and options to purchase 1,001,119 shares had been exercised and remain subject to our repurchase right. No additional options may be granted under this plan. Options granted under the stock option plan are subject to terms substantially similar to those described below with respect to options granted under the 1999 Equity Incentive Plan.

1999 Equity Incentive Plan. The board has adopted the 1999 Equity Incentive Plan and reserved 2,900,000 shares of common stock to be issued under this plan. In addition, shares under the 1998 Stock Option Plan not issued or subject to outstanding grants on the date of this prospectus and any shares issued under these plans that are forfeited or repurchased by us or that are issuable upon exercise of options that expire or become unexercisable for any reason without having been exercised in full will be available for grant and issuance under the equity incentive plan. Shares will again be available for

grant and issuance under the equity incentive plan that:

- are subject to issuance upon exercise of an option granted under the equity incentive plan that cease to be subject to the option for any reason other than exercise of the option;

- have been issued upon the exercise of an option granted under the equity incentive plan that are subsequently forfeited or repurchased by us at the original purchase price;

- are subject to an award granted pursuant to a restricted stock purchase agreement under the equity incentive plan that are subsequently forfeited or repurchased by us at the original issue price; or

- are subject to stock bonuses granted under the equity incentive plan that terminates without shares being issued.

This plan will become effective on the consummation of this offering and will terminate after 10 years, unless it is terminated earlier by our board. The plan will authorize the award of options, restricted stock awards and stock bonuses. No person will be eligible to receive more than 1,000,000 shares in any calendar year under the plan other than a new employee who will be eligible to receive no more than 1,500,000 shares in the calendar year in which the employee commences employment.

The plan will be administered by our compensation committee, all of the members of which are "non-employee directors" under applicable federal securities laws and "outside directors" as defined under applicable federal tax laws. The compensation committee will have the authority to construe and interpret the plan, grant awards and make all other determinations necessary or advisable for the administration of the plan. Also, our non-employee directors are entitled to receive automatic annual grants of fully vested options to purchase shares of our common stock, as described under "Management--Director Compensation."

The plan will provide for the grant of both incentive stock options that qualify under Section 422 of the Internal Revenue Code and nonqualified stock options. Incentive stock options may be granted only to our employees or employees of our parent or subsidiary, if any. All other awards other than incentive stock options may be granted to employees, officers, directors, consultants, independent contractors and advisors of ours or of our parent or subsidiary, if any, provided the consultants, independent contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of incentive stock options must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of incentive stock options granted to 10% stockholders must be at least equal to 110% of that value. The exercise price of nonqualified stock options must be at least equal to 85% of the fair market value of our common stock on the date of grant.

Options may be exercisable only as they vest or may be immediately exercisable with the shares issued subject to our right of repurchase that lapses as the shares vest. In general, options will vest over a four-year period. The maximum term of options granted under the plan is 10 years.

Awards granted under the plan may not be transferred in any manner other than by will or by the laws of descent and distribution. They may be exercised during the lifetime of the optionee only by the optionee. The compensation committee could determine otherwise and provide for these provisions in the award agreement, but only with respect to awards that are not incentive stock options. Options granted under the plan generally may be exercised for a period of time after the termination of the optionee's service to us or to our parent or subsidiary, if any. Options will generally terminate immediately upon termination of employment for cause.

The purchase price for restricted stock will be determined by our compensation committee. Stock bonuses may be issued for past services or may be awarded upon the completion of certain services or performance goals.

If we are dissolved or liquidated or have a "change in control" transaction, outstanding awards may be assumed or substituted by the successor corporation, if any. In the discretion of the compensation committee the vesting of these awards may accelerate upon one of these transactions.

1999 Employee Stock Purchase Plan. The board has adopted the 1999 Employee Stock Purchase Plan and has reserved 300,000 shares for issuance under this plan.This plan will become effective one business day after consummation of this offering. On each January 1, the aggregate number of shares reserved for issuance under this plan will increase automatically by a number of shares equal to 1% of our outstanding shares on December 31 of the preceding year. The aggregate number of shares reserved for issuance under the plan may not exceed 3,000,000 shares. The plan will be administered by our compensation committee, which will have the authority to construe and interpret the plan.

Employees generally will be eligible to participate in the plan if they are employed ten days before the beginning of an offering period and they are customarily employed by us, or our parent or any subsidiaries that we designate, for more than 20 hours per week and more than five months in a calendar year and are not, and would not become as a result of being granted an option under the plan, 5% stockholders of us or our designated parent or subsidiaries.

Under the plan, eligible employees will be permitted to acquire shares of our common stock through payroll deductions. Eligible employees may select a rate of payroll deduction between 2% and 15% of their compensation and are subject to maximum purchase limitations. Participation in the plan will end automatically upon termination of employment for any reason.

Each offering period under the plan will be for two years and consist of four six-month purchase periods. The first offering period is expected to begin on the first business day on which price quotations for our common stock are available on the Nasdaq National Market. Offering periods and purchase periods will begin on February 1 and August 1 of each year. However, because the first day on which price quotations for our common stock will be available on the Nasdaq National Market may not be February 1 or August 1, the length of the first offering period may be more or less than two years, and the length of the first purchase period may be more or less than six months.

The plan will provide that, in the event of our proposed dissolution or liquidation, each offering period that commenced prior to the closing of the proposed event shall continue for the duration of the offering period, provided that the compensation committee may fix a different date for termination of the plan. The purchase price for our common stock purchased under the plan is 85% of the lesser of the fair market value of our

common stock on the first day of the applicable offering period or the last day of the applicable purchase period. The compensation committee will have the power to change the duration of offering periods without stockholder approval, if the change is announced at least 15 days prior to the beginning of the affected offering period.

The plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. Rights granted under the plan will not be transferable by a participant other than by will or the laws of descent and distribution.

The plan will terminate 10 years from its inception, unless it is terminated earlier under the terms of the plan. The board will have the authority to amend, terminate or extend the term of the plan, except that no action may adversely affect any outstanding shares previously purchased under the plan. Except for the automatic annual increase of shares described above, stockholder approval is required to increase the number of shares that may be issued or to change the terms of eligibility under the plan. The board may make amendments to the plan as it determines to be advisable if the financial accounting treatment for the plan is different from the financial accounting treatment in effect on the date the plan was adopted by the board.

401(k) Plan. We sponsor a defined contribution plan intended to qualify under Section 401 of the Internal Revenue Code, or a 401(k) plan. All employees are generally eligible to participate and may enter the plan as of the first day of each calendar month. Participants may make pre-tax contributions to the plan of up to 15% of their eligible earnings, subject to a statutorily prescribed annual limit. Each participant is fully vested in his or her contributions and the investment earnings. Contributions to the plan by the participants or by us, and the income earned on these contributions, are generally not taxable to the participants until withdrawn. Contributions by us, if any, are generally deductible by us when made. Participant and company contributions are held in trust as required by law. Individual participants may direct the trustee to invest their accounts in authorized investment alternatives.

Employment and Severance Agreements

Mr. Brauns, our President and Chief Executive Officer, entered into an employment agreement with us in February 1998. This agreement establishes Mr. Brauns' annual base salary of $250,000 and eligibility for benefits and bonuses tied to our revenues. This agreement also provides for his election to the Board of Directors as a condition of employment. This agreement continues until it is terminated upon written notice by Mr. Brauns or by us. If his employment is terminated by us for cause or if he voluntarily elects to terminate his employment, we must pay his salary and other benefits through the date of his termination. If his employment is terminated by us without cause or if he terminates his employment under certain circumstances, we must pay his benefits through the date of his termination and his salary for up to 12 additional months after this date, unless Mr. Brauns is employed full-time by another employer.

Under this agreement, Mr. Brauns agreed to purchase 1,333,333 shares of common stock at an exercise price of $0.18 per share. The shares purchased by Mr. Brauns are subject to our right to repurchase the shares upon termination of his employment. Our repurchase right expires ratably over a 48 month period. Our repurchase right also expires as to all of the shares in the event that we merge or consolidate with another entity or sell all or substantially all of our assets.

In connection with this stock purchase, we agreed to loan Mr. Brauns the entire purchase price. This loan has been repaid in full. See "Related Party Transactions--Loans to Executive Officers."

Mr. Ong's offer letter, dated February 29, 1996, provided for an salary of $48,000 commencing on March 1, 1996. Mr. Ong's employment is at will and may be terminated at any time, with or without formal cause.

Mr. Allen's offer letter, dated February 12, 1999, provides for an initial salary of $140,000 commencing on March 3, 1999 and eligibility for an incentive bonus of $35,000. The offer letter also provides for reimbursement for certain relocation expenses. Mr. Allen received options to purchase 186,667 shares of our common stock at an exercise price of $0.39 per share under the 1998 Stock Option Plan, of which options to purchase 46,667 shares vest on March 3, 2000 and the remainder will vest ratably over a 36 month period thereafter. Half of the unvested portion of these options will vest if we sell the company. Mr. Allen's employment is at will and may be terminated at any time, with or without formal cause.

Mr. Backlund's offer letter, dated May 1, 1998, provides for an initial salary of $135,000 commencing on May 26, 1999 and eligibility for an incentive bonus of up to $100,000. The offer letter also provides for reimbursement for certain relocation expenses. Mr. Backlund received options to purchase 156,667 shares of our common stock at an exercise price of $0.21 per share under the 1996 Stock Option Plan, of which options to purchase 39,167 shares vest on May 26, 1999 and the remainder will vest ratably over a 36 month period thereafter. On January 28, 1999, Mr. Backlund received options to purchase an additional 66,667 shares of our common stock as a result of meeting certain revenue objectives in 1998. Mr. Backlund's employment is at will and may be terminated

at any time, with or without formal cause.

Mr. Engelmann's offer letter, dated December 11, 1998, provides for an initial salary of $130,000 commencing on January 18, 1999 and eligibility for an incentive bonus of up to $40,000. The offer letter also provides for reimbursement for certain relocation expenses. Pursuant to the offer letter, Mr. Engelmann purchased 183,333 shares of our common stock at the price of $0.39 per share. The shares purchased by Mr. Engelmann are subject to our right to repurchase all of the shares of common stock upon termination of his employment. Our right to repurchase his shares at the original purchase price upon termination lapses with respect to 45,833 shares on January 18, 2000, and expires ratably as to the remaining shares over a 36 month period. The repurchase right will expire as to half of the shares of common stock subject to repurchase at any given time if we are acquired. If we terminate Mr. Engelmann's employment without cause, we must pay him an amount equal to two months base salary. Pursuant to the offer letter, on January 28, 1999, Mr. Engelmann purchased an additional 86,667 shares of our common stock, subject to attainment of certain individual and corporate objectives, and subject to the same repurchase rights as described above. We loaned Mr. Engelmann $105,300 pursuant to a partial recourse secured promissory note representing the purchase price for his shares, due in five years or earlier in the event of our initial public offering, acquisition or Mr. Engelmann's termination of employment, and bearing interest at the rate of 6% per year. Mr. Engelmann's employment is at will and may be terminated at any time, with or without formal cause.

Mr. Jia's offer letter, dated January 6, 1997, provides for an initial salary of $70,000 commencing January 27, 1997. Mr. Jia received options to purchase 60,000 shares of our common stock at an exercise price of $0.09 per share under the 1996 Stock Option Plan, of which options to purchase 15,000 shares vested on January 28, 1998 and the remainder will vest ratably over a 36 month period thereafter. Mr. Jia's employment is at will and may be terminated at any time, with or without formal cause.

Mr. Ruck's offer letter, dated February 18, 1999, provides for an initial salary of $140,000 commencing March 15, 1999 and eligibility for an incentive bonus of up to $60,000. Pursuant to the offer letter, Mr. Ruck purchased 320,000 shares of our common stock at the price of $0.39 per share. The shares purchased by Mr. Ruck are subject to our right to repurchase all of the shares of common stock upon termination of his employment. Our right to repurchase his shares upon termination lapses with respect to 53,333 on March 15, 2000, and expires ratably as to the remaining shares over a 36 month period. If we terminate Mr. Ruck's employment without cause, within his first year of employment, our right to repurchase his common stock will be limited to 160,000 shares. If we do not exercise our right to repurchase unvested shares, Mr. Ruck may purchase the unvested shares at cost. On March 18, 1999, Mr. Ruck purchased an additional 50,000 shares of our common stock, subject to the attainment of certain individual and corporate objectives, and subject to the same repurchase rights as described above. Also, pursuant to his offer letter, we loaned Mr. Ruck $96,200 pursuant to a partial recourse secured promissory note representing the purchase price for his shares, due in five

years or earlier in the event of our initial public offering, acquisition, or Mr. Ruck's termination of employment, and bearing interest at the rate of 6% per year. The loan will be recourse with respect to interest and a combination, as determined by mutual agreement between the parties, of recourse and non-recourse for the principal. Mr. Ruck's employment is at will and may be terminated at any time, with or without formal cause.

Mr. Chang's offer letter, dated January 20, 1997, provides for an initial salary of $125,000 commencing February 3, 1997 and eligibility for incentive bonus of up to $125,000. Mr. Chang received options to purchase 120,000 shares of our common stock at an exercise price of $0.09 per share under the 1996 Stock Option Plan, of which 30,000 shares vested upon February 10, 1998 and the remainder will vest ratably over a 36 month period thereafter. On April 13, 1998, we granted to Mr. Chang options to purchase an additional 46,667 shares of our common stock, subject to the attainment of certain individual and corporate objectives.

Mr. Chang entered into a Confidential Separation Agreement and Release with us in November 1998. This agreement establishes the terms and conditions of the termination of his employment with us. Under the agreement, Mr. Chang's employment was terminated as of March 31, 1999. In addition, the agreement provides that we pay Mr. Chang $11,500 per month, plus a bonus of $64,167. Mr. Chang's options to purchase common stock continued to vest through March 31, 1999.

Mr. Farber's offer letter, dated June 14, 1997, provides for an initial salary of $120,000. Mr. Farber received options to purchase 320,000 shares of our common stock at an exercise price of $0.18 per share under the 1996 Stock Option Plan, of which 80,000 shares vested on June 16, 1998 and the remainder will vest ratably over a 36 month period thereafter.

Mr. Farber entered into a Confidential Separation Agreement and Release with us in February 1998. This agreement establishes the terms and conditions of the termination of his employment with us. Under the agreement, Mr. Farber's employment terminated as of August 1, 1998. In addition, the agreement provides that we pay Mr. Farber $76,071. All 196,000 of Mr. Farber's options to purchase common stock completely vested as of August 1998.

Indemnification of Directors and Executive Officers and Limitation of Liability

Our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages resulting from breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or
- for any transaction from which the director derived an improper personal benefit.

These provisions are permitted under Delaware law.

Our bylaws provide that:

- we must indemnify our directors and executive officers to the fullest extent permitted by Delaware law, subject to very limited exceptions;
- we may indemnify our other employees and agents to the same extent that we indemnify our directors and executive officers, unless otherwise required by law, our certificate of incorporation, bylaws or agreements; and
- we must advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the fullest extent permitted by Delaware law, subject to very limited exceptions.

Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our current directors and executive officers to give them additional contractual assurances regarding the scope of the indemnification provided in our certificate of incorporation and bylaws and to provide additional procedural protections. Presently, there is no pending litigation or proceeding involving any of our directors, executive officers or employees for which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

We have liability insurance for our directors and officers.

RELATED PARTY TRANSACTIONS

Other than the employment and severance agreements described in "Management," and the transactions described below, since we were formed there has not been nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

- in which the amount involved exceeded or will exceed $60,000; and
- in which any director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

Preferred Stock Financings

All of the share and per share purchase price numbers set forth in the following paragraph represent actual shares sold and do not reflect the 2-for-3 reverse stock split of our common stock to be effected immediately prior to the closing of this offering.

In March and June 1996, we sold an aggregate of 1,800,000 shares of Series A Preferred Stock at a purchase price of $0.20 per share. In May and June 1997, we sold an aggregate of 3,039,505 shares of Series B Preferred Stock at a purchase price of $1.2862 per share. In March 1998, we sold an aggregate of 6,241,619 shares of Series C Preferred Stock at a purchase price of $1.079076 per share. In October, November and December 1998, we sold an aggregate of 3,741,217 shares of Series D Preferred Stock at a purchase price of $1.87105 per share. In June 1999, we sold an aggregate of 3,394,719 shares of Series E Preferred Stock at a purchase price of $5.66 per share.

Purchasers of our preferred and common stock include, among others, the following executive officers, directors and holders of more than 5% of our outstanding stock. All of the share numbers in the following table reflect the conversion of each outstanding share of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock into two-thirds of a share of common stock and the conversion of each outstanding share of Series B Preferred Stock into 0.7022705 of a share of common stock.

<TABLE>
<CAPTION>

	Shares of Preferred Stock				
	Series A	Series B	Series C	Series D	Series E
<S>	<C>	<C>	<C>	<C>	<C>
Stockholder					
Kathryn C. Gould					
Entities associated with Foundation Capital	--	--	2,480,419	613,896	146,666
Entities associated with JK&B Capital	--	1,310,408	650,153	485,233	132,861
Entities associated with Draper Fisher Jurvetson	333,333	167,031	277,410	202,632	1,313
Entities associated with Accel Partners	--	--	1,063,038	263,098	72,039
Peng T. Ong	66,666	--	--	--	--
Mark W. Saul	83,333	13,919	--	--	--

</TABLE>

Ms. Gould, one of our directors, is a member of Foundation Capital and may deemed to beneficially own the shares held by entities associated with Foundation Capital. Mr. Ong disposed of his shares of Series A Preferred Stock in 1997.

Warrants

On January 9, 1997, in connection with a bridge financing, we issued warrants to purchase shares of our Series B Preferred Stock with an exercise price of $1.92932 per share to the following executive officers, directors and holders of more than 5% of our outstanding stock:

<TABLE>
<CAPTION>

Warrant holder	Number of shares subject to warrant	Expiration date
<S>	<C>	<C>
Mark W. Saul	3,412	January 9, 2002
Entities associated with Draper Fisher Jurvetson	40,950	January 9, 2002

</TABLE>

The number of shares of Series B Preferred Stock represented in this table has been adjusted to reflect conversion to common stock. Each outstanding share of Series B Preferred Stock is convertible into 1.0534057 shares of common stock. These warrants have not been exercised but will expire upon the closing of this offering.

In March 1998, in connection with the Series C Preferred Stock financing, we issued warrants to purchase shares of our Series C Preferred Stock with an exercise price of $1.2862 per share to the following executive officers, directors and holders of more than 5% of our outstanding stock. In October 1998, all warrants to purchase Series C Preferred Stock were exercised by their respective holders in connection with the Series D Preferred Stock financing.

<TABLE>
<CAPTION>

Warrant holder	Number of shares subject to warrant
<S>	<C>
Entities associated with Foundation Capital	317,075
Entities associated with Accel Partners	204,478
Entities associated with JK&B Capital	125,054
Entities associated with Draper Fisher Jurvetson	53,360

</TABLE>

Loans to Executive Officers

Martin W. Brauns. In March 1998 we loaned $240,000 to Mr. Brauns, our President and Chief Executive Officer, secured by a promissory note and stock pledge agreement, in connection with his purchase of 1,333,333 shares of our common stock. The note accrued interest at a rate of 6% per year and was due and payable on or before March 3, 2003. The note was full-recourse with respect to 25% of the principal, plus any accrued interest. Mr. Brauns has paid the note in full.

Jeffrey E. Engelmann. In April 1999 we loaned an aggregate of $105,300 to Mr. Engelmann, our Vice President of Business Development, secured by two promissory notes and a stock pledge agreement, in connection with his purchase of 270,000 shares of our common stock. The notes accrue interest at a rate of 6% per year and are each due and payable on or before April 19, 2004. The notes are full-recourse with respect to 25% of the principal, plus any accrued interest. Interest is payable annually. In the event of an initial public offering of our common stock the principal sum of each note will become due and payable in monthly installments over the remaining term of our right to repurchase the shares. As of June 30, 1999, $106,504 remained outstanding under this note.

Jozef Ruck. In April 1999 we loaned an aggregate of $96,200 to Mr. Ruck, our Vice President of Marketing, secured by two promissory notes and a stock pledge agreement, in connection with his purchase of 246,666 shares of our common

stock. The notes accrue interest at a rate of 6% per year and are each due and payable on or before April 2004. The notes are full-recourse with respect to 25% of the principal, plus any accrued interest. Interest is payable annually. In the event of an initial public offering of our common stock the principal sum of each note will become due and payable in monthly installments over the remaining term of our right to repurchase the shares.. As of June 30, 1999, $97,322 remained outstanding under this note.

PRINCIPAL STOCKHOLDERS

The following table presents information as to the beneficial ownership of our common stock as of June 30, 1999 and as adjusted to reflect the sale of the common stock in this offering by:

- each stockholder known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors;
- each executive officer listed in the Summary Compensation Table; and
- all executive officers and directors as a group.

<TABLE>
<CAPTION>

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Outstanding	
		Before Offering	After Offering
<S>	<C>	<C>	<C>
Kathryn C. Gould (1) Foundation Capital entities 70 Willow Road, Suite 200 Menlo Park, CA 94025	3,240,981	17.3%	%
JK&B Capital entities (2) 205 North Michigan Avenue, Suite 808 Chicago, IL 60601	2,578,655	13.8	
Peng T. Ong	1,933,333	10.3	
Martin W. Brauns (3)	1,419,436	7.6	
Accel Partners entities (4) One Palmer Square Princeton, NJ 08542-3718	1,398,175	7.5	
Draper Fisher Jurvetson entities (5) 400 Seaport Court, Suite 250 Redwood City, CA 94063	1,022,668	5.5	
Michael A. Backlund (6)	223,332	1.2	
Jack S. Jia (7)	173,332	*	
Steven Farber	186,634	*	
Mark W. Saul (8)	123,997	*	
John Chang	74,166	*	
Mark C. Thompson (9)	20,000	*	
Ronald E.F. Codd (9)	20,000	*	

All eleven directors and executive officers as a group (10).....	7,867,744	41.8%	%

</TABLE>

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(1) Includes 2,878,855 shares held by Foundation Capital, L.P., 91,960 shares held by Foundation Capital II Entrepreneurs Fund, L.L.C., 270,166 shares held by Foundation Capital II Principals Fund, L.L.C. Ms. Gould is a member of the Foundation Capital entities. Ms. Gould disclaims beneficial ownership of shares held by the Foundation Capital entities except to the extent of her pecuniary interest in this venture capital firm.

(2) Includes 1,800,630 shares held by JK&B Capital, L.P., and 778,026 shares held by JK&B Capital II, L.P.

(3) Includes 1,002,770 shares of common stock subject to our repurchase right.

(4) Includes 1,097,568 shares held by Accel V L.P., 145,410 shares held by Accel Internet/Strategic Technology Fund, L.P., 57,325 shares held by Accel Keiretsu V L.P., 67,112 held by Accel Investors "97 L.P. and 30,760 held by Ellmore C. Patterson Partners.

(5) Includes 1,022,668 shares held by Draper Fisher Associates Fund III and 62,382 shares held by Draper Fisher Partners, LLC Includes 40,950 shares issuable upon the exercise of warrants to purchase shares of Series B Preferred Stock held by both entities.

(6) Includes 180,901 shares of common stock subject to our repurchase right.

(7) Includes 125,900 shares of common stock subject to our repurchase right.

(8) Includes 3,412 shares issuable upon the exercise of warrants to purchase shares of Series B Preferred Stock held by Mr. Saul.

(9) Represents 20,000 shares of common stock subject to our repurchase right.

(10) Includes 1,912,903 shares of common stock subject to our repurchase right.

Beneficial ownership is determined under the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Unless indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of common stock subject to options and warrants that are currently exercisable or exercisable within 60 days of June 30, 1999 are deemed to be outstanding and to be beneficially owned by the person holding the options or warrants for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless indicated above, the address for each listed stockholder is c/o Interwoven, Inc., 1195 West Fremont Avenue, Suite 2000, Sunnyvale, California 94087.

The number of shares of common stock outstanding after this offering includes shares of common stock being offered and does not include the shares which are subject to the underwriters' over-allotment option. The percentage of common stock outstanding as of June 30, 1999 is based on shares of common stock outstanding on that date, assuming that all outstanding preferred stock has been converted into common stock.

DESCRIPTION OF CAPITAL STOCK

Immediately following the closing of this offering, our authorized capital stock will consist of 75,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share.

Immediately before the closing of this offering, we will reincorporate in

the state of Delaware. Following the closing of this offering, we intend to amend and restate our certificate of incorporation. Our certificate of incorporation, bylaws and third amended and restated investors' rights agreement, described below, are included as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

As of June 30, 1999, there were 18,714,312 shares of common stock outstanding held by 121 shareholders of record, including 12,420,390 shares that will be issued upon conversion of all outstanding preferred stock and the exercise and subsequent conversion to common stock of warrants to purchase Series B Preferred Stock upon the closing of this offering.

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our board may from time to time determine.

Voting Rights. Each common stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our certificate of incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

No preemptive or similar rights. The common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to receive liquidation distributions. Upon a liquidation, dissolution or winding-up of Interwoven, the assets legally available for distribution to stockholders are distributable ratably among the holders of the common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding preferred stock and payment of other claims of creditors. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, each outstanding share of preferred stock will be converted into shares of common stock. See Note 6 of Notes to Financial Statements for a description of this preferred stock.

Following this offering, we will be authorized, subject to the limits imposed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. The board can also increase or decrease the number of shares of any series, but not below the number of shares of such series then outstanding, without any further vote or action by the stockholders.

The board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control and may adversely affect the market price of our common stock and the voting and other rights of the holders of common stock. We have no current plan to issue any shares of preferred stock.

Warrants

As of June 30, 1999, we had outstanding the following warrants to purchase our stock:

<TABLE>
<CAPTION>

Type of stock	Total number of shares Subject to Warrants	Exercise price per share	Expiration date
<S>	<C>	<C>	<C>
Series B Preferred Stock	96,049	$1.2862	upon consummation of this offering
Series B Preferred Stock	12,058	1.2862	September 2004

</TABLE>

In July 1999 we issued warrants to purchase a total of 17,659 shares of Series E Preferred Stock in connection with our acquisition of Lexington Software Associates, Inc. The warrants are exercisable at a purchase price of $5.66 per share after January 1, 2000 and until July 1, 2006. All holders of warrants to purchase Series E Preferred Stock are afforded registration rights pursuant to the Third Amended and Restated Investors Rights Agreement.

Registration Rights

The holders of approximately 12,420,390 shares of common stock have the right to require us to register their shares with the Securities and Exchange Commission so that those shares may be publicly resold or to include their shares in any registration statement we file.

Right to demand registration

At any time six months after this offering, these stockholders can request that we file a registration statement so they can publicly sell their shares. The underwriters of any underwritten offering will have the right to limit the number of shares to be so included in a registration statement.

Who may make a demand. At any time six months after the closing of this offering, any holder of shares of common stock issued upon conversion of Series B Preferred Stock immediately prior to this offering, any number of holders who together hold an aggregate of at least 954,633 shares of common stock issued upon conversion of Series C Preferred Stock immediately prior to this offering, any number of holders who together hold an aggregate of at least 498,829 shares of common stock issued upon conversion of Series D Preferred Stock immediately prior to this offering, any number of holders who together hold an aggregate of at least 452,628 shares of common stock issued upon conversion of Series E Preferred Stock immediately prior to this offering, or the holders of at least 40% of the shares having registration rights, including certain holders of Series A Preferred Stock, have the right to demand that we file a registration statement on a form other than Form S-3, so long as the amount of securities to be sold in that registration exceeds $5,000,000. If we are eligible to file a registration statement on Form S-3, the same holders of the registration rights described above will have the right to demand that we file a registration statement on Form S-3, so long as the amount of securities to be sold in that registration exceeds $1,000,000.

Number of times holders can make demands. We will only be required to file one registration statement on a form other than Form S-3 for each of two registrations. If we are eligible to file a registration statement on Form S-3, we are not required to file more than one registration statement during any 12 month period.

Postponement. We may postpone the filing of a registration statement for up to 90 days once in a 12 month period if we determine that the filing would be seriously detrimental to us or our stockholders.

Piggyback registration rights

If we register any securities for public sale, the same stockholders with registration rights described above will have the right to include their shares in the registration statement. The underwriters of any underwritten offering will have the right to limit the number of shares to be so included in a registration statement.

Expenses of registration

We will pay all of the expenses relating to any demand or piggyback registration. However, we will not pay for any expenses of any demand registration if the request is subsequently withdrawn by the holders of a majority of the shares having registration rights, subject to very limited exceptions.

Expiration of registration rights

The registration rights described above will expire five years after this offering is completed. The registration rights will terminate earlier with respect to a particular stockholder if that holder owns less than 1% of our outstanding securities or can resell all of its securities in a three month period under Rule 144 of the Securities Act and we are subject to the reporting requirements of the Securities Exchange Act of 1934.

Anti-Takeover Provisions

The provisions of Delaware law, our certificate of incorporation and our bylaws described below may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

Delaware Law

We will be subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents certain Delaware corporations from engaging, under limited circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any "interested stockholder," or a stockholder who owns 15% or more of the corporation's outstanding voting stock, as well as affiliates and associates of stockholders, for three years following the date that the stockholder became an "interested stockholder" unless:

- the transaction is approved by the board prior to the date the "interested stockholder" attained that status;

- upon the closing of the transaction that resulted in the stockholder's becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

- on or subsequent to the date the "business combination" is approved by the board and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the "interested stockholder."

A Delaware corporation may "opt out" of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. However, we have not "opted out" of this provision. Section 203 could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire us.

Charter and Bylaw Provisions

Our amended and restated certificate of incorporation, to be filed upon the closing of this offering, states that our board of directors is divided into three classes. The directors in each class will serve for a three-year term, with our stockholders electing one class each year. For more information on the classification of our board, please see "Management--Board Composition." This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Our bylaws provide that any action required or permitted to be taken by our stockholders at an annual meeting or a special meeting of the stockholders may only be taken if it is properly brought before the meeting.

Our stockholders may not take any action by written consent instead of by a meeting. Our certificate of incorporation provides that our board of directors may issue preferred stock with voting or other rights without stockholder action. Our bylaws and certificate of incorporation provide that special meetings of the stockholders may only be called by our board, the chairman of our board, our chief executive officer or our president.

Our bylaws provide that we will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures. These provisions may have the effect of preventing changes in our management.

Indemnification of Directors and Executive Officers and Limitation of Liability

Our certificate of incorporation limits the liability of directors to the fullest extent permitted by Delaware law. In addition, our certificate of incorporation and bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. We intend to enter into separate indemnification agreements with our directors and executive officers that provide them with indemnification protection in the event the certificate of incorporation is subsequently amended.

Our certificate of incorporation and bylaws provide that we will indemnify our directors and executive officers against losses that they may incur in investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures. These provisions may have the effect of preventing changes in the management.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is ChaseMellon Shareholder Services, L.L.C., Ridgefield Park, New Jersey.

Listing

We have applied for our common stock to be quoted on The Nasdaq Stock Market's National Market under the symbol "IWOV."

SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding warrants or options, in the public market after this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities. Furthermore, as described below, no shares currently outstanding will be available for sale immediately after this offering due to limited contractual restrictions on resale. Sales of substantial amounts of our common stock in the public market after these restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding shares of common stock, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of these shares, the shares sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our "affiliates." The remaining shares will become eligible for public sale as follows:

<TABLE>
<CAPTION>

	Approximate Number of Shares

Date	Eligible for Future Sale	Comment
<S>	<C>	<C>
Date of this prospectus	0	Freely tradable shares
181 days after the date of this prospectus	15,690,149	Underwriters' lock-up released. These shares may be sold under Rules 144, 144(k) or 701
One year after the date of this prospectus	2,484,404	These shares may be sold under Rules 144 or 701
At various times thereafter	539,759	These shares may be sold under Rules 144 or 701

</TABLE>

Lock-Up Agreements

All of our officers and directors and substantially all of our stockholders have signed lock-up agreements under which they agreed not to sell, dispose of, loan, pledge or grant any rights with respect to any shares of common stock or any securities convertible into or exchangeable for shares of common stock without the prior written consent of Credit Suisse First Boston for a period of 180 days after the date of this prospectus.

Credit Suisse First Boston may choose to release some of these shares from these restrictions prior to the expiration of this 180-day period, though it has no current intention to do so.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(k)

Under Rule 144(k), a person who has not been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, these shares may be sold immediately upon the completion of this offering.

Rule 701

Any of our employees, officers, directors or consultants who purchased his or her shares under a written compensatory plan or contract may be entitled to sell his or her shares in reliance on Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling those shares. However, all shares issued under Rule 701 are subject to lock-up agreements and will only

become eligible for sale when the 180-day lock-up agreements expire.

Registration Rights

Upon completion of this offering, the holders of 12,420,390 shares of common stock, or their transferees, will be entitled to certain rights with respect to the registration of those shares under the Securities Act. For a discussion of these rights please see "Description of Capital Stock--Registration Rights." After these shares are registered, they will be freely tradable without restriction under the Securities Act.

Stock Options

Immediately after this offering, we intend to file a registration statement under the Securities Act covering 3,200,000 shares of common stock reserved for issuance under our stock option and employee stock purchase plans. As of June 30, 1999, options to purchase 944,980 shares of common stock were issued and outstanding.

Upon the expiration of the lock-up agreements described above, at least shares of common stock will be subject to vested options, based on options outstanding as of June 30, 1999. This registration statement is expected to be filed and become effective as soon as practicable after the effective date of this offering. Accordingly, shares registered under this registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the 180-day lock up agreements expire.

Warrants

As of June 30, 1999, we had outstanding warrants to purchase 72,071 shares of common stock. When these warrants are exercised and the exercise price is paid in cash the shares must be held for one year before they can be sold under Rule 144. Warrants to purchase up to 72,071 shares of common stock contain "net exercise provisions." These provisions allow a holder to exercise the warrant for a lesser number of shares of common stock in lieu of paying cash. The number of shares which would be issued in this case would be based upon the market price of the common stock at the time of the net exercise. If the warrant had been held for at least one year, the shares of common stock could be publicly sold under Rule 144. After the lock-up agreements described above expire, warrants to purchase 72,071 shares of our common stock, which also contain net exercise provisions, will have been outstanding for at least one year. On September , 2000, and after, warrants to purchase any additional shares of common stock on a net exercise basis will have been outstanding for at least one year.

UNDERWRITING

Under the terms and subject to the conditions contained in the underwriting agreement dated , 1999, we have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston Corporation, BancBoston Robertson Stephens Inc. and Dain Rauscher Wessels, a division of Dain Rauscher Incorporated, are acting as representatives, the following respective numbers of shares of common stock:

<TABLE>
<CAPTION>

Underwriter	Number of Shares
<S>	<C>
Credit Suisse First Boston Corporation.....	
BancBoston Robertson Stephens Inc.....	
Dain Rauscher Wessels.....	
Total.....	

</TABLE>

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering, if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering of common stock may be terminated.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares from us at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the public offering price and concession and discount to broker/dealers may be changed by the representatives.

The following table summarizes the compensation and estimated expenses we will pay.

<TABLE>
<CAPTION>

	Per Share		Total	
	Without Over- allotment	With Over-allotment	Without Over-allotment	With Over-allotment
<S>	<C>	<C>	<C>	<C>
Underwriting Discounts and Commissions paid by us..	$	$	$	$
Expenses payable by us..	$	$	$	$

</TABLE>

The underwriters have informed us that they do not expect discretionary sales to exceed 5% of the shares of common stock being offered.

We, our officers and directors and our stockholders have agreed that we will not offer, sell, contract to sell, announce our intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to any additional shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this prospectus, except in the case of issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

The underwriters have reserved for sale, at the initial public offering price, up to shares of common stock for employees, directors and other persons associated with us who have expressed an interest in purchasing common stock in the offering. The number of shares available for sale to the general public in the offering will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the others shares.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments which the underwriters may be required to make in that respect.

We have applied to list the shares of common stock on The Nasdaq Stock Market's National Market under the symbol "IWOV."

In June 1999, we issued an aggregate of 3,394,719 shares of our Series E

Preferred Stock at a per share price of $5.66 in a private placement. Credit Suisse First Boston Corporation acted as the placement agent for this private placement, and it received a customary fee for its services. In addition, Merchant Capital, Inc., an affiliate of Credit Suisse First Boston Corporation, purchased 229,682 shares of Series E Preferred Stock. Such shares are convertible into 153.121 shares of common stock, resulting in an effective purchase price of $8.49 per share.

Prior to this offering, there has been no public market for the common stock. The initial public offering price will be determined by negotiation between us and the underwriters. The principal factors to be considered in determining the public offering price include:

- the information set forth in this prospectus and otherwise available to the underwriters;
- the history and the prospects for the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies.

The representatives may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position.
- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by such syndicate member is purchased in a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the common stock to be higher than it would otherwise be in the absence of these transactions. These transactions may be effected on The Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are effected. Accordingly, any resale of the common stock in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice

prior to any resale of the common stock.

Representations of Purchasers

Each purchaser of common stock in Canada who receives a purchase confirmation will be deemed to represent to us and the dealer from whom the purchase confirmation is received that (i) the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under the securities laws, (ii) where required by law, that the purchaser is purchasing as principal and not as agent, and (iii) the purchaser has reviewed the text above under "Resale Restrictions."

Rights of Action (Ontario Purchasers)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by Ontario securities law. As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or recission or rights of action under the civil liability provisions of the U.S. federal securities laws.

Enforcement of Legal Rights

All of the issuer's directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or these persons. All or a substantial portion of the assets of the issuer and these persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or these persons in Canada or to enforce a judgment obtained in Canadian courts against the issuer or these persons outside of Canada.

Notice to British Columbia Residents

A purchaser of common stock to whom the Securities Act (British Columbia) applies is advised that the purchaser is required to file with the British Columbia Securities Commission a report within ten days of the sale of any common stock acquired by the purchaser in this offering. This report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from us. Only one report must be filed in respect of common stock acquired on the same date and under the same prospectus exemption.

Taxation and Eligibility for Investment

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and with respect to the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

Fenwick & West LLP, Palo Alto, California, will pass upon the validity of the issuance of the shares of common stock offered by this prospectus. The underwriters have been represented by Wilson Sonsini Goodrich & Rosati, Palo Alto, California.

EXPERTS

The financial statement as of December 31, 1997 and 1998 and for each of the three years in the period ended December 31, 1998 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission, a registration statement on Form S-1 under the Securities Act with respect to the common stock. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The registration statement, including exhibits and schedules, may be inspected without charge at the principal office of the Securities and Exchange Commission in Washington, D.C., and copies of all or any part of it may be obtained from that office after payment of fees prescribed by the Securities and Exchange Commission. The Securities and Exchange Commission maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission at http://www.sec.gov.

We intend to provide our stockholders with annual reports containing financial statements audited by an independent public accounting firm and quarterly reports containing unaudited financial data for the first three quarters of each year.

INTERWOVEN, INC.

INDEX TO FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	Page
<S>	<C>
Report of Independent Accountants	F-2
Balance Sheet	F-3
Statement of Operations	F-4
Statement of Changes in Stockholders' Deficit	F-5
Statement of Cash Flows	F-6
Notes to Financial Statements	F-7

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

The reincorporation described in Note 1 of the financial statements had not been consummated at June 30, 1999. When it has been consummated, we will be in a position to furnish the following report:

"To the Board of Directors and
Stockholders of Interwoven, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Interwoven, Inc. (the "Company") at December 31, 1997 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements

are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above."

/s/ PricewaterhouseCoopers LLP

San Jose, California
July 15, 1999

INTERWOVEN, INC.

BALANCE SHEET
(in thousands, except share and per share amounts)

<TABLE>
<CAPTION>

	December 31,		June 30,	Pro Forma June 30,
	1997	1998	1999	1999
				(unaudited)
<S>	<C>	<C>	<C>	<C>
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,019	$ 9,022	$ 25,203	
Accounts receivable, net	140	2,405	1,885	
Prepaid expenses	--	179	230	
Other current assets	37	80	143	
Total current assets	1,196	11,686	27,461	
Property and equipment, net	188	1,617	1,882	
Restricted cash	--	605	605	
	$ 1,384	$ 13,908	$ 29,948	
LIABILITIES, MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$ 213	$ 484	$ 1,489	
Accrued liabilities	169	1,473	1,655	
Debt and leases, current	22	258	511	
Deferred revenue, current	--	627	1,172	
Total current liabilities	404	2,842	4,827	
Debt and leases, long-term	87	1,257	1,000	
Deferred revenue, long-term	--	97	--	
	491	4,196	5,827	
Mandatorily redeemable convertible preferred stock 18,763,092 shares authorized, 18,455,184 shares issued and outstanding, actual; no shares authorized, issued or outstanding pro forma	4,627	20,464	45,276	$ --
Commitments (Note 4)				

Stockholders' Equity (Deficit):				
Preferred stock, $0.001 par value, no shares authorized, issued or outstanding, actual; 5,000,000 shares authorized, no shares issued or outstanding, pro forma.....	--	--	--	--
Common Stock, 10,000,000, 16,666,667, 26,666,667 (unaudited) and 75,000,000 (unaudited) shares authorized, respectively; 2,433,333, 4,909,232, 6,230,590 (unaudited) and 18,642,241 (unaudited) shares, respectively, issued and outstanding.....	3	5	6	19
Additional paid-in capital.....	18	2,307	9,483	54,746
Notes receivable from stockholders...	(3)	(240)	(202)	(202)
Deferred stock-based compensation....	--	(1,090)	(6,130)	(6,130)
Accumulated deficit.....	(3,752)	(11,734)	(24,312)	(24,312)
Total stockholders' equity (deficit).....	(3,734)	(10,752)	(21,155)	$ 24,121
	$ 1,384	$ 13,908	$ 29,948	

</TABLE>

See accompanying notes to financial statements.

INTERWOVEN, INC.

STATEMENT OF OPERATIONS
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
License.....	$ --	$ 84	$ 3,176	$ 624	$ 3,258
Services.....	--	84	827	262	1,746
Total revenues.....	--	168	4,003	886	5,004
Cost of revenues:					
License.....	--	--	59	--	119
Services.....	--	95	1,274	350	1,429
Total cost of revenues.....	--	95	1,333	350	1,548
Gross profit.....	--	73	2,670	536	3,456
Operating expenses:					
Research and development.....	328	884	1,797	735	1,701
Sales and marketing.....	101	1,519	4,817	1,357	5,225
General and administrative.....	91	530	1,739	572	1,244
Amortization of deferred stock-based compensation.....	--	--	812	347	1,668
Total expenses.....	520	2,933	9,165	3,011	9,838
Loss from operations.....	(520)	(2,860)	(6,495)	(2,475)	(6,382)
Other income (expense), net.....	10	(88)	151	57	154
Net loss.....	$ (510)	$(2,948)	$(6,344)	$(2,418)	$ (6,228)
Accretion of mandatorily redeemable convertible preferred stock to redemption value.....	--	(261)	(1,165)	(583)	(6,350)

Net loss attributable to common stockholders	$ (510)	$(3,209)	$(7,509)	$(3,001)	$(12,578)
Basic and diluted net loss per share	$(0.22)	$ (1.36)	$ (2.85)	$ (1.25)	$ (3.66)
Shares used in computing basic and diluted net loss per share	2,282	2,356	2,633	2,404	3,435
Pro forma basic and diluted net loss per share			$ (0.74)		$ (0.44)
Shares used in computing pro forma basic and diluted net loss per share			8,530		14,000

</TABLE>

See accompanying notes to financial statements.

INTERWOVEN, INC.

STATEMENT OF STOCKHOLDERS' DEFICIT
(in thousands)

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-In	Note Receivable from	Deferred Stock-Based	Accumulated	
	Shares	Amount	Capital	Stockholders	Compensation	Deficit	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	1,933	$ 2	$ 13	$ --	$ --	$ (33)	$ (18)
Issuance of Common Stock for cash	200	--	3	--	--	--	3
Issuance of Common Stock for notes receivable	233	--	3	(3)	--	--	--
Net loss	--	--	--	--	--	(510)	(510)
Balance at December 31, 1996	2,366	2	19	(3)	--	(543)	(525)
Repurchase of Common Stock	(33)	--	(5)	--	--	--	(5)
Issuance of Common Stock on exercise of stock options	100	1	4	--	--	--	5
Accretion of mandatorily redeemable convertible preferred stock	--	--	--	--	--	(261)	(261)
Net loss	--	--	--	--	--	(2,948)	(2,948)
Balance at December 31, 1997	2,433	3	18	(3)	--	(3,752)	(3,734)
Issuance of Common Stock for notes receivable	1,333	1	239	(240)	--	--	--
Note repayment	--	--	--	3	--	--	3
Repurchase shares of Series A mandatorily redeemable convertible preferred stock	--	--	--	--	--	(473)	(473)
Accretion of mandatorily redeemable convertible preferred stock	--	--	--	--	--	(1,165)	(1,165)
Issuance of Common Stock							

on exercise of stock options	1,143	1	148	--	--	--	149
Deferred stock-based compensation	--	--	1,902	--	(1,902)	--	--
Amortization of stock-based compensation	--	--	--	--	812	--	812
Net loss	--	--	--	--	--	(6,344)	(6,344)
Balance at December 31, 1998	4,909	$ 5	$2,307	$(240)	$(1,090)	$(11,734)	$(10,752)
Issuance of Common Stock for services	9	--	27	--	--	--	27
Issuance of Common Stock for notes receivable	517	--	202	(202)	--	--	--
Repurchase of Common Stock	(63)	--	(5)	--	--	--	(5)
Note repayment	--	--	--	240	--	--	240
Accretion of mandatorily redeemable convertible preferred stock	--	--	--	--	--	(6,350)	(6,350)
Issuance of Common Stock on exercise of stock options	859	1	244	--	--	--	245
Deferred stock-based compensation	--	--	6,708	--	(6,708)	--	--
Amortization of stock-based compensation	--	--	--	--	1,668	--	1,668
Net loss	--	--	--	--	--	(6,228)	(6,228)
Balance at June 30, 1999 (unaudited)	6,231	$ 6	$9,483	$(202)	$(6,130)	$(24,312)	$(21,155)

</TABLE>

See accompanying notes to financial statements.

INTERWOVEN, INC.

STATEMENT OF CASH FLOWS
(in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows used in operating activities:					
Net loss	$ (510)	$ (2,948)	$ (6,344)	$(2,418)	$(6,228)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	17	56	294	87	296
Amortization of deferred stock-based compensation	--	--	812	347	1,668
Issuance of common stock for services	--	--	--	--	27
Non-cash interest expense	7	135	--	--	--
Provisions for doubtful accounts	--	--	270	--	18
Changes in assets and liabilities:					

Accounts receivable	--	(140)	(2,535)	(435)	502
Prepaid expenses and other assets	(1)	(30)	(222)	(31)	(114)
Restricted cash	--	--	(605)	--	--
Accounts payable	116	96	271	583	1,005
Accrued liabilities	48	121	1,304	115	182
Deferred revenue	--	--	724	169	448
Net cash used in operating activities	(323)	(2,710)	(6,031)	(1,583)	(2,196)
Cash flows used in investing activities:					
Purchase of property and equipment	(64)	(138)	(1,723)	(1,258)	(561)
Cash flows from financing activities:					
Proceeds from (repurchases of) Series A Preferred Stock, net	309	--	(632)	(632)	--
Proceeds from Series B Preferred Stock, net	--	3,415	--	--	--
Proceeds from Series C Preferred Stock, net	--	--	7,887	6,712	--
Proceeds from Series D Preferred Stock, net	--	--	6,944	--	--
Proceeds from Series E Preferred Stock, net	--	--	--	--	18,462
Proceeds from issuance of Common Stock	3	--	--	--	--
Proceeds from exercise of stock options	--	5	149	123	245
Proceeds from notes payable, net of discount	75	375	--	--	--
Repayment (issuance) of stockholders loans	10	(11)	3	--	240
Proceeds from bank borrowings	--	76	1,500	--	--
Repurchase of Common Stock	--	(5)	--	--	(5)
Principal payments of debt and leases	--	(5)	(94)	(3)	(4)
Net cash provided by financing activities	397	3,850	15,757	6,200	18,938
Net increase in cash and cash equivalents	10	1,002	8,003	3,359	16,181
Cash and cash equivalents at beginning of period	7	17	1,019	1,019	9,022
Cash and cash equivalents at end of period	$ 17	$ 1,019	$ 9,022	$ 4,378	$25,203
Supplemental cash flow disclosures:					
Cash paid for interest	$ --	$ --	$ 41	$ 9	$ 64
Supplemental non-cash investing and finance activities:					
Property and equipment leases	$ --	$ 38	$ --	$ --	$ --
Issuance of Series A Preferred Stock upon conversion of stockholder loans	$ 50	$ --	$ --	$ --	$ --
Common Stock issued for notes receivable	$ 3	$ --	$ 240	$ 240	$ 202
Common Stock issued for services	$ --	$ --	$ --	$ --	$ 27
Series B Preferred Stock issued					

upon conversion of convertible notes payable and accrued interest	$ --	$ 460	$ --	$ --	$ --
Issuance of warrants to purchase Series B Preferred Stock	$ --	$ 106	$ --	$ --	$ --

</TABLE>

See accompanying notes to financial statements.

INTERWOVEN, INC.

NOTES TO FINANCIAL STATEMENTS
Information as of June 30, 1999 and for the six months ended June 30, 1998 and 1999 is unaudited

1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company

Interwoven, Inc. (the "Company") is a provider of enterprise-scale content management solutions. The Company's flagship product, TeamSite is specifically designed to help companies rapidly and efficiently build, maintain and extend mission-critical web sites and eBusiness initiatives.

Reincorporation

In June 1999, the Company's Board of Directors authorized the reincorporation of the Company in the State of Delaware. As a result of the reincorporation, the Company is authorized to issue 75,000,000 shares of $0.001 par value Common Stock and 5,000,000 shares of $0.001 par value Preferred Stock. The Board of Directors has the authority to issue undesignated Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. Share and per share information for each of the periods presented has been retroactively adjusted to reflect the reincorporation.

Unaudited interim results

The accompanying interim financial statements as of June 30, 1999 and for the six months ended June 30, 1998 and 1999 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the six months ended June 30, 1998 and 1999. The financial data and other information disclosed in these notes to financial statements related to these periods are unaudited. The results for the six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the year ending December 31, 1999.

Use of estimates

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

Revenue recognition

In October 1997 and March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position No. 97-2, "Software Revenue Recognition" ("SOP No. 97-2") and Statement of Position No. 98-4, "Deferral of the Effective Date of a Provision of SOP No. 97-2" ("SOP No. 98-4"). SOP 98-4 defers for one year the application of certain provisions of SOP 97-2. In December 1998, the AICPA issued Statement of Position No. 98-9, "Modification

of SOP No. 97-2 with Respect to Certain Transactions" ("SOP No. 98-9"), which is effective for transactions entered into beginning April 1, 1999. SOP 98-9 extends the effective date of SOP 98-4 and provides additional interpretive guidance. The adoption of SOP 97-2, SOP 98-4 and SOP 98-9 have not had and are not expected to have a material impact on the Company's results of operations, financial position or cash flows.

The Company's revenues are derived from licenses of its software products and from services the Company provides to its customers. Revenues are recognized for the various contract elements based upon vendor-specific objective evidence of fair value of each element.

License revenues are recognized when persuasive evidence of an agreement exists, the product has been delivered, no significant post-delivery obligations remain, the license fee is fixed or determinable and collection of the fee is probable. Provisions for sales returns are provided at the time of revenue recognition based upon estimated returns.

Services revenues consist of professional services and maintenance fees. Professional services primarily consists of software installation and integration, business process consulting and training. Professional services are billed on a time and materials basis and revenues are recognized as the services are performed. Maintenance agreements are typically priced based on a percentage of the product license fee and have a one-year term, renewable annually. Services provided to customers under maintenance agreements include technical product support and unspecified product upgrades. Revenues from maintenance agreements are recognized ratably over the term of the agreement, which is typically one year.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash equivalents consist principally of money-market accounts that are stated at historical cost, which approximates fair value.

Concentration of credit risk

Financial instruments, which potentially subject the Company to a concentration of credit risk, consist primarily of cash and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with a major financial institution. The Company's accounts receivable are derived from revenues earned from customers located in the U.S. and are denominated in U.S. dollars. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The Company maintains an allowance for doubtful accounts receivable based upon expected collectibility of accounts receivable.

The following table summarizes the revenues from customers in excess of 10% of the total revenues.

<TABLE>
<CAPTION>

	Year ended December 31,		Six Months Ended June 30,	
	1997	1998	1998	1999
			(unaudited)	
<S>	<C>	<C>	<C>	<C>
Company A	20%	--%	--%	--%

Company B	20%	--%	--%	--%
Company C	18%	--%	13%	--%
Company D	11%	--%	--%	--%
Company E	10%	--%	--%	--%
Company F	--%	13%	--%	--%
Company G	--%	--%	17%	--%
Company H	--%	--%	14%	--%

</TABLE>

At December 31, 1997, Company A, B and C accounted for 25%, 22% and 21% of total accounts receivable, respectively. At December 31, 1998, Company F accounted for 10% of total accounts receivable. At June 30, 1999 (unaudited) no customer accounted for 10% of total accounts receivable.

Fair value of instruments

The Company's financial instruments including cash and cash equivalents, accounts receivable, accounts payable, debt and capital lease obligations are carried at cost, which approximate fair value due to the short-term maturity of these instruments.

Software development costs

Software development costs incurred in the research and development of new products and enhancements to existing products are charged to expense as incurred. Software development costs are capitalized after technological feasibility has been established. The period between achievement of technological feasibility, which the Company defines as the establishment of a working model, until the general availability of such software to customers, has been short and software development costs qualifying for capitalization have been insignificant. Accordingly, the Company has not capitalized any software development costs since its inception.

Capitalization of internal-use software costs

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use". SOP 98-1 is effective for financial statements for years beginning after December 15, 1998 and provides guidance for the accounting of computer software developed or obtained for internal use including the requirement to capitalize specified costs and amortization of such costs. The Company adopted the provisions of SOP 98-1 in its fiscal year beginning January 1, 1999.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the useful lives of the assets, generally five years or less, or the shorter of the lease term or the estimated useful lives of the assets, if applicable.

Impairment of long-lived assets

The Company evaluates the recoverability of its long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributed to such assets.

Stock-based compensation

The Company accounts for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Under APB 25, compensation expense is based on the difference, if any, on the date of grant between fair value of the Company's stock and the exercise price. The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123 and the Emerging Issues Task Force Consensus on Issue No. 96-18.

Income taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets are based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Net loss per share

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings per Share" and SEC Staff Accounting Bulletin ("SAB") No. 98. Under the provisions of SFAS No. 128 and SAB No. 98, basic net loss per share is computed by dividing the net loss attributed to common stockholders for the period by the weighted average number of shares of Common Stock outstanding during the period excluding shares of Common Stock subject to repurchase. Such shares of Common Stock subject to repurchase aggregated 73,333, 1,737,435, 1,527,472 (unaudited), and 1,997,580 (unaudited) as of December 31, 1997 and 1998 and June 30, 1998 and 1999, respectively.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Numerator:					
Net loss attributable to common stockholders	(510)	(3,209)	(7,509)	(3,001)	(12,578)
Denominator:					
Weighted average shares	2,282	2,405	3,949	3,360	5,549
Weighted average unvested shares of Common Stock subject to repurchase	--	(49)	(1,316)	(956)	(2,114)
Denominator for basic and diluted calculation	2,282	2,356	2,633	2,404	3,435
Net loss per share:					
Basic and diluted	($0.22)	($1.36)	($2.85)	($1.25)	($ 3.66)

</TABLE>

The following table sets forth potential shares of Common Stock that are not included in the diluted net loss per share calculation above because to do so would be anti-dilutive for the periods indicated (in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Weighted average effect of Common Stock equivalents:					
Series A Preferred Stock	796	1,200	878	1,010	747
Series B Preferred Stock	--	1,235	2,107	2,079	2,135
Series C Preferred Stock	--	--	3,092	2,023	4,773
Series D Preferred Stock	--	--	359	--	2,494
Series E Preferred Stock	--	--	--	--	344
Warrants to purchase mandatorily redeemable convertible preferred stock	1	66	71	70	72
Shares of Common Stock subject to repurchase	--	49	1,316	956	2,114
Common Stock options	250	1,480	1,870	2,148	1,074
	1,047	4,030	9,693	8,286	13,753

</TABLE>

Pro forma net loss per share (unaudited)

Pro forma net loss per share is computed using the weighted average number of shares of Common Stock outstanding, including the pro forma effects of the exercise of warrants to purchase Series B Preferred Stock and automatic conversion of the Company's Series A, B, C, D and E Preferred Stock into shares of the Company's Common Stock effective upon the closing of the Company's initial public offering as if such conversion occurred at the beginning of the period, or at the date of issuance, if later. The resulting pro forma adjustment for the year ended December 31, 1998 and the six months ended June 30, 1999 includes (i) an increase in the weighted average shares used to compute the basic net loss per share of 5,896,280 and 10,564,993 (unaudited), respectively, and (ii) a decrease in the net loss attributable to common stockholders for the accretion of mandatorily redeemable convertible preferred stock of $1,165,000 and $6,350,000 (unaudited), respectively. The calculation of diluted net loss per share excludes potential shares of Common Stock as their effect would be antidilutive. Pro forma potential Common Stock consists of Common Stock subject to repurchase rights and incremental shares of Common Stock issuable upon the exercise of stock options.

Pro forma stockholders' equity (unaudited)

Effective upon the closing of the Company's initial public offering, the outstanding shares of Series A, B, C, D and E Preferred Stock will automatically convert into 746,664, 2,134,548, 4,773,161, 2,494,142, and 2,263,136 shares of Common Stock, respectively. The pro forma effects of these transactions are unaudited and have been reflected in the accompanying pro forma balance sheet at June 30, 1999.

Comprehensive income

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting comprehensive income and its components in financial statements. Comprehensive income, as defined, includes all changes in equity (net assets)

during a period from non-owner sources. As of December 31, 1998 and June 30, 1999, the Company had not had any transactions that are required to be reported in comprehensive income.

Segment information

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." The Company identifies its operating segment based on business activities, management responsibility and geographic location. During all periods presented, the Company operated in a single business segment.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current period presentation.

NOTE 2--BALANCE SHEET COMPONENTS (in thousands):

<TABLE>
<CAPTION>

	December 31,		June 30,
	1997	1998	1999
			(unaudited)
<S>	<C>	<C>	<C>
Accounts receivable, net:			
Accounts receivable	$140	$2,675	$2,173
Less: Allowance for doubtful accounts	--	(270)	(288)
	$140	$2,405	$1,885

</TABLE>

There were no write-offs against the allowance for doubtful accounts in the years ended December 31, 1997 and 1998 and for the six months ended June 30, 1999 (unaudited).

<TABLE>
<CAPTION>

	December 31,		June 30,
	1997	1998	1999
			(unaudited)
<S>	<C>	<C>	<C>
Property and equipment, net:			
Computer equipment and purchased software	$254	$ 952	$1,505
Furniture and fixtures	10	586	590
Leasehold improvements	--	449	453
	264	1,987	2,548
Less: Accumulated depreciation and amortization	(76)	(370)	(666)
	$188	$1,617	$1,882

</TABLE>

Property and equipment includes $38,000, $23,000 and $23,000 (unaudited) of

fixed assets under capital leases at December 31, 1997 and 1998 and June 30, 1999, respectively. Accumulated depreciation of such assets was $7,000, $8,000 and $12,000 (unaudited) at December 31, 1997 and 1998 and June 30, 1999, respectively.

<TABLE>
<CAPTION>

	December 31,		June 30,
	1997	1998	1999
			(unaudited)
<S>	<C>	<C>	<C>
Accrued liabilities:			
Payroll and related expenses	$ 59	$1,247	$1,063
Other	110	226	592
	$169	$1,473	$1,655

</TABLE>

NOTE 3--DEBT:

In June 1999, the Company amended a financing agreement (the "Financing Agreement") originally entered into in June 1998, whereby the bank will loan up to 80% of eligible accounts receivable up to a maximum of $3,000,000 (unaudited) for working capital purposes. Working capital advances accrue interest at the bank's prime rate and are payable monthly with principal due one year subsequent to the date of any advance. The Financing Agreement provides for additional borrowings of up to $1,500,000 to finance equipment purchases. Advances for equipment purchases accrue interest at the bank's prime rate plus .25% and advances are payable monthly for one year subsequent to the date of any advance. Thereafter, the outstanding balance will be due in 36 monthly installments. The Agreement requires the Company to comply with certain financial covenants. The Company was in compliance with all covenants at December 31, 1998 and for the six months ended June 30, 1999 (unaudited).

Future minimum principal payments under the Financing Agreement are as follows (in thousands):

<TABLE>

<S>	<C>
Year Ending December 31,	
1999	$ 250
2000	500
2001	500
2002	250
	$1,500

</TABLE>

In January 1997, the Company issued $375,000 of convertible promissory notes payable. The notes bore interest at 6% per year. In connection with the issuance of the notes, the Company issued to the note holders warrants to purchase 82,219 shares of Series B Preferred Stock at $1.29 per share. The warrants expire at the earlier of November 2001 or upon an initial public offering of the Company's Common Stock. The Company recorded a $94,000 discount to the notes for the value of the warrants, which was recognized in 1997 as additional interest expense.

In May 1997, the principal amounts and accrued interest outstanding for the

notes were converted into 357,182 shares of Series B Preferred Stock (see Note 6).

NOTE 4--COMMITMENTS:

The Company leases office space and equipment under noncancelable operating and capital leases with various expiration dates through May 2003. Rent expense for the year ended December 31, 1997 and 1998 and for the six months ended June 30, 1998 and 1999 totaled $52,000, $557,000, $96,000 (unaudited) and $325,000 (unaudited), respectively.

Future minimum lease payments under noncancelable operating and capital leases, as of December 31, 1998, are as follows (in thousands):

<TABLE>
<CAPTION>

	Capital Leases	Operating Leases	Sublease Income
<S>	<C>	<C>	<C>
Year Ending December 31,			
1999	$10	$ 938	$356
2000	7	951	211
2001	--	979	--
2002	--	1,009	--
2003	--	426	--
Total minimum lease payments and sublease income	17	$4,303	$567
Less: Amount representing interest	2		
Present value of capital lease obligations	$15		

</TABLE>

Restricted cash

During fiscal 1998, $605,000 of cash was pledged as collateral on an outstanding letter of credit relating to the building lease agreement and is classified as restricted cash on the balance sheet. The restricted cash will be reduced by $226,875 on the 31st month after the signing of the agreement provided no event of default has occurred. The Company was in compliance with all such covenants at December 31, 1998 and June 30, 1999 (unaudited).

NOTE 5--INCOME TAXES:

At December 31, 1998, the Company had approximately $7,181,000 of federal and $1,178,000 of state net operating tax loss carryforwards available to reduce future taxable income which expire in 2015 and 2010 for federal and state tax purposes, respectively. Under the Tax Reform Act of 1986, the amounts of and benefits from net operating loss carryforwards may be impaired or limited in certain circumstances. Events which cause limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50%, as defined, over a three year period.

Deferred tax assets consist of the following (in thousands):

<TABLE>
<CAPTION>

	December 31,	June 30,

	1997	1998	1999
			(unaudited)
<S>	<C>	<C>	<C>
Deferred tax assets:			
Net operating loss carryforwards	$ 1,105	$ 2,882	$ 4,250
Accruals and reserves	61	235	250
Research credits	40	120	150
Depreciation	60	128	150
	1,266	3,365	4,800
Valuation allowance	(1,266)	(3,365)	(4,800)
Net deferred tax assets	$ --	$ --	$ --

</TABLE>

For financial reporting purposes, the Company has incurred a loss in each year since its inception. Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company has provided for a full valuation allowance against its net deferred tax assets at December 31, 1997 and 1998 and June 30, 1999 (unaudited).

NOTE 6--MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK:

At December 31, 1998, mandatorily redeemable convertible preferred stock consists of the following (in thousands):

<TABLE>
<CAPTION>

	Shares			
Series	Authorized	Outstanding	Liquidation Amount	Redemption Amount
<S>	<C>	<C>	<C>	<C>
Series A Preferred Stock	1,120	1,120	$ 224	$ 626
Series B Preferred Stock	3,142	3,040	3,909	4,756
Series C Preferred Stock	7,160	7,160	7,726	7,989
Series D Preferred Stock	3,741	3,741	7,000	7,093
	15,163	15,061	$18,859	$20,464

</TABLE>

At June 30, 1999 (unaudited), mandatorily redeemable convertible preferred stock consists of the following (in thousands):

<TABLE>
<CAPTION>

	Shares			
Series	Authorized	Outstanding	Liquidation Amount	Redemption Amount
<S>	<C>	<C>	<C>	<C>
Series A Preferred Stock	1,120	1,120	$ 224	$ 1,095
Series B Preferred Stock	3,142	3,040	3,909	6,072
Series C Preferred Stock	7,160	7,160	7,726	10,987
Series D Preferred Stock	3,741	3,741	7,000	8,660
Series E Preferred Stock	3,600	3,395	19,214	18,462
	18,763	18,456	$38,073	$45,276

</TABLE>

</TABLE>

The holders of Series A, B, C, and D Preferred Stock have certain rights and privileges as follows:

Warrants

The Company issued warrants to purchase 20,409, 82,219 and 5,480 in 1996, 1997 and 1998, respectively, shares of Series B Preferred Stock at $1.29 per share to the holders of the warrants. The warrants expire at the earlier of November 2001 or upon an initial public offering of the Company's Common Stock.

Voting

Each share of Series A, B, C, and D Preferred Stock has voting rights equivalent to Common Stock on an "as if" converted basis.

Dividends

Holders of Series A, B, C and D Preferred Stock are entitled to receive non-cumulative annual dividends of $0.01, $0.10, $0.09 and $0.15 per share, respectively, when and if declared by the Company's Board of Directors. Dividends on the Series A, B, C and D Preferred Stock shall be payable in preference and prior to

any payment of any dividend on the Common Stock. The holders of the Series A, B, C and D will also be entitled to participate in dividends on the Common Stock, when and if declared by the Board of Directors, on an as-converted to Common Stock basis. No dividends have been declared from inception through December 31, 1998.

Liquidation

In the event of any liquidation, dissolution, winding up or merger where less than 50% of the voting power is maintained by the Company, the holders of the Series A, B, C, and D Preferred Stock shall be entitled to receive, prior and in preference to any distribution to the holders of the Common Stock, an amount equal to $0.20, $1.29, $1.08 and $1.87 per share, respectively, plus any declared but unpaid dividends. Any amounts remaining after such distribution shall be distributed among the holders of Series B, C and D Preferred Stock, and Common Stock on an "as if" converted basis until the holders of Series B, C and D Preferred Stock have received an aggregate liquidation payment of $2.57, $2.16 and $2.81, thereafter any remaining amounts shall be distributed among the holders of Common Stock.

Redemption

Upon the request of holders of at least 50% of the outstanding shares of Series A, B, C or D Preferred Stock, the shares of all of the preferred stock may be redeemed in four equal installments beginning in May 2002. The redemption price for Series A, B, C and D Preferred Stock will be the greater of the original issuance price for Series A, B, C and D Preferred Stock, $0.20, $1.29, $1.08 and $1.87 per share, respectively, plus any undeclared and unpaid dividends and an amount equal to that amount which would result in the holder of such shares realizing an 8% annually compounded return on the purchase price or the fair market value of Series A, B, C and D Preferred Stock on the first redemption date.

Conversion

Each share of Series A, C, and D Preferred Stock is convertible at the option of the holder into two-thirds of a share of Common Stock at any time, subject to adjustment for antidilution. Each share of Series B Preferred Stock

is convertible at the option of the holders into .7022705 of a share of Common Stock at any time, subject to adjustment for antidilution. Each share of Series A, B, C and D Preferred Stock will be automatically converted upon an initial public offering of the Company's Common Stock with aggregate proceeds in excess of $20,000,000 and a price per share of not less than $5.79. The Company has reserved sufficient shares of Common Stock for issuance upon conversion of the Series A, B, C and D Preferred Stock.

Series E Preferred Stock

Each share of Series E Preferred Stock has voting rights equivalent to Common Stock on an "as if" converted basis. Holders of Series E Preferred Stock are entitled to receive non-cumulative annual dividends of $0.45 per share, when and if declared by the Company's Board of Directors. Dividends on the Preferred Stock shall be payable in preference and prior to any payment of any dividend on the Common Stock. The holders of the Series E Preferred Stock will also be entitled to participate in dividends on the Common Stock, when and if declared by the Board of Directors, based on the number of shares of Common Stock held on an as-converted basis. No dividends have been declared from inception through June 30, 1999 (unaudited).

In the event of any liquidation, dissolution, winding up or merger where less than 50% of the voting power is maintained by the Company, the holders of the Series E Preferred Stock shall be entitled to receive, prior and in preference to any distribution to the holders of the Common Stock, an amount equal to $5.66 per share, respectively, plus any declared but unpaid dividends. Any amounts remaining after such distribution shall

be distributed among the holders of Series E Preferred Stock, and Common Stock on an "as if" converted basis until the holders of Series E have received an aggregate liquidation payment of $8.49, thereafter any remaining amounts shall be distributed among the holders of Common Stock (unaudited).

Upon the request of holders of at least 50% of the outstanding shares of Series E Preferred Stock, the shares of all of the preferred stock may be redeemed in four equal installments beginning in May 2002. The redemption price for Series E Preferred Stock will be the greater of the original issuance price for Series E Preferred Stock, $5.66 per share, respectively, plus any undeclared and unpaid dividends and an amount equal to that amount which would result in the holder of such shares realizing an 8% annually compounded return on the purchase price or the fair market value of Series E Preferred Stock on the first redemption date (unaudited).

Each share of Series E Preferred Stock is convertible at the option of the holder into two-thirds of a share of Common Stock at any time, subject to adjustment for antidilution. Each share of Series E Preferred Stock will be automatically converted upon an initial public offering of the Company's Common Stock with aggregate proceeds in excess of $20,000,000 and a price per share of not less than $8.49. The Company has reserved sufficient shares of Common Stock for issuance upon conversion of the Series E Preferred Stock (unaudited).

NOTE 7--COMMON STOCK:

In March 1995, the Company issued 1,933,333 shares of Common Stock to its founder in exchange for $14,500 in total consideration. Additionally, in March 1996, the Company issued 300,000 shares of Common Stock to an employee for $4,500 in total consideration. Under the terms of the stock purchase agreements, the Company has the right to repurchase up to 2,166,667 shares of such Common Stock at the original issue price upon termination. The repurchase rights expired as to 25% of such Common Stock in January 1997 and the remainder expire ratably over a 36 month period thereafter with 586,667 and 315,972 (unaudited) shares of Common Stock subject to repurchase at December 31, 1998 and June 30, 1999.

The Company had reserved shares of Common Stock for issuance as follows (in thousands):

<TABLE>
<CAPTION>

	As of June 30, 1999
	(unaudited)
<S>	<C>
Mandatorily redeemable convertible preferred stock:	
Series A Preferred Stock	747
Series B Preferred Stock	2,135
Series C Preferred Stock	4,773
Series D Preferred Stock	2,494
Series E Preferred Stock	2,263
Exercise of options under stock option plans	945
	13,357

</TABLE>

Notes receivable from stockholders

In March 1998, the Company issued 1,666,666 shares of Common Stock to an officer of the Company in exchange for a $240,000 note receivable. The note bore interest at 6% per year. The note was secured by the underlying stock and is classified as a note receivable from stockholder in the accompanying balance sheet at December 31, 1998. Under the terms of the agreement, the Company has the right to repurchase all of the shares of such stock at the original issue price upon termination. The repurchase rights expire ratably over a

48 month period with 1,055,555 and 888,889 (unaudited) shares of Common Stock subject to repurchase at December 31, 1998 and June 30, 1999, respectively. In June 1999, the note was paid.

In April 1999 the Company issued a total 516,667 shares of Common Stock to two officers of the Company in exchange for notes receivable totalling $201,500 (unaudited). The notes bear interest at 6% per year and are due upon the earlier of (i) an acquisition, (ii) an initial public offering, (iii) the employee's termination or (iv) five years. The notes are secured by the underlying stock and are classified as notes receivable from stockholders in the accompanying balance sheet at June 30, 1999. Under the terms of the agreement, the Company has the right to repurchase all of the shares of such stock at the original issue price upon termination. The repurchase rights will expire as to 25% of such Common Stock in April 2000, and the remainder will expire ratably over a 36 month period thereafter with 516,667 (unaudited) shares of Common Stock subject to repurchase at June 30, 1999.

NOTE 8--EMPLOYEE STOCK OPTION PLAN:

In August 1996, the Company adopted the 1996 Stock Option Plan (the "1996 Plan") and in March 1998 it adopted the 1998 Stock Option Plan (the "1998 Plan") (collectively, the "Plans"). The Plans provide for grants of stock options to employees and consultants of the Company. Options granted under the Plan may be either incentive stock options or nonqualified stock options. Incentive stock options ("ISO") may be granted only to employees (including officers and directors who are also employees) of the Company. Nonqualified stock options may be granted to employees and consultants of the Company.

Options under the Plans may be granted for periods of up to ten years and at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by the Board of Directors, provided, however, that (i)

the exercise price of an ISO shall not be less than 100% of the estimated fair value of the shares on the date of grant and (ii) the exercise price of an ISO granted to a 10% stockholder shall not be less than 110% of the estimated fair value of the shares on the date of grant and are for periods not to exceed five years. Options are immediately exercisable but are subject to repurchase by the Company at the original exercise price. The repurchase feature generally expires for 25% of the shares after the first year of service and then expires ratably over the next 36 months.

The following table summarizes the activity under the Plans for the years ended December 31, 1997, 1998 and the six months ended June 30, 1999 (shares in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,				Six months ended June 30,	
	1997		1998		1999	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
					(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of period	487	$0.03	1,276	$0.11	622	$0.17
Granted	1,074	0.14	824	0.21	1,333	1.09
Canceled	(185)	0.09	(334)	0.18	(151)	0.18
Exercised	(100)	0.05	(1,144)	0.13	(859)	0.32
Outstanding at end of period	1,276	0.11	622	0.17	945	1.33
Options exercisable at end of period	1,276		622		945	
Weighted average fair value of options granted during the period		$0.03		$0.05		$0.21

</TABLE>

The followings table summarizes information about stock options outstanding and exercisable at December 31, 1998 (shares in thousands):

<TABLE>
<CAPTION>

	Options Outstanding at December 31, 1998			Options Exercisable at December 31, 1998	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$0.03-0.09	206	8.0	$0.07	206	$0.07
0.15-0.21	362	9.4	0.19	362	0.19

</TABLE>

0.39	54	9.9	0.39	54	0.39
	622	9.0	0.17	622	0.17

The followings table summarizes information about stock options outstanding and exercisable at June 30, 1999 (unaudited) (shares in thousands):

Options Outstanding at June 30, 1999				Options Exercisable at June 30, 1999	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.15-0.21	144	8.9	$0.19	144	$0.19
0.39-1.20	341	9.7	0.72	341	0.72
1.65-2.25	460	10.0	2.14	460	2.14
	945	9.7	1.33	945	1.33

Fair value disclosures

The Company calculated the minimum fair value of each option grant on the date of grant using the Black-Scholes option-pricing model as prescribed by SFAS No. 123 using the following assumptions:

	Year Ended December 31,		Six Months Ended June 30,
	1997	1998	1999
			(unaudited)
Risk-free interest rates	6.5%	6.5%	5.5%
Expected lives (in years)	4.0	4.0	4.0
Dividend yield	0.0	0.0	0.0
Expected volatility	0.0	0.0	0.0

The compensation cost associated with the Company's stock-based compensation plans, determined using the minimum value method prescribed by SFAS No. 123, did not result in a material difference from the reported net income for the years ended December 31, 1997 and 1998 and for the six months ended June 30, 1998 and 1999 (unaudited).

Deferred stock-based compensation

In connection with certain stock option grants during the year ended December 31, 1998 and the six months ended June 30, 1999, the Company recognized deferred stock-based compensation totaling $1.9 million and $6.7 million (unaudited), respectively, which is being amortized over the vesting

periods of the applicable options. Amortization expense recognized during the year ended December 31, 1998 and the six months ended June 30, 1999 totaled approximately $812,000 and $1.7 million (unaudited), respectively.

NOTE 9--SUBSEQUENT EVENTS:

Stock Split

Prior to the effectiveness of the Company's initial public offering, the Company's Board of Directors intends to effect a two-for-three reverse stock split of the outstanding shares of Common Stock. All share and per share information included in these financial statements have been retroactively adjusted to reflect this stock split.

Employee Stock Purchase Plan

In July 1999, the Board adopted, subject to stockholder approval, the 1999 Employee Stock Purchase Plan (the "Purchase Plan") and reserved 300,000 shares of Common Stock for issuance thereunder. On each January 1, the aggregate number of shares reserved for issuance under this plan will increase automatically by a number of shares equal to 1% of the Company's outstanding shares on December 31 of the preceding year. The aggregate number of shares reserved for issuance under the Purchase Plan shall not exceed 3,000,000 shares. The Purchase Plan will become effective on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market. Employees generally will be eligible to participate in the Purchase Plan if they are customarily employed by the Company for more than 20 hours per week and more than five months in a calendar year and are not (and would not become as a result of being granted an option under the Purchase Plan) 5% stockholders of the Company. Under the Purchase Plan, eligible employees may select a rate of payroll deduction between 2% and 10% of their W-2 cash compensation subject to certain maximum purchase limitations. Each offering period will have a maximum duration of two years and consists of four six-month Purchase Periods. The first Offering Period is expected to begin on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market. Depending on the Effective Date, the first Purchase Period may be more or less than six months long. Offering Periods and Purchase Periods thereafter will begin on February 1 and August 1. The price at which the Common Stock is purchased under the Purchase Plan is 85% of the lesser of the fair market value of the Company's Common Stock on the first day of the applicable offering period or on the last day of that purchase period. The Purchase Plan will terminate after a period of ten years unless terminated earlier as permitted by the Purchase Plan.

1999 Equity Incentive Plan

In July 1999, the Board adopted, subject to stockholder approval, the 1999 Equity Incentive Plan (the "1999 Plan") and reserved 2,900,000 shares of Common Stock for issuance thereunder. The 1999 Plan authorized the award of options, restricted stock awards and stock bonuses (each an "Award"). No person will be eligible to receive more than 1,000,000 shares in any calendar year pursuant to Awards under the 1999 Plan other than a new employee of the Company who will be eligible to receive no more than 1,500,000 shares in the calendar year in which such employee commences employment. Options granted under the 1999 Plan may be either incentive stock options ("ISO") or nonqualified stock options ("NSO"). ISOs may be granted only to Company employees (including officers and directors who are also employees). NSOs may be granted to Company employees, officers, directors, consultants, independent contractors and advisors of the Company.

Options under the Plan may be granted for periods of up to ten years and at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by the Board of Directors, provided, however, that (i) the exercise price of an ISO may not be less than 100% of the estimated fair

value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a 10% stockholder may not be less than 110% of the estimated fair value of the shares on the date of grant. The maximum term of options granted under the 1999 Plan is ten years.

Members of the Board who are not employees of the Company, or any parent, subsidiary or affiliate of the Company, are eligible to participate in the 1999 Plan. The option grants under the 1999 Plan are automatic and nondiscretionary, and the exercise price of the options must be 100% of the fair market value of the Common Stock on the date of grant. Each eligible director who first becomes a member of the Board on or after the effective date of the Registration Statement of which this Prospectus forms a part (the "Effective Date") will initially be granted an option to purchase 20,000 shares (an "Initial Grant") on the date such director first becomes a director. Immediately following each Annual Meeting of the Company, each eligible director will automatically be granted an additional option to purchase 10,000 shares if such director has served continuously as a member of the Board since the date of such director's Initial Grant or, if such director was ineligible to receive an Initial Grant, since the Effective Date. The term of such options is ten years, provided that they will terminate 7 months following the date the director ceases to be a director or a consultant of the Company (twelve months if the termination is due to death or disability). All options granted under the Directors Plan will vest 100% of the shares upon the date of issuance.

Acquisition

Effective July 1, 1999, the Company acquired all the assets and liabilities of Lexington Software Associates Incorporated, which is a provider of configuration management solutions and development methodologies, including consulting and education. The acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective fair values at the acquisition date.

The total purchase price of approximately $769,000 consisted of 58,893 shares of the Company's Series E Preferred Stock (estimated fair value of $500,000), seven-year warrants to purchase 11,779 shares of Series E Preferred Stock at $8.49 per share (estimated fair value of $77,000), and other acquisition-related expenses of approximately $192,000.

Of the total purchase price, approximately $794,000 was allocated to goodwill, which will be amortized over its estimated useful life of 48 months. The remainder of the purchase price was allocated to net tangible liabilities assumed of $25,000.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated July 15, 1999 relating to the financial statements of Interwoven, Inc. which appears in such Registration Statement. We also consent to the references to us under the headings "Experts" and "Selected Financial Data" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Jose, CA
July 26, 1999

[LOGO OF INTERWOVEN APPEARS HERE]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses to be paid by the Registrant in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the Securities and Exchange Commission registration fee, the NASD filing fee and the Nasdaq National Market filing fee.

<TABLE>

<S>	<C>
Securities and Exchange Commission registration fee	$13,900
NASD filing fee	5,500
Nasdaq National Market filing fee	95,000
Accounting fees and expenses	*
Legal fees and expenses	*
Road show expenses	*
Printing and engraving expenses	*
Blue sky fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

</TABLE>

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* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

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 (the "Securities Act").

As permitted by the Delaware General Corporation Law, the Registrant's Certificate of Incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to the Registrant or its stockholders,
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law,
- under section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases), or
- for any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's Bylaws provide that:

- the Registrant is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions,
- the Registrant may indemnify its other employees and agents as set forth in the Delaware General Corporation Law,
- the Registrant is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions, and
- the rights conferred in the Bylaws are not exclusive.

The Registrant intends to enter into Indemnity Agreements with each of its current directors and officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's Amended and Restated Certificate of Incorporation and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Registrant regarding which indemnification is sought, nor is the Registrant aware of any threatened litigation that may result in claims for indemnification.

Reference is also made to Section 7 of the draft Underwriting Agreement to be entered into between the Registrant and the underwriters, which will provide for the indemnification of officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's Amended and Restated Certificate of Incorporation, Bylaws and the Indemnity Agreements to be entered into between the Registrant and each of its directors and officers may be sufficiently broad to permit indemnification of the Registrant's directors and officers for liabilities arising under the Securities Act.

The Registrant maintains directors' and officers' liability insurance.

See also the undertakings set out in response to Item 17.

Reference is made to the following documents filed as exhibits to this Registration Statement regarding relevant indemnification provisions described above and elsewhere herein:

<TABLE>
<CAPTION>

Exhibit Document	Number
<S>	<C>
Form of Underwriting Agreement.....	1.01
Registrant's Amended and Restated Certificate of Incorporation.....	3.01
Registrant's Bylaws.....	3.03
Third Amended and Restated Investors' Rights Agreement dated April 26, 1999.....	4.02
Form of Indemnity Agreement.....	10.01

</TABLE>

Item 15. Recent Sales of Unregistered Securities.

Since inception we have issued and sold the following securities:

1. We granted stock options to purchase 3,718,799 shares of our common stock at exercise prices ranging from $0.03 to $2.25 per share to our employees, consultants, directors, and other service providers under our 1996 Stock Option Plan and 1998 Stock Option Plan. Through June 30, 1999, we issued and sold an aggregate of 2,102,570 shares of our common stock to employees, consultants, directors, and other service providers at prices ranging from $0.03 to $2.25 per share under direct issuances or exercises of options granted under our 1996 Stock Option Plan and 1998 Stock Option Plan. All shares purchased under our 1996 Stock Option Plan and 1998 Stock Option Plan are subject to our right to repurchase such shares at their original exercise price. The repurchase feature generally expires for 25% of the shares after the first year of service and then expires ratably over the next 36 months.

2. In March and June 1996, we issued and sold an aggregate of 1,800,000 shares of our Series A Preferred Stock to private investors for an aggregate purchase price of approximately $360,000. In March 1998, we repurchased 680,000 shares of our Series A Preferred Stock at $0.93 per share.

3. In August 1996, we issued a warrant to a certain bank in connection with a loan agreement. The warrant is exercisable for 9,330 shares of Series B Preferred Stock,, which shares are convertible into 9,828 shares of common stock.

4. In January 1997, in connection with a bridge loan that converted into Series B Preferred Stock, we issued warrants to private investors to purchase 93,298 shares of Series B Preferred Stock at an exercise price of $1.2862 per share. These shares of Series B Preferred Stock are convertible into an aggregate of up to 98,280 shares of common stock.

5. In May and June 1997, we issued and sold an aggregate of 3,039,505 shares of our Series B Preferred Stock to private investors for an aggregate purchase price of approximately $3,890,566. These shares of Series B Preferred Stock are convertible into an aggregate of up to 3,201,831 shares of common stock.

6. In March 1998, we issued and sold an aggregate of 6,241,619 shares of our Series C Preferred Stock to private investors for an aggregate purchase price of approximately $6,375,181, and warrants to purchase 918,124 shares of Series C Preferred Stock at an exercise price of $1.2862 per share. In connection with the Series D Preferred Stock financing, all warrants to purchase Series C Preferred Stock were exercised for an aggregate purchase price of approximately $1,180,891.

7. In October, November and December 1998, we issued and sold an aggregate of 3,741,217 shares of our Series D Preferred Stock to private investors for an aggregate purchase price of approximately $6,996,075.

8. In June 1999, we issued and sold an aggregate of 3,394,719 shares of our Series E Preferred Stock to private investors for an aggregate purchase price of approximately $19,214,109.

9. In July 1999, we issued 88,339 shares of Series E Preferred Stock and warrants to purchase 17,659 shares of Series E Preferred Stock to certain shareholders of Lexington Software Associates, Inc. in exchange for their shares of that company.

All sales of common stock made pursuant to the exercise of stock options were made in reliance on Rule 701 under the Securities Act or on Section 4(2) of the Securities Act.

All sales of preferred stock and warrants to purchase preferred stock were made in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. These sales were made without general solicitation or advertising. Each purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment and represented to the Registrant that the shares were being acquired for investment.

Item 16. Exhibits and Financial Statement Schedules.

(a) The following exhibits are filed herewith:

<TABLE>
<CAPTION>

Number	Exhibit Title
<C>	<S>
1.01*	Form of Underwriting Agreement.
3.01	Registrant's Certificate of Incorporation.
3.02*	Registrant's Amended and Restated Certificate of Incorporation (to be filed upon the closing of this offering).
3.03*	Registrant's Bylaws.
4.01*	Form of Certificate for Registrant's common stock.
4.02*	Third Amended and Restated Investors' Rights Agreement, dated April

26, 1999.

5.01* Opinion of Fenwick & West LLP regarding legality of the securities being registered.

10.01 Form of Indemnity Agreement between Registrant and each of its directors and executive officers.

10.02 1996 Stock Option Plan and related agreements.

10.03 1998 Stock Option Plan and related agreements.

10.04 1999 Equity Incentive Plan.

10.05 1999 Employee Stock Purchase Plan.

10.06 Regional Prototype Profit Sharing Plan and Trust/Account Standard Plan Adoption Agreement AA #001.

10.07 Employment Agreement between Interwoven, Inc. and Martin W. Brauns dated February 27, 1998.
</TABLE>

<TABLE>
<CAPTION>

Number	Exhibit Title
<C>	<S>
10.08	Offer Letter to David M. Allen from Interwoven, Inc. dated February 12, 1999.
10.09	Offer Letter to Michael A. Backlund from Interwoven, Inc. dated May 1, 1998.
10.10	Offer Letter to John Chang from Interwoven, Inc. dated January 20, 1997.
10.11	Offer Letter to Jeffrey E. Engelmann from Interwoven, Inc. dated December 11, 1998.
10.12	Offer Letter to Steven Farber from Interwoven, Inc. dated June 14, 1997.
10.13	Offer Letter to Jack S. Jia from Interwoven, Inc. dated January 3, 1997.
10.14	Offer Letter to Peng T. Ong from Interwoven, Inc. dated February 29, 1996.
10.15	Offer Letter to Jozef Ruck from Interwoven, Inc. dated February 18, 1999.
10.16	Confidential Separation Agreement and Release, between Interwoven, Inc. and John Chang dated November 25, 1998.
10.17	Confidential Separation Agreement and Release, between Interwoven, Inc. and Steven Farber dated February 12, 1998.
10.18	Secured Promissory Notes between Interwoven, Inc. and Jeffrey E. Engelmann, dated as of April 19, 1999.
10.19	Secured Promissory Notes between Interwoven, Inc. and Jozef Ruck, dated as of April 21, 1999.
10.20	Built-To-Suit Lease Agreement dated March 18, 1997 between Sunnyvale Partners Limited Partnership and First Data Merchant Services Corporation.

10.21 Sublease dated April 24, 1998 between First Data Merchant Services Corporation and Interwoven, Inc.

10.22 Loan and Security Agreement, dated October 1997, as amended, between Interwoven, Inc. and Silicon Valley Bank.

10.23 Agreement and Plan of Reorganization, dated June 30, 1999, by and among Interwoven, Inc., Lexington Software Associates, Inc. and certain Stockholders of Lexington Software Associates, Inc.

23.01* Consent of Fenwick & West LLP (included in Exhibit 5.01).

23.02 Consent of PricewaterhouseCoopers LLP, independent accountants.
24.01 Power of Attorney (See Page II-6 of this Registration Statement).

27.01 Financial Data Schedule.
</TABLE>
---
* To be filed by amendment.

(b) The following financial statement schedule is filed herewith:

Schedule II--Valuation and Qualifying Accounts

Other financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

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 provisions described under Item 14 above, 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 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 such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus 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 the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Mateo, State of California, on this day of July 26, 1999.

INTERWOVEN, INC.

/s/ Martin W. Brauns

By: _____
Martin W. Brauns
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Martin W. Brauns and David M. Allen, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

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

<TABLE>
<CAPTION>

Name	Title	Date
Principal Executive Officer		
<S> /s/ Martin W. Brauns _____ Martin W. Brauns	<C> President, Chief Executive Officer and a director	<C> July 26, 1999
Principal Financial Officer and Principal Accounting Officer:		
/s/ David M. Allen _____ David M. Allen	Vice President and Chief Financial Officer	July 26, 1999
Additional Directors:		
/s/ Peng T. Ong _____ Peng T. Ong	Chairman of the Board	July 26, 1999
/s/ Kathryn C. Gould _____ Kathryn C. Gould	Director	July 26, 1999

/s/ Mark W. Saul | Director | July 26, 1999

Mark W. Saul

/s/ Mark C. Thompson | Director | July 26, 1999

Mark C. Thompson
</TABLE>

<TABLE>
<CAPTION>

Name	Title	Date
Additional Directors:		
<S>	<C> Director	<C>
Ronald E.F. Codd		

</TABLE>

INTERWOVEN, INC.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

For Years Ended December 31, 1997 and Six Months Ended June 30, 1999
(unaudited)
(In thousands)

<TABLE>
<CAPTION>

	Balance at Beginning of year	Amounts Charged to Revenue, Costs, or Expenses	Write-offs and Recoveries	Balance at End of Year
<S>	<C>	<C>	<C>	<C>
December 31, 1997				
Allowance for Doubtful Accounts.....	$--	$--	$--	$--
December 31, 1998				
Allowance for Doubtful Accounts.....	$--	$270	$ 0	$270
June 30, 1999				
Allowance for Doubtful Accounts.....	$270	$ 18	$ 0	$288

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Number	Exhibit Title
<C>	<S>
3.01	Registrant's Certificate of Incorporation.
10.01	Form of Indemnity Agreement between Registrant and each of its directors and executive officers.
10.02	1996 Stock Option Plan and related agreements.

10.03 1998 Stock Option Plan and related agreements.

10.04 1999 Equity Incentive Plan.

10.05 1999 Employee Stock Purchase Plan.

10.06 Regional Prototype Profit Sharing Plan and Trust/Account Standard Plan Adoption Agreement AA #001.

10.07 Employment Agreement between Interwoven, Inc. and Martin W. Brauns dated February 27, 1998.

10.08 Offer Letter to David M. Allen from Interwoven, Inc. dated February 12, 1999.

10.09 Offer Letter to Michael A. Backlund from Interwoven, Inc. dated May 1, 1998.

10.10 Offer Letter to John Chang from Interwoven, Inc. dated January 20, 1997.

10.11 Offer Letter to Jeffrey E. Engelmann from Interwoven, Inc. dated December 11, 1998.

10.12 Offer Letter to Steven Farber from Interwoven, Inc. dated June 14, 1997.

10.13 Offer Letter to Jack S. Jia from Interwoven, Inc. dated January 3, 1997.

10.14 Offer Letter to Peng T. Ong from Interwoven, Inc. dated February 29, 1996.

10.15 Offer Letter to Jozef Ruck from Interwoven, Inc. dated February 18, 1999.

10.16 Confidential Separation Agreement and Release, between Interwoven, Inc. and John Chang dated November 25, 1998.

10.17 Confidential Separation Agreement and Release, between Interwoven, Inc. and Steven Farber dated February 12, 1998.

10.18 Secured Promissory Notes between Interwoven, Inc. and Jeffrey E. Engelmann, dated as of April 19, 1999.

10.19 Secured Promissory Notes between Interwoven, Inc. and Jozef Ruck, dated as of April 21, 1999.

10.20 Built-To-Suit Lease Agreement dated March 18, 1997 between Sunnyvale Partners Limited Partnership and First Data Merchant Services Corporation.

10.21 Sublease dated April 24, 1998 between First Data Merchant Services Corporation and Interwoven, Inc.

10.22 Loan and Security Agreement, dated October 1997, as amended, between Interwoven, Inc. and Silicon Valley Bank.

10.23 Agreement and Plan of Reorganization, dated June 30, 1999, by and among Interwoven, Inc., Lexington Software Associates, Inc. and certain Stockholders of Lexington Software Associates, Inc.

23.02 Consent of PricewaterhouseCoopers LLP, independent accountants.

24.01 Power of Attorney (See Page II-6 of this Registration Statement).

27.01 Financial Data Schedule.

</TABLE>

EXHIBIT 3.01

CERTIFICATE OF INCORPORATION
OF
INTERWOVEN, INC.

ARTICLE I

The name of the corporation is Interwoven, Inc.

ARTICLE II

The address of the registered office of the corporation in the State of Delaware is 1013 Centre Road, City of Wilmington, County of New Castle. The name of its registered agent at that address is Corporation Service Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

A. Authorization of Shares

The total number of shares of all classes of stock which the corporation has authority to issue is one hundred million (100,000,000) shares, consisting of two classes: seventy-five million (75,000,000) shares of Common Stock, $0.001 par value per share, and twenty-five million (25,000,000) shares of Preferred Stock, $0.001 par value per share.

B. Designation of Future Series of Preferred Stock

The Board of Directors is authorized, subject to any limitations prescribed by the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding). Subject to approval by the Board of Directors, the number of authorized shares of Preferred Stock may

be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the corporation entitled to vote, unless a vote of any other holders is required pursuant to a certificate or certificates establishing a series of Preferred Stock.

Except as expressly provided in any certificate of designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, any new series of

Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock, or any future class or series of Preferred Stock or Common Stock.

If the certificate of designation creating a series of Preferred Stock so provides, any shares of a series of Preferred Stock that are acquired by the corporation, whether by redemption, purchase, conversion or otherwise, so that such shares are issued but not outstanding, may not be reissued as shares of such series or as shares of the class of Preferred Stock. Upon the retirement of any such shares and the filing of a certificate of retirement pursuant to Sections 103 and 243 of the Delaware General Corporation Law with respect thereto, the shares of such series shall be eliminated and the number of shares of Preferred Stock shall be reduced accordingly.

ARTICLE V

The Board of Directors of the corporation shall have the power to adopt, amend or repeal the Bylaws of the corporation.

ARTICLE VI

Election of directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

ARTICLE VII

To the fullest extent permitted by law, no director of the corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Neither any amendment nor repeal of this Article VII, nor the adoption of

any provision of this Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE VIII

Effective immediately after the closing of an underwritten public offering of shares of the corporation's Common Stock pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission, actions shall be taken by the corporation's stockholders only at annual or special meetings of stockholders, and the corporation's stockholders shall not be able to act by written consent.

ARTICLE IX

The name and mailing address of the incorporator is William L. Hughes, c/o Fenwick & West LLP, Two Palo Alto Square, Palo Alto, CA 94306.

The undersigned incorporator hereby acknowledges that the foregoing certificate is his act and deed and that the facts stated herein are true.

Dated: July 22, 1999

/s/ William L. Hughes

William L.Hughes, Incorporator

EXHIBIT 10.01

INTERWOVEN, INC.

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of_____, is made by and between Interwoven, Inc., a Delaware corporation (the "Company"), and _____, a director and/or officer of the Company (the "Indemnitee").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance and/or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors and officers;

B. Based upon their experience as business managers, the Board of Directors of the Company (the "Board") has concluded that, to retain and attract talented and experienced individuals to serve as officers and directors of the Company, and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company to contractually indemnify officers and directors, and to assume for itself maximum liability for expenses and damages in connection with claims against such officers and directors in connection with their service to the Company;

C. Section 145 of the General Corporation Law of Delaware, under which the Company is organized ("Section 145"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive; and

D. The Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company free from undue concern for claims for damages arising out of or related to such services to the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

1.1 Agent. For the purposes of this Agreement, "agent" of the Company means any person who is or was a director or officer of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interest of the Company or a subsidiary of the Company as a director or officer of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or an affiliate of the Company; or was a director or officer of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director or officer of another enterprise or affiliate of the Company at the request of, for the convenience of, or to represent the interests of such predecessor corporation. The term "enterprise" includes any employee benefit plan of the Company, its subsidiaries, affiliates and predecessor corporations.

1.2 Expenses. For purposes of this Agreement, "expenses" includes all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements and other out-of-pocket costs) actually and reasonably incurred by the Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification or advancement of expenses under this Agreement, Section 145 or otherwise; provided, however, that expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a proceeding.

1.3 Proceeding. For the purposes of this Agreement, "proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative or any other type whatsoever.

1.4 Subsidiary. For purposes of this Agreement, "subsidiary" means any corporation of which more than 50% of the outstanding voting securities is owned directly or in- directly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an agent of the Company, at the will of the Company (or under separate agreement, if such agreement exists), in the capacity the Indemnitee currently serves as an agent of the Company, faithfully and to the best of his ability so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the charter documents of the Company or any subsidiary

of the Company; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation that the Indemnitee may have assumed apart from this Agreement) and that the Company or any subsidiary shall have no obligation under this Agreement to continue the Indemnitee in any such position.

3. Directors' and Officers' Insurance. The Company shall, to the extent that the Board determines it to be economically reasonable, maintain a policy of directors' and officers' liability insurance ("D&O Insurance"), on such terms and conditions as may be approved by the Board.

4. Mandatory Indemnification. Subject to Section 9 below, the Company shall indemnify the Indemnitee:

4.1 Third Party Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

4.2 Derivative Actions. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, against any amounts paid in settlement of any such proceeding and all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification under this subsection shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction due to willful misconduct of a culpable nature in the performance of his duty to the Company, unless and only to the extent that the Court of Chancery or the court in which such proceeding was brought shall determine upon application that, despite the

adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the Court of Chancery or such other court shall deem proper; and

4.3 Exception for Amounts Covered by Insurance. Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) to the extent such have been paid directly to Indemnitee by D&O Insurance.

5. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a proceeding but not entitled, however, to indemnification for all of the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion thereof to which the Indemnitee is not entitled to the indemnification.

6. Mandatory Advancement of Expenses.

6.1 Advancement. Subject to Section 9 below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company or by reason of anything done or not done by him in any such capacity. The Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Certificate of Incorporation or Bylaws of the Company, the General Corporation Law of Delaware or otherwise. The advances to be made hereunder shall be paid by the Company to the Indemnitee within thirty (30) days following delivery of a written request therefor by the Indemnitee to the Company.

6.2 Exception. Notwithstanding the foregoing provisions of this Section 6, the Company shall not be obligated to advance any expenses to the Indemnitee to the extent such arise from a lawsuit filed directly by the Company against the Indemnitee if an absolute majority of the members of the Board of Directors reasonably determines in good faith, within thirty (30) days of the Indemnitee's request to be advanced expenses, that the facts known to them at

the time such determination is made demonstrate clearly and convincingly that the Indemnitee acted in bad faith. If such a determination is made, the Indemnitee may have such decision reviewed by another forum, in the manner set forth in Sections 8.3, 8.4 and 8.5 hereof, with all references therein to "indemnification" being deemed to refer to "advancement of expenses", and the burden of proof shall be on the Company to demonstrate clearly and convincingly that, based on the facts known at the time, the Indemnitee acted in bad faith. The Company may not avail itself of this Section 6.2 as to a given lawsuit if, at any time after the occurrence of the activities or omissions that are the primary focus of the lawsuit, the Company has undergone a change in control. For this purpose a change in control shall mean a given shareholder or group of affiliated shareholders increasing their beneficial ownership interest in the Company by at least twenty (20) percentage points without advance Board approval.

7. Notice and Other Indemnification Procedures.

7.1 Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

7.2 If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7.1 hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

7.3 In the event the Company shall be obligated to advance the expenses for any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, upon the delivery to the Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that (a) the Indemnitee shall have the right to employ his own counsel in any such proceeding at the Indemnitee's expense; (b) the Indemnitee shall have the right to employ his own counsel in connection with any such proceeding, at the expense of the Company, if such counsel serves in a review, observer, advice and counseling capacity and does not otherwise materially control or participate in the defense of such proceeding; and (c) if (i) the employment of counsel by the Indemnitee has been previously authorized

by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

8. Determination of Right to Indemnification.

8.1 To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding referred to in Section 4.1 or 4.2 of this Agreement or in the defense of any claim, issue or matter described therein, the Company shall indemnify the Indemnitee against expenses actually and reasonably incurred by him in connection with the investigation, defense or appeal of such proceeding, or such claim, issue or matter, as the case may be.

8.2 In the event that Section 8.1 is inapplicable, or does not apply to the entire proceeding, the Company shall nonetheless indemnify the Indemnitee unless the Company shall prove by clear and convincing evidence to a forum listed in Section 8.3 below that the Indemnitee has not met the applicable standard of conduct required to entitle the Indemnitee to such indemnification.

8.3 The Indemnitee shall be entitled to select the forum in which the validity of the Company's claim under Section 8.2 hereof that the Indemnitee is not entitled to indemnification will be heard from among the following, except that the Indemnitee can select a forum consisting of the stockholders of the Company only with the approval of the Company:

(a) A quorum of the Board consisting of directors who are not parties to the proceeding for which indemnification is being sought;

(b) The stockholders of the Company;

(c) Legal counsel selected by the Indemnitee, and reasonably approved by the Board, which counsel shall make such determination in a written opinion; or

(d) A panel of three arbitrators, one of whom is selected by the Company, another of whom is selected by the Indemnitee, and the last of whom is selected by the first two arbitrators so selected.

8.4 As soon as practicable, and in no event later than 30 days after written notice of the Indemnitee's choice of forum pursuant to Section 8.3 above, the Company shall, at its own expense, submit to the selected forum in such manner as the Indemnitee or the Indemnitee's counsel may reasonably request, its claim that the Indemnitee is not entitled to indemnification; and the Company shall act in the utmost good faith to assure the Indemnitee a complete opportunity to defend against such claim.

8.5 If the forum listed in Section 8.3 hereof selected by the Indemnitee determines that the Indemnitee is entitled to indemnification with respect to a specific proceeding, such determination shall be final and binding on the Company. If the forum listed in Section 8.3 hereof selected by the Indemnitee determines that the Indemnitee is not entitled to indemnification with respect to a specific proceeding, the Indemnitee shall have the right to apply to the Court of Chancery of Delaware, the court in which that proceeding is or was pending or any other court of competent jurisdiction, for the purpose of determining whether the Indemnitee is entitled to indemnification and enforcing the Indemnitee's right to indemnification pursuant to the Agreement.

8.6 Notwithstanding any other provision in this Agreement to the contrary, the Company shall indemnify the Indemnitee against all expenses incurred by the Indemnitee in connection with any hearing or proceeding under this Section 8 involving the Indemnitee and against all expenses incurred by the Indemnitee in connection with any other proceeding between the Company and the Indemnitee involving the interpretation or enforcement of the rights of the Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims and/or defenses of the Indemnitee in any such proceeding was frivolous or not made in good faith.

9. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

9.1 Claims Initiated by Indemnitee. To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to proceedings specifically authorized by the Board of Directors or brought to establish or enforce a right to indemnification and/or advancement of expenses under this Agreement, the charter documents of the Company or any subsidiary, or any statute or law or otherwise, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors finds it to be appropriate; or

9.2 Unauthorized Settlements. To indemnify the Indemnitee hereunder for any amounts paid in settlement of a proceeding unless the Company consents in advance in writing to such settlement, which consent shall not be unreasonably withheld; or

9.3 Securities Law Actions. To indemnify the Indemnitee on account of any suit in which judgment is rendered against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of

securities of the Company pursuant to the provisions of 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or

9.4 Unlawful Indemnification. To indemnify the Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful. In this respect, the Company and the Indemnitee have been advised that the Securities and Exchange Commission takes the position that indemnification for liabilities arising under the federal securities law is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication.

10. Non-exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to action in the Indemnitee's official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

11. General Provisions

11.1 Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of expenses to the Indemnitee to the fullest extent now or hereafter permitted by law, except as expressly limited herein.

11.2 Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 11.1 hereof.

11.3 Modification and Waiver. No supplement, modification or

amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11.4 Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary or desirable to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

11.5 Counterparts. This Agreement may be executed in one or more counterparts, which shall together constitute one agreement.

11.6 Successors and Assigns. The terms of this Agreement shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto.

11.7 Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (a) if delivered by hand and receipted for by the party addressee or (b) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

11.8 Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

11.9 Consent to Jurisdiction. The Company and the Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

[Remainder of Page Intentionally Left Blank]

The parties hereto have entered into this Indemnity Agreement effective as of the date first written above.

INTERWOVEN, INC.
Address: 1195 West Fremont Avenue, Suite 2000
Sunnyvale, CA 94087

By:_____

Its:_____

INDEMNITEE:

_____

Address: _____

_____

[Signature Page to Interwoven, Inc. Indemnity Agreement]

EXHIBIT 10.02

1996 STOCK OPTION PLAN
OF
INTERWOVEN, INC.

1. PURPOSES OF THE PLAN

The purposes of the 1996 Stock Option Plan (the "Plan") of Interwoven, Inc., a California corporation (the "Company"), are to:

(a) Encourage selected employees, directors and consultants to improve operations and increase profits of the Company;

(b) Encourage selected employees, directors and consultants to accept or continue employment or association with the Company or its Affiliates; and

(c) Increase the interest of selected employees, directors and consultants in the Company's welfare through participation in the growth in value of the common stock of the Company (the "Common Stock").

Options granted under this Plan ("Options") may be "incentive stock options" ("ISOs") intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or "nonqualified options" ("NQOs").

2. ELIGIBLE PERSONS

Every person who at the date of grant of an Option is a full time employee of the Company or of any Affiliate (as defined below) of the Company is eligible to receive NQOs or ISOs under this Plan. Every person who at the date of grant is a consultant to, or non-employee director of, the Company or any Affiliate (as defined below) of the Company is eligible to receive NQOs under this Plan. The term "Affiliate" as used in the Plan means a parent or subsidiary corporation as defined in the applicable provisions (currently Sections 424(e) and (f), respectively) of the Code. The term "employee" includes an officer or director who is an employee, of the Company. The term "consultant" includes persons employed by, or otherwise affiliated with, a consultant.

3. STOCK SUBJECT TO THIS PLAN

Subject to the provisions of Section 6.1.1 of the Plan, the total number of shares of stock which may be issued under options granted pursuant

to this Plan shall not exceed 2,000,000 shares of Common Stock. The shares covered by the portion of any grant

under the Plan which expires unexercised shall become available again for grants under the Plan.

4. ADMINISTRATION

(a) This Plan shall be administered by the Board of Directors of the Company (the "Board") or, either in its entirety or only insofar as required pursuant to Section 4(b) hereof, by a committee (the "Committee") of at least two Board members to which administration of the Plan, or of part of the Plan, is delegated (in either case, the "Administrator").

(b) From and after such time as the Company registers a class of equity securities under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), it is intended that this Plan shall be administered in accordance with the disinterested administration requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission ("Rule 16b 3"), or any successor rule thereto.

(c) Subject to the other provisions of this Plan, the Administrator shall have the authority, in its discretion: (i) to grant Options; (ii) to determine the fair market value of the Common Stock subject to Options; (iii) to determine the exercise price of Options granted; (iv) to determine the persons to whom, and the time or times at which, Options shall be granted, and the number of shares subject to each Option; (v) to interpret this Plan; (vi) to prescribe, amend, and rescind rules and regulations relating to this Plan; (vii) to determine the terms and provisions of each Option granted (which need not be identical), including but not limited to, the time or times at which Options shall be exercisable; (viii) with the consent of the optionee, to modify or amend any Option; (ix) to defer (with the consent of the optionee) the exercise date of any Option; (x) to authorize any person to execute on behalf of the Company any instrument evidencing the grant of an Option; and (xi) to make all other determinations deemed necessary or advisable for the administration of this Plan. The Administrator may delegate nondiscretionary administrative duties to such employees of the Company as it deems proper.

(d) All questions of interpretation, implementation, and application of this Plan shall be determined by the Administrator. Such determinations shall be final and binding on all persons.

(e) With respect to persons subject to Section 16 of the Exchange Act, if any, transactions under this Plan are intended to comply with the applicable conditions of Rule 16b-3, or any successor rule thereto. To the extent any provision of this Plan or action by the Administrator fails to so comply, it shall be deemed null and void, to the

extent permitted by law and deemed advisable by the Administrator. Notwithstanding the above, it shall be the responsibility of such persons, not of the Company or the Administrator, to comply with the requirements of Section 16 of the Exchange Act; and neither the Company nor the Administrator shall be liable if this Plan or any transaction under this Plan fails to comply with the applicable conditions of Rule 16b-3 or any successor rule thereto, or if any such person incurs any liability under Section 16 of the Exchange Act.

5. GRANTING OF OPTIONS; OPTION AGREEMENT

(a) No Options shall be granted under this Plan after ten years from the date of adoption of this Plan by the Board.

(b) Each Option shall be evidenced by a written stock option agreement, in form satisfactory to the Company, executed by the Company and the person to whom such Option is granted; provided, however, that the failure by the Company, the optionee, or both to execute such an agreement shall not invalidate the granting of an Option, although the exercise of each option shall be subject to Section 6.1.3.

(c) The stock option agreement shall specify whether each Option it evidences is a NQO or an ISO.

(d) Subject to Section 6.3.3 with respect to ISOs, the Administrator may approve the grant of Options under this Plan to persons who are expected to become employees, directors or consultants of the Company, but are not employees, directors or consultants at the date of approval.

6. TERMS AND CONDITIONS OF OPTIONS

Each Option granted under this Plan shall be subject to the terms and conditions set forth in Section 6.1. NQOs shall be also subject to the terms and conditions set forth in Section 6.2, but not those set forth in Section 6.3. ISOs shall also be subject to the terms and conditions set forth in Section 6.3, but not those set forth in Section 6.2.

6.1 Terms and Conditions to Which All Options Are Subject. All Options granted under this Plan shall be subject to the following terms and conditions:

6.1.1 Changes in Capital Structure. Subject to Section 6.1.2, if the stock of

the Company is changed by reason of a stock split, reverse stock split, stock dividend, or recapitalization, combination or reclassification, appropriate adjustments shall be made by the Board in (a) the number and class of shares of stock subject to this Plan and each Option outstanding under this Plan, and (b) the exercise price of each outstanding Option; provided, however,

that the Company shall not be required to issue fractional shares as a result of any such adjustments. Each such adjustment shall be subject to approval by the Board in its sole discretion.

6.1.2 Corporate Transactions.

(a) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify the Optionee at least thirty (30) days prior to such proposed action. To the extent it has not been previously exercised, each Option will terminate immediately prior to the consummation of such proposed action.

(b) Merger or Asset Sale. In the event of a merger or consolidation of the Company with or into another corporation, or the sale of substantially all of the assets of the Company:

(i) Options. Each Option shall be assumed or an equivalent option substituted by the successor corporation (including as a "successor" any purchaser of substantially all of the assets of the Company) or a parent or subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Option, unless the Administrator shall determine otherwise, each Option will expire upon such event. If an Option will not be assumed or substituted by the successor corporation, the Administrator shall notify the Optionee that the Option shall be exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the option confers the right to purchase or receive, for each share of Common Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its

parent entity, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each share of Common Stock subject to the Option, to be solely common stock of the successor corporation or its parent entity equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

(ii) Shares Subject to Right of Repurchase. If the successor corporation has agreed to assume or substitute for Options as provided in the preceding paragraph, then any shares subject to a Right of Repurchase of the Company shall be exchanged for the consideration (whether stock, cash, or other securities or property) received in the merger or asset sale

by the holders of Common Stock for each share held on the effective date of the transaction, as described in paragraph (b)(i) above. If in such exchange the Optionee receives shares of stock of the successor corporation or a parent or subsidiary of such successor corporation, such exchanged shares shall continue to be subject to a Right of Repurchase as provided in the Optionee's Stock Option Plan stock purchase agreement. If pursuant to paragraph (b)(i) above, an Optionee shall have the right to exercise an Option as to shares of Common Stock as to which it would not otherwise be exercisable, then an equivalent number of shares that are subject to a Right of Repurchase of the Company shall be released from such Right of Repurchase and shall be vested.

6.1.3 Time of Option Exercise. Subject to Section 5 and Section 6.3.4, Options granted under this Plan shall be exercisable (a) immediately as of the effective date of the stock option agreement granting the Option, or (b) in accordance with a schedule related to the date of the grant of the Option, the date of first employment, or such other date as may be set by the Administrator (in any case, the "Vesting Base Date") and specified in the written stock option agreement relating to such Option; provided, however, that the right to exercise an Option must vest at the rate of at least 20% per year over five years from the date the Option was granted. In any case, no Option shall be exercisable until a written stock option agreement in form satisfactory to the Company is executed by the Company and the optionee.

6.1.4 Option Grant Date. Except in the case of advance approvals described in Section 5(d), the date of grant of an Option under this Plan shall be the date as of which the Administrator approves the grant.

6.1.5 Nonassignability of Option Rights. No Option granted under this Plan

shall be assignable or otherwise transferable by the optionee except by will or by the laws of descent and distribution. During the life of the optionee, an Option shall be exercisable only by the optionee.

6.1.6 Payment. Except as provided below, payment in full, in cash, shall be made for all stock purchased at the time written notice of exercise of an Option is given to the Company, and proceeds of any payment shall constitute general funds of the Company. At the time an Option is granted or exercised, the Administrator, in the exercise of its absolute discretion after considering any tax or accounting consequences, may authorize any one or more of the following additional methods of payment:

(a) Acceptance of the optionee's full recourse promissory note for all or part of the Option price, payable on such terms and bearing such interest rate as determined by the Administrator (but in no event less than the minimum interest rate specified under the Code at which no additional interest would be imputed), which promissory note may be

either secured or unsecured in such manner as the Administrator shall approve (including, without limitation, by a security interest in the shares of the Company); and

(b) Delivery by the optionee of Common Stock already owned by the optionee for all or part of the Option price, provided the value (determined as set forth in Section 6.1.11) of such Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by delivery of such stock; provided, however, that if an optionee has exercised any portion of any Option granted by the Company by delivery of Common Stock, the optionee may not, within six months following such exercise, exercise any Option granted under this Plan by delivery of Common Stock without the consent of the Administrator.

6.1.7 Termination of Employment.

(a) If for any reason other than death or disability, an optionee ceases to be employed by the Company or any of its Affiliates (such event being called a "Termination"), Options held at the date of Termination (to the extent then exercisable) may be exercised in whole or in part at any time within three months of the date of such Termination, or such other period of not less than thirty days after the date of such Termination as is specified in the Option Agreement (but in no event after the Expiration Date); provided, that if such exercise of the Option would result in liability for the optionee under Section 16(b) of the Exchange Act, then such three-month period automatically shall be extended until the tenth day following the last date upon which optionee has any liability under

Section 16(b) (but in no event after the Expiration Date).

(b) If an optionee dies while employed by the Company or an Affiliate or within the period that the Option remains exercisable after Termination, Options then held (to the extent then exercisable) may be exercised, in whole or in part, by the optionee, by the optionee's personal representative, or by the person to whom the Option is transferred by devise or the laws of descent and distribution, at any time within twelve months after the death of the optionee, or such other period of not less than six months from the date of Termination as is specified in the Option Agreement (but in no event after the Expiration Date).

(c) If an optionee ceases to be employed by the Company as a result of his or her disability, the optionee may, but only within six (6) months from the date of Termination (and in no event after the Expiration Date), exercise the Option to the extent otherwise entitled to exercise it at the date of Termination; provided, however, that if such disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an ISO such ISO shall automatically convert to an NQO on the day three months and one day following such Termination. To the extent that the optionee was not entitled to exercise

the Option at the date of Termination or if the optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) For purposes of this Section 6.1.7, "employment" includes service as a director or as a consultant. For purposes of this Section 6.1.7, an optionee's employment shall not be deemed to terminate by reason of sick leave, military leave, or other leave of absence approved by the Administrator, if the period of any such leave does not exceed 90 days or, if longer, if the optionee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

6.1.8 Repurchase of Stock. At the option of the Administrator, the stock to be
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delivered pursuant to the exercise of any Option granted to an employee, director or consultant under this Plan may be subject to a right of repurchase in favor of the Company with respect to any employee, or director or consultant whose employment, or director or consulting relationship with the Company is terminated. Such right of repurchase either:

(a) shall be at the Option exercise price and (i) shall lapse at the rate of at least 20% per year over five years from the date the Option is granted (without regard to the date it becomes exercisable), and must be exercised for cash or cancellation of purchase money indebtedness within

90 days of such termination and (ii) if the right is assignable by the Company, the assignee must pay the Company upon assignment of the right (unless the assignee is a 100% owned subsidiary of the Company or is an Affiliate) cash equal to the difference between the Option exercise price and the value (determined as set forth in Section 6.1.11) of the stock to be purchased if the Option exercise price is less than such value; or

(b) shall be at the higher of the Option exercise price or the value (determined as set forth in Section 6.1.11) of the stock being purchased on the date of termination, and must be exercised for cash or cancellation of purchase money indebtedness within 90 days of termination of employment, and such right shall terminate when the Company's securities become publicly traded.

Determination of the number of shares subject to any such right of repurchase shall be made as of the date the employee's employment by, director's director relationship with, or consultant's consulting relationship with, the Company terminates, not as of the date that any Option granted to such employee, director or consultant is thereafter exercised.

6.1.9 Withholding and Employment Taxes. At the time of exercise of an Option or at such other time as the amount of such obligations becomes determinable (the "Tax Date"), the

optionee shall remit to the Company in cash all applicable federal and state withholding and employment taxes. If authorized by the Administrator in its sole discretion after considering any tax or accounting consequences, an optionee may elect to (i) deliver a promissory note on such terms as the Administrator deems appropriate, (ii) tender to the Company previously owned shares of Stock or other securities of the Company, or (iii) have shares of Common Stock which are acquired upon exercise of the Option withheld by the Company to pay some or all of the amount of tax that is required by law to be withheld by the Company as a result of the exercise of such Option, subject to the following limitations:

(a) Any election pursuant to clause (iii) above by an optionee subject to Section 16 of the Exchange Act shall either (x) be made at least six months before the Tax Date and shall be irrevocable; or (y) shall be made in (or made earlier to take effect in) any ten-day period beginning on the third business day following the date of release for publication of the Company's quarterly or annual summary statements of earnings and shall be subject to approval by the Administrator, which approval may be given at any time after such election has been made. In addition, in the case of (y), the Option shall be held at least six months prior to the Tax Date.

(b) Any election pursuant to clause (ii) above, where the optionee is tendering Common Stock issued pursuant to the exercise of an Option, shall require that such shares be held at least six months prior to the Tax Date.

Any of the foregoing limitations may be waived (or additional limitations may be imposed) by the Administrator, in its sole discretion, if the Administrator determines that such foregoing limitations are not required (or that such additional limitations are required) in order that the transaction shall be exempt from Section 16(b) of the Exchange Act pursuant to Rule 16b-3, or any successor rule thereto. In addition, any of the foregoing limitations may be waived by the Administrator, in its sole discretion, if the Administrator determines that Rule 16b-3, or any successor rule thereto, is not applicable to the exercise of the Option by the optionee or for any other reason.

Any securities tendered or withheld in accordance with this Section 6.1.9 shall be valued by the Company as of the Tax Date.

6.1.10 Other Provisions. Each Option granted under this Plan may contain such other terms, provisions, and conditions not inconsistent with this Plan as may be determined by the Administrator, and each ISO granted under this Plan shall include such provisions and conditions as are necessary to qualify the Option as an "incentive stock option" within the meaning of Section 422 of the Code. If Options provide for a right of first refusal in favor of the Company with respect to stock acquired by employees, directors or

consultants, such Options shall provide that the right of first refusal shall terminate upon the earlier of (i) the closing of the Company's initial registered public offering to the public generally, or (ii) the date ten years after the grant date as set forth in Section 6.1.4.

6.1.11 Determination of Value. For purposes of the Plan, the value of Common Stock or other securities of the Company shall be determined as follows:

(a) If the stock of the Company is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System, its fair market value shall be the closing sales price for such stock or the closing bid if no sales were reported, as quoted on such system or exchange (or the largest such exchange) for the date the value is to be determined (or if there are no sales for such date, then for the last preceding business day on which there were sales), as reported in the Wall Street Journal or similar publication.

(b) If the stock of the Company is regularly quoted by a recognized securities dealer but selling prices are not reported, its fair market value shall be the mean between the high bid and low asked prices for the stock on the date the value is to be determined (or if there are no quoted prices for the date of grant, then for the last preceding business day on which there were quoted prices).

(c) In the absence of an established market for the stock, the fair market value thereof shall be determined in good faith by the Administrator, with reference to the Company's net worth, prospective earning power, dividend paying capacity, and other relevant factors, including the goodwill of the Company, the economic outlook in the Company's industry, the Company's position in the industry and its management, and the values of stock of other corporations in the same or a similar line of business.

6.1.12 Option Term. Subject to Section 6.3.5, no Option shall be exercisable more than ten years after the date of grant, or such lesser period of time as is set forth in the stock option agreement (the end of the maximum exercise period stated in the stock option agreement is referred to in this Plan as the "Expiration Date").

6.1.13 Exercise Price. The exercise price of any Option granted to any person who owns, directly or by attribution under the Code currently Section 424(d), stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of any Affiliate (a "Ten Percent Stockholder") shall in no event be less than 110% of the fair market value (determined in accordance with Section 6.1.11) of the stock covered by the Option at the time the Option is granted.

6.2 Terms and Conditions to Which Only NQOs Are Subject. Options granted under this Plan which are designated as NQOs shall be subject to the following terms and conditions:

6.2.1 Exercise Price. Except as set forth in Section 6.1.13, the exercise price of a NQO shall be not less than 85% of the fair market value (determined in accordance with Section 6.1.11) of the stock subject to the Option on the date of grant.

6.3 Terms and Conditions to Which Only ISOs Are Subject. Options granted under this Plan which are designated as ISOs shall be subject to the

following terms and conditions:

6.3.1 Exercise Price. Except as set forth in Section 6.1.13, the exercise price of an ISO shall be determined in accordance with the applicable provisions of the Code and shall in no event be less than the fair market value (determined in accordance with Section 6.1.11) of the stock covered by the Option at the time the Option is granted.

6.3.2 Disqualifying Dispositions. If stock acquired by exercise of an ISO granted pursuant to this Plan is disposed of in a "disqualifying disposition" within the meaning of Section 422 of the Code, the holder of the stock immediately before the disposition shall promptly notify the Company in writing of the date and terms of the disposition and shall provide such other information regarding the Option as the Company may reasonably require.

6.3.3 Grant Date. If an ISO is granted in anticipation of employment as provided in Section 5(d), the Option shall be deemed granted, without further approval, on the date the grantee assumes the employment relationship forming the basis for such grant, and, in addition, satisfies all requirements of this Plan for Options granted on that date.

6.3.4 Vesting. Notwithstanding any other provision of this Plan, ISOs granted under all incentive stock option plans of the Company and its subsidiaries may not "vest" for more than $100,000 in fair market value of stock (measured on the grant dates(s)) in any calendar year. For purposes of the preceding sentence, an option "vests" when it first becomes exercisable. If, by their terms, such ISOs taken together would vest to a greater extent in a calendar year, and unless otherwise provided by the Administrator, the vesting limitation described above shall be applied by deferring the exercisability of those ISOs or portions of ISOs which have the highest per share exercise prices; but in no event shall more than $100,000 in fair market value of stock (measured on the grant date(s)) vest in any calendar year. The ISOs or portions of ISOs whose exercisability is so deferred shall become exercisable on the first day of the first subsequent calendar year during which they may be exercised, as determined by applying these same principles and all other provisions of this Plan including those relating to the expiration and termination of ISOs.

In no event, however, will the operation of this Section 6.3.4 cause an ISO to vest before its terms or, having vested, cease to be vested.

6.3.5 Term. Notwithstanding Section 6.1.12, no ISO granted to any Ten Percent

Stockholder shall be exercisable more than five years after the date of grant.

7. MANNER OF EXERCISE

(a) An optionee wishing to exercise an Option shall give written notice to the Company at its principal executive office, to the attention of the officer of the Company designated by the Administrator, accompanied by payment of the exercise price as provided in Section 6.1.6. The date the Company receives written notice of an exercise hereunder accompanied by payment of the exercise price will be considered as the date such Option was exercised.

(b) Promptly after receipt of written notice of exercise of an Option, the Company shall, without stock issue or transfer taxes to the optionee or other person entitled to exercise the Option, deliver to the optionee or such other person a certificate or certificates for the requisite number of shares of stock. An optionee or permitted transferee of an optionee shall not have any privileges as a shareholder with respect to any shares of stock covered by the Option until the date of issuance (as evidenced by the appropriate entry on the books of the Company or a duly authorized transfer agent) of such shares.

8. EMPLOYMENT OR CONSULTING RELATIONSHIP

Nothing in this Plan or any Option granted thereunder shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate any optionee's employment or consulting at any time, nor confer upon any optionee any right to continue in the employ of, or consult with, the Company or any of its Affiliates.

9. FINANCIAL INFORMATION

The Company shall provide to each optionee during the period such optionee holds an outstanding Option, and to each holder of Common Stock acquired upon exercise of Options granted under the Plan for so long as such person is a holder of such Common Stock, annual financial statements of the Company as prepared either by the Company or independent certified public accountants of the Company. Such financial statements shall include, at a minimum, a balance sheet and an income statement, and shall be delivered as soon as practicable following the end of the Company's fiscal year. The Company shall

not be required to provide such statements to key employees whose duties

with the Company assure their access to equivalent information.

10. CONDITIONS UPON ISSUANCE OF SHARES

Shares of Common Stock shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended (the "Securities Act").

11. NONEXCLUSIVITY OF THE PLAN

The adoption of the Plan shall not be construed as creating any limitations on the power of the Company to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options other than under the Plan.

12. MARKET STANDOFF

Each Optionee, if so requested by the Company or any representative of the underwriters in connection with any registration of the offering of any securities of the company under the Securities Act shall not sell or otherwise transfer any shares of Common Stock acquired upon exercise of Options during the 180-day period following the effective date of a registration statement of the company filed under the Securities Act; provided, however, that such restriction shall apply only to the first two registration statements of the Company to become effective under the Securities Act which includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restriction until the end of such 180-day period.

13. AMENDMENTS TO PLAN

The Board may at any time amend, alter, suspend or discontinue this Plan. Without the consent of an optionee, no amendment, alteration, suspension or discontinuance may adversely affect outstanding Options except to conform this Plan and ISOs granted under this Plan to the requirements of federal or other tax laws relating to incentive stock options. No amendment, alteration, suspension or discontinuance shall require shareholder approval unless (a) shareholder approval is required to preserve incentive stock option treatment for federal income tax purposes, or (b) the Board otherwise concludes that shareholder approval is advisable.

14. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon adoption by the Board provided, however, that no Option shall be exercisable unless and until written consent of the shareholders of the Company, or approval of shareholders of the Company voting at a validly called shareholders' meeting, is obtained within 12 months after adoption by the Board. If such shareholder approval is not obtained within such time, Options granted hereunder shall terminate and be of no force and effect from and after expiration of such 12-month period. Options may be granted and exercised under this Plan only after there has been compliance with all applicable federal and state securities laws.

Plan adopted by the Board of Directors on June __, 1996.

Plan approved by Shareholders on _____

Interwoven, Inc.
STOCK OPTION PLAN
INCENTIVE STOCK OPTION AGREEMENT

(A) Name of Optionee:
(B) Grant Date:
(C) Number of Shares:
(D) Exercise Price:
(E) Vesting Base Date:
(F) Effective Date:

THIS INCENTIVE STOCK OPTION AGREEMENT (the "Agreement"), is made and entered into as of the date set forth in Item F above (the "Effective Date") between Interwoven, Inc., a California corporation (the "Company") and the person named in Item A above ("Optionee").

THE PARTIES AGREE AS FOLLOWS:

1. Grant of Option; Vesting Base Date.

1.1. Grant. The Company hereby grants to Optionee pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached to this Agreement as Exhibit 1, an incentive stock option (the "ISO") to purchase all or any part of an aggregate of the number of shares (the "ISO Shares")

of the Company's Common Stock (as defined in the Plan) listed in Item C above on the terms and conditions set forth herein and in the Plan, the terms and conditions of the Plan being hereby incorporated into this Agreement by reference.

1.2. Vesting Base Date. The parties hereby establish the date set forth in Item E above as the Vesting Base Date (as defined in Section 5.1 below).

2. Exercise Price. The exercise price for purchase of each share of Common Stock covered by this ISO shall be the price set forth in Item D above.

3. Term. Unless otherwise specified on Exhibit 3 attached hereto, if any (the absence of such exhibit indicating that no such exhibit was intended), this ISO shall expire as provided in Section 6.1.12 of the Plan.

4. Adjustment of ISOs. The Company shall adjust the number and kind of shares and the exercise price thereof in certain circumstances in accordance with the provisions of Section 6.1.1 of the Plan.

5. Exercise of Options.

5.1. Vesting; Time of Exercise. This ISO shall be exercisable according to the schedule set forth on Exhibit 5.1 attached hereto. Such schedule shall commence as of the date set forth in Item (E) above (the "Vesting Base Date").

5.2. Exercise After Termination of Status as an Employee, Director or Consultant. In the event of termination of Optionee's continuous status as an employee, director or consultant, this ISO may be exercised only in accordance with the provisions of Section 6.1.7 of the Plan.

5.3. Manner of Exercise. Optionee may exercise this ISO, or any portion of this ISO, by giving written notice to the Company at its principal executive office, to the attention of the officer of the Company designated by the Plan Administrator, accompanied by a copy of the Stock Option Plan Stock Purchase Agreement in substantially the form attached hereto as Exhibit 5.3 executed by Optionee (or at the option of the Company such other form of stock purchase agreement as shall then be acceptable to the Company), payment of the exercise price and payment of any applicable withholding or employment taxes. The date the Company

receives written notice of an exercise hereunder accompanied by payment will be considered as the date this ISO was exercised.

5.4. Payment. Except as provided in Exhibit 5.4 attached hereto, if any (the absence of such exhibit indicating that no exhibit was intended), payment may be made for ISO Shares purchased at the time written notice of exercise of the ISO is given to the Company, by delivery of cash or check. The proceeds of any payment shall constitute general funds of the Company.

5.5. Delivery of Certificate. Promptly after receipt of written notice of exercise of the ISO, the Company shall, without stock issue or transfer taxes to the Optionee or other person entitled to exercise, deliver to the Optionee or other person a certificate or certificates for the requisite number of ISO Shares. An Optionee or transferee of an Optionee shall not have any privileges as a shareholder with respect to any ISO Shares covered by the option until the date of issuance of a stock certificate.

6. Nonassignability of ISO. This ISO is not assignable or transferable by Optionee except by will or by the laws of descent and distribution. During the life of Optionee, the ISO is exercisable only by the Optionee. Any attempt to assign, pledge, transfer, hypothecate or otherwise dispose of this ISO in a manner not herein permitted, and any levy of execution, attachment, or similar process on this ISO, shall be null and void.

7. Company's Repurchase Rights. The ISO Shares arising from exercise of this ISO shall be subject to a right of repurchase in favor of the Company (the "Right of Repurchase") to

the extent set forth on Exhibit 7 attached hereto (the absence of such exhibit indicating that no such exhibit was intended and that the ISO shall be subject to the limitations set forth on Exhibit 5.1). If the Optionee's employment with the Company terminates before the Right of Repurchase lapses in accordance with Exhibit 7, the Company may purchase ISO Shares subject to the Right of Repurchase (by payment of cash or by check) for an amount equal to the price the Optionee paid for such ISO Shares (exclusive of any taxes paid upon acquisition of the stock) by giving notice at any time within the later of (a) 30 days after the acquisition of the ISO Shares upon option exercise, or (b) 90 days after such termination of employment that the Company is exercising its right of repurchase. The Company shall include with such notice payment in full in cash or by check. The Optionee may not dispose of or transfer ISO Shares while such shares are subject to the Right of Repurchase and any such attempted transfer shall be null and void.

8. Company's Right of First Refusal.

8.1. Right of First Refusal. In the event that the Optionee proposes to sell, pledge, or otherwise transfer any ISO Shares or any interest in such shares to any person or entity, the Company shall have a right of first refusal (the "Right of First Refusal") with respect to such ISO Shares. If Optionee desires to transfer ISO Shares, Optionee shall give a written notice (the "Transfer Notice") to the Company describing fully the proposed transfer, including the number of ISO Shares proposed to be transferred, the proposed transfer price, and the name and address of the proposed transferee. The Transfer Notice shall be signed both by Optionee and by the proposed transferee and must constitute a binding commitment of both such parties for the transfer of such ISO Shares. The Company may elect to purchase all, but not less than all, of the ISO Shares subject to the Transfer Notice by delivery of a notice of exercise of the Company's Right of First Refusal within 30 days after the date the Transfer Notice is delivered to the Company. The purchase price paid by the Company shall be the price per share equal to the proposed per share transfer price, and shall be paid to the Optionee within 60 days after the date the Transfer Notice is received by the Company, unless a longer period for payment was offered by the proposed transferee, in which case the Company shall pay the purchase price within such longer period. The Company's rights under this Section 8.1 shall be freely assignable, in whole or in part. Notwithstanding the foregoing, the Right of First Refusal does not apply to a transfer of shares by gift or devise to the Optionee's immediate family (i.e., parents, spouse or children or to a trust for the benefit of the Optionee or any of the Optionee's immediate family members), but does apply to any subsequent transfer of such shares by such immediate family members.

8.2. Transfer of ISO Shares. If the Company fails to exercise the Right of First Refusal within 30 days after the date the Transfer Notice is delivered to the Company, the Optionee may, not later than 75 days following delivery to the Company of the Transfer Notice, conclude a transfer of the ISO Shares subject to the Transfer Notice on the terms and

conditions described in the Transfer Notice. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance by the Optionee with the procedure described in Section 8.1 of this Agreement. If the Company exercises the Right of First Refusal, the parties shall consummate the sale of ISO Shares on the terms, other than price, as applicable under Section 8.1, set forth in the Transfer Notice; provided, however, in the event the Transfer Notice provides for payment for the ISO Shares other than in cash, the Company shall have the option of paying for

the ISO Shares by paying in cash the present value of the consideration described in the Transfer Notice; and further provided that if the value of noncash consideration is to be paid and the Optionee disagrees with the value determined by the Company, the Optionee may request an independent appraisal by an appraiser acceptable to the Optionee and the Company, the costs of such appraisal to be borne equally by the Optionee and the Company.

8.3. Binding Effect. The Right of First Refusal shall inure to the benefit of the successors and assigns of the Company and shall be binding upon any transferee of ISO Shares other than a transferee acquiring ISO Shares in a transaction where the Company failed to exercise the Right of First Refusal (a "Free Transferee") or a transferee of a Free Transferee.

8.4. Termination of Company's Right of First Refusal. Notwithstanding anything in this Section 8, the Company shall have no Right of First Refusal, and Optionee shall have no obligation to comply with the procedures in Sections 8.1 through 8.3 after the earlier of (i) the closing of the Company's initial public offering to the public generally, or (ii) the date ten (10) years after the Effective Date.

9. Market Standoff. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters in connection with any registration of the offering of the securities of the Company under the Securities Act of 1933, as amended (the "Securities Act"), Optionee shall not sell or otherwise transfer the ISO Shares for a period of 180 days following the effective date of a Registration Statement filed under the Securities Act; provided that such restrictions shall only apply to the first two registration statements of the Company to become effective under the Securities Act which include securities to be sold on behalf of the Company in an underwritten public offering under the Securities Act. The Company may impose stop transfer instructions with respect to the ISO Shares subject to the foregoing restrictions until the end of each such 180-day period.

10. Restriction on Issuance of Shares.

10.1. Legality of Issuance. The Company shall not be obligated to sell or issue any ISO Shares pursuant to this Agreement if such sale or issuance, in the opinion of the Company and the Company's counsel, might constitute a violation by the Company of any provision of law, including without limitation the provisions of the Securities Act.

10.2. Registration or Qualification of Securities. The Company may, but shall not be required to, register or qualify the sale of this ISO or any ISO Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the grant or exercise of this option or the issuance or sale of any ISO Shares pursuant thereto to comply with any law.

11. Restriction on Transfer. Regardless whether the sale of the ISO Shares has been registered under the Securities Act or has been registered or qualified under the securities laws of any state, the Company may impose restrictions upon the sale, pledge, or other transfer of ISO Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary or desirable in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law, or if the Company does not desire to have a trading market develop for its securities.

12. Stock Certificate. Stock certificates evidencing ISO Shares may bear such restrictive legends as the Company and the Company's counsel deem necessary or advisable under applicable law or pursuant to this Agreement.

13. Disqualifying Dispositions. If stock acquired by exercise of this ISO is disposed of within two years after the Effective Date or within one year after date of such exercise (as determined under Section 5.3 of this Agreement), the Optionee immediately prior to the disposition shall promptly notify the Company in writing of the date and terms of the disposition and shall provide such other information regarding the disposition as the Company may reasonably require.

14. Representations, Warranties, Covenants, and Acknowledgments of Optionee Upon Exercise of ISO. Optionee hereby agrees that in the event that the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the issuance of ISO Shares may be conditioned upon certain representations, warranties, and acknowledgments by the person exercising the ISO (the "Purchaser"), including, without limitation, those set forth in Sections 14.1 through 14.8 inclusive:

14.1. Investment. Purchaser is acquiring the ISO Shares for Purchaser's own account, and not for the account of any other person. Purchaser is acquiring the ISO Shares for investment

and not with a view to distribution or resale thereof except in compliance with applicable laws regulating securities.

14.2. Business Experience. Purchaser is capable of evaluating the merits and risks of Purchaser's investment in the Company evidenced by purchase of the ISO Shares.

14.3. Relation to Company. Purchaser is presently an officer, director, or other employee of, or consultant to the Company, and in such capacity has become personally familiar with the business, affairs, financial condition, and results of operations of the Company.

14.4. Access to Information. Purchaser has had the opportunity to ask questions of, and to receive answers from, appropriate executive officers of the Company with respect to the terms and conditions of the transaction contemplated hereby and with respect to the business, affairs, financial condition, and results of operations of the Company. Purchaser has had access to such financial and other information as is necessary in order for Purchaser to make a fully informed decision as to investment in the Company by way of purchase of the ISO Shares, and has had the opportunity to obtain any additional information necessary to verify any of such information to which Purchaser has had access.

14.5. Speculative Investment. Purchaser's investment in the Company represented by the ISO Shares is highly speculative in nature and is subject to a high degree of risk of loss in whole or in part. The amount of such investment is within Purchaser's risk capital means and is not so great in relation to Purchaser's total financial resources as would jeopardize the personal financial needs of Purchaser or Purchaser's family in the event such investment were lost in whole or in part.

14.6. Registration. Purchaser must bear the economic risk of investment for an indefinite period of time because the sale to Purchaser of the ISO Shares has not been registered under the Securities Act and the ISO Shares cannot be transferred by Purchaser unless such transfer is registered under the Securities Act or an exemption from such registration is available. The Company has made no agreements, covenants, or undertakings whatsoever to register the transfer of any of the ISO Shares under the Securities Act. The Company has made no representations, warranties, or covenants whatsoever as to whether any exemption from the Securities Act, including without limitation any exemption for limited sales in routine brokers' transactions pursuant to Rule 144, will be available; if the exemption under Rule 144 is available at all, it may not be available until at least two years after payment of cash for the ISO Shares and not then unless: (i) a public trading market then exists in the Company's

common stock; (ii) adequate information as to the Company's financial and other affairs and operations is then available to the public; and (iii) all other terms and conditions of Rule 144 have been satisfied. Purchaser understands that the resale provisions of Rule 701 will not apply until 90 days after the

Company becomes subject to the reporting obligations of the Securities Exchange Act of 1934 (typically 90 days after the effective date of an initial public offering).

14.7. Public Trading. None of the Company's securities is presently publicly traded, and the Company has made no representation, covenant, or agreement as to whether there will be a public market for any of its securities.

14.8. Tax Advice. The Company has made no warranties or representations to Purchaser with respect to the income tax consequences of the transactions contemplated by the agreement pursuant to which the ISO Shares will be purchased and Purchaser is in no manner relying on the Company or its representatives for an assessment of such tax consequences.

15. Assignment; Binding Effect. Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon and inure to the benefit of the executors, administrators, heirs, legal representatives, and successors of the parties hereto; provided, however, that Optionee may not assign any of Optionee's rights under this Agreement.

16. Damages. Optionee shall be liable to the Company for all costs and damages, including incidental and consequential damages, resulting from a disposition of ISO Shares which is not in conformity with the provisions of this Agreement.

17. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California excluding those laws that direct the application of the laws of another jurisdiction.

18. Notices. All notices and other communications under this Agreement shall be in writing. Unless and until the Optionee is notified in writing to the contrary, all notices, communications, and documents directed to the Company and related to the Agreement, if not delivered by hand, shall be mailed, addressed as follows:

Interwoven, Inc.
885 N. San Antonio
Los Altos, CA 94022
Attention: President

Unless and until the Company is notified in writing to the contrary, all notices, communications, and documents intended for the Optionee and related to this Agreement, if not delivered by hand, shall be mailed to Optionee's last known address as shown on the Company's books. Notices and communications shall be mailed by first class mail, postage prepaid; documents shall be mailed by registered mail, return receipt requested, postage prepaid. All mailings and deliveries related to this Agreement shall be deemed

received when actually received, if by hand delivery, and two business days after mailing, if by mail.

19. Arbitration. Any and all disputes or controversies arising out of this Agreement shall be finally settled by arbitration conducted in Santa Clara County in accordance with the then existing rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof; provided that nothing in this Section 19 shall prevent a party from applying to a court of competent jurisdiction to obtain temporary relief pending resolution of the dispute through arbitration. The parties hereby agree that service of any notices in the course of such arbitration at their respective addresses as provided for in Section 18 shall be valid and sufficient.

20. Entire Agreement. Company and Optionee agree that this Agreement (including its attached Exhibits) is the complete and exclusive statement between Company and Optionee regarding its subject matter and supersedes all prior proposals, communications, and agreements of the parties (including Company's letter to Optionee setting forth the proposed terms of employment), whether oral or written, regarding the grant of stock options or issuances of shares to Optionee.

IN WITNESS WHEREOF, the parties have executed this Incentive Stock Option Agreement as of the Effective Date.

Interwoven, Inc.

By _____

Title _____

The Optionee hereby accepts and agrees to be bound by all of the terms and conditions of this Agreement and the Plan.

_____
Optionee

Optionee's spouse indicates by the execution of this Incentive Stock Option Agreement his or her consent to be bound by the terms thereof as to his or her interests, whether as community property or otherwise, if any, in the option granted hereunder, and in any ISO Shares purchased pursuant to this Agreement.

_____
Optionee's Spouse

EXHIBITS

Exhibit 1	Stock Option Plan
Exhibit 3 (if applicable)	Expiration of Incentive Stock Option
Exhibit 5.1	Time of Exercise
Exhibit 5.3	Stock Option Plan Stock Purchase Agreement
Exhibit 5.4 (if applicable)	Payment
Exhibit 7	Right of Repurchase

EXHIBIT 5.1 OF THE
INCENTIVE STOCK OPTION AGREEMENT

The ISO shall be immediately exercisable with respect to all of the ISO Shares, subject however to the Company's Right of Repurchase set forth in Exhibit 7.

Interwoven, Inc.

By: _____

Title: _____

Optionee: _____

EXHIBIT 7 OF THE
INCENTIVE STOCK OPTION AGREEMENT

All of the ISO Shares are subject to the Right of Repurchase. The Right of Repurchase shall expire with respect to twenty-five percent (25%) of the total number of ISO Shares one year after the Vesting Base Date and with respect to an additional 1/48 of the total number of ISO Shares at the end of each month thereafter, so that the Right of Repurchase shall have expired with respect to all of the ISO Shares on and after four years after the Vesting Base Date. Notwithstanding the provisions of the preceding sentence regarding expiration of the Right of Repurchase, however, the Right of Repurchase shall expire with respect to an additional 25% of the total number of ISO Shares immediately prior to (i) the sale or other disposition of all or substantially all of the assets of the Company, or (ii) the acquisition of the Company by another entity by means of consolidation, corporate reorganization or merger, or other transaction or series of related transactions in which more than fifty percent (50%) of the outstanding voting power of the Company is transferred.

Executed by:

INTERWOVEN, INC.

By: _____

Title:_____

Optionee: _____

No. ____

INTERWOVEN, INC.

1996 STOCK OPTION PLAN

STOCK OPTION EXERCISE AGREEMENT

This Exercise Agreement is made and entered into as of _____, 19___ (the "Effective Date") by and between Interwoven, Inc., a California corporation (the "Company"), and the purchaser named below (the "Purchaser"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Company's 1996 Stock Option Plan (the "Plan").

Participant: _____

_____

Social Security Number: _____

Address: _____

_____

Total Option Shares: _____

Exercise Price Per Share: _____

Date of Grant: _____

First Vesting Date: _____

Expiration Date: _____
(unless earlier terminated under Section 3 below)

Type of Stock Option
(Check one): [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

1. Exercise of Option.

1.1 Exercise. Pursuant to exercise of that certain option ("Option") granted to Purchaser under the Plan and subject to the terms and conditions of this Exercise Agreement, Purchaser hereby purchases from the Company, and the Company hereby sells to Purchaser, the Total Number of Shares set forth above ("Shares") of the Company's Common Stock at the Exercise Price Per Share set forth above ("Exercise Price"). As used in this Exercise Agreement, the term "Shares" refers to the Shares purchased under this Exercise Agreement and includes all securities received (a) in replacement of the Shares, (b) as a result of stock dividends or stock splits with respect to the Shares, and (c) all securities received in replacement of the Shares in a merger, recapitalization, reorganization or similar corporate transaction.

1.2 Title to Shares. The exact spelling of the name(s) under which

---

Purchaser will take title to the Shares is:

Purchaser desires to take title to the Shares as follows:

[ ] Individual, as separate property

[ ] Husband and wife, as community property

[ ] Joint Tenants

[ ] Alone or with spouse as trustee(s) of the following trust (including date):

[ ] Other; please specify:

1.3 Payment. Purchaser hereby delivers payment of the Exercise Price in the manner permitted in the Stock Option Agreement as follows (check and complete as appropriate):

[ ] in cash (by check) in the amount of $_____, receipt of which is acknowledged by the Company;

2. Delivery.

2.1 Deliveries by Purchaser. Purchaser hereby delivers to the Company (i) this Exercise Agreement, (ii) two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form of Exhibit 1 attached hereto (the "Stock Powers"), both executed by Purchaser (and Purchaser's spouse, if any), (iii) if Purchaser is married, a Consent of Spouse in the form of Exhibit 2 attached hereto (the "Spouse Consent") executed by Purchaser's spouse, and (iv) the Exercise Price any payment or other provision for any applicable tax obligations.

2.2 Deliveries by the Company. Upon its receipt of the Exercise Price, payment or other provision for any applicable tax obligations and all the documents to be executed and delivered by Purchaser to the Company under

Section 2.1, the Company will issue a duly executed stock certificate evidencing the Shares in the name of Purchaser, to be placed in escrow until expiration or termination of the Company's Repurchase Option and Right of First Refusal described in Sections 8 and 9.

3. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company that:

3.1 Agrees to Terms of the Plan. Purchaser has received a copy of the Plan and the Stock Option Agreement, has read and understands the terms of the Plan, the Stock Option Agreement and this Exercise Agreement, and agrees to be bound by their terms and conditions. Purchaser acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares, and that Purchaser should consult a tax adviser prior to such exercise or disposition.

3.2 Purchase for Own Account for Investment. Purchaser is purchasing the Shares for Purchaser's own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act. Purchaser has no present intention of selling or otherwise disposing of all or any portion of the Shares and no one other than Purchaser has any beneficial ownership of any of the Shares.

3.3 Access to Information. Purchaser has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that Purchaser reasonably considers important in making the decision to purchase the Shares, and Purchaser has had ample opportunity to ask questions of the Company's representatives concerning such matters and this investment.

3.4 Understanding of Risks. Purchaser is fully aware of: (i) the highly speculative nature of the investment in the Shares; (ii) the financial hazards involved; (iii) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that Purchaser may not be able to sell or dispose of the Shares or use them as collateral for loans); (iv) the qualifications and backgrounds of the management of the Company; and (v) the tax consequences of investment in the Shares. Purchaser is capable of evaluating the merits and risks of this investment, has the ability to protect Purchaser's own interests in this transaction and is financially capable of bearing a total loss of this investment.

3.5 No General Solicitation. At no time was Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

4. Compliance with Securities Laws.

4.1 Compliance with U.S. Federal Securities Laws. Purchaser understands and acknowledges that the Shares have not been registered with the SEC under the Securities Act and that, notwithstanding any other provision of the Stock Option Agreement to the contrary, the exercise of any rights to purchase any Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Purchaser agrees to cooperate with the Company to ensure compliance with such laws. The Shares are being issued under the Securities Act pursuant to the exemption provided by SEC Rule 701.

4.2 Compliance with California Securities Laws. THE PLAN, THE STOCK OPTION AGREEMENT, AND THIS EXERCISE AGREEMENT ARE INTENDED TO COMPLY WITH SECTION 25102(O) OF THE CALIFORNIA CORPORATIONS CODE. ANY PROVISION OF THIS EXERCISE AGREEMENT WHICH IS INCONSISTENT WITH SECTION 25102(O) SHALL, WITHOUT FURTHER ACT OR AMENDMENT BY THE COMPANY OR THE BOARD, BE REFORMED TO COMPLY WITH THE REQUIREMENTS OF SECTION 25102(O). THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS EXERCISE AGREEMENT, IF NOT YET QUALIFIED WITH THE CALIFORNIA COMMISSIONER OF CORPORATIONS AND NOT EXEMPT FROM SUCH QUALIFICATION, IS SUBJECT TO SUCH QUALIFICATION, AND THE ISSUANCE OF SUCH SECURITIES, AND THE RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL UNLESS THE SALE IS EXEMPT. THE RIGHTS OF THE PARTIES TO THIS EXERCISE AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED OR AN EXEMPTION BEING AVAILABLE.

5. Restricted Securities.

5.1 No Transfer Unless Registered or Exempt. Purchaser understands that Purchaser may not transfer any Shares unless such Shares are registered under the Securities Act or qualified under applicable state securities laws or unless, in the opinion of counsel to the Company, exemptions from such registration and qualification requirements are available. Purchaser understands that only the Company may file a registration statement with the SEC and that the Company is under no obligation to do so with respect to the Shares. Purchaser has also been advised that exemptions from registration and qualification may not be available or may not permit Purchaser to transfer all

or any of the Shares in the amounts or at the times proposed by Purchaser.

5.2 SEC Rule 144. In addition, Purchaser has been advised that SEC Rule 144 promulgated under the Securities Act, which permits certain limited sales of unregistered securities, is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of one (1) year, and in certain cases two (2) years, after they have been purchased and paid for (within the meaning of Rule 144). Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

5.3 SEC Rule 701. The Shares are issued pursuant to SEC Rule 701 promulgated under the Securities Act and may become freely tradeable by non-affiliates (under limited conditions regarding the method of sale) ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC, subject to the lengthier market standoff agreement contained in Section 7 of this Exercise Agreement or any other agreement entered into by Purchaser. Affiliates must comply with the provisions (other than the holding period requirements) of Rule 144.

6. Restrictions on Transfers.

6.1 Disposition of Shares. Purchaser hereby agrees that Purchaser shall make no disposition of the Shares (other than as permitted by this Exercise Agreement) unless and until:

(a) Purchaser shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) Purchaser shall have complied with all requirements of this Exercise Agreement applicable to the disposition of the Shares;

(c) Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that (i) the proposed disposition does not require registration of the Shares under the Securities Act or (ii) all appropriate action necessary for compliance with the registration requirements of the Securities Act or of any exemption from registration available under the Securities Act (including Rule 144) has been taken; and

(d) Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that the proposed

disposition will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the Commissioner Rules identified in Section 4.2.

6.2 Restriction on Transfer. Purchaser shall not transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Shares which are subject to the Company's Repurchase Option or the Company's Right of First Refusal, except as permitted by this Exercise Agreement.

6.3 Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Exercise Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Exercise Agreement and that the transferred Shares are subject (i) both the Company's Repurchase Option and the Company's Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 7, to the same extent such Shares would be so subject if retained by the Purchaser.

7. Market Standoff Agreement. Purchaser agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, Purchaser will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) after the effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify.

8. Company's Repurchase Option for Unvested Shares. The Company, or its assignee, shall have the option to repurchase. Purchaser's shares (as to which the Right of Repurchase set forth in Exhibit 7 of the Stock Option Agreement has not expired ("Unvested Shares") on the terms and conditions set forth in this Section (the "Repurchase Option") if Purchaser is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation Purchaser's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without cause. Notwithstanding the foregoing, the Company shall retain the Repurchase Option for Unvested Shares only as to that number of Unvested Shares (whether or not exercised) that exceeds the number of shares which remain exercisable.

8.1 Termination and Termination Date. In case of any dispute as to whether Purchaser is Terminated, the Committee shall have discretion to

determine whether Purchaser has been Terminated and the effective date of such Termination (the "Termination Date").

8.2 Exercise of Repurchase Option. At any time within ninety (90) days after the Purchaser's Termination Date (or, in the case of securities issued upon exercise of an Option after the Participant's Termination Date, within ninety (90) days after the date of such exercise), the Company, or its assignee, may elect to repurchase the Purchaser's Unvested Shares by giving Purchaser written notice of exercise of the Repurchase Option.

8.3 Calculation of Repurchase Price for Unvested Shares. The Company or its assignee shall have the option to repurchase from Purchaser (or from Purchaser's personal representative as the case may be) the Unvested Shares at the Purchaser's Exercise Price, proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan.

8.4 Payment of Repurchase Price. The repurchase price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding indebtedness of Purchaser to the Company or such assignee, or by any combination thereof. The repurchase price shall be paid without interest within sixty (60) days after exercise of the Repurchase Option.

8.5 Right of Termination Unaffected. Nothing in this Exercise Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Purchaser's employment or other relationship

with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without cause.

9. Company's Right of First Refusal. Unvested Shares may not be sold or otherwise transferred by Purchaser without the Company's prior written consent. Before any Vested Shares held by Purchaser or any transferee of such Vested Shares (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including without limitation a transfer by gift or operation of law), the Company and/or its assignee(s) shall have an assignable right of first refusal to purchase the Vested Shares to be sold or transferred (the "Offered Shares") on the terms and conditions set forth in this Section (the "Right of First Refusal").

9.1 Notice of Proposed Transfer. The Holder of the Offered Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (ii) the name of each proposed bona fide purchaser or other transferee ("Proposed Transferee"); (iii) the number of Offered Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares (the "Offered Price"); and (v) that the Holder will offer to sell the Offered Shares to the Company and/or its assignee(s) at the Offered Price as provided in this Section.

9.2 Exercise of Right of First Refusal. At any time within thirty (30) days after the date of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice, at the purchase price determined as specified below.

9.3 Purchase Price. The purchase price for the Offered Shares purchased under this Section will be the Offered Price. If the Offered Price includes consideration other than cash, then the cash equivalent value of the non-cash consideration shall conclusively be deemed to be the value of such non-cash consideration as determined in good faith by the Board.

9.4 Payment. Payment of the Offered Price will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The Offered Price will be paid without interest within sixty (60) days after the Company's receipt of the Notice, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice.

9.5 Holder's Right to Transfer. If all of the Offered Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice, and provided further, that (i) any such sale or other transfer is effected in compliance with all applicable securities laws and (ii) the Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice are not transferred to the Proposed

Transferee within such 120 day period, then a new Notice must be given to the Company, and the Company will again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

9.6 Exempt Transfers. Notwithstanding anything to the contrary in this Section, the following transfers of Vested Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Vested Shares during Purchaser's lifetime by gift or on Purchaser's death by will or intestacy to Purchaser's "immediate family" (as defined below) or to a trust for the benefit of Purchaser or Purchaser's immediate family, provided that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Section will continue to apply to the transferred Vested Shares in the hands of such transferee or other recipient; (ii) any transfer of Vested Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations (except that the Right of First Refusal will continue to apply thereafter to such Vested Shares, in which case the surviving corporation of such merger or consolidation shall succeed to the rights of the Company under this Section unless the Agreement of merger or consolidation expressly otherwise provides); or (iii) any transfer of Vested Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "immediate family" will mean Purchaser's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of the Purchaser or the Purchaser's spouse, or the spouse of any child, adopted child, grandchild or adopted grandchild of Purchaser or the Purchaser's spouse.

9.7 Termination of Right of First Refusal. The Company's Right of First Refusal will terminate when the Company's securities become publicly traded.

10. Rights as Shareholder. Subject to the terms and conditions of this Exercise Agreement, Purchaser will have all of the rights of a shareholder of the Company with respect to the Shares from and after the date that Shares are issued to Purchaser until such time as Purchaser disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Repurchase Option or Right of First Refusal. Upon an exercise of the Repurchase Option or the Right of First Refusal, Purchaser will have no further rights as a holder of the Shares so purchased upon such exercise, except the right to receive payment for the Shares so purchased in accordance with the provisions of this Exercise Agreement, and Purchaser will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

11. Escrow. As security for Purchaser's faithful performance of this Exercise Agreement, Purchaser agrees, immediately upon receipt of the stock

certificate(s) evidencing the Shares, to deliver such certificate(s), together with the Stock Powers executed by Purchaser and by Purchaser's spouse, if any (with the date and number of Shares left blank), to the Secretary of the Company or other designee of the Company ("Escrow Holder"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Exercise Agreement. Purchaser and the Company agree that Escrow Holder will not be liable to any party to this Exercise Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Exercise Agreement. Escrow Holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Exercise Agreement. The Shares will be released from escrow upon termination of both the Repurchase Option and the Right of First Refusal.

12. Restrictive Legends and Stop-Transfer Orders.

12.1 Legends. Purchaser understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company's Articles

of Incorporation or Bylaws, any other agreement between Purchaser and the Company or any agreement between Purchaser and any third party:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, RIGHT OF REPURCHASE AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S) AS SET FORTH IN A STOCK OPTION EXERCISE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS AND THE RIGHT OF FIRST REFUSAL ARE

BINDING ON TRANSFEREES OF THESE SHARES.

The California Commissioner of Corporations may require that the following legend also be placed upon the share certificate(s) evidencing ownership of the Shares:

> IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

12.2 Stop-Transfer Instructions. Purchaser agrees that, to ensure compliance with the restrictions imposed by this Exercise Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

12.3 Refusal to Transfer. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

13. Tax Consequences. PURCHASER UNDERSTANDS THAT PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF PURCHASER'S PURCHASE OR DISPOSITION OF THE SHARES. PURCHASER REPRESENTS THAT PURCHASER HAS CONSULTED WITH ANY TAX ADVISER PURCHASER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT PURCHASER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE. IN PARTICULAR, IF UNVESTED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY, PURCHASER REPRESENTS THAT PURCHASER HAS CONSULTED WITH PURCHASER'S TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE. Set forth below is a brief summary as of the date the Plan was adopted by the Board of some of the U.S. Federal and California tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. PURCHASER SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

13.1 Exercise of Incentive Stock Option. If the Option qualifies as an ISO, there will be no regular U.S. Federal income tax liability or California income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for U.S. Federal

alternative minimum tax purposes and may subject Purchaser to the alternative minimum tax in the year of exercise.

13.2 Exercise of Nonqualified Stock Option. If the Option does not qualify as an ISO, there may be a regular U.S. Federal income tax liability and a California income tax liability upon the exercise of the Option. Purchaser will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Purchaser is or was an employee of the Company, the Company may be required to withhold from Purchaser's compensation or collect from Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

13.3 Disposition of Shares. The following tax consequences may apply upon disposition of the Shares.

(a) Incentive Stock Options. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as capital gain for federal and California income tax purposes. The maximum federal capital gain tax rates are twenty-eight percent (28%) for Shares held more than twelve (12) months, but not more than eighteen (18) months ("Mid-Term Capital Gain"), and twenty percent (20%) for Shares held for more than eighteen (18) months ("Long-Term Capital Gain"). If Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as Mid-Term Capital Gain or Long-Term Capital Gain, as the case may be.

(c) Withholding. The Company may be required to withhold from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

13.4 Section 83(b) Election for Unvested Shares. With respect to

Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by the Purchaser with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), within 30 days of the purchase of the Unvested Shares, electing pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Purchaser, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

14. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and Purchaser with all applicable state and U.S. Federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

15. Successors and Assigns. The Company may assign any of its rights under this Exercise Agreement, including its rights to repurchase Shares under the Repurchase Option and the Right of First Refusal. This Exercise Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Agreement will be binding upon Purchaser and Purchaser's heirs, executors, administrators, legal representatives, successors and assigns.

16. Governing Law; Severability. This Exercise Agreement shall be governed by and construed in accordance with the internal laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. If any provision of this Exercise Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

17. Notices. Any notice required to be given or delivered to the Company shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Purchaser shall be in writing and addressed to Purchaser at the address indicated above or to such other address as Purchaser may designate in writing from time to time to the Company. All notices shall be deemed effectively given upon personal delivery, three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), one (1) business day after its deposit with any return receipt express courier (prepaid), or one (1) business day after transmission by rapifax or telecopier.

18. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Exercise Agreement.

19. Headings. The captions and headings of this Exercise Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Exercise Agreement. All references herein to Sections will refer to Sections of this Exercise Agreement.

20. Entire Agreement. The Plan, the Stock Option Agreement and this Exercise Agreement, together with all its Exhibits, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Exercise Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

IN WITNESS WHEREOF, the Company has caused this Exercise Agreement to be executed in duplicate by its duly authorized representative and Purchaser has executed this Exercise Agreement in duplicate as of the Effective Date.

INTERWOVEN, INC.	PURCHASER
By: _____	_____ (Signature)
_____ (Please print name)	_____ (Please print name)
_____ (Please print title)	

[Signature page to Interwoven, Inc. Stock Option Exercise Agreement]

LIST OF EXHIBITS

Exhibit 1: Stock Power and Assignment Separate from Stock Certificate

Exhibit 2: Spouse Consent

Exhibit 3: Copy of Purchaser's Check

Exhibit 4: Section 83(b) Election

EXHIBIT 1

STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE

Stock Power and Assignment
Separate from Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement No. _____ dated as of _____, 19___, (the "Agreement"), the undersigned hereby sells, assigns and transfers unto _____, shares of the Common Stock of Interwoven, Inc. a California corporation (the "Company"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). _____ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THIS EXERCISE AGREEMENT AND ANY EXHIBITS THERETO.

Dated: _____, 19____

PURCHASER

_____
(Signature)

_____
(Please Print Name)

_____
(Spouse's Signature, if any)

_____
(Please Print Spouse's Name)

Instructions: Please do not fill in any blanks other than the signature line.

The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares upon exercise of its "Repurchase Option" and/or "Right of First Refusal" set forth in this Exercise Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

EXHIBIT 2

SPOUSE CONSENT

Spouse Consent

The undersigned spouse of Purchaser has read, understands, and hereby approves the Stock Option Exercise Agreement between Purchaser and the Company (the "Agreement"). In consideration of the Company's granting my spouse the right to purchase the Shares as set forth in this Exercise Agreement, the undersigned hereby agrees to be irrevocably bound by this Exercise Agreement and further agrees that any community property interest shall similarly be bound by this Exercise Agreement. The undersigned hereby appoints Purchaser as my attorney-in-fact with respect to any amendment or exercise of any rights under this Exercise Agreement.

Date:_____

_____
Name of Purchaser - Please Print

_____
Signature of Purchaser's Spouse

Address: _____

EXHIBIT 3

COPY OF PURCHASER'S CHECK

EXHIBIT 4

SECTION 83(b) ELECTION

[FOR REGULAR INCOME TAX - NONQUALIFIED OPTIONS]
[FOR AMT AND DISQUALIFYING DISPOSITION PURPOSES - INCENTIVE STOCK OPTION]

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income or (3) disqualifying disposition gross income, as the case may be.

1. TAXPAYER'S NAME: _____

   TAXPAYER'S ADDRESS: _____

   _____

   SOCIAL SECURITY NUMBER: _____

2. The property with respect to which the election is made is described as follows: _____ shares of Common Stock of Interwoven, Inc., a California corporation which were transferred upon exercise of an option (the "Company"), which is Taxpayer's employer or the corporation for whom the Taxpayer performs services.

3. The date on which the shares were transferred pursuant to the exercise of the option was _____, 199__ and this election is made for calendar year 199__.

4. The shares received upon exercise of the option are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the Taxpayer's original purchase price under certain conditions at the time of Taxpayer's termination of employment or services.

5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was $___ per share

at the time of exercise of the option.

6. The amount paid for such shares upon exercise of the option was $___ per share.

7. The Taxpayer has submitted a copy of this statement to the Company.

THIS ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE ("IRS"), AT THE OFFICE WHERE THE TAXPAYER FILES ANNUAL INCOME TAX RETURNS, WITHIN 30 DAYS AFTER THE DATE OF TRANSFER OF THE SHARES, AND MUST ALSO BE FILED WITH THE TAXPAYER'S INCOME TAX RETURNS FOR THE CALENDAR YEAR. THE ELECTION CANNOT BE REVOKED WITHOUT THE CONSENT OF THE IRS.

Dated: _____ _____

Taxpayer's Signature

Exhibit 10.03

INTERWOVEN, INC.

1998 STOCK OPTION PLAN

As Adopted March 23, 1998

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries, by offering them an opportunity to participate in the Company's future performance through awards of Options. Capitalized terms not defined in the text are defined in Section 21 hereof. This Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 16 hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 1,955,446 Shares or such lesser number of Shares as permitted under Section 260.140.45 of Title 10 of the California Code of Regulations. Subject to Sections 2.2 and 16 hereof, Shares that are subject to issuance upon exercise of an Option but cease to be subject to such Option for any reason other than exercise of such Option will be available for grant and issuance in connection with future Options under this Plan. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Options granted under this Plan.

2.2 Adjustment of Shares. In the event that the number of outstanding shares of the Company's Common Stock is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration, then (a) the number of Shares reserved for issuance under this Plan and (b) the Exercise Prices of and number of Shares subject to outstanding Options, will be proportionately adjusted, subject to any required action by the Board or the shareholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issued but will either be paid in cash at the Fair Market Value of such fraction of a Share or will be rounded down to the nearest whole Share, as determined by the Committee in its discretion.

3. ELIGIBILITY. ISOs (as defined in Section 5 hereof) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. NQSOs (as defined in Section 5 hereof) may be granted to employees, officers, directors and consultants of the Company or of any Parent or Subsidiary of the Company; provided such consultants render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. A person may be granted more than one Option under this Plan.

4. ADMINISTRATION.

4.1 Committee Authority. This Plan will be administered by the Committee or the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee has full power to implement and carry out this Plan. Without limitation, the Committee has the authority to:

(a) construe and interpret this Plan, any Stock Option Agreement or Exercise Agreement (each as defined in Section 5 hereof) and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan;

(c) select persons to receive Options;

(d) determine the form and terms of Options;

(e) determine the number of Shares or other consideration subject to Options;

(f) determine whether Options will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, any Options granted under this Plan or any awards under any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(g) grant waivers of Plan or Option conditions;

(h) determine the vesting and exercisability of Options;

(i) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Option or any Stock Option Agreement or Exercise Agreement (each as defined in Section 5 hereof);

(j) determine whether an Option has been earned; and

(k) make all other determinations necessary or advisable for the administration of this Plan.

4.2 Committee Discretion. Any determination made by the Committee with respect to any Option will be made in its sole discretion at the time of grant of the Option or, unless in contravention of any express term of this Plan or Option, and subject to Section 5.9 hereof, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Option under this Plan. The Committee may delegate to one or more officers of the Company the authority to grant Options under this Plan.

5. OPTIONS. The Committee may grant Options to eligible persons and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("ISOs") or Nonqualified Stock Options ("NQSOs"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under this Plan will be evidenced by an Agreement which will expressly identify the Option as an ISO or an NQSO ("Stock Option Agreement"), and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options may be exercisable immediately (subject to repurchase pursuant to Section 10 hereof) or may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company ("Ten Percent Shareholder") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines. Subject to earlier termination of the Option as provided herein, each Participant who is not an officer, director or consultant of the Company or

of a Parent or Subsidiary of the Company shall have the right to exercise an Option granted hereunder at the rate of at least twenty percent (20%) per year over five (5) years from the date such Option is granted.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may not be less than eighty five percent (85%) of the Fair Market Value of the Shares on the date of grant; provided that (a) the Exercise Price of an ISO will not be less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (b) the Exercise Price of any Option granted to a Ten Percent Shareholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 6 hereof.

5.5 Method of Exercise. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the "Exercise Agreement") in a form approved by the Committee (which need not be the same for each Participant), stating the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price, and any applicable taxes, for the number of Shares being purchased.

5.6 Termination. Subject to earlier termination pursuant to Sections 16 or 17 hereof and notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option will always be subject to the following:

(a) If the Participant is Terminated for any reason except death, Disability or Cause, then the Participant may exercise such Participant's Options, only to the extent that such Options are exercisable on the Termination Date and such Options must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date, within three (3) months after the Termination Date (or within such shorter time period, not less than thirty (30) days after the Termination Date, or such longer time period not exceeding five (5) years after the Termination Date as may be determined by the Committee, with any exercise after three (3) months after the Termination Date deemed to be an NQSO), but in any event, no later than the expiration date of the Options.

(b) If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months

after Participant's Termination other than for Cause), then Participant's Options may be exercised, only to the extent that such Options are exercisable by Participant on the Termination Date and must be exercised by Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date, within twelve (12) months after the Termination Date (or within such shorter time period, not less than six (6) months after the Termination Date, or such longer time period not exceeding five (5) years after the Termination Date as may be determined by the Committee, with any exercise after (i) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or disability, within the meaning of Code Section 22(e)(3), or (ii) twelve (12) months after the Termination Date when the Termination is because of Participant's disability, within the meaning of Code Section 22(e)(3), deemed to be an NQSO), but in any event no later than the expiration date of the Options.

(c) If the Participant is terminated for Cause, then Participant's Options shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

5.7 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on exercise of an Option, provided that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) will not exceed $100,000. If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds $100,000, then the Options for the first $100,000 worth of Shares to become exercisable in such calendar year will be ISOs and the Options for the amount in excess of $100,000 that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date (as defined in Section 17 hereof) to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. The Committee may modify,

extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 5.10 hereof, the Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 hereof for Options granted on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. PAYMENT FOR SHARE PURCHASES.

6.1 Payment. Payment for Shares purchased pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; provided, however, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares;

(b) by waiver of compensation due or accrued to the Participant for services rendered;

(c) provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from the Participant and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from the Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(d) by any combination of the foregoing.

6.2 Loan Guarantees. The Committee may help the Participant pay for Shares purchased under this Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

7. WITHHOLDING TAXES.

7.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Options granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Options are to be made in cash, such payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

7.2 Stock Withholding. When, under applicable tax laws, the Participant incurs tax liability in connection with the exercise or vesting of any Option that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose will be made in accordance with the requirements established by the Committee and be in writing in a form acceptable to the Committee.

8. PRIVILEGES OF STOCK OWNERSHIP.

8.1 Voting and Dividends. No Participant will have any of the rights

of a shareholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a shareholder and have all the rights of a shareholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Unvested Shares that are repurchased pursuant to Section 10 hereof. The Company will comply with Section 260.140.1 of Title 10 of the California Code of Regulations with respect to the voting rights of Common Stock.

8.2 Financial Statements. The Company will provide financial statements to each Participant prior to such Participant's purchase of Shares under this Plan, and to each Participant annually during the period such Participant has Options outstanding, or as otherwise required under Section 260.140.46 of Title 10 of the California Code of Regulations. Notwithstanding the foregoing, the Company will not be required to provide such financial statements to Participants when issuance is limited to key employees whose services in connection with the Company assure them access to equivalent information.

9. TRANSFERABILITY. Options granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution. During the lifetime of the Participant an Option will be exercisable only by the Participant or Participant's legal representative and any elections with respect to an Option may be made only by the Participant or Participant's legal representative.

10. RESTRICTIONS ON SHARES.

10.1 Right of First Refusal. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Stock Option Agreement a right of first refusal to purchase all Shares that a Participant (or a subsequent transferee) may propose to transfer to a third party, unless otherwise not permitted by Section 25102(o) of the California Corporations Code, provided, that such right of first refusal terminates upon the Company's initial public offering of Common Stock pursuant to an effective registration statement filed under the Securities Act.

10.2 Right of Repurchase. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Stock Option Agreement a right to repurchase Unvested Shares held by a Participant following

such Participant's Termination at any time within ninety (90) days after Participant's Termination Date (or in the case of securities issued upon exercise of an Option after the Participant's Termination Date, within ninety (90) days after the date of such exercise) for cash and/or cancellation of purchase money indebtedness, at the Participant's Exercise Price, provided, that to the extent the Participant is not an officer, director or consultant of the Company or of a Parent or Subsidiary of the Company such right to repurchase Unvested Shares lapses at the rate of at least twenty percent (20%) per year over five (5) years from the date of grant of the Option.

11. CERTIFICATES. All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

12. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

13. EXCHANGE AND BUYOUT OF OPTIONS. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Options in exchange for the surrender and cancellation of any or all outstanding Options. The Committee may at any time buy from a Participant an Option previously granted with payment in cash, shares of Common Stock of the Company (including restricted stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

14. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. This Plan is intended to comply with Section 25102(o) of the California Corporations Code. Any provision of this Plan which is inconsistent with Section 25102(o) shall, without further act or amendment by the Company or the Board, be reformed to comply with the requirements of Section 25102(o). An Option will not be effective unless such Option is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Option and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) compliance with any exemption, completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

15. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Option granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any

other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

16. CORPORATE TRANSACTIONS.

16.1 Assumption or Replacement of Options by Successor or Acquiring Company. In the event of (a) a dissolution or liquidation of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the shareholders of the Company or their relative stock holdings and the Options granted under this Plan are assumed, converted or replaced by the successor or acquiring corporation, which assumption, conversion or replacement will be binding on all Participants), (c)

a merger in which the Company is the surviving corporation but after which the shareholders of the Company immediately prior to such merger (other than any shareholder which merges with the Company in such merger, or which owns or controls another corporation which merges, with the Company in such merger) cease to own their shares or other equity interests in the Company, or (d) the sale of all or substantially all of the assets of the Company, any or all outstanding Options may be assumed, converted or replaced by the successor or acquiring corporation (if any), which assumption, conversion or replacement will be binding on all Participants. In the alternative, the successor or acquiring corporation may substitute equivalent Options or provide substantially similar consideration to Participants as was provided to shareholders (after taking into account the existing provisions of the Options). The successor or acquiring corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions and other provisions no less favorable to the Participant than those which applied to such outstanding Shares immediately prior to such transaction described in this Section 16.1. In the event such successor or acquiring corporation (if any) does not assume or substitute Options, as provided above, pursuant to a transaction described in this Section 16.1, then notwithstanding any other provision in this Plan to the contrary, the vesting of such Options will accelerate and the Options will become exercisable in full prior to the consummation of such event at such times and on such conditions as the Committee determines, and if such Options are not exercised prior to the consummation of the corporate transaction, they shall terminate in accordance with the provisions of this Plan.

16.2 Other Treatment of Options. Subject to any greater rights granted to Participants under the foregoing provisions of this Section 16, in the event of the occurrence of any transaction described in Section 16.1 hereof, any outstanding Options will be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation or sale of assets.

16.3 Assumption of Options by the Company. The Company, from time to time, also may substitute or assume outstanding options granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Option under this Plan in substitution of such other company's option, or (b) assuming such option as if it had been granted under this Plan if the terms of such assumed option could be applied to an Option granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed option would have been eligible to be granted an Option under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an option granted by another company, the terms and conditions of such option will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

17. ADOPTION AND SHAREHOLDER APPROVAL. This Plan will become effective on the date that it is adopted by the Board (the "Effective Date"). This Plan will be approved by the shareholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Board may grant Options pursuant to this Plan; provided, however, that: (a) no Option may be exercised prior to initial shareholder approval of this Plan, and (b) no Option granted pursuant to an increase in the number of Shares approved by the Board shall be exercised prior to the time such increase has been approved by the shareholders of the Company. In the event that initial

shareholder approval is not obtained within twelve (12) months before or after this Plan is adopted by the Board, all Options granted hereunder will be canceled.

18. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will terminate ten (10) years from the Effective Date or, if earlier, the date of shareholder approval. This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws of the State of California.

19. AMENDMENT OR TERMINATION OF PLAN. Subject to Section 5.9 hereof, the Board may at any time terminate or amend this Plan in any respect, including without limitation amendment of any form of Stock Option Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the shareholders of the Company, amend this Plan in any manner that requires such shareholder approval pursuant to Section 25102(o) of the California Corporations Code or the Code or the regulations promulgated thereunder as such provisions apply to ISO plans.

20. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the shareholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options or any other equity awards outside of this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

21. DEFINITIONS. As used in this Plan, the following terms will have the following meanings:

"Board" means the Board of Directors of the Company.

"Cause" means Termination because of (i) any willful material violation by the Participant of any law or regulation applicable to the business of the Company or a Parent or Subsidiary of the Company, the Participant's conviction for or guilty plea to, a felony or a crime involving moral turpitude or any willful perpetration by the Participant of a common law fraud, (ii) the Participant's commission of an act of personal dishonesty which involves a personal profit in connection with the Company or any other entity having a business relationship with the Company, (iii) any material breach by the Participant of any material provision of any agreement or understanding between the Company or a Parent or Subsidiary of the Company and the Participant regarding the terms of the Participant's service as an employee, director or consultant to the Company or a Parent or Subsidiary of the Company, including without limitation, the willful and continued failure or refusal of the Participant to perform the material duties required of such Participant as an employee, director or consultant of the Company or a Parent or Subsidiary of the Company, other than as a result of having a Disability, or a breach of any applicable invention assignment and confidentiality agreement or similar agreement between the Company or a Parent or Subsidiary of the Company and the Participant, (iv) Participant's intentional disregard of the policies of the Company or a Parent or Subsidiary of the Company so as to cause loss, damage or injury to the property, reputation or employees of the Company or a Parent or Subsidiary of the Company, or (v) any other misconduct by the Participant which is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or a Parent or Subsidiary of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the committee appointed by the Board to administer this Plan, or if no committee is appointed, the Board.

"Company" means Interwoven or any successor or acquiring corporation.

"Disability" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

"Exercise Price" means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

"Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported by The Wall Street Journal (or, if not so reported, as otherwise reported by any newspaper or other source as the Board may determine); or

(d) if none of the foregoing is applicable, by the Committee in good faith.

"Option" means an award of an option to purchase Shares pursuant to Section 5 hereof.

"Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Participant" means a person who receives an Option under this Plan.

"Plan" means this Interwoven, Inc. 1998 Stock Option Plan, as amended from time to time.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock reserved for issuance under this Plan, as adjusted pursuant to Sections 2 and 16 hereof, and any successor security.

"Subsidiary" or "Subsidiaries" means any corporation or corporations (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Termination" or "Terminated" means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to

provide services as an employee, officer, director or consultant to the Company or a Parent or Subsidiary of the Company. A Participant will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee, provided that such leave is for a period of not more than ninety (90) days, unless reinstatement (or, in the case of an employee with an ISO, reemployment) upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated in writing. In the case of any Participant on (i) sick leave, (ii) military leave or (iii) an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Option while the Participant is on leave from the Company or a Parent or Subsidiary of the Company as the Committee may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Stock Option Agreement. The Committee will have sole discretion to determine whether a

Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "Termination Date").

"Unvested Shares" means "Unvested Shares" as defined in Section 2.2 of the Stock Option Agreement.

"Vested Shares" means "Vested Shares" as defined in Section 2.2 of the Stock Option Agreement.

No.___

INTERWOVEN, INC.

1998 STOCK OPTION PLAN

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made and entered into as of the date of grant set forth below (the "Date of Grant") by and between Interwoven, Inc., a California corporation (the "Company"), and the participant named below ("Participant"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Company's 1998 Stock Option Plan (the "Plan").

Participant: _____

Social Security Number: _____

Address: _____

_____

Total Option Shares: _____

Exercise Price Per Share: _____

Date of Grant: _____

First Vesting Date: _____

Expiration Date: _____
(unless earlier terminated under Section 3 below)

Type of Stock Option
(Check one): [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

1. Grant of Option. The Company hereby grants to Participant an option (this "Option") to purchase the total number of shares of Common Stock of the Company set forth above as Total Option Shares (the "Shares") at the Exercise Price Per Share set forth above (the "Exercise Price"), subject to all of the terms and conditions of this Agreement and the Plan. If designated as an Incentive Stock Option above, this Option is intended to qualify as an "incentive stock option" ("ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Exercise Period.

2.1 Exercise Period of Option. This Option is immediately exercisable although the Shares issued upon exercise of this Option will be subject to the restrictions on transfer and

Repurchase Options set forth in Sections 8, and 9 below. Provided Participant continues to provide services to the Company or to any Parent or Subsidiary of the Company, the Shares issuable upon exercise of this Option will become vested with respect to twenty-five percent (25%) of the Shares on _____, 199_ (the "First Vesting Date") and thereafter at the end of each full succeeding month after the First Vesting Date an additional 2.08333% of the Shares will become vested until the Shares are vested with respect to 100% of the Shares, provided that if application of the vesting percentage causes a fractional share, such share shall be rounded up to the nearest whole share, and provided further that in the event of a Sale of the Company, an additional number of Unvested Shares will become Vested Shares immediately prior to the closing of the Sale of the Company, such number being equal to twenty-five percent (25%) of the Total Option Shares. For such purpose, the term "Sale of the Company" means (i) the sale or other disposition of all or substantially all of the

assets of the Company, or (ii) the acquisition of the Company by another entity by means of consolidation, corporate reorganization or merger, or other transaction or series of related transactions in which more than fifty percent (50%) of the outstanding voting power of the Company is transferred. Notwithstanding any provision in the Plan or this Agreement to the contrary, Options for Unvested Shares (as defined in Section 2.2 of this Agreement) will not be exercisable on or after Participant's Termination Date.

2.2 Vesting of Options. Shares that are vested pursuant to the schedule set forth in Section 2.1 are "Vested Shares." Shares that are not vested pursuant to the schedule set forth in Section 2.1 are "Unvested Shares." Unvested Shares may not be sold or otherwise transferred by Participant without the Company's prior written consent.

2.3 Expiration. This Option shall expire on the Expiration Date set forth above and must be exercised, if at all, on or before the Expiration Date.

3. Termination.

3.1 Termination for Any Reason Except Death, Disability or Cause. If Participant is Terminated for any reason, except death, Disability or Cause, this Option, to the extent (and only to the extent) that it would have been exercisable by Participant on the Termination Date, may be exercised by Participant no later than three (3) months after the Termination Date, but in any event no later than the Expiration Date.

3.2 Termination Because of Death or Disability. If Participant is Terminated because of death or Disability of Participant (or Participant dies within three (3) months of Termination other than for Cause or because of Participant's Disability), this Option, to the extent that it is exercisable by Participant on the Termination Date, may be exercised by Participant (or Participant's legal representative) no later than twelve (12) months after the Termination Date, but in any event no later than the Expiration Date. Any exercise beyond (a) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or disability, within the meaning of Section 22(e)(3) of the Code; or (b) twelve (12) months after the Termination Date when the termination is for Participant's death or disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

3.3 Termination for Cause. If Participant is Terminated for Cause, then this Option will expire on Participant's Termination Date, or at such later

time and on such conditions as determined by the Committee.

3.4 No Obligation to Employ. Nothing in the Plan or this Agreement shall confer on Participant any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company, or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

4. Manner of Exercise.

4.1 Stock Option Exercise Agreement. To exercise this Option, Participant (or in the case of exercise after Participant's death or incapacity, Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed stock option exercise agreement in the form attached hereto as Exhibit A, or in such other form as may be approved by the Company from time to time (the "Exercise Agreement"), which shall set forth, inter alia, Participant's election to exercise this Option, the number of Shares being purchased, any restrictions imposed on the Shares and any representations, warranties and agreements regarding Participant's investment intent and access to information as may be required by the Company to comply with applicable securities laws. If someone other than Participant exercises this Option, then such person must submit documentation reasonably acceptable to the Company that such person has the right to exercise this Option.

4.2 Limitations on Exercise. This Option may not be exercised unless such exercise is in compliance with all applicable federal and state securities laws, as they are in effect on the date of exercise. This Option may not be exercised as to fewer than one hundred (100) Shares unless it is exercised as to all Shares as to which this Option is then exercisable.

4.3 Payment. The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the Shares being purchased in cash (by check), or where permitted by law:

(a) provided that a public market for the Company's stock exists, (1) through a "same day sale" commitment from Participant and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Participant irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company, or (2) through a "margin" commitment from Participant and an NASD Dealer whereby Participant irrevocably

elects to exercise this Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(b) by any combination of the foregoing.

4.4 Tax Withholding. Prior to the issuance of the Shares upon exercise of this Option, Participant must pay or provide for any applicable federal, state and local withholding obligations of the Company. If the Committee permits, Participant may provide for payment of withholding taxes upon exercise of this Option by requesting that the Company retain Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld. In such case, the Company shall issue the net number of Shares to the Participant by deducting the Shares retained from the Shares issuable upon exercise.

4.5 Issuance of Shares. Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares registered in the name of Participant, Participant's authorized assignee, or Participant's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

5. Notice of Disqualifying Disposition of ISO Shares. If this Option is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (a) the date two (2) years after the Date of Grant, and (b) the date one (1) year after transfer of such Shares to Participant upon exercise of this Option, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant from the early disposition by payment in cash or out of the current wages or other compensation payable to Participant.

6. Compliance with Laws and Regulations. The exercise of this Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Participant with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Shares with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

7. Nontransferability of Option. This Option may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of Participant only by Participant or Participant's legal representative. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Participant.

8. Company's Repurchase Option for Unvested Shares. The Company, or its assignee, shall have this Option to repurchase Participant's Unvested Shares (as defined in Section 2.2 of this Agreement) on the terms and conditions set forth in the Exercise Agreement (the "Repurchase Option") if Participant is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation Participant's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause. Notwithstanding the foregoing, the Company shall retain the Repurchase Option for Unvested Shares only as to that number of Unvested Shares (whether or not exercised) that exceeds the number of shares which remain exercisable.

9. Company's Right of First Refusal. Unvested Shares may not be sold or otherwise transferred by Participant without the Company's prior written consent. Before any Vested Shares held by Participant or any transferee of such Vested Shares may be sold or otherwise transferred (including without limitation a transfer by gift or operation of law), the Company and/or its assignee(s) shall have an assignable right of first refusal to purchase the Vested Shares to be sold or transferred on the terms and conditions set forth in this Section (the "Right of First Refusal"). The Company's Right of First Refusal will terminate when the Company's securities become publicly traded.

10. Tax Consequences. Set forth below is a brief summary as of the Effective Date of the Plan of some of the federal and California tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

10.1 Exercise of ISO. If this Option qualifies as an ISO, there will be no regular federal or California income tax liability upon the exercise of this Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for federal income tax purposes and may subject the Participant to the alternative minimum tax in the year of exercise.

10.2 Exercise of Nonqualified Stock Option. If this Option does not qualify as an ISO, there may be a regular federal and California income tax liability upon the exercise of this Option. Participant will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Participant is or was an employee of the Company, the Company may be required to withhold from Participant's compensation or collect from Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

10.3 Disposition of Shares. If the Shares are held for more than one (1) year after the date of the transfer of the Shares pursuant to the exercise of this Option for Vested Shares

(a) Incentive Stock Option. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as capital gain for federal and California income tax purposes. The maximum federal capital gain tax rates are twenty-eight percent (28%) for Shares held more than twelve (12) months, but not more than eighteen (18) months ("Mid-Term Capital Gain"), and twenty percent (20%) for Shares held for more than eighteen months ("Long-Term Capital Gain"). If Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Qualified Stock Options. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as Mid-Term Capital Gain or Long-Term Capital Gain, as the case may be.

(c) Withholding. The Company may be required to withhold from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

10.4 Section 83(b) Election for Unvested Shares. With respect to Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by the Participant with the Internal Revenue Service (and, if

necessary, the proper state taxing authorities), within 30 days of the purchase of the Unvested Shares, electing pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Participant, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

11. Privileges of Stock Ownership. Participant shall not have any of the rights of a shareholder with respect to any Shares until the Shares are issued to Participant.

12. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Participant or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Participant.

13. Entire Agreement. The Plan is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement of the parties and supersede all prior undertakings and agreements with respect to the subject matter hereof.

14. Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated above or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by facsimile, rapifax or telecopier.

15. Successors and Assigns. The Company may assign any of its rights under this Agreement including its rights to repurchase Shares under the Repurchase Option and the Right of First Refusal. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall

be binding upon Participant and Participant's heirs, executors, administrators, legal representatives, successors and assigns.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

17. Acceptance. Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. Participant has read and understands the terms and provisions thereof, and accepts this Option subject to all the terms and conditions of the Plan and this Agreement. Participant acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Shares and that Participant should consult a tax adviser prior to such exercise or disposition.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in duplicate by its duly authorized representative and Participant has executed this Agreement in duplicate as of the Date of Grant.

INTERWOVEN, INC.	PARTICIPANT
By: _____	_____ (Signature)
_____ (Please print name)	_____ (Please print name)
_____ (Please print title)	

EXHIBIT A

STOCK OPTION EXERCISE AGREEMENT

No._____

INTERWOVEN, INC.

1998 STOCK OPTION PLAN

STOCK OPTION EXERCISE AGREEMENT

This Exercise Agreement is made and entered into as of _____, 19___ (the "Effective Date") by and between Interwoven, Inc., a California corporation (the "Company"), and the purchaser named below (the "Purchaser"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Company's 1998 Stock Option Plan (the "Plan").

Participant: _____

_____

Social Security Number: _____

Address: _____

_____

Total Option Shares: _____

Exercise Price Per Share: _____

Date of Grant: _____

First Vesting Date: _____

Expiration Date: _____
(unless earlier terminated under Section 3 below)

Type of Stock Option _____
(Check one): [ ] Incentive Stock Option
[ ] Nonqualified Stock Option

1. Exercise of Option.

1.1 Exercise. Pursuant to exercise of that certain option ("Option") granted to Purchaser under the Plan and subject to the terms and conditions of this Exercise Agreement, Purchaser hereby purchases from the Company, and the Company hereby sells to Purchaser, the Total Number of Shares set forth above ("Shares") of the Company's Common Stock at the Exercise Price Per Share set forth above ("Exercise Price"). As used in this Exercise Agreement, the term "Shares" refers to the Shares purchased under this Exercise Agreement and

includes all securities received (a) in replacement of the Shares, (b) as a result of stock dividends or stock splits with respect to the Shares, and (c) all securities received in replacement of the Shares in a merger, recapitalization, reorganization or similar corporate transaction.

1.2 Title to Shares. The exact spelling of the name(s) under which Purchaser will take title to the Shares is:

_____

_____

Purchaser desires to take title to the Shares as follows:

[ ] Individual, as separate property

[ ] Husband and wife, as community property

[ ] Joint Tenants

[ ] Alone or with spouse as trustee(s) of the following trust (including date):

_____

_____

[ ] Other; please specify:_____

1.3 Payment. Purchaser hereby delivers payment of the Exercise Price in the manner permitted in the Stock Option Agreement as follows (check and complete as appropriate):

[ ] in cash (by check) in the amount of $_____, receipt of which is acknowledged by the Company;

2. Delivery.

2.1 Deliveries by Purchaser. Purchaser hereby delivers to the Company (i) this Exercise Agreement, (ii) two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form of Exhibit 1 attached hereto (the "Stock Powers"), both executed by Purchaser (and Purchaser's spouse, if any), (iii) if Purchaser is married, a Consent of Spouse in the form of Exhibit 2 attached hereto (the "Spouse Consent") executed by Purchaser's spouse,

and (iv) the Exercise Price any payment or other provision for any applicable tax obligations.

2.2 Deliveries by the Company. Upon its receipt of the Exercise Price, payment or other provision for any applicable tax obligations and all the documents to be executed and delivered by Purchaser to the Company under Section 2.1, the Company will issue a duly executed stock certificate evidencing the Shares in the name of Purchaser, to be placed in escrow until expiration or termination of the Company's Repurchase Option and Right of First Refusal described in Sections 8 and 9.

3. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company that:

3.1 Agrees to Terms of the Plan. Purchaser has received a copy of the Plan and the Stock Option Agreement, has read and understands the terms of the Plan, the Stock Option Agreement and this Exercise Agreement, and agrees to be bound by their terms and conditions. Purchaser acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares, and that Purchaser should consult a tax adviser prior to such exercise or disposition.

3.2 Purchase for Own Account for Investment. Purchaser is purchasing the Shares for Purchaser's own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act. Purchaser has no present intention of selling or

otherwise disposing of all or any portion of the Shares and no one other than Purchaser has any beneficial ownership of any of the Shares.

3.3 Access to Information. Purchaser has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that Purchaser reasonably considers important in making the decision to purchase the Shares, and Purchaser has had ample opportunity to ask questions of the Company's representatives concerning such matters and this investment.

3.4 Understanding of Risks. Purchaser is fully aware of: (i) the highly speculative nature of the investment in the Shares; (ii) the financial hazards involved; (iii) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that Purchaser may not be able to sell

or dispose of the Shares or use them as collateral for loans); (iv) the qualifications and backgrounds of the management of the Company; and (v) the tax consequences of investment in the Shares. Purchaser is capable of evaluating the merits and risks of this investment, has the ability to protect Purchaser's own interests in this transaction and is financially capable of bearing a total loss of this investment.

3.5 No General Solicitation. At no time was Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

4. Compliance with Securities Laws.

4.1 Compliance with U.S. Federal Securities Laws. Purchaser understands and acknowledges that the Shares have not been registered with the SEC under the Securities Act and that, notwithstanding any other provision of the Stock Option Agreement to the contrary, the exercise of any rights to purchase any Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. Purchaser agrees to cooperate with the Company to ensure compliance with such laws. The Shares are being issued under the Securities Act pursuant to the exemption provided by SEC Rule 701.

4.2 Compliance with California Securities Laws. THE PLAN, THE STOCK OPTION AGREEMENT, AND THIS EXERCISE AGREEMENT ARE INTENDED TO COMPLY WITH SECTION 25102(O) OF THE CALIFORNIA CORPORATIONS CODE. ANY PROVISION OF THIS EXERCISE AGREEMENT WHICH IS INCONSISTENT WITH SECTION 25102(O) SHALL, WITHOUT FURTHER ACT OR AMENDMENT BY THE COMPANY OR THE BOARD, BE REFORMED TO COMPLY WITH THE REQUIREMENTS OF SECTION 25102(O). THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS EXERCISE AGREEMENT, IF NOT YET QUALIFIED WITH THE CALIFORNIA COMMISSIONER OF CORPORATIONS AND NOT EXEMPT FROM SUCH QUALIFICATION, IS SUBJECT TO SUCH QUALIFICATION, AND THE ISSUANCE OF SUCH SECURITIES, AND THE RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL UNLESS THE SALE IS EXEMPT. THE RIGHTS OF THE PARTIES TO THIS EXERCISE AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED OR AN EXEMPTION BEING AVAILABLE.

5. Restricted Securities.

5.1 No Transfer Unless Registered or Exempt. Purchaser understands that Purchaser may not transfer any Shares unless such Shares are registered under the Securities Act or qualified under applicable state securities laws or unless, in the opinion of counsel to the Company, exemptions

from such registration and qualification requirements are available. Purchaser understands that only the Company may file a registration statement with the SEC and that the Company is under no obligation to do so with respect to the Shares. Purchaser has also been advised that exemptions from registration and qualification may not be available or may not permit Purchaser to transfer all or any of the Shares in the amounts or at the times proposed by Purchaser.

5.2 SEC Rule 144. In addition, Purchaser has been advised that SEC Rule 144 promulgated under the Securities Act, which permits certain limited sales of unregistered securities, is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of one (1) year, and in certain cases two (2) years, after they have been purchased and paid for (within the meaning of Rule 144). Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

5.3 SEC Rule 701. The Shares are issued pursuant to SEC Rule 701 promulgated under the Securities Act and may become freely tradeable by non-affiliates (under limited conditions regarding the method of sale) ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC, subject to the lengthier market standoff agreement contained in Section 7 of this Exercise Agreement or any other agreement entered into by Purchaser. Affiliates must comply with the provisions (other than the holding period requirements) of Rule 144.

6. Restrictions on Transfers.

6.1 Disposition of Shares. Purchaser hereby agrees that Purchaser shall make no disposition of the Shares (other than as permitted by this Exercise Agreement) unless and until:

(a) Purchaser shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) Purchaser shall have complied with all requirements of this Exercise Agreement applicable to the disposition of the Shares;

(c) Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that

(i) the proposed disposition does not require registration of the Shares under the Securities Act or (ii) all appropriate action necessary for compliance with the registration requirements of the Securities Act or of any exemption from registration available under the Securities Act (including Rule 144) has been taken; and

(d) Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the Commissioner Rules identified in Section 4.2.

6.2 Restriction on Transfer. Purchaser shall not transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Shares which are subject to the Company's Repurchase Option or the Company's Right of First Refusal, except as permitted by this Exercise Agreement.

6.3 Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Exercise Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Exercise Agreement and that the transferred Shares are subject (i) both the Company's Repurchase Option and the Company's Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 7, to the same extent such Shares would be so subject if retained by the Purchaser.

7. Market Standoff Agreement. Purchaser agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, Purchaser will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed 180 days) after the

effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify.

8. Company's Repurchase Option for Unvested Shares. The Company, or its assignee, shall have the option to repurchase Purchaser's Unvested Shares (as defined in Section 2.2 of the Stock Option Agreement) on the terms and conditions set forth in this Section (the "Repurchase Option") if Purchaser is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation Purchaser's death, Disability (as defined in the Plan),

voluntary resignation or termination by the Company with or without cause. Notwithstanding the foregoing, the Company shall retain the Repurchase Option for Unvested Shares only as to that number of Unvested Shares (whether or not exercised) that exceeds the number of shares which remain exercisable.

8.1 Termination and Termination Date. In case of any dispute as to whether Purchaser is Terminated, the Committee shall have discretion to determine whether Purchaser has been Terminated and the effective date of such Termination (the "Termination Date").

8.2 Exercise of Repurchase Option. At any time within ninety (90) days after the Purchaser's Termination Date (or, in the case of securities issued upon exercise of an Option after the Participant's Termination Date, within ninety (90) days after the date of such exercise), the Company, or its assignee, may elect to repurchase the Purchaser's Unvested Shares by giving Purchaser written notice of exercise of the Repurchase Option.

8.3 Calculation of Repurchase Price for Unvested Shares. The Company or its assignee shall have the option to repurchase from Purchaser (or from Purchaser's personal representative as the case may be) the Unvested Shares at the Purchaser's Exercise Price, proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan.

8.4 Payment of Repurchase Price. The repurchase price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding indebtedness of Purchaser to the Company or such assignee, or by any combination thereof. The repurchase price shall be paid without interest within sixty (60) days after exercise of the Repurchase Option.

8.5 Right of Termination Unaffected. Nothing in this Exercise Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Purchaser's employment or other relationship with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without cause.

9. Company's Right of First Refusal. Unvested Shares may not be sold or otherwise transferred by Purchaser without the Company's prior written consent. Before any Vested Shares held by Purchaser or any transferee of such Vested Shares (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including without limitation a transfer by gift or operation of law), the Company and/or its assignee(s) shall have an assignable

right of first refusal to purchase the Vested Shares to be sold or transferred (the "Offered Shares") on the terms and conditions set forth in this Section (the "Right of First Refusal").

9.1 Notice of Proposed Transfer. The Holder of the Offered Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (ii) the name of each proposed bona fide purchaser or other transferee ("Proposed Transferee"); (iii) the number of Offered Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares (the "Offered Price"); and (v) that the Holder will offer to sell the Offered Shares to the Company and/or its assignee(s) at the Offered Price as provided in this Section.

9.2 Exercise of Right of First Refusal. At any time within thirty (30) days after the date of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice, at the purchase price determined as specified below.

9.3 Purchase Price. The purchase price for the Offered Shares purchased under this Section will be the Offered Price. If the Offered Price includes consideration other than cash, then the cash equivalent value of the non-cash consideration shall conclusively be deemed to be the value of such non-cash consideration as determined in good faith by the Board.

9.4 Payment. Payment of the Offered Price will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The Offered Price will be paid without interest within sixty (60) days after the Company's receipt of the Notice, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice.

9.5 Holder's Right to Transfer. If all of the Offered Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that

such sale or other transfer is consummated within 120 days after the date of the Notice, and provided further, that (i) any such sale or other transfer is effected in compliance with all applicable securities laws and (ii) the Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice are not transferred to the Proposed Transferee within such 120 day period, then a new Notice must be given to the Company, and the Company will again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

9.6 Exempt Transfers. Notwithstanding anything to the contrary in this Section, the following transfers of Vested Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Vested Shares during Purchaser's lifetime by gift or on Purchaser's death by will or intestacy to Purchaser's "immediate family" (as defined below) or to a trust for the benefit of Purchaser or Purchaser's immediate family, provided that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Section will continue to apply to the transferred Vested Shares in the hands of such transferee or other recipient; (ii) any transfer of Vested Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations (except that the Right of First Refusal will continue to apply thereafter to such Vested Shares, in which case the surviving corporation of such merger or consolidation shall succeed to the rights of the Company under this Section unless the Agreement of merger or consolidation expressly otherwise provides); or (iii) any transfer of Vested Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "immediate family" will mean Purchaser's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of the Purchaser or the Purchaser's spouse, or the spouse of any child, adopted child, grandchild or adopted grandchild of Purchaser or the Purchaser's spouse.

9.7 Termination of Right of First Refusal. The Company's Right of First Refusal will terminate when the Company's securities become publicly traded.

10. Rights as Shareholder. Subject to the terms and conditions of this Exercise Agreement, Purchaser will have all of the rights of a shareholder of the Company with respect to the Shares from and after the date that Shares are issued to Purchaser until such time as Purchaser disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Repurchase Option or Right of First Refusal. Upon an exercise of the Repurchase Option or the Right of First Refusal, Purchaser will have no further rights as a holder of the Shares so purchased upon such exercise, except the right to receive payment for the Shares so purchased in accordance with the provisions of this Exercise Agreement, and Purchaser will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

11. Escrow. As security for Purchaser's faithful performance of this Exercise Agreement, Purchaser agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s), together with the Stock Powers executed by Purchaser and by Purchaser's spouse, if any (with the date and number

of Shares left blank), to the Secretary of the Company or other designee of the Company ("Escrow Holder"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Exercise Agreement. Purchaser and the Company agree that Escrow Holder will not be liable to any party to this Exercise Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Exercise Agreement. Escrow Holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Exercise Agreement. The Shares will be released from escrow upon termination of both the Repurchase Option and the Right of First Refusal.

12. Restrictive Legends and Stop-Transfer Orders.

12.1 Legends. Purchaser understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company's Articles of Incorporation or Bylaws, any other agreement between Purchaser and the Company or any agreement between Purchaser and any third party:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, RIGHT OF REPURCHASE AND

RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S) AS SET FORTH IN A STOCK OPTION EXERCISE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS AND THE RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

The California Commissioner of Corporations may require that the following legend also be placed upon the share certificate(s) evidencing ownership of the Shares:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

12.2 Stop-Transfer Instructions. Purchaser agrees that, to ensure compliance with the restrictions imposed by this Exercise Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

12.3 Refusal to Transfer. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

13. Tax Consequences. PURCHASER UNDERSTANDS THAT PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF PURCHASER'S PURCHASE OR DISPOSITION OF THE SHARES. PURCHASER REPRESENTS THAT PURCHASER HAS CONSULTED WITH ANY TAX ADVISER PURCHASER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT PURCHASER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE. IN PARTICULAR, IF UNVESTED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY, PURCHASER REPRESENTS THAT PURCHASER HAS CONSULTED WITH PURCHASER'S TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE. Set forth below is a brief summary as of the date the Plan was adopted by the Board of some of the U.S. Federal and California tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. PURCHASER SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

13.1 Exercise of Incentive Stock Option. If the Option qualifies as

an ISO, there will be no regular U.S. Federal income tax liability or California income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for U.S. Federal alternative minimum tax purposes and may subject Purchaser to the alternative minimum tax in the year of exercise.

13.2 Exercise of Nonqualified Stock Option. If the Option does not qualify as an ISO, there may be a regular U.S. Federal income tax liability and a California income tax liability upon the exercise of the Option. Purchaser will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If Purchaser is or was an employee of the Company, the Company may be required to withhold from Purchaser's compensation or collect from Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

13.3 Disposition of Shares. The following tax consequences may apply upon disposition of the Shares.

(a) Incentive Stock Options. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant, any gain realized on disposition of the Shares will be treated as capital gain for federal and California income tax purposes. The maximum federal capital gain tax rates are twenty-eight percent (28%) for Shares held more than twelve (12) months, but not more than eighteen (18) months ("Mid-Term Capital Gain"), and twenty percent (20%) for Shares held for more than eighteen (18) months ("Long-Term Capital Gain"). If Shares purchased under an ISO are disposed of within the applicable one (1) year or two (2) year period, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as Mid-Term Capital Gain or Long-Term Capital Gain, as the case may be.

(c) Withholding. The Company may be required to withhold

from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

13.4 Section 83(b) Election for Unvested Shares. With respect to Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by the Purchaser with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), within 30 days of the purchase of the Unvested Shares, electing pursuant to Section 83(b) of the Internal Revenue Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Purchaser, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

14. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and Purchaser with all applicable state and U.S. Federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

15. Successors and Assigns. The Company may assign any of its rights under this Exercise Agreement, including its rights to repurchase Shares under the Repurchase Option and the Right of First Refusal. This Exercise Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Agreement will be binding upon Purchaser and Purchaser's heirs, executors, administrators, legal representatives, successors and assigns.

16. Governing Law; Severability. This Exercise Agreement shall be governed by and construed in accordance with the internal laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. If any provision of this Exercise Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

17. Notices. Any notice required to be given or delivered to the Company shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Purchaser shall be in writing and addressed to Purchaser at the address indicated above or to such other address as Purchaser may designate in writing

from time to time to the Company. All notices shall be deemed effectively given upon personal delivery, three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), one (1) business day after its deposit with any return receipt express courier (prepaid), or one (1) business day after transmission by rapifax or telecopier.

18. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Exercise Agreement.

19. Headings. The captions and headings of this Exercise Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Exercise Agreement. All references herein to Sections will refer to Sections of this Exercise Agreement.

20. Entire Agreement. The Plan, the Stock Option Agreement and this Exercise Agreement, together with all its Exhibits, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Exercise Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

IN WITNESS WHEREOF, the Company has caused this Exercise Agreement to be executed in duplicate by its duly authorized representative and Purchaser has executed this Exercise Agreement in duplicate as of the Effective Date.

INTERWOVEN, INC.	PURCHASER
By: _____	_____ (Signature)
_____ (Please print name)	_____ (Please print name)
_____ (Please print title)	

[Signature page to Interwoven, Inc. Stock Option Exercise Agreement]

LIST OF EXHIBITS

Exhibit 1: Stock Power and Assignment Separate from Stock Certificate

Exhibit 2: Spouse Consent

Exhibit 3: Copy of Purchaser's Check

Exhibit 4: Section 83(b) Election

EXHIBIT 1

STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE

Stock Power and Assignment
Separate from Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement No. _____ dated as of _____, 19___, (the "Agreement"), the undersigned hereby sells, assigns and transfers unto _____, shares of the Common Stock of Interwoven, Inc. a California corporation (the "Company"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). _____ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THIS EXERCISE AGREEMENT AND ANY EXHIBITS THERETO.

Dated: _____, 19____

PURCHASER

_____
(Signature)

_____

(Please Print Name)

_____

(Spouse's Signature, if any)

_____

(Please Print Spouse's Name)

Instructions: Please do not fill in any blanks other than the signature line.

The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares upon exercise of its "Repurchase Option" and/or "Right of First Refusal" set forth in this Exercise Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

EXHIBIT 2

SPOUSE CONSENT

Spouse Consent

The undersigned spouse of Purchaser has read, understands, and hereby approves the Stock Option Exercise Agreement between Purchaser and the Company (the "Agreement"). In consideration of the Company's granting my spouse the right to purchase the Shares as set forth in this Exercise Agreement, the undersigned hereby agrees to be irrevocably bound by this Exercise Agreement and further agrees that any community property interest shall similarly be bound by this Exercise Agreement. The undersigned hereby appoints Purchaser as my attorney-in-fact with respect to any amendment or exercise of any rights under this Exercise Agreement.

Date:_____

_____

Name of Purchaser - Please Print

_____

Signature of Purchaser's Spouse

Address: _____

EXHIBIT 3

COPY OF PURCHASER'S CHECK

EXHIBIT 4

SECTION 83(b) ELECTION

[FOR REGULAR INCOME TAX - NONQUALIFIED OPTIONS]
[FOR AMT AND DISQUALIFYING DISPOSITION PURPOSES - INCENTIVE STOCK OPTION]

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income or (3) disqualifying disposition gross income, as the case may be.

1. TAXPAYER'S NAME: _____

   TAXPAYER'S ADDRESS: _____

   _____

   SOCIAL SECURITY NUMBER: _____

2. The property with respect to which the election is made is described as follows: _____ shares of Common Stock of Interwoven, Inc., a California corporation which were transferred upon exercise of an option (the "Company"), which is Taxpayer's employer or the corporation for whom the Taxpayer performs services.

3. The date on which the shares were transferred pursuant to the exercise of the option was _____, 199__ and this election is made for calendar year 199__.

4. The shares received upon exercise of the option are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the Taxpayer's original purchase price under certain conditions at the time of Taxpayer's termination of employment or services.

5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was $___ per share at the time of exercise of the option.

6. The amount paid for such shares upon exercise of the option was $___ per share.

7. The Taxpayer has submitted a copy of this statement to the Company.

THIS ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE ("IRS"), AT THE OFFICE WHERE THE TAXPAYER FILES ANNUAL INCOME TAX RETURNS, WITHIN 30 DAYS AFTER THE DATE OF TRANSFER OF THE SHARES, AND MUST ALSO BE FILED WITH THE TAXPAYER'S INCOME TAX RETURNS FOR THE CALENDAR YEAR. THE ELECTION CANNOT BE REVOKED WITHOUT THE CONSENT OF THE IRS.

Dated: _____

_____
Taxpayer's Signature

EXHIBIT 10.04

INTERWOVEN, INC.

1999 EQUITY INCENTIVE PLAN

As Adopted July 22, 1999

1. PURPOSE. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries, by offering them an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock and Stock Bonuses. Capitalized terms not defined in the text are defined in Section 23.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 18, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 2,900,000 Shares plus Shares that are subject to: (a) issuance upon exercise of an Option but cease to be subject to such Option for any reason other than exercise of such Option; (b) an Award granted hereunder but are forfeited or are repurchased by the Company at the original issue price; and (c) an Award that otherwise terminates without Shares being issued. In addition, any authorized shares not issued or subject to outstanding grants under the 1996 Stock Option Plan and the 1998 Stock Option Plan (the "Prior Plans") on the Effective Date (as defined below) and any shares issued under the Prior Plans that are forfeited or repurchased by the Company or that are issuable upon exercise of options granted pursuant to the Prior Plans that expire or become unexercisable for any reason without having been exercised in full, will no longer be available for grant and issuance under the Prior Plans, but will be available for grant and issuance under this Plan. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Options granted under this Plan and all other outstanding but unvested Awards granted under this Plan.

2.2 Adjustment of Shares. In the event that the number of outstanding shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration, then (a) the number of Shares reserved for issuance under this Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options, and (c) the number of Shares subject to other outstanding Awards will be proportionately

adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issued but will either be replaced by a cash payment equal to the Fair Market Value of such fraction of a Share or will be rounded up to the nearest whole Share, as determined by the Committee.

3. ELIGIBILITY. ISOs (as defined in Section 5 below) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. All other Awards may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any Parent or Subsidiary of the Company; provided such consultants, contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. No person will be eligible to receive more than 1,000,000 Shares in any calendar year under this Plan pursuant to the grant of Awards hereunder, other than new employees of the Company or of a Parent or Subsidiary of the Company (including new employees who are also officers and directors of the Company or any Parent or Subsidiary of the Company), who are eligible to receive up to a maximum of 1,500,000 Shares in the calendar year in which they commence their employment. A person may be granted more than one Award under this Plan.

4. ADMINISTRATION.

4.1 Committee Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Except for automatic grants to Outside Directors pursuant to Section 9 hereof, and

subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Except for automatic grants to Outside Directors pursuant to Section 9 hereof, the Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;

(c) select persons to receive Awards;

(d) determine the form and terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(g) grant waivers of Plan or Award conditions;

(h) determine the vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;

(j) determine whether an Award has been earned; and

(k) make all other determinations necessary or advisable for the administration of this Plan.

4.2 Committee Discretion. Except for automatic grants to Outside Directors pursuant to Section 9 hereof, any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or Award, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. The Committee may delegate to one or more officers of the Company the authority to grant an Award under this Plan to Participants who are not Insiders of the Company.

5. OPTIONS. The Committee may grant Options to eligible persons and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("ISO") or Nonqualified Stock Options ("NQSOs"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under this Plan will be evidenced by an Award Agreement which will expressly identify the Option as an ISO or an NQSO ("Stock Option Agreement"), and, except as otherwise required by the terms of Section 9 hereof, will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after

the

granting of the Option.

5.3 Exercise Period. Options may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company ("Ten Percent Stockholder") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may be not less than 85% of the Fair Market Value of the Shares on the date of grant; provided that: (i) the Exercise Price of an ISO will be not less than 100% of the Fair Market Value of the Shares on the date of grant; and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 8 of this Plan.

5.5 Method of Exercise. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the "Exercise Agreement") in a form approved by the Committee (which need not be the same for each Participant), stating the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price for the number of Shares being purchased.

5.6 Termination. Notwithstanding the exercise periods set forth in the Stock Option Agreement, exercise of an Option will always be subject to the following:

(a) If the Participant is Terminated for any reason except death or

Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable upon the Termination Date no later than three (3) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be an NQSO), but in any event, no later than the expiration date of the Options.

(b) If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause or because of Participant's Disability), then Participant's Options may be exercised only to the extent that such Options would have been exercisable by Participant on the Termination Date and must be exercised by Participant (or Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any such exercise beyond (a) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or Disability, or (b) twelve (12) months after the Termination Date when the Termination is for Participant's death or Disability, deemed to be an NQSO), but in any event no later than the expiration date of the Options.

(c) Notwithstanding the provisions in paragraph 5.6(a) above, if a Participant is terminated for Cause, neither the Participant, the Participant's estate nor such other person who may then

hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company or Subsidiary for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

5.7 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then

exercisable.

5.8 Limitations on ISO. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISO are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company, Parent or Subsidiary of the Company) will not exceed $100,000. If the Fair Market Value of Shares on the date of grant with respect to which ISO are exercisable for the first time by a Participant during any calendar year exceeds $100,000, then the Options for the first $100,000 worth of Shares to become exercisable in such calendar year will be ISO and the Options for the amount in excess of $100,000 that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date of this Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISO, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of this Plan for Options granted on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISO will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK. A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to restrictions. The Committee will determine to whom an offer will be made, the number of Shares the person may purchase, the price to be paid (the "Purchase Price"), the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 Form of Restricted Stock Award. All purchases under a

Restricted Stock Award made pursuant to this Plan will be evidenced by an Award Agreement ("Restricted Stock Purchase Agreement") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The offer of Restricted Stock will be accepted by the Participant's execution and delivery of the Restricted Stock Purchase Agreement and full payment for the Shares to the Company within thirty (30) days from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment for the Shares to the Company within thirty (30) days, then the offer will terminate,

unless otherwise determined by the Committee.

6.2 Purchase Price. The Purchase Price of Shares sold pursuant to a Restricted Stock Award will be determined by the Committee on the date the Restricted Stock Award is granted, except in the case of a sale to a Ten Percent Stockholder, in which case the Purchase Price will be 100% of the Fair Market Value. Payment of the Purchase Price may be made in accordance with Section 8 of this Plan.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to such restrictions as the Committee may impose. These restrictions may be based upon completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's individual Restricted Stock Purchase Agreement. Restricted Stock Awards may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment of any Restricted Stock Award, the Committee shall determine the extent to which such Restricted Stock Award has been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then such Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Restricted Stock Award only to the extent earned as of the date of Termination in accordance with the Restricted Stock Purchase Agreement, unless the Committee will determine otherwise.

7. STOCK BONUSES.

7.1 Awards of Stock Bonuses. A Stock Bonus is an award of Shares (which may consist of Restricted Stock) for services rendered to the Company or any Parent or Subsidiary of the Company. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent or Subsidiary of the Company pursuant to an Award Agreement (the "Stock Bonus Agreement") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. A Stock Bonus may be awarded upon satisfaction of such performance goals as are set out in advance in the Participant's individual Award Agreement (the "Performance Stock Bonus Agreement") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. Stock Bonuses may vary from Participant to Participant and between groups of Participants, and may be based upon the achievement of the Company, Parent or Subsidiary and/or individual performance factors or upon such other criteria as the Committee may determine.

7.2 Terms of Stock Bonuses. The Committee will determine the number of Shares to be awarded to the Participant. If the Stock Bonus is being earned upon the satisfaction of performance goals pursuant to a Performance Stock Bonus Agreement, then the Committee will: (a) determine the nature, length and starting date of any Performance Period for each Stock Bonus; (b) select from among the Performance Factors to be used to measure the performance, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment of any Stock Bonus, the Committee shall determine the extent to which such Stock Bonuses have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Stock Bonuses that are subject to different Performance Periods and different performance goals and other criteria. The number of Shares may be fixed or may vary in accordance with such performance goals and criteria as may be determined by the Committee. The Committee may adjust the performance goals applicable to the Stock Bonuses to take into account changes in law and accounting or tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships.

7.3 Form of Payment. The earned portion of a Stock Bonus may be paid currently or on a deferred basis with such interest or dividend equivalent, if any, as the Committee may determine. Payment may be made in the form of cash or whole Shares or a combination thereof, either in a lump sum payment or in

installments, all as the Committee will determine.

8. PAYMENT FOR SHARE PURCHASES.

8.1 Payment. Payment for Shares purchased pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares that either: (1) have been owned by Participant for more than six (6) months and have been paid for within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares); or (2) were obtained by Participant in the public market;

(c) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; provided, however, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares;

(d) by waiver of compensation due or accrued to the Participant for services rendered;

(e) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from the Participant and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from the Participant and a NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the

Company; or

(f) by any combination of the foregoing.

8.2 Loan Guarantees. The Committee may help the Participant pay for Shares purchased under this Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

9. AUTOMATIC GRANTS TO OUTSIDE DIRECTORS.

9.1 Types of Options and Shares. Options granted under this Plan and subject to this Section 9 shall be NQSOs.

9.2 Eligibility. Options subject to this Section 9 shall be granted only to Outside Directors.

9.3 Annual Grants. Each Outside Director who was a member of the Board before the Effective Date will automatically be granted an Option for 10,000 Shares on the Effective Date, unless such Outside Director received a grant of Options before the Effective Date. Each Outside Director who first becomes a member of the Board on or after the Effective Date will automatically be granted an Option for 20,000 Shares on the date such Outside Director first becomes a member of the Board. Immediately following each annual meeting of stockholders, all Outside Directors will automatically be granted an Option for 10,000 Shares, provided the Outside Director is a member of the Board on such date and has served continuously as a member of the Board for a period of at least one year since the date when such Outside Director first became a member of the Board (the "Annual Grant").

9.4 Vesting. Each Annual Grant shall be 100% vested and immediately exercisable as of the date of grant.

9.5 Exercise Price. The exercise price of an Annual Grant shall be the Fair Market Value of the Shares, at the time that the Option is granted.

10. WITHHOLDING TAXES.

10.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the

Participant to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash, such payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

10.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose will be made in accordance with the requirements established by the Committee and be in writing in a form acceptable to the Committee

11. TRANSFERABILITY.

11.1 Except as otherwise provided in this Section 11, Awards granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution or as determined by the Committee and set forth in the Award Agreement with respect to Awards that are not ISOs.

11.2 All Awards other than NQSO's. All Awards other than NQSO's shall be exercisable: (i) during the Participant's lifetime, only by (A) the Participant, or (B) the Participant's guardian or legal representative; and (ii) after Participant's death, by the legal representative of the Participant's heirs or legatees.

11.3 NQSOs. Unless otherwise restricted by the Committee, an NQSO shall be exercisable: (i) during the Participant's lifetime only by (A) the Participant, (B) the Participant's guardian or legal representative, (C) a Family Member of the Participant who has acquired the NQSO by "permitted transfer;" and (ii) after Participant's death, by the legal representative of the Participant's heirs or legatees. "Permitted transfer" means, as authorized by this Plan and the Committee in an NQSO, any transfer effected by

the Participant during the Participant's lifetime of an interest in such NQSO

but only such transfers which are by gift or domestic relations order. A permitted transfer does not include any transfer for value and neither of the following are transfers for value: (a) a transfer of under a domestic relations order in settlement of marital property rights or (b) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members or the Participant in exchange for an interest in that entity.

12. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES..

12.1 Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price pursuant to Section 12.

12.2 Financial Statements. The Company will provide financial statements to each Participant prior to such Participant's purchase of Shares under this Plan, and to each Participant annually during the period such Participant has Awards outstanding; provided, however, the Company will not be required to provide such financial statements to Participants whose services in connection with the Company assure them access to equivalent information.

12.3 Restrictions on Shares. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase a portion of or all Unvested Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of Participant's Termination Date and the date Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Exercise Price or Purchase Price, as the case may be.

13. CERTIFICATES. All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable,

including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

14. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

15. EXCHANGE AND BUYOUT OF AWARDS. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

16. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award will not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration

or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

17. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

18. CORPORATE TRANSACTIONS.

18.1 Assumption or Replacement of Awards by Successor. In the event of (a) a dissolution or liquidation of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the Awards granted under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all Participants), (c) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (d) the sale of substantially all of the assets of the Company, or (e) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, any or all outstanding Awards may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participants, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation (if any) refuses to assume or substitute Awards, as provided above, pursuant to a transaction described in this Subsection 18.1, such Awards will expire on such transaction at such time and on such conditions as the Committee will determine. Notwithstanding anything in this Plan to the contrary, the Committee may, in its sole discretion, provide that the vesting of any or all Awards granted pursuant to this Plan will accelerate upon a

transaction described in this Section 18. If the Committee exercises such discretion with respect to Options, such Options will become exercisable in full prior to the consummation of such event at such time and on such conditions as the Committee determines, and if such Options are not exercised prior to the consummation of the corporate transaction, they shall terminate at such time as determined by the Committee.

18.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under the foregoing provisions of this Section 18, in the event of the occurrence of any transaction described in Section 18.1, any outstanding Awards will be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, or sale of assets.

18.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

19. ADOPTION AND STOCKHOLDER APPROVAL. This Plan will become effective on the date on which the registration statement filed by the Company with the SEC under the Securities Act registering the initial public offering of the Company's Common Stock is declared effective by the SEC (the "Effective Date"). This Plan shall be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board. Upon the Effective Date, the Committee may grant Awards pursuant to this Plan; provided, however, that: (a) no Option may be exercised prior to initial stockholder approval of this Plan; (b) no Option granted pursuant to an increase in the number of Shares subject to this Plan approved by the Board will be exercised prior to the time such increase has been approved by the stockholders of the Company; (c) in the event that initial stockholder approval

is not obtained within the time period provided herein, all Awards granted hereunder shall be cancelled, any Shares issued pursuant to any Awards shall be cancelled and any purchase of Shares issued hereunder shall be rescinded; and (d) in the event that stockholder approval of such increase is not obtained within the time period provided herein, all Awards granted pursuant to such increase will be cancelled, any Shares issued pursuant to any Award granted pursuant to such increase will be cancelled, and any purchase of Shares pursuant to such increase will be rescinded.

20. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will terminate ten (10) years from the date this Plan is adopted by the Board or, if earlier, the date of stockholder approval. This Plan and all agreements thereunder shall be governed by and construed in accordance with the laws of the State of California.

21. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval.

22. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

23. DEFINITIONS. As used in this Plan, the following terms will have the following meanings:

"Award" means any award under this Plan, including any Option, Restricted Stock or Stock Bonus.

"Award Agreement" means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

"Board" means the Board of Directors of the Company.

"Cause" means the commission of an act of theft, embezzlement, fraud, dishonesty or a breach of fiduciary duty to the Company or a Parent or Subsidiary of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board.

"Company" means Interwoven, Inc. or any successor corporation.

"Disability" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Price" means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

"Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal;

(d) in the case of an Award made on the Effective Date, the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(e) if none of the foregoing is applicable, by the Committee in good faith.

"Family Member" includes any of the following:

(a) child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law,

brother-in-law, or sister-in-law of the Participant, including any such person with such relationship to the Participant by adoption;

(b) any person (other than a tenant or employee) sharing the Participant's household;

(c) a trust in which the persons in (a) and (b) have more than fifty percent of the beneficial interest;

(d) a foundation in which the persons in (a) and (b) or the Participant control the management of assets; or

(e) any other entity in which the persons in (a) and (b) or the Participant own more than fifty percent of the voting interest.

"Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

"Option" means an award of an option to purchase Shares pursuant to Section 5.

"Outside Director" means a member of the Board who is not an employee of the Company or any Parent, Subsidiary or Affiliate of the Company.

"Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Participant" means a person who receives an Award under this Plan.

"Performance Factors" means the factors selected by the Committee from among the following measures to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:

(a) Net revenue and/or net revenue growth;

(b) Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;

(c) Operating income and/or operating income growth;

(d) Net income and/or net income growth;

(e) Earnings per share and/or earnings per share growth;

(f) Total stockholder return and/or total stockholder return growth;

(g) Return on equity;

(h) Operating cash flow return on income;

(i) Adjusted operating cash flow return on income;

(j) Economic value added; and

(k) Individual confidential business objectives.

"Performance Period" means the period of service determined by the Committee, not to exceed five years, during which years of service or performance is to be measured for Restricted Stock Awards or Stock Bonuses.

"Plan" means this Interwoven, Inc. 1999 Equity Incentive Plan, as amended from time to time.

"Restricted Stock Award" means an award of Shares pursuant to Section 6.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock reserved for issuance under this Plan, as adjusted pursuant to Sections 2 and 18, and any successor security.

"Stock Bonus" means an award of Shares, or cash in lieu of Shares, pursuant to Section 7.

"Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"Termination" or "Terminated" means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor, or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee, provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Subsidiary as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Option agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "Termination Date").

"Unvested Shares" means "Unvested Shares" as defined in the Award Agreement.

"Vested Shares" means "Vested Shares" as defined in the Award Agreement.

EXHIBIT 10.05

INTERWOVEN, INC.
1999 EMPLOYEE STOCK PURCHASE PLAN

As Adopted July 22, 1999

1. Establishment of Plan. Interwoven, Inc. (the "Company") proposes to grant options for purchase of the Company's Common Stock to eligible employees of the Company and its Participating Subsidiaries (as hereinafter defined) pursuant to this Employee Stock Purchase Plan (this "Plan"). For purposes of this Plan, "Parent Corporation" and "Subsidiary" shall have the same meanings as "parent corporation" and "subsidiary corporation" in Sections 424(e) and 424(f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code"). "Participating Subsidiaries" are Parent Corporations or Subsidiaries that the Board of Directors of the Company (the "Board") designates from time to time as corporations that shall participate in this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. A total of 300,000 shares of the Company's Common Stock is reserved for issuance under this Plan. In addition, on each January 1, the aggregate number of shares of the Company's Common Stock reserved for issuance under the Plan shall be increased automatically by a number of shares equal to 1% of the total number of outstanding shares of the Company Common Stock on the immediately preceding December 31; provided that the aggregate number of shares issued over the term
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of this Plan shall not exceed 3,000,000 shares. Such number shall be subject to adjustments effected in accordance with Section 14 of this Plan.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Subsidiaries with a convenient means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Subsidiaries, and to provide an incentive for continued employment.

3. Administration. This Plan shall be administered by the Compensation Committee of the Board (the "Committee"). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan shall be determined by the Committee and its decisions shall be final and binding upon all participants. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services

rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company.

4. Eligibility. Any employee of the Company or the Participating Subsidiaries is eligible to participate in an Offering Period (as hereinafter defined) under this Plan except the following:

(a) employees who are not employed by the Company or a Participating Subsidiary (10) days before the beginning of such Offering Period, except that employees who are employed on the Effective Date of the Registration Statement filed by the Company with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended (the "Securities Act") registering the initial public offering of the Company's Common Stock shall be eligible to participate in the first Offering Period under the Plan;

(b) employees who are customarily employed for twenty (20) hours or less per week;

(c) employees who are customarily employed for five (5) months or less in a calendar year;

(d) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries; and

(e) individuals who provide services to the Company or any of its Participating Subsidiaries as independent contractors who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

5. Offering Dates. The offering periods of this Plan (each, an "Offering Period") shall be of twenty-four (24) months duration commencing on February 1 and August 1 of each year and ending on January 31 and July 31 of each year; provided, however, that notwithstanding the foregoing, the first such Offering Period shall commence on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market (the "First Offering Date") and shall end on July 31, 2001. Except for the first Offering Period, each Offering Period shall consist of four (4) six month purchase periods (individually, a "Purchase Period") during which payroll deductions of the participants are accumulated under this Plan. The first Offering Period shall consist of no more than five and no fewer than three Purchase Periods, any of which may be greater or less than six months as

determined by the Committee. The first business day of each Offering Period is referred to as the "Offering Date". The last business day of each Purchase Period is referred to as the "Purchase Date". The Committee shall have the power to change the duration of Offering Periods with respect to offerings without stockholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period to be affected.

6. Participation in this Plan. Eligible employees may become participants in an Offering Period under this Plan on the first Offering Date after satisfying the eligibility requirements by delivering a subscription agreement to the Company's treasury department (the "Treasury Department") not later than five (5) days before such Offering Date. Notwithstanding the foregoing, the Committee may set a later time for filing the subscription agreement authorizing payroll deductions for all eligible employees with respect to a given Offering Period. An eligible employee who does not deliver a subscription agreement to the Treasury Department by such date after becoming eligible to participate in such Offering Period shall not participate in that Offering Period or any subsequent Offering Period unless such employee enrolls in this Plan by filing a subscription agreement with the Treasury Department not later than five (5) days preceding a subsequent Offering Date. Once an employee becomes a participant in an Offering Period, such employee will automatically participate in the Offering Period commencing immediately following the last day of the prior Offering Period unless the employee withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below. Such participant is not required to file any additional subscription agreement in order to continue participation in this Plan.

7. Grant of Option on Enrollment. Enrollment by an eligible employee in this Plan with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such employee of an option to purchase on the Purchase Date up to that number of shares of Common Stock of the Company determined by dividing (a) the amount accumulated in such employee's payroll deduction account during such Purchase Period by (b) the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Purchase Date (but in no event less than the par value of a share of the Company's Common Stock), provided, however, that the number of shares of the Company's Common Stock
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subject to any option granted pursuant to this Plan shall not exceed the lesser of (x) the maximum number of shares set by the Committee pursuant to Section 10(c) below with respect to the applicable Purchase Date, or (y) the maximum number of shares which may be purchased pursuant to Section 10(b) below with respect to the applicable Purchase Date. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 below.

8. Purchase Price. The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

(a) The fair market value on the Offering Date; or

(b) The fair market value on the Purchase Date.

For purposes of this Plan, the term "Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal; or

(d) if none of the foregoing is applicable, by the Board in good faith, which in the case of the First Offering Date will be the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act.

9. Payment Of Purchase Price; Changes In Payroll Deductions; Issuance Of Shares.

(a) The purchase price of the shares is accumulated by regular payroll deductions made during each Offering Period. The deductions are made as a percentage of the participant's compensation in one percent (1%) increments not less than two percent (2%), nor greater than ten percent (10%) or such lower limit set by the Committee. Compensation shall mean all W-2 cash compensation, including, but not limited to, base salary, wages, commissions, overtime, shift premiums and bonuses, plus draws against commissions, provided, however, that for purposes of determining a participant's compensation, any election by such

participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code shall be treated as if the participant did not make such election. Payroll deductions shall commence on the first payday of the Offering Period and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan.

(b) A participant may increase or decrease the rate of payroll deductions during an Offering Period by filing with the Treasury Department a new authorization for payroll deductions, in which case the new rate shall become effective for the next payroll period commencing more than fifteen (15) days after the Treasury Department's receipt of the authorization and shall continue for the remainder of the Offering Period unless changed as described below. Such change in the rate of payroll deductions may be made at any time during an Offering Period, but not more than one (1) change may be made effective during any Purchase Period. A participant may increase or decrease the rate of payroll deductions for any subsequent Offering Period by filing with the Treasury Department a new authorization for payroll deductions not later than fifteen (15) days before the beginning of such Offering Period.

(c) A participant may reduce his or her payroll deduction percentage to zero during an Offering Period by filing with the Treasury Department a request for cessation of payroll deductions. Such reduction shall be effective beginning with the next payroll period commencing more than fifteen (15) days after the Treasury Department's receipt of the request and no further payroll deductions will be made for the duration of the Offering Period. Payroll deductions credited to the participant's account prior to the effective date of the request shall be used to purchase shares of Common Stock of the Company in accordance with Section (e) below. A participant may not resume making payroll deductions during the Offering Period in which he or she reduced his or her payroll deductions to zero.

(d) All payroll deductions made for a participant are credited to his or her account under this Plan and are deposited with the general funds of the Company. No interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

(e) On each Purchase Date, so long as this Plan remains in effect and provided that the participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the participant wishes to withdraw from that Offering Period under this Plan and have all payroll deductions accumulated in the account maintained on behalf of the participant as of that date returned to the participant, the Company shall apply the funds then in the participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8

of this Plan. Any cash remaining in a participant's account after such purchase of shares shall be refunded to such participant in cash, without interest; provided, however that any amount remaining in such participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock of the Company shall be carried forward, without interest, into the next Purchase Period or Offering Period, as the case may be. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the participant, without interest. No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date.

(f) As promptly as practicable after the Purchase Date, the Company shall issue shares for the participant's benefit representing the shares purchased upon exercise of his or her option.

(g) During a participant's lifetime, his or her option to purchase shares hereunder is exercisable only by him or her. The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

10. Limitations on Shares to be Purchased.

(a) No participant shall be entitled to purchase stock under this Plan at a rate which, when aggregated with his or her rights to purchase stock under all other employee stock purchase plans of the Company or any Subsidiary, exceeds $25,000 in fair market value, determined as of the Offering Date (or such other limit as may be imposed by the Code) for each calendar year in which the employee participates in this Plan. The Company shall automatically suspend the payroll deductions of any participant as necessary to enforce such limit provided that when the Company automatically resumes such payroll deductions, the Company must apply the rate in effect immediately prior to such suspension.

(b) No more than two hundred percent (200%) of the number of shares determined by using eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date as the denominator may be purchased by a participant on any single Purchase Date.

(c) No participant shall be entitled to purchase more than the Maximum Share Amount (as defined below) on any single Purchase Date. Not less than thirty (30) days prior to the commencement of any Offering Period, the Committee may, in its sole discretion, set a maximum number of shares which may be purchased by any employee at any single Purchase Date (hereinafter the "Maximum Share Amount"). Until otherwise determined by the Committee, there shall be no Maximum Share Amount. In no event shall the Maximum Share Amount exceed the amounts permitted under Section 10(b) above. If a new Maximum Share Amount is set, then all participants must be notified of such Maximum Share Amount prior to the commencement of the next Offering Period. The Maximum Share Amount shall continue to apply with respect to all succeeding Purchase Dates and Offering Periods unless revised by the Committee as set forth above.

(d) If the number of shares to be purchased on a Purchase Date by all

employees participating in this Plan exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Com-

mittee shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a participant's option to each participant affected.

(e) Any payroll deductions accumulated in a participant's account which are not used to purchase stock due to the limitations in this Section 10 shall be returned to the participant as soon as practicable after the end of the applicable Purchase Period, without interest.

11. Withdrawal.

(a) Each participant may withdraw from an Offering Period under this Plan by signing and delivering to the Treasury Department a written notice to that effect on a form provided for such purpose. Such withdrawal may be elected at any time at least fifteen (15) days prior to the end of an Offering Period.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn participant, without interest, and his or her interest in this Plan shall terminate. In the event a participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth in Section 6 above for initial participation in this Plan.

(c) If the Fair Market Value on the first day of the current Offering Period in which a participant is enrolled is higher than the Fair Market Value on the first day of any subsequent Offering Period, the Company will automatically enroll such participant in the subsequent Offering Period. Any funds accumulated in a participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period, if any.

12. Termination of Employment. Termination of a participant's employment for any reason, including retirement, death or the failure of a participant to remain an eligible employee of the Company or of a Participating Subsidiary, immediately terminates his or her participation in this Plan. In such event, the payroll deductions credited to the participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest. For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous

employ of the Company or of a Participating Subsidiary in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than ninety (90) days or
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reemployment upon the expiration of such leave is guaranteed by contract or statute.

13. Return of Payroll Deductions. In the event a participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall deliver to the participant all payroll deductions credited to such participant's account. No interest shall accrue on the payroll deductions of a participant in this Plan.

14. Capital Changes. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under this Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under this Plan but have not yet been placed under option (collectively, the "Reserves"), as well as the price per share of Common Stock covered by each option under this Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from a stock split or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of issued and outstanding shares of Common Stock effected without receipt of any consideration by the Company; provided, however, that conversion of any
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convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Committee, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issue 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 of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. The Committee may, in the exercise of its sole discretion in such instances, declare that this Plan shall terminate as of a date fixed by the Committee and give each participant the right to purchase shares under this Plan prior to such termination. In the event of (i) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the options under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all participants), (ii) a merger in which the Company is the

surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (iii) the sale of all or substantially all of the assets of the Company or (iv) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, the Plan will continue with regard to Offering Periods that commenced prior to the closing of the proposed transaction and shares will be purchased based on the Fair Market Value of the surviving corporation's stock on each Purchase Date, unless otherwise provided by the Committee consistent with pooling of interests accounting treatment.

The Committee may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock, or in the event of the Company being consolidated with or merged into any other corporation.

15. Nonassignability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 below) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

16. Reports. Individual accounts will be maintained for each participant in this Plan. Each participant shall receive promptly after the end of each Purchase Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

17. Notice of Disposition. Each participant shall notify the Company in writing if the participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the "Notice Period"). The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

18. No Rights to Continued Employment. Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Subsidiary, or restrict the right of the Company or any Participating Subsidiary to terminate such employee's employment.

19. Equal Rights And Privileges. All eligible employees shall have equal rights and privileges with respect to this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company, the Committee or the Board, be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.

20. Notices. All notices or other communications by a participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Term; Stockholder Approval. After this Plan is adopted by the Board, this Plan will become effective on the First Offering Date (as defined above). This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares pursuant to this Plan shall occur prior to such stockholder approval. This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) ten (10) years from the adoption of this Plan by the Board.

22. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under this Plan in the event of such participant's death subsequent to the end of an Purchase Period but prior to delivery to him of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under this Plan in the event of such participant's death prior to a Purchase Date.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares.

Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

24. Applicable Law. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of California.

25. Amendment or Termination of this Plan. The Board may at any time amend, terminate or extend the term of this Plan, except that any such termination cannot affect options previously granted under this Plan, nor may any amendment make any change in an option previously granted which would adversely affect the right of any participant, nor may any amendment be made without approval of the stockholders of the Company obtained in accordance with Section 21 above within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would:

(a) increase the number of shares that may be issued under this Plan; or

(b) change the designation of the employees (or class of employees) eligible for participation in this Plan.

Notwithstanding the foregoing, the Board may make such amendments to the Plan as the Board determines to be advisable, if the continuation of the Plan or any Offering Period would result in financial accounting treatment for the Plan that is different from the financial accounting treatment in effect on the date this Plan is adopted by the Board.

REGIONAL
PROTOTYPE PROFIT SHARING PLAN AND TRUST/CUSTODIAL ACCOUNT
STANDARD PLAN ADOPTION AGREEMENT AA #001

The Employer named below adopts the Regional Prototype Profit Sharing Plan and Trust/Custodial Account and makes the following specified elections under the Adoption Agreement.

A. ACCOUNTING, EFFECTIVE DATE AND OTHER DATA

1. NAME AND ADDRESS OF EMPLOYER

Employer Name	Interwoven, Inc.
Address	885 N. San Antonio Road
City, State, ZIP	Los Altos, Ca 94022

2. TYPE OF BUSINESS ORGANIZATION (Select one.)

[_] Sole Proprietorship [_] Partnership
[X] Corporation [_] Subchapter S Corporation

3. EFFECTIVE DATE 01/01/97
(If the Employer is adopting this Plan as a restatement of an existing plan, the date should be the original effective date of the existing plan. Otherwise, the date should be the date the Employer chooses the Plan to be effective).

4. RESTATED DATE
(Complete only if this Plan is a restatement of a plan previously adopted).
If this Plan is a restatement of a previously existing plan, attach an addendum listing any optional forms of benefit which must be included in this plan under Code Section 411(d)(6) and the regulations thereunder which are not listed elsewhere in the Plan.

5. EMPLOYER TAX YEAR END 12/31

6. PLAN YEAR END 12/31

7. EMPLOYER IDENTIFICATION NUMBER 94-3221352

8. PLAN NUMBER (3 digits) 001

9. DESCRIPTION OF TRADE OR BUSINESS Software Development, Consulting

10 LIMITATION YEAR END 12/31
(If this item is not completed, the limitation year end shall be the calendar year end.)

B. ELIGIBILITY

1. SERVICE REQUIREMENT (Specify whole years or months.)

a. Whole Years
-- Year(s) of Service [Not more than 2 (1 if the Plan allows 401(k) contributions). If more than 1 Year of Service is required, the Plan must provide 100% immediate vesting under Section E.1.]

b. Months
0 Months of Service [Not more than 24 (12 months if the Plan allows 401(k) contributions). If more than 12 Months of Service is elected, the Plan must provide 100% immediate

vesting under Section E.1.]

2. MINIMUM AGE REQUIREMENT (Specify.) 0 (May not exceed age 21.)

3. ENTRY DATES
The Plan shall have the following entry dates:
a. [_] The Plan Anniversary Date.*
b. [_] The Plan Anniversary Date and a date six months from the Plan Anniversary Date.
c. [X] Other * beginning of each calendar month
* If only one entry date per year is provided and an employee enters the Plan on the entry date following the date on which the employee satisfies the eligibility requirements, the maximum age and service requirements in Sections B.1. and B.2. (above) must be reduced by (OMEGA) year.

4. PLAN ENTRY
An employee shall enter the Plan on the Plan entry date [X] following [_] prior to [_] closest to the date on which the employee meets the eligibility requirements of the Plan.

5. ELIGIBILITY FOR EMPLOYER CONTRIBUTIONS (Check if applicable.)
a. [X] A participant shall not be eligible to receive an allocation of Employer contributions for a Plan Year if he or she is not employed by the Employer on the last day of the Plan Year and has no more than 500 Hours of Service during the Plan Year.
b. [_] This provision shall be waived and the participant shall be eligible for Employer contributions even though not employed on the last day of the Plan Year if the participant separates from service due to [_] death [_]disability or [_] retirement (check all that apply).
c. If elective deferrals are elected under Section D. of this Adoption Agreement, the requirements of 5.a. and 5.b. (above) [_] shall [X] shall not apply to Employer contributions made pursuant to a salary reduction agreement.

d. If elective deferrals are elected under Section D. of this Adoption Agreement and matching contributions are elected under Section D.4., the requirements of 5.a. and 5.b. above [_] shall [X] shall not apply to such matching contributions.

C. DEFINITION OF COMPENSATION

1. "Compensation" shall mean:
[_] Wages, tips, and other compensation box on Form W-2.
[X] Section 3401(a) wages.
[_] 415 safe-harbor compensation.

2. "Compensation shall mean the amount which is actually paid to the participant during the determination period which shall be:
[X] The Plan Year.
[_] The taxable year ending with or within the Plan Year.
[_] The limitation year ending with or within the Plan Year.

3. Compensation [X] shall [_] shall not include Employer contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the employee under Sections 125, 402(a)(8), 402(h) or 403(b) of the Code.

4. This definition of compensation shall be effective as of 01/01/97.

D. ELECTIVE DEFERRALS

Complete this section only if elective deferrals or voluntary nondeductible employee contributions are allowed under this Plan.

1. ELECTIVE DEFERRALS

A participant may elect to have his or her compensation reduced by the following percentage or amount per pay period, or for a specified pay period or periods, as designated in writing to the plan administrator. (Check any applicable options and fill in the appropriate blanks.)

a. [X] An amount not in excess of 15% of a participant's compensation.

b. [_] An amount not in excess of $ (specify dollar amount) of a participant's compensation per year.

2. CASH OR DEFERRED ELECTIONS

[X] Check here if a participant may base elective deferrals on cash bonuses that, at the participant's election, may be contributed to the CODA or received by the participant in cash.

3. ELECTIONS

a. A participant may elect to commence deferrals (under 1. or 2. above) as of beginning of any calendar month (enter at least one date during the calendar year).

b. A participant may elect to terminate or modify the amount of deferrals as of terminate any time; modify at the beginning of any calendar month (enter at least one date during the calendar year).

4. MATCHING CONTRIBUTIONS

a. The Employer will make matching

[_] All participants.

[_] All participants who are nonhighly compensated employees.

b. Matching contributions will be made on behalf of each participant in the amount of:

1) [_] % of the elective deferral made for each Plan Year.

2) [_] The sum of: (i) % of the portion of the elective deferral which does not exceed % of the participant's compensation; plus (ii) % of the portion of the elective deferral which exceeds % of the participant's compensation.

Note: The percentage of the portion of the elective deferrals in D(4)(b)(2)(ii) cannot be greater than the percentage of the portion of the elective deferrals in D(4)(b)(2)(i).

3) [_] An amount to be determined by the Employer each year.

c. The Employer shall not match elective deferrals in 1.a. or 1.b. above in excess of $_____ or in excess of % of the participant's compensation.

d. All Employer matching contributions shall be qualified nonqualified.

e. Forfeitures of excess aggregate contributions and forfeitures of any nonqualified matching contributions shall be:

[_] Used to reduce Employer contributions.

[_] Allocated after all other forfeitures under the Plan, to each participant's matching contribution account in the ratio which each participant's compensation for the Plan Year bears to the total compensation of all participants for such Plan Year. Qualified Matching Contributions shall mean matching contributions which are subject to the distribution and nonforfeitability requirements of Section 401(k) of the Code when made.

5. QUALIFIED NONELECTIVE CONTRIBUTIONS

a. The Employer [X] will [_] will not make qualified nonelective contributions to the Plan. If the Employer does make such contribution to the Plan, then the amount of such contributions for each Plan Year shall be an amount determined by the Employer.

b. The allocation of qualified nonelective contributions shall be made to the account of:
[_] All participants.
[X] Only nonhighly compensated participants.

6. VOLUNTARY NONDEDUCTIBLE CONTRIBUTIONS
Participants [_] will [X] will not be allowed to make nondeductible employee contributions.

7. HARDSHIP WITHDRAWALS
Hardship withdrawals of elective deferrals [X] shall [_] shall not be permitted.

8. EXCESS ELECTIVE DEFERRALS
Participants who claim excess elective deferrals for the preceding taxable year must submit their claims in writing to the plan administrator by 2/15. (Specify a date before April 15.)

E. VESTING

1. SCHEDULE (Select one.)
Participants are vested in that portion of their participants' accounts attributable to Employer contributions in accordance with the following schedule:

Top-Heavy Schedules

<TABLE>
<CAPTION>

Year(s) of Service	100% Immediate [_]	2/20 [_]	3-Year Cliff [_]	Specify % [X]	
<S>	<C>	<C>	<C>	<C>	
1	100%	0%	0%	100%	
2	100%	20%	0%	100%	(not less than 20%)
3	100%	40%	100%	100%	(not less than 40%)
4	100%	60%	100%	100%	(not less than 60%)
5	100%	80%	100%	100%	(not less than 80%)
6	100%	100%	100%	100%	(not less than 100%)

</TABLE>

Nontop-Heavy Schedules

<TABLE>
<CAPTION>

Year(s) of Service	5-Year Cliff [_]	3 - 7 Year [_]	Specify % [_]	Specify % [_]	
<S>	<C>	<C>	<C>	<C>	
1	0%	0%			
2	0%	0%			
3	0%	20%			(not less than 20%)
4	0%	40%			(not less than 40%)
5	100%	60%	100%		(not less than 60%)

6	100%	80%	100%		(not less than 80%)
7	100%	100%	100%	100%	

</TABLE>

2. EXCLUSIONS: (Check all applicable ones. Does not apply if 100% immediate vesting in Section E.1. above has been selected.)

a. [_] Exclude Year(s) of Service prior to effective date of the Plan (except periods during which the Employer maintained a predecessor to this Plan).
b. [_] Exclude Year(s) of Service prior to or during the computation year in which the employee attains age 18 (age 22 for Plan Years beginning before 1/1/85).

3. If a nontop-heavy vesting schedule is chosen in Section E.1., the following schedule will apply as of the first day of the Plan Year for which the Plan is Top-Heavy: (Select one.)
[_] 100% Immediate [_] 2/20 Vesting [_] 3-Year Cliff

F. NORMAL RETIREMENT AGE

65 (May not be earlier than age 59(OMEGA) or later than age 65.)

G. EARLY RETIREMENT AGE

(May not be earlier than age 55.)
Early retirement shall only be available to participants who have completed Years of Service.

H. SERVICE WITH PREVIOUS EMPLOYER (Select One.)

1. [_] Service with a previous Employer will not be taken into account except to the extent service is required to be given pursuant to Code Section 414(a) and the regulations thereunder.

2. [_] Service with the following previous Employer(s) shall be taken into account for purposes of eligibility (Section B.1.) and vesting (Section E.1.).

I. LIMITATIONS ON ALLOCATIONS

If the Employer maintains or has ever maintained another qualified plan (other than a paired defined contribution regional prototype plan) in which any participant in this Plan is (or was) a participant or could become a participant, complete this section. The Employer must also complete this section if it maintains a welfare benefit fund, as defined in Section 419(e) of the Code, or an individual medical account, as defined in Section 415(l)(2) of the Code, under which amounts are treated as annual additions with respect to any participant in this Plan.

1. DEFINED CONTRIBUTION PLAN (Select one.)
If the participant is covered under another qualified defined contribution plan maintained by the Employer, other than a regional prototype plan:

[_] The provisions of Article VII of the Plan Document will apply as if the other plan were a regional prototype plan.
[_] Provide the method under which the plans will limit total annual additions to the maximum permissible amount, and will properly reduce any excess amounts in a manner that precludes Employer discretion.

2. DEFINED BENEFIT PLAN
If the participant is or has been a participant in a defined benefit plan maintained by the Employer or an Affiliate, the annual additions to this and/or another qualified defined contribution plan, or projected annual benefit in one or more qualified defined benefit plans shall be reduced so that the sum of the defined contribution fraction and the defined benefit fraction will not exceed 1.0. (Describe in an addendum attached to this Adoption Agreement. The method specified shall preclude discretion by the Employer or Affiliate.)

J. ALLOCATION OF EMPLOYER CONTRIBUTIONS AND FORFEITURES

(Complete only if an integrated allocation formula is chosen.)
Note: An integrated formula may not be elected if the Employer or an Affiliate maintains any other plan integrated with social security and such other plan covers employees who are also participants in the Plan.

INTEGRATION LEVEL (Select one.)
The integration level shall be equal to the taxable wage base or such lesser amount elected below by the Employer. The taxable wage base is the maximum amount of earnings which may be considered wages for a year under Section 3121(a)(1) of the Code in effect as of the beginning of the Plan Year.

[_] Taxable Wage Base
[_] $ (a dollar amount less than the taxable wage base)
[_] % of Taxable Wage Base (not to exceed 100%)

K. ADMINISTRATIVE ELECTIONS

1. PAYOUTS OF SMALL ACCOUNT BALANCES
Employer [X] will [_] will not automatically make a total distribution of the participant's vested interest if it is $3,500 or less upon retirement, termination of employment or disability.

2. DISTRIBUTIONS AT TERMINATION OF EMPLOYMENT
[X] A participant [X] may [_] may not take a total distribution of his/her vested account balance if he/she terminates employment for reasons other than death, disability, or retirement.
[_] A participant may take a total distribution of his/her vested account balance if he/she terminates employment for reasons other than death, disability or retirement if the total benefit is $ or less.

3. HARDSHIP WITHDRAWALS
Hardship withdrawals [X] shall [_] shall not be allowed under the Plan.

4. PARTICIPANT LOANS
Plan loans to participants [X] shall [_] shall not be allowed.
If loans are allowed, a minimum loan amount of $ shall apply. (Amount cannot exceed $1,000.)

5. PARTICIPANT-DIRECTED INVESTMENTS
Participant-directed investments [X] shall [_] shall not be allowed.

6. ROLLOVERS
Rollovers of funds, by participants, from other plans to this Plan [X] shall [_] shall not be allowed.

7. TRANSFERS
Transfers of funds, by participants, from other plans to this Plan [X] shall [_] shall not be allowed.

8. HOURS OF SERVICE

Rather than compute service based upon actual Hours of Service, the Employer may elect to compute service based upon one of the alternatives listed below. If selected, this method will be applied to all employees under the Plan. (Check one if desired. If no box is checked, service will be based upon actual hours worked.)

[_] An employee will be credited with 10 Hours of Service for each day in which the employee would be credited with 1 Hour of Service.

[_] An employee will be credited with 45 Hours of Service for each week in which the employee would be credited with at least 1 Hour of Service.

[_] An employee will be credited with 190 Hours of Service for each month in which the employee would be credited with at least 1 Hour of Service.

L. SPECIAL RULES FOR TOP-HEAVY PLANS (Select one.)

This section must be completed if the Plan is a Top-Heavy Plan (see definition in Section 3.48 of the Plan Document) and the Employer or an Affiliate maintains another plan or plans in addition to this Plan (other than the Bankers Systems Financial Services' REGIONAL Prototype Money Purchase Plan and Trust designated Plan 002 and Basic Plan Document 01).

[X] The minimum contribution and benefit requirements of Code Section 416 will be satisfied as provided in Section 5.4 of the Plan Document.

[_] The minimum contribution and benefit requirements of Code Section 416 will be satisfied as provided in the addendum attached to the Adoption Agreement. (Specify in an addendum attached to the Adoption Agreement the method for coordinating all such plans with this Plan so that the minimum contribution and benefit requirements will be met.)

M. FILING PLAN WITH INTERNAL REVENUE SERVICE

An Employer that has ever maintained or later adopts any plan [including a welfare benefit fund, as defined in Section 419(e) of the Code; which provides post-retirement medical benefits allocated to separate accounts for key employees, as defined in Section 419A(d)(3) of the Code; or an individual medical account, as defined in Section 415(l)(2) of the Code] in addition to this Plan (other than paired plan 002) may not rely on the opinion letter issued by the National Office of the Internal Revenue Service as evidence that this Plan is qualified under Section 401 of the Internal Revenue Code. If the Employer adopts or maintains multiple plans or who may not rely on this notification letter pursuant to the preceding sentence and wishes to obtain reliance that its plan(s) are qualified, application for a determination letter should be made to the appropriate Key District Director of Internal Revenue Service.

This Adoption Agreement may be used only in conjunction with Regional Basic Plan Document 01.

N. ADOPTION AND ADVICE

By executing this document, the Employer agrees to be bound by all the terms and conditions of the Plan (including the Adoption Agreement) and further certifies and warrants that it has relied on the advice of an independent adviser as to the legal and tax effects of adopting the Plan.

Failure to properly complete all items on this Adoption Agreement may result in disqualification of the Plan.

The sponsoring organization will notify the adopting Employer of any amendments made to the Plan or discontinuance or abandonment of the Plan.

The name, address and telephone number of the sponsoring organization or

its agent is imprinted on the top of the Adoption Agreement.

O. SIGNATURES AND DATE

Executed this 1st day of July, 1997

EMPLOYER

Name of Business Interwoven, Inc.

By /s/ John Chang

John Chang

Its (Title) Vice President

AFFILIATES (Must be executed on behalf of any Affiliates. Attach addendum with signatures if more than one Affiliate.)

Name of Business

By _____

Its (Title)

P. CUSTODIAN/TRUSTEE (Select one.)

CAUTION: READ INSTRUCTIONS BEFORE COMPLETING.

Instructions: The Financial Institution may act as Custodian, but only if the Employer and any Affiliates are sole proprietorships or partnerships. A corporate plan may not use a Custodian. In addition, an individual may not serve as a Custodian. Select Financial Institution Trustee only if the Financial Institution has full trust powers under applicable state and/or federal laws. By executing this Plan as Custodian or Trustee, the Financial Institution warrants and represents that it is qualified to act as Custodian or Trustee, as the case may be, under all applicable federal and state laws and regulations.

[_] Financial Institution Custodian
[_] Financial Institution Trustee
[X] Self-Trusteed Plan

CUSTODIAN OR TRUSTEE

Name Steve Farber, Peng Ong, John Chang
Address 885 N. San Antonio Road
City, State, ZIP Los Altos, CA 94022

By /s/ John Chang

John Chang

Its (Title) Vice President

Q. SPONSOR

Bankers Systems, Inc.

ADDITIONAL SUMMARY OF PLAN DESCRIPTION INFORMATION

1. Plan Name Interwoven, Inc. 401(k) Plan

2. Employer's Phone Number (415) 917-3600

3. AGENT

Name	Sachiko Borman
Address	885 N. San Antonio Road
City, State ZIP	Los Altos, CA 94022

4. TYPE OF PLAN ADMINISTRATION

[_] Employer provided administration
[X] Contract (Third Party) administration
[_] Insurer provided administration

5. ADDENDUM

[_] Check here if the Employer has amended its qualified plan from a plan other than from Bankers Systems and the employer has added an addendum to continue required optional forms of benefit (i.e. payment schedule, timing, commencement, medium of distribution, etc.)

EXHIBIT 10.07

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of February 27,1998, by and between Martin Brauns ("Employee") and Interwoven, Inc. (the "Company"). The Company and Employee may be jointly referred to as the "parties."

1. Employment and Duties. The Company agrees to employ and Employee agrees to serve as President and Chief Executive Officer, reporting to Company's Board of Directors. Employee shall have the authority and responsibilities customarily accorded an executive officer with that position, including full power, authority, and Board of Director support to make any personnel reassignments and terminations as the CEO deems necessary. All other employees of the Company shall report directly or through their superiors to Employee. Employee shall, as a condition of his employment, at all times during his employment be nominated and elected a member of the Board of Directors of the Company. Employee agrees to devote substantially all of his working time and efforts to the performance of his duties under this Agreement, provided that the devotion of time to personal investments or other business matters will not be deemed a breach of this Agreement if it does not substantially interfere with the performance of Employee's duties hereunder.

2. Compensation.

(a) Base Salary; Withholding. The Company shall pay Employee a base salary of $250,000.00 per year, subject to increase (but not decrease thereafter) from time to time in the good faith discretion of the Board of Directors of the Company, payable in arrears in equal monthly installments. The parties shall comply with all applicable withholding requirements in connection with all compensation payable to Employee hereunder.

(b) Incentive Bonus. In addition to the base salary set forth above, with respect to each fiscal year (which currently is the calendar year) the Company shall pay Employee, by no later than 30 days after close of each half year, an incentive bonus computed semiannually and subject to "catch-up rights" to compensate for underpayment for prior periods.

(i) For fiscal year 1998, Employee's incentive bonus shall be computed as 10% of base salary if the Company's fiscal year 1998 gross revenues total $3,750,000, plus an additional 10% of any and all gross revenues in excess of $3,750,000 up to $4,500,000, plus an additional 5% of any and all gross revenues in excess of $4,500,000 and up to $5,000,000. For example, if the

Company's gross revenues total $4,700,000 in 1998, Employee's incentive bonus would equal $25,000 + (10% x $750,000) + (5% x $200,000) = $110,000.

(ii) For fiscal years after 1998, Employee's incentive bonus shall be based on revenue benchmarks to be established by agreement of Employee and the Board, but in a manner calculated to provide equivalent incentive compensation for such future years.

Under no circumstances shall Employee be required to repay any portion of any previously paid bonus. In the event Employee does not remain employed at fiscal year end for any reason other

than his voluntary termination without Good Reason or a termination for Cause under paragraph 7(i), (ii) or (iii), he shall be entitled to be paid immediately upon termination a proportionate share of the incentive bonus computed based on the number of calendar days of that fiscal year prior to termination of employment divided by 365, and Company performance meeting that fiscal year's plan (e.g., revenues of $4.0 million are at plan for 1998).

(c) Retirement Benefits. Employee shall be entitled to participate in the Company's 401K or equivalent program.

(d) Other Benefits. Employee shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives. Company shall make every reasonable effort to obtain and maintain a customary directors and officers insurance policy with reasonable policy limits in which Employee is named as an insured.

3. Stock.

(a) Purchase Rights. Immediately upon the effectiveness of this Agreement, Employee shall be entitled to and shall purchase at a price of $0.12 per share 2,000,000 shares of common stock (hereafter referred to as "Employee's Stock"). To the extent that Company receives any tax deduction, benefit or reduction in taxes as a result of any valuation of Employee's Stock different from the purchase price, the Company shall pay the amount of such reduction to Employee grossed-up for Employees' tax consequence to the extent required to offset any increase in taxes Employee is called upon to pay as a result of any such different valuation.

(b) Loan for Purchase Price. In order to facilitate the purchase of Employee's Stock, the Company shall loan Employee the full amount of the

purchase price of Employee's Stock (the "Loan"). Such Loan shall be non-recourse in the amount of 75% of outstanding principal, and recourse as to 25% of principal and all interest. The Loan shall bear interest at 6% or such lower rate as is the minimum imputed by the Internal Revenue Service at the time of this Agreement, payable annually by Employee. The Loan shall be due and payable upon the earlier of (i) an acquisition of the Company that includes acquisition of Employee's Stock by the acquiror, (ii) an initial public offering of the Company's stock, in which event the Loan shall become due in monthly installments in proportion to the periodic monthly expiration of the Company's repurchase rights, (iii) Employee's termination of employment, in which event, to the extent the Loan is not retired through the Company's repurchase of Employee's Stock, the Loan shall be repayable in three equal annual installments commencing 90 days after termination, or (iv) five years. Employee shall pledge all of Employee's stock as security for the Loan (subject to release from pledge of such amount of stock if any as will maintain on pledge stock with a publicly traded value of two times the outstanding principal of the Loan) and, to the extent the Loan is non-recourse, the Company's sole recourse for repayment of the Loan shall be such pledged stock. The Loan may be repaid at any time by Employee without prepayment penalty.

(c) Repurchase Rights. Employee's Stock shall be subject to repurchase at the price of $0.12 per share as follows, and as shall be further documented between the parties:

(i) Except as provided in paragraphs 3(c)(ii), 3(d), and 9, if Employee's employment is terminated at any time, the Company shall be entitled to repurchase no more than the total number of shares of Employee's Stock multiplied times (48 - x) and divided by 48, where x is the number of months elapsed from February 27, 1998 through the final date of termination of Employee's employment and consultancy with the Company, if the Company so requests in writing at the time of such termination or at any time within the forty-five day period following termination.

(ii) If, prior to February 27, 1999, Employee is terminated by the Company for Cause or voluntarily terminates his employment without Good Reason, all of Employee's Stock shall be subject to repurchase if the Company so requests in writing at the time of termination or at any time within the forty-five day period following termination.

Any proceeds of the Company's repurchase of Employee's Stock shall be applied first to reduce the amount, if any, owed by Employee to the Company on the Loan.

(d) Change in Control.

(i) The Company's rights to elect to repurchase Employee's Stock shall fully and immediately expire and become ineffective (A) in the event of

any Change in Control as defined in paragraph 3(d)(ii)(B) below, provided that Employee, if so requested by the person(s) having control thereafter in his or their discretion, continues employment with the Company for a period of up to six months in such position as the Company may reasonably require following such Change in Control, or (B) in the event that Employee is terminated by the Company without Cause within 3 months prior to any Change in Control as defined in paragraph 3(d)(ii) or during such longer time not to exceed six months as the Company is actively negotiating or pursuing such Change in Control, or (C) in the event that Employee is terminated by the Company without Cause or voluntarily terminates with Good Reason within twelve months after any Change in Control as defined in paragraph 3(d)(ii)(A).

(ii) A "Change in Control" will be deemed to have occurred if: any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than persons controlling (as defined in Rule 405 under the Securities Act of 1933 ("Rule 405")) the Company as of the closing of Series C funding of the Company (except that no person shall be deemed to control the Company under Rule 405 merely due to his or her position as an officer or director of the Company), (A) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of a sufficient number of securities of the Company such that such Person can and does exercise control (as defined in Rule 405) over the management of the Company, or (B) succeeds to the control of a substantial majority of the business or assets of the Company through merger, transfer of assets, reorganization, acquisition or other event.

(e) Restrictions. Employee shall not engage in any transfer, sale, hypothecation, or other disposition ("Transfer") of Employee's Stock as to which the Company retains a right to repurchase under paragraph (c) above. In addition, for so long as Employee's employment continues with the Company, Employee shall not engage in any Transfer of Employee's Stock prior to February 27, 1999, provided that if Employee's employment is terminated prior to that time, Employee shall be entitled to Transfer any stock not subject to repurchase by the Company, and provided further that for so long as the Company's Stock remains privately held and not publicly traded, the Company shall be provided the right of first refusal to purchase any of Employee's Stock that Employee seeks to Transfer. In addition, Employee's Stock shall be subject to reasonable market stand-off and lock-up provisions not inconsistent with this Agreement. Notwithstanding the foregoing, this subsection (e) shall not apply to Employee's Transfer of Employee's Stock to any trust, provided that such Transfer is made for bona fide estate planning purposes.

(f) Future Investments. For so long as the Company remains privately held and not publicly traded Employee shall be offered the opportunity to

participate, at his election, at 10% of the total invested by all investors in any future rounds of private financing of the Company at any new valuations that may pertain to such financing (subject to reduction of that 10% for subsequent rounds if Employee is diluted by his election not to participate in full in prior rounds). In connection with that participation, Employee shall be offered the opportunity to enter into the stock purchase agreement and registration and information rights agreements provided to other investors in that round of financing.

4. Business Expenses. The Company shall promptly reimburse Employee for all appropriately documented, reasonable business expenses incurred by Employee.

5. Term. Employee or the Company may terminate Employee's employment at any time upon written notice as described herein.

6. Termination by the Company Without Cause. The Company may, by delivering thirty (30) days' prior written notice to Employee, terminate Employee's employment at any time and for any reason without cause by:

(a) paying to Employee at the date of termination: Employee's base salary accrued through the date of termination; all accrued vacation pay; unpaid bonuses, if any, for any year completed prior to the date of termination; and as bonus for any partial fiscal year not completed prior to the date of termination, an amount equal to the number of days elapsed in such fiscal year prior to termination of employment divided by 365, times the incentive bonus amount Employee would have received for that year for on-Plan performance;

(b) continuing to pay Employee his final base salary periodically for the period of the shorter of (i) 12 months or (ii) such time as Employee commences full time employment with another employer. During the period of salary continuance, Employee shall serve as a consultant to the Company on such matters as may be mutually agreed upon between them;

(c) providing, at the Company's expense, coverage to Employee under the Company's life insurance and disability insurance policies and to Employee and his dependents under the Company's health, dental, and vision plans (or in the event any of the Company's health, dental, or vision plans, life insurance, or disability insurance are not continued or Employee is not eligible for coverage thereunder due to his termination of employment, the Company shall pay for the premiums for equivalent coverage) for a period equal to the continuation of salary payments;

(d) providing to Employee reasonable outplacement services.

7. Termination by the Company for Cause. The Company may terminate

Employee's employment at any time if such termination is for "cause," as defined below, by delivering to Employee prior written notice of termination supported by a reasonably detailed statement of the relevant facts and reason for termination. In the event of such termination, the Company shall pay Employee, no later than ten (10) days following the date of termination, a lump sum equal to Employee's accrued base salary through the date of termination, all accrued vacation pay, and bonuses earned for any prior fiscal year. For purposes of this Agreement, "cause" means (i) Employee has intentionally engaged in unfair competition with the Company or committed an act of embezzlement, fraud or theft with respect to the property of the Company in a manner causing material loss, damage or injury to or otherwise materially endangering the property, reputation or employees of the Company, (ii) Employee has repeatedly abused alcohol or drugs on the job or in a manner affecting his job performance, or (iii) Employee has been found guilty of or has plead nolo contendere to the commission of a felony offense or (iv) Employee has willfully and continually failed to substantially perform Employee's duties with the Company after having received written notice specifying such failure and a reasonable opportunity (of thirty days or more) to cure.

8. No Termination by Merger, Transfer of Assets or Dissolution. This Agreement shall not be terminated by any voluntary or involuntary dissolution of the Company or the transfer of all or substantially all the assets of the Company or the merger of the Company with or into another entity.

9. Termination by Death or Disability.

(a) Death. In the event of the death of Employee the Company, within ten (10) days of receiving notice of such death, shall pay Employee's estate all salary due or accrued as of the date of his death, all accrued vacation pay, bonuses earned for any previously completed fiscal year and pro-rated bonus for any partial fiscal year to the same extent as provided in paragraph 6(a). In addition, notwithstanding anything to the contrary contained herein, upon termination of Employee's employment pursuant to this Section 9, Company's rights to repurchase Employee's Stock as established under Section 3(c) shall be limited to 20,833 shares times (48-x) where x is the number of months elapsed from February 27, 1998 through the date of termination under this paragraph 9(a).

(b) Disability. In the event of the Company's termination of Employee's employment by reason of mental or physical Disability (as defined below) of Employee during

his employment, the Company, within ten (10) days following the determination of Disability, shall pay Employee all salary due or accrued as of the date of such determination, and all accrued vacation pay, bonuses earned for any previously completed fiscal year, and pro-rated bonus for any partial fiscal year to the same extent as provided in paragraph 6(a), and the Company shall continue to pay Employee's salary for one year net of all proceeds of Company-paid disability insurance received by Employee during such period, such that Employee shall receive the same net income after payment of taxes as if Employee had remained employed by the Company for that year. In addition, notwithstanding anything to the contrary contained herein, upon termination of Employee's employment pursuant to this Section 9, Company's rights to repurchase Employee's Stock as established under Section 3(c) shall be limited to 20,833 times (48-y) where y is equal to the number of months elapsed from February 27,1998 through the date of termination less the number of full months, if any, during which Employee was absent from work prior to termination under this Section due to the condition causing such termination. "Disability" shall mean mental or physical incapacity that prevents Employee from substantially performing his duties under this Agreement for a period of not less than six (6) consecutive months.

10. Payments Upon Termination for Good Reason.

(a) Termination. In the event of termination of Employee's employment by Employee for Good Reason, the Company shall provide Employee with the same payments and benefits as described in paragraph 6 respecting termination by the Company without cause.

(b) Definition of "Good Reason." "Good Reason" shall mean:

(i) The assignment of Employee to any duties materially inconsistent with, or any materially adverse change in, Employee's positions, duties, responsibilities or status with the Company, or the removal of Employee from, or failure to reelect Employee to, any of such positions; or

(ii) The Company's requiring Employee to be based in excess of 50 miles from the Company's present offices located at Los Altos; or

(iii) Unreasonable failure of the Company to provide support, information, assistance and staffing reasonably appropriate for Employee to carry out Employee's duties or to achieve the performance goals set by the Company; or

(iv) Unreasonable failure by the Company to continue in effect for Employee any material benefit available to any of the management executives of the Company, including but not limited to any retirement, pension or incentive plan, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans; or any action by the Company which would adversely affect Employee's participation in or reduce

Employee's benefits under any of such plans or deprive Employee of any fringe benefit enjoyed by Employee in a manner materially different than other management employees would be affected; or

(v) Any other material breach by the Company of this Agreement which is not cured within thirty (30) days of notice thereof by Employee to Company; or

(vi) The failure of the Company to close its Series C funding in the amount of at least $6,000,000 by June 30, 1998, provided that Employee terminates his employment no later than July 31, 1998.

11. Indemnification. As an employee, officer and agent of the Company, Employee shall be fully indemnified by the Company to the fullest extent permitted by applicable law. To further implement this provision, Company shall execute and deliver to Employee its standard form of indemnification agreement for officers and directors, and Employee shall thereafter be entitled to the benefits of any subsequent amendments thereto made for any management executives.

12. Confidential Information. Employee shall execute and deliver to the Company any reasonable confidentiality and proprietary rights agreement which the Company reasonably requires of all of its management executives.

13. Assignment. The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of their respective successors, assigns, executors, administrators and heirs, provided, however, that Employee may not delegate any of Employee's duties under this Agreement.

14. Miscellaneous.

(a) Complete Agreement. This Agreement constitutes the entire agreement between the parties and cancels and supersedes all other prior or unwritten agreements between the parties which relate to the subject matter contained in this Agreement.

(b) Modification, Amendment, Waiver. No modification or amendment of any provisions of this Agreement shall be effective unless approved in writing by both parties. The failure at any time to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of either party thereafter to enforce each and every provision hereof in accordance with its terms.

(c) Governing Law and Forum. This Agreement shall be construed in accordance with the laws of the State of California. Each party agrees that any dispute relating to this Agreement or to Employee's employment shall be resolved by arbitration before a single arbitrator in San Francisco or Santa Clara Counties, California, pursuant to California Code of Civil Procedure Sections 1282-1284; Section 1283.05 shall be applicable to this Agreement. The Company shall pay all costs of the arbitrator and administration of the arbitration, which shall be conducted before JAMS/Endispute pursuant to its arbitration rules, which shall apply only to the extent not inconsistent with this Agreement.

(d) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law,

such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(e) Attorneys' Fees. In the event of any dispute under this Agreement or relating to Employee's employment (including enforcing judgments and appeals), the prevailing party shall be entitled to reimbursement of its reasonable attorneys' fees and costs of suit (including expert witness fees) in addition to such other relief as may be granted.

(f) Notices. All notices and other communications under this Agreement shall be in writing and shall be given in person or by telegraph, telefax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given when delivered personally or three days after mailing or one day after transmission of a telegram or telefax, as the case may be, to the respective persons named below:

If to the Company: Interwoven, Inc.
885 N. San Antonio Road
Los Altos, CA 94022
Attention: Chairman of the Board

With a copy to: Matthew P. Quilter, Esq.
Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306

If to the Employee: Martin Brauns
27421 Sherlock Road
Los Altos, CA 94022

With a copy to: Laurence F. Pulgram, Esq.
Howard, Rice, Nemerovski, Canady
Falk & Rabkin
A Professional Corporation
3 Embarcadero Center, 7th Floor
San Francisco, CA 94111

(g) Warranties. The Company warrants and represents that the person signing on its behalf has full authority to do so and that all provisions of this Agreement are binding and enforceable and have been approved by any and all Boards, Committees, administrators or other persons associated with the Company as necessary.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written.

COMPANY: Interwoven, Inc., a California corporation

By: /s/ Peng T. Ong

Peng T. Ong
Its: Chairman

EMPLOYEE: /s/ Martin Brauns

EXHIBIT 10.08

[Interwoven Letterhead]

February 12, 1999

Mr. David Allen
8228 Tower Court
Granite Bay, CA 95746

RE: Offer Letter

Dear David,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you the position of Chief Financial Officer at a base annual salary of $140,000. You will be eligible to receive additional incentive bonus compensation of $35,000 for a total target compensation package of $175,000. The $35,000 bonus will be paid subject to the 1999 Executive Staff MBO Plan and BOD approval. This position will report to Martin Brauns, President and CEO. You will be entitled to the benefits that Interwoven customarily makes available to employees in positions comparable to yours.

The Company will assist you with reasonable and mutually agreed upon temporary housing expenses up to 3 months through May 1999 prior to your permanent relocation to the Bay Area. The Company will reimburse your actual relocation expenses including the sales commission on the sale of your home in Granite Bay. The Company agrees to "gross up" any expenses for tax purposes should they not be tax deductible.

In addition, subject to the approval of the Company's Board of Directors, the Company is prepared to issue to you options to purchase 280,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. The Options will be issued pursuant to the Company's 1998 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. Should Interwoven experience a Sale of the Company, the vesting of such Shares will accelerate

Initial: /s/ DMA
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and you will become vested with respect to an additional fifty percent (50%) of the total number of Shares immediately prior to the closing of the Sale of the Company. For such purpose, the term "Sale of the Company" means the sale or other disposition of all or substantially all of the assets of the Company; or the acquisition of the Company by another entity by means of consolidation, corporate reorganization or merger, or other transaction or series of related transactions in which more that fifty percent of the outstanding voting power of the Company is transferred. The right to exercise any vested Options shall expire within ninety (90) days of the termination of your employment with Interwoven.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or
---
her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement", please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about you joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will employment relationship. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer

may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees.

Should you have any questions with respect to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by February 16, 1999.

Yours truly,

/s/ Martin Brauns

Martin Brauns
President & CEO

ACCEPTED:

/s/ David M. Allen

David M. Allen

2/12/99

Date

EXHIBIT 10.09

[INTERWOVEN LETTERHEAD]

May 1, 1998

Mr. Mike Backlund
1101 Pine Street
Huntington Beach, CA 92648

RE: Offer Letter

Dear Mike,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you the position of Vice President, Worldwide Sales starting by May 26, 1998, at a base annual salary of $135,000.00. Additionally, you will be eligible for $100,000 in annual incentive compensation provided you achieve revenue and other MBO objectives, as mutually agreed with your manager. You will report to Martin Brauns, President and CEO. You will also be entitled to the benefits that Interwoven customarily makes available to employees in positions comparable to yours.

In addition, subject to the approval of the Company's Board of Directors, the Company is prepared to issue to you options to purchase 235,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. Additionally, provided you achieve the cumulative revenue goals for the second half of 1998 and the first half of 1999, the company is prepared to issue to you options to purchase an additional 65,000 shares in January of 1999. Any Options will be issued pursuant to the Company's 1996 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. The right to exercise any vested Options shall expire within ninety (90) days of the termination of your employment with Interwoven.

The Company will assist you with reasonable and mutually agreed temporary housing and rental car expenses in the Los Altos area through July of 1998. It is the Company's expectation that you will complete your permanent relocation to the Bay Area no later than the end of August 1998. The Company will reimburse you for up to $20,000 in actual moving-related expenses.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or

her general knowledge and experience -- no matter when or how

gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement," please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about you joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will relationship employment. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with respect to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by May 6, 1998.

Yours truly,
/s/ Martin W. Brauns
Martin W. Brauns
President and CEO

ACCEPTED:
/s/ Mike Backlund

Mike Backlund

EXHIBIT 10.10

[INTERWOVEN LETTERHEAD]

January 20, 1997

John Chang
915 Lantana Dr
Sunnyvale, CA 94086

RE: Offer Letter

Dear John,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as Vice President of Marketing starting by February 3, 1997, at a base monthly salary of $10,417 payable monthly. Interwoven will provide you with basic medical insurance coverage from Lifeguard. You will also be entitled to the benefits that Interwoven customarily makes available to employees in positions comparable to yours.

In addition, the Company's Board of Directors has authorized the issuance to you of options to purchase 180,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. The Options will be issued pursuant to the Company's 1996 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. The right to exercise any vested Options shall expire within forty-five (45) days of the termination of your employment with Interwoven.

You will have a bonus plan which will include additional stock options and cash payments. For on-plan performance, you should expect a total cash compensation to be $200,000 for 1997 and an additional 30,000 options of shares. For outstanding performance, you should expect that your total cash compensation for 1997 to be $250,000 and to have an additional 60,000 options. We will, in good faith, work out the details of the definitions for on-plan performance and outstanding performance. But as a first cut, I would measure on-plan performance as Interwoven achieving a $3,000,000 revenue for 1997. For outstanding performance, I would include a profitability measure and a $4,500,000 revenue target.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its

employees. This Agreement does not prevent a former employee from using his or her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement," please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about your joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will relationship employment. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with regard to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by January 21, 1997.

Yours truly,
/s/ Peng T. Ong
Peng T. Ong
President and CEO

ACCEPTED:
/s/ John Chang

John Chang

1/20/97

Date

EXHIBIT 10.11

[INTERWOVEN LETTERHEAD]

December 11, 1998

Jeffrey E. Engelmann
9 Lupine Avenue
San Francisco, CA 94118

Re: Offer Letter

Dear Jeff:

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as Vice President of Business Development starting on or before January 15, 1999 at a base annual salary of $130,000. This position will report to Martin Brauns, President & CEO. Compensation will include an incentive bonus of $40,000. This bonus will be paid based on MBO's mutually agreed between you and your manager. You are entitled to the benefits that Interwoven customarily makes available to its employees.

Interwoven will assist you with reasonable expenses associated with your relocation to the Bay Area. The Company will reimburse up to $2,000 in actual moving-related expenses. Please submit receipts.

In addition, subject to the approval of the Company's Board of Directors, you shall be entitled to purchase 275,000 shares of Company Common Stock (the "Shares") at a price to be determined by the Board of Directors. The shares will vest over a four year period; twenty-five percent (25%) of the Shares will vest one year after the commencement of employment and, thereafter, an additional 1/48 of the shares will vest at the end of each month after the first anniversary of the commencement of employment. Shares that are not vested will be subject to repurchase by the Company at cost in the event of termination of employment. In the event of an "Involuntary Termination" (as defined in Attachment A), the Shares will vest through that termination date irrespective of the one year "cliff". Should Interwoven experience a Sale of the Company (as defined in Section 2.1 of the form of Stock Option Agreement for the Company's 1998 Stock Option Plan), the vesting of such Shares will accelerate and you will become vested with respect to an additional 50% of the total number of Shares immediately prior to the closing of the Sale of the Company. It will also be recommended to the Board that you be entitled to purchase an additional 130,000 shares of Common Stock with a risk of expiration based on MBO attainment for 1999, but otherwise subject to the same vesting terms as presented above.

The Company shall loan to you the full amount of the purchase price of the Shares (the "Loan"). The Loan shall bear interest at an annual rate of 6%. The

Loan will be evidenced by a promissory note in the form attached to this letter, shall be recourse as to all interest, and as to principal shall be recourse and non-recourse in such amounts as are mutually agreed by you and the Company. In the event the Company does not exercise its repurchase option as to "unvested" Shares, you may require the Company to do so at cost.

In the event of an Involuntary Termination, the Company shall pay you severance in an amount equal to two months base salary.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or
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her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement," please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about you joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will employment relationship. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of an covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relation ship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with respect to any of the items indicated above, please call me. Kindly

indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by December 16, 1998.

Very truly yours,

/s/ Martin Brauns
Martin Brauns
President & CEO

ACCEPTED:

/s/ Jeffrey E. Engelmann

Jeffrey E. Engelmann

12/15/98

Date

Attachment A

An Involuntary Termination is a termination of employment by Interwoven without "Cause." For such purposes, the term Cause means (i) the conviction of any felony; (ii) any willful act or acts of dishonesty undertaken by employee and intended to result in substantial gain or personal enrichment of employee at the expense of the Company; (iii) any willful act of gross misconduct that is materially and demonstrably injurious to the Company, or (iv) willful and continued failure to substantially perform his duties with the Company (other than incapacity due to physical illness); provided that the action or conduct
described in clause (iv) will constitute "Cause" only if it continues after the Company has provided employee with written notice thereof and a reasonable opportunity (if not less than 30 days) to cure the same.

An Involuntary Termination shall also include a termination by employee within 30 days following (i) the relocation of the Company's principal executive offices, or of employee's principal place of business, more than fifty (50) miles from the Company's executive offices in Sunnyvale, California, or (ii) a material diminution in employee's salary or benefits or reporting responsibilities not agreed to by employee.

EXHIBIT 10.12

[INTERWOVEN LETTERHEAD]

June 14, 1997

Steve Farber
514 Live Oak Lane
Redwood City, CA 94062

RE: Offer Letter

Dear Steve,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as Chief Operating Officer starting by June 16, 1997, at a base monthly salary of $10,000 payable monthly. Interwoven will provide you with basic medical insurance coverage. You will also be entitled to the benefits that Interwoven customarily makes available to employees in positions comparable to yours.

In addition, subject to the approval of the Company's Board of Directors, the Company is prepared to issue to you of options to purchase 480,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. The Options will be issued pursuant to the Company's 1996 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. The right to exercise any vested Options shall expire within forty-five (90) days of the termination of your employment with Interwoven.

Should Interwoven terminate your employment within the first year of employment, your severance package will include 60,000 shares and will ensure that you are paid at least $50,000 (pre-tax) for your employment at Interwoven.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or
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her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement," please call me.

We hope that you and Interwoven will find mutual satisfaction with your

employment. All of us at Interwoven are very excited about your joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an

equal right. Nothing in this letter is intended to modify this at will relationship employment. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with regard to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by June 16, 1997.

Yours truly,

/s/ Peng T. Ong

Peng T. Ong
President

ACCEPTED:

/s/ Steve Farber

Steve Farber

June 15, 1997

Date

EXHIBIT 10.13

[Interwoven Letterhead]

January 3, 1996 [SIC]

Jack Jia
6102 Royal Acorn Place
San Jose, CA 95120

RE: Offer Letter

Dear Jack,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as Senior Software Engineer starting by January 27, 1997, at a base monthly salary of $5,833 payable monthly. It is our intent to adjust your base salary to $8,000 per month from April 1997.

In addition, the Company's Board of Directors has authorized the issuance to you of options to purchase 90,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. The Options will be issued pursuant to the Company's 1996 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. The right to exercise any vested Options shall expire within forty-five (45) days of the termination of your employment with Interwoven.

The, Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or
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her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement", please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about your joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will relationship employment. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your

employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with regard to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by January 7, 1996.

Yours truly,

/s/ Peng Tsin Ong

Peng Tsin Ong
President

ACCEPTED:

/s/ Jack Jia

Jack Jia

1/7/97

Date

EXHIBIT 10.14

[Interwoven Letterhead]

February 29, 1996

Peng Tsin Ong
36 Waterside Circle
Redwood City, CA 94065

Dear Peng,

Re: Offer Letter

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as President and Chief Executive Officer starting on March 1, 1996, at a monthly salary of $4,000 payable monthly. In addition, you will be compensated $8,000 for the work you have already performed for the Company in January and February 1996. You will also be entitled to the benefits that interwoven customarily makes available to employees in positions comparable to yours.

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his or
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her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement", please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about your joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will relationship employment. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be

terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may

Initial: PTO
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only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with regard to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by March 1, 1996.

Yours truly,

/s/ Peng Tsin Ong

Peng Tsin Ong
Chairman

ACCEPTED:

Peng Tsin Ong

Peng-Tsin Ong

1 March `96

Date

[INTERWOVEN LETTERHEAD]

EXHIBIT 10.15

February 18, 1999

Mr. Joe Ruck
780 Ringwood Avenue
Menlo Park, CA 94025

RE: Revised Offer Letter

Dear Joe,

Interwoven, Inc. (the "Company" or "Interwoven") is pleased to offer you a position as Vice President of Marketing at a base annual salary of $140,000. You will be eligible to receive additional incentive bonus compensation of $60,000 for a total target compensation package of $200,000. The $60,000 bonus will be paid subject to the 1999 Executive Staff MBO Plan and BOD approval. This position will report to Martin Brauns, President and CEO. You will be entitled to the benefits that Interwoven customarily makes available to employees in positions comparable to yours.

In addition, subject to the approval of the Company's Board of Directors, the Company is prepared to issue to you options to purchase 320,000 shares (the "Options") of Company Common Stock at a price to be determined by the Board of Directors. The Options will be issued pursuant to the Company's 1998 Option Plan and will vest with respect to 25% of the shares subject to the Options one year after the date of the grant and, thereafter, with respect to an additional 1/48 of shares subject to the Options at the end of each calendar month after the first anniversary of the date of grant. It will also be recommended to the Board that you be entitled to purchase an additional 50,000 shares of Common Stock with a risk of expiration based on MBO attainment for 1999, but otherwise subject to the same vesting terms as presented above. In the event of an Involuntary Termination without cause, your options will vest monthly (1/48) from the date of the grant irrespective of the one year "cliff". The right to exercise any vested Options shall expire within ninety (90) days of the termination of your employment with Interwoven.

The Company shall loan to you the full amount of the purchase price of the Shares (the "Loan"). The Loan shall bear interest at an annual rate of 6%. The Loan will be evidenced by a promissory note. It shall be recourse as to all interest, and as to principal shall be recourse and non-recourse in such amounts as are mutually agreed by you and the Company. In the event the Company does

not exercise its repurchase option as to "unvested" Shares, you may require the Company to do so at cost.

Initial: /s/ JR

The Company asks that you complete the enclosed "Employee Information and Inventions Agreement" prior to commencing employment. In part, this Agreement requests that a departing employee refrain from using or disclosing Interwoven's Confidential Information (as defined in the Agreement) in any manner which might be detrimental to or conflict with the business interests of Interwoven or its employees. This Agreement does not prevent a former employee from using his
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or her general knowledge and experience -- no matter when or how gained -- in any new field or position. If you should have any questions about the "Employee Confidential Information and Inventions Agreement", please call me.

We hope that you and Interwoven will find mutual satisfaction with your employment. All of us at Interwoven are very excited about you joining our team and look forward to a beneficial and fruitful relationship. Nevertheless, employees have the right to terminate their employment at any time with or without cause or notice, and the Company reserves for itself an equal right. Nothing in this letter is intended to modify this at will employment relationship. We both agree that any dispute arising with respect to your employment, the termination of that employment, or a breach of any covenant of good faith and fair dealing related to your employment, shall be conclusively settled by arbitration in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association (AAA) at the AAA office in San Jose.

For purposes of federal immigration law, you will be required to provide Interwoven documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship will be terminated.

This letter and the "Employee Confidential Information and Inventions Agreement" contain the entire agreement with respect to your employment. The terms of this offer may only be changed by written agreement, although the Company may from time to time, in its sole discretion, adjust the salaries and benefits paid to you and its other employees. Should you have any questions with respect to any of the items indicated above, please call me. Kindly indicate your consent to this employment agreement by signing and returning a copy of this letter and a completed "Employee Confidential Information and Inventions Agreement" to me by February 19, 1999.

Yours truly,

/s/ Martin Brauns

Martin Brauns
President & CEO

ACCEPTED:

/s/ Joe Ruck

_____
Joe Ruck

2/20/99

_____
Date

EXHIBIT 10.16

CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE

This Confidential Separation Agreement and Release ("Agreement") is entered into effective November 25, 1998 ("Effective Date") between Interwoven, Inc. ("Interwoven") a California corporation, and John Chang ("Mr. Chang"), (jointly referred to as the "Parties").

RECITALS

WHEREAS, Mr. Chang has been employed by Interwoven as Vice President of Marketing;

WHEREAS, Mr. Chang and Interwoven desire to discontinue the employment relationship between them on the terms and subject to the conditions described in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, the Parties agree as follows:

TERMS

1. Separation Date. Mr. Chang's employment with Interwoven is terminated effective January 1, 1999 (the "Separation Date"). Mr. Chang agrees and understands that effective as of the Separation Date or such earlier date as Interwoven may hereafter advise, he is no longer authorized to incur any expenses or obligations or liabilities on behalf of Interwoven.

2. Transition Period. During the period through January 1, 1999 (the "Transition Period"), Mr. Chang shall continue to report directly to Mr. Martin Brauns, the President and Chief Executive Officer of Interwoven, and have such duties and responsibilities as determined by Mr. Brauns, provided, however, that if Interwoven employs a successor Vice President of Marketing prior to the Separation Date, Mr. Chang will thereupon report directly to such successor. During the Transition Period, Mr. Chang's salary will continue to be $11,500.00 per month (less applicable deductions and withholdings) payable in accordance with the Company's customary payroll practices. From and after the Effective Date and through March 31, 1999, Mr. Chang may seek and commence new employment provided that any such employer or prospective employer does not compete with Interwoven; after March 31, 1999 Mr. Chang is free to seek employment with any company.

3. Separation Period. For a period of three months after the Separation Date, through and including March 31, 1999 (the "Separation Period"), Mr. Chang will continue to make himself available at mutually agreeable times and location(s) to aid Interwoven and its succeeding Vice President of Marketing in their transition. As consideration for his agreement to perform services as a part-time employee, Interwoven agrees to pay Mr. Chang $11,500.00 for each of the three full calendar months in the Separation Period, to be paid (less regular payroll deductions and applicable withholdings) on Interwoven's normal payroll dates.

4. Bonus. As an officer of the Company, Mr. Chang may be eligible to participate in Interwoven's executive bonus program for fiscal year 1998. Mr. Chang and Interwoven understand and agree that the decision as to whether a bonus for fiscal year 1998

will be paid to Mr. Chang and, if so, the amount of such bonus, will be determined as follows: If Interwoven's 1998 (calendar year) revenues equal or exceed Four Million Dollars, then it will be recommended to Interwoven's Board of Directors that Mr. Chang receive a bonus of $55,000; in addition, if Mr. Chang achieves the expense management MBO set forth in that May 11, 1998 "Bonus Program for John Chang", it will be recommended to the Board of Directors that Mr. Chang receive a bonus of $9,167. Interwoven agrees that its Board of Directors shall consider and act upon each such recommendation in good faith. Mr. Chang will not be eligible to participate in Interwoven's executive bonus program for periods after fiscal year 1998.

5. Employee Benefits. Mr. Chang's participation in any employee benefit plans that are sponsored by Interwoven, including but not limited to medical, dental and disability insurance benefits, will continue during the Transition Period and, to the extent his participation in such plans is permitted pursuant to the terms and conditions of such plans, during the Separation Period. If, following the Separation Date, Mr. Chang is no longer eligible to participate in Interwoven's health insurance programs as an active employee of Interwoven, he, his spouse and any dependents covered by such health insurance programs, will be eligible for continued coverage as provided in the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Interwoven will provide Mr. Chang, his spouse and any dependents covered by such health insurance programs, COBRA coverage at its expense for the Separation Period, and for such additional period thereafter at Mr. Chang's expense as authorized by COBRA, provided that Mr. Chang timely completes the requisite forms to obtain such continued coverage. No vacation benefits will accrue during the Separation Period.

6. Vesting of Shares. Mr. Chang currently holds options (the "Options") to purchase a total of 250,000 shares of Interwoven Common Stock (the "Options Shares"). The Options will continue to vest during the Transition Period and

the Separation Period as if Mr. Chang were a full and active employee, and may be exercised by Mr. Chang at any time until ninety (90) days following the end of the Separation Period. Mr. Chang may, at any time during the ninety day period, exercise the Options as to all shares that have vested on or before March 31, 1999. Up to and during the ninety day period, Mr. Chang shall have the same rights as an executive of the Company to benefit from any accelerated vesting of his shares as described in the "Incentive Stock Option Agreement" and "1996 Stock Option Plan." The accelerated vesting is described in "Exhibit 7 of the Incentive Stock Option Agreement," attached to this Agreement as Exhibit "A." Exhibit "B" to this Agreement sets forth the number of Option Shares that are currently Unvested Shares under each Option and the rate at which Unvested Shares become Vested Shares under each Option. Mr. Chang acknowledges that all other options and commitments regarding stock options will terminate on the Effective Date.

7. Acknowledgment of Payment of Wages. On the Separation Date, Interwoven will deliver to Mr. Chang a final paycheck for all accrued wages, salary, reimbursable expenses, and accrued but unused vacation due and owing to him from Interwoven as of the Separation Date. As of the date hereof, Mr. Chang has accrued but unused vacation of 127.30 hours.

8. Representation by Counsel. Each of the Parties hereto acknowledges that they have been represented by counsel of their choice and that this Agreement has been executed with the consent and on the advice of such legal counsel. Both parties further acknowledge that they and their counsel have had adequate opportunity to make whatever investigation or inquiry deemed necessary or desirable in connection with the subject matter of this Agreement prior to the execution hereof and the acceptance of the consideration specified herein.

9. Proprietary Information. Mr. Chang hereby acknowledges that he is bound by the Interwoven Employee Confidential Information and Inventions Agreement (the "Employee Agreement"), a copy of which is attached hereto. Mr. Chang further agrees that on the Separation Date he will deliver to Interwoven all documents and data of any nature containing or pertaining to such Proprietary Information and that he will not take with him any such documents or data or any reproduction thereof. However, this paragraph 9 shall in no way interfere with Mr. Chang's ability to disclose such confidential and/or proprietary information, as may be required or reasonably necessary in response to a validly issued subpoena or pursuant to court order, or in connection with a legal defense or to cooperate with governmental agencies in any investigation or inquiry involving such confidential or Proprietary Information. Mr. Chang shall promptly provide Interwoven with advance notice of any subpoena, discovery request or court order which purports to require disclosure of confidential and/or proprietary information.

10. Confidentiality. This Agreement is intended to be strictly confidential. The Parties hereby agree not to communicate the content, terms, and conditions of this Agreement to any person or entity other than to enforce the terms hereof, to bona fide investors in connection with prospective investments in, or acquisitions of, the Company, and as required by law. The provisions of this Section 10 shall not prohibit communications made to the spouse of Mr. Chang, shareholders, directors, partners, employees, attorneys, accountants, insurers, or tax or financial advisers of a Party provided that those communications are reasonably necessary to the execution and performance of this Agreement or for such other purpose as may be required by law, and the shareholder, director, partner, employee, attorney, accountant, insurer, or tax or financial adviser is duly informed of the confidentiality requirement.

11. Release. The payments and agreements set forth in this Agreement are in full satisfaction of any and all accrued salary, vacation pay, bonus pay, profit-sharing, termination benefits, stock options, stock rights or other compensation to which Mr. Chang may be entitled by virtue of his employment with Interwoven or the termination of his employment with Interwoven. Mr. Chang, on behalf of himself, his representatives, heirs, executors, attorneys and agents, and each of the foregoing, hereby forever releases and discharges Interwoven and its representatives, heirs, executors, attorneys, agents, officers, shareholders, directors, employees, partners, parent corporations, subsidiaries, affiliates, divisions, successors and assigns, and each of the foregoing, from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts agreements, promises, liabilities, demands, losses, damages, costs or expenses, including without limitation court costs and attorneys' fees, which Mr. Chang may have against Interwoven or any of its

officers, employees, or agents at the time of the execution of this Agreement, known or unknown, arising out of, or in connection with, or relating directly or indirectly to Mr. Chang's employment with Interwoven or the termination of Mr. Chang's employment with Interwoven. In addition, Interwoven, on behalf of itself, its representatives, heirs, executors, attorneys, agents, officers, shareholders, directors, employees, partners, parent corporations, subsidiaries, affiliates, divisions, successors and assigns, and each of the foregoing hereby forever releases and discharges from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, demands, losses, damages, costs or expenses, including without limitation court costs and attorneys' fees, which Interwoven may have against Mr. Chang, his spouse, his representatives, heirs, executors, attorneys and agents and each of the foregoing, at the time of the execution of this Agreement, known or unknown, arising out of, or in connection with, or relating directly or indirectly to Mr. Chang's employment with Interwoven or the termination of Mr. Chang's employment with Interwoven (hereinafter, the matters released by Chang and by Interwoven in this paragraph 11 are collectively referred to as the "Released Matters").

EACH OF THE PARTIES ACKNOWLEDGES THAT THIS RELEASE EXTENDS TO CLAIMS WHICH A PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR ITS FAVOR, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED HIS OR ITS DECISION TO ENTER INTO THIS RELEASE. EACH PARTY ACKNOWLEDGES THAT IT IS FAMILIAR WITH SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH PROVIDES AS FOLLOWS:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

EACH PARTY EXPRESSLY WAIVES AND RELINQUISHES ANY RIGHT OR BENEFIT WHICH HE OR IT HAS OR MAY HAVE UNDER SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, OR ANY OTHER STATUTE OR LEGAL PRINCIPLE WITH SIMILAR EFFECT.

In connection with such waiver and relinquishment, each Party acknowledges that it is aware that, after executing this Agreement, it or its attorneys or agents may discover claims or facts in addition to or different from those which it now knows or believes to exist with respect to the Released Matters, this Agreement, or the parties thereto, but that it is its intention hereby fully, finally and forever to settle and release all of the claims, matters, disputes and differences known or unknown, suspected, or unsuspected, which now exist, or heretofore may have existed against each other in connection with the Released Matters. In furtherance of this intention, the release herein given shall be and remain in effect as a full

and complete release notwithstanding the discovery or existence of any such additional or different claim or fact.

12. Transition Period Release. On the Separation Date, Mr. Chang will sign and deliver to the Company a Transition Period Release Certificate, in the form attached to this Agreement as Exhibit "C." Mr. Chang's execution and delivery of this Certificate is a condition precedent to the Company's obligations under paragraphs 3, 4, 5, 6 and 13.

13. Email; Telephone; Voice-Mail; Computer.

(a) Interwoven agrees to continue and maintain Mr. Chang's Interwoven e-mail address throughout the term of the Transition Period and the Separation Period, provided that Mr. Chang promptly redirects to Interwoven all e-mails received that are related to Interwoven business. All such e-mails relating to Interwoven business shall be Proprietary Information subject to the Employee Agreement.

(b) Interwoven agrees to maintain Mr. Chang's voice-mail address at Interwoven through the Transition Period and the Separation Period, and thereafter shall provide to inquirers a telephone number, as supplied in writing by Mr. Chang, to which calls may be placed to him.

(c) Mr. Chang shall be entitled to continue to use, throughout the term of the Transition Period and the Separation Period, that notebook computer (Serial No. 78-A3522) provided to him by Interwoven. Mr. Chang agrees to return such computer promptly after the Separation Period.

14. Successors and Assigns. The provisions of this Agreement and the Release contained herein shall extend and inure to the benefit of and be binding upon, in addition to the Parties hereto, just as if they had executed this Agreement, the respective legal heirs and assigns of each of the Parties hereto and their spouses, descendants, ancestors, dependents, heirs, executors, administrators, directors, officers, partners, attorneys, agents, servants, employees, representative, affiliates, parents, subsidiaries, shareholders, predecessors, successors and assigns and each of the foregoing.

15. Representations as to Authority. Each of the Parties hereto represents and warrants it has the sole right and exclusive authority to execute this Agreement and that it has not sold, assigned, transferred, conveyed, or otherwise disposed of any claim or demand, or any portion of or interest in any claim or demand, relating to any matter covered by this Agreement.

16. Legal and Equitable Remedies. Both Parties agree that each Party shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights or remedies that party may have at law or in equity for breach of this Agreement.

17. Attorneys' Fees. If any action at law or in equity is brought to enforce the terms of this Agreement, the prevailing Party shall be entitled to recover its reasonable

attorneys' fees, costs and expenses from the other Party, in addition to any other relief to which such prevailing Party may be entitled.

18. Entire Agreement. This Agreement constitutes the entire agreement between Mr. Chang and Interwoven with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, relating to such subject matter. Mr. Chang acknowledges that neither Interwoven nor its agents or attorneys, have made any promise, representation or warranty

whatsoever, whether written or oral, which is not contained in this Agreement, for the purposes of inducing Mr. Chang to execute the Agreement, and Mr. Chang acknowledges that he has executed this Agreement in reliance only upon such promises, representations and warranties as are contained herein.

19. Modification. It is expressly agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, duly executed by authorized representatives of each of the parties hereto.

20. Severability. If any provision of this Agreement is held to be void, voidable, unlawful, or unenforceable, the remaining portions of this Agreement will continue in full force and effect, except that if Mr. Chang's release of claims set forth in Paragraph 11 above is deemed void, voidable, unlawful, or unenforceable as a direct result of any legal action brought by Mr. Chang, then Interwoven, at its sole option, will be relieved of any remaining obligation under this Agreement and is entitled to recover any payments made to Mr. Chang under this Agreement for the Separation Period only and to repurchase at cost all of the Option Shares that were Unvested Shares as of the date of the Separation Date.

21. Interpretation. This Agreement is made, and will be construed, under California law.

IN WITNESS WHEREOF, each of the Parties hereto has duly executed this Agreement as of the date and year set forth below.

Dated: 11/25, 1998

JOHN CHANG

By: /s/ John Chang

John Chang

Dated: 11/20, 1998

INTERWOVEN, INC.

By: /s/ Martin Brauns

Martin Brauns,
President and Chief
Executive Officer

INSERT EXHIBIT A: "Exhibit 7 of the Incentive Stock Option Agreement"

EXHIBIT B

Option Grant	Number of Option Shares	Vested as of 1/1/99	Exercise Price
2/10/97	180,000 shares	82,500 shares	$0.06/share
3/9/98	70,000 shares	0 shares	$0.12/share

Option Grant	Number of Option Shares	Vested as of 3/31/99	Exercise Price
2/10/97	180,000 shares	93,750 shares	$0.06/share
3/9/98	70,000 shares	17,500 shares	$0.12/share

EXHIBIT C

TRANSITION PERIOD RELEASE CERTIFICATE

As an inducement to, and condition precedent to Interwoven's performance of its obligation during the Separation Period under that Confidential Separation Agreement and Release ("Agreement"), Mr. Chang hereby agrees and warrants as follows:

a. I have not filed any charge, complaint or legal action in any court, before any administrative agency, or in or before any other forum, against or naming Interwoven as a party.

b. On behalf of myself, my representatives, heirs, executors, attorneys and agents, and each of the foregoing, I hereby forever release and discharge Interwoven and its representatives, heirs, executors, attorneys, agents, officers, shareholders, directors, employees, partners, parent corporations, subsidiaries, affiliates, divisions, successors and assigns, and each of the foregoing, from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts agreements, promises, liabilities, demands, losses, damages, costs or expenses, including without limitation court costs and attorneys' fees, which I may have against Interwoven or any of its officers, employees, or agents at the time of the execution of this Certificate, known or unknown, arising out of, or in connection with, or relating directly or indirectly to my employment with Interwoven or the termination of my employment with Interwoven, as et forth in detail in Paragraph 11 of the attached Agreement.

c. In the event of a breach of this Certificate, Interwoven may, at its option, have the benefit of and obtain specific performance of the release and the obligations set forth in the attached Agreement, or obtain a refund of any amounts paid or to be paid by Interwoven under the Agreement, and in addition recover any actual damages suffered by Interwoven, including any attorneys' fees and other expenses incurred in connection therewith.

Dated: 12/30, 1998

JOHN CHANG

By: /s/ John Chang

John Chang

EXHIBIT 10.17

CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE

This Confidential Separation Agreement and Release ("Agreement") is entered into effective February 12, 1998 ("Effective Date") between Interwoven, Inc. ("Interwoven") a California corporation, and Steven Farber ("Mr. Farber"), (jointly referred to as the "Parties").

RECITALS

WHEREAS, Mr. Farber has been employed by Interwoven as President and Chief Executive Officer;

WHEREAS, Mr. Farber and Interwoven desire to discontinue the employment relationship between them on the terms and subject to the conditions described in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, the Parties agree as follows:

TERMS

1. Separation Date. Mr. Farber's employment with Interwoven as President and Chief Executive Officer is terminated effective February 12, 1998 (the "Separation Date"). Mr. Farber agrees and understands that effective as of the Separation Date, he is no longer authorized to incur any expenses or obligations or liabilities on behalf of Interwoven.

2. Separation Period. For a period of approximately five and one-half months, through and including August 1, 1998, (the "Separation Period"), Mr. Farber will continue to make himself available at mutually agreeable times and location(s) as a part-time employee of Interwoven to aid Interwoven and its succeeding Vice President of Sales and its succeeding Chief Executive Officer in their transition. As consideration for his agreement to perform services as a part-time employee, Interwoven agrees to pay Mr. Farber (i) a pro-rata portion of $10,000.00 for the period commencing on the Effective Date and concluding on February 28, 1998, (ii) $10,000.00 for each of the five full calendar months in the Separation Period, to be paid (less regular payroll deductions and applicable withholdings) on Interwoven's normal payroll dates, and (iii) Twenty-Thousand Dollars ($20,000.00) to be paid (less regular payroll deductions and applicable withholdings) on August 1, 1998. Mr. Farber understands and agrees that following the Separation Period, he will not be reemployed by Interwoven

and that he will not apply for or otherwise seek employment with Interwoven at any time.

3. Employee Benefits. Mr. Farber's participation in any employee benefit plans that are sponsored by Interwoven, including but not limited to medical, dental and disability insurance benefits, will continue for the Separation Period to the extent his participation in such plans is permitted pursuant to the terms and conditions of such plans. If, following the Separation Date, Mr. Farber is no longer eligible to participate in Interwoven's health insurance programs as an active employee of Interwoven, he, his spouse and any dependents covered by such health insurance programs, will be eligible for continued coverage as provided in the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Interwoven will provide Mr. Farber, his spouse and any dependents covered by such health insurance programs, COBRA coverage at its expense for the Separation Period, and for such additional period thereafter at Mr. Farber's expense as authorized by COBRA, provided that Mr. Farber timely completes the requisite forms to obtain such continued coverage.

4. Vesting of Shares. Mr. Farber currently holds options to purchase One Hundred Ninety-Six Thousand shares of Interwoven Common Stock (the "Option Shares"). Effective on the Separation Date, Mr. Farber may exercise such options to acquire all of the Option Shares. From and after the Effective Date, none of the Option Shares will be subject to a right of repurchase in favor of Interwoven; all of the Option Shares are vested as of the Effective Date. Mr. Farber may exercise his options pursuant to Interwoven's customary stock option plan stock purchase agreement at any time during the Separation Period and for a period of ninety (90) days following the end of the Separation Period. Mr. Farber may acquire the Option Shares through the payment of cash and, for an amount not to exceed 90% of the exercise price, by delivery of a non-interest bearing full recourse promissory note due on October 31, 1998.

5. Representation by Counsel. Each of the Parties hereto acknowledges that they have been represented by counsel of their choice and that this Agreement has been executed with the consent and on the advice of such legal counsel. Both parties further acknowledge that they and their counsel have had adequate opportunity to make whatever investigation or inquiry deemed necessary or desirable in connection with the subject matter of this Agreement prior to the execution hereof and the acceptance of the consideration specified herein.

6. Board of Directors. Mr. Farber hereby resigns from Interwoven's Board of Directors.

7. Return of Company Property. Mr. Farber hereby represents and warrants

to Interwoven that he has returned to Interwoven any and all of Interwoven's property or data of any type whatsoever that was in his possession or control.

8. Proprietary Information. Mr. Farber hereby acknowledges that he is bound by the Interwoven Employee Confidential Information and Inventions Agreement (the "Employee Agreement"), a copy of which is attached hereto. Mr. Farber further confirms that he has delivered to Interwoven all documents and data of any nature containing or pertaining to such Proprietary Information and that he has not taken with him any such documents or data or any reproduction thereof. However, this paragraph 8 shall in no way interfere with Mr. Farber's ability to disclose such confidential and/or proprietary information, as may be required or reasonably necessary in response to a validly issued subpoena or pursuant to court order, or in connection with a legal defense or to cooperate with governmental agencies in any investigation or inquiry involving such confidential or Proprietary Information. Mr. Farber shall promptly provide Interwoven with advance notice

of any subpoena, discovery request or court order which purports to require disclosure of confidential and/or proprietary information.

9. Confidentiality and NonDisparagement. This Agreement is intended to be strictly confidential. The Parties hereby agree not to communicate the content, terms, and conditions of this Agreement to any person or entity other than to enforce the terms hereof, to bona fide investors in connection with prospective investments in, or acquisitions of, the Company, and as required by law. The provisions of this Section 9 shall not prohibit communications made to shareholders, directors, partners, employees, attorneys, accountants, insurers, or tax or financial advisers of a Party provided that those communications are reasonably necessary to the execution and performance of this Agreement or for such other purpose as may be required by law, and the shareholder, director, partner, employee, attorney, accountant, insurer, or tax or financial adviser is duly informed of the confidentiality requirement. Interwoven shall designate a single officer or member of the board of directors, reasonably acceptable to Mr. Farber, to reply to any and all reference inquiries it may receive about Mr. Farber. Interwoven agrees that each reference provided by Interwoven shall confirm Mr. Farber's tenure as an officer of Interwoven, that he discharged his responsibilities in good faith, describe the Company's progress during his tenure, and report accurately and positively on his performance. Each Party hereby agrees not to make any remarks about any other Party that could reasonably be construed as disparaging, provided that this prohibition shall not apply to remarks concerning events or occurrences which take place after the Effective Date and which are not related to the subject matter hereof.

10. Representation Regarding Existing Claims. Mr. Farber hereby warrants that as of the Effective Date of this Agreement, he has not filed any charge,

complaint or legal action in any court, before any administrative agency, or in or before any other forum, naming Interwoven as a party.

11. Release. The payments and agreements set forth in this Agreement are
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in full satisfaction of any and all accrued salary, vacation pay, bonus pay, profit-sharing, termination benefits, stock options, stock rights or other compensation to which Mr. Farber may be entitled by virtue of his employment with Interwoven or the termination of his employment with Interwoven, other than his regular compensation for the period concluding February 11, 1998 which shall be paid (less regular payroll deductions and applicable withholdings) on its scheduled payroll date. Mr. Farber, on behalf of himself, his representatives, heirs, executors, attorneys and agents, and each of the foregoing, hereby forever releases and discharges Interwoven and its representatives, heirs, executors, attorneys, agents, officers, shareholders, directors, employees, partners, parent corporations, subsidiaries, affiliates, divisions, successors and assigns, and each of the foregoing, from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts agreements, promises, liabilities, demands, losses, damages, costs or expenses, including without limitation court costs and attorneys' fees, which Mr. Farber may have against Interwoven or any of its officers, employees, or agents at the time of the execution of this Agreement, known or unknown, arising out of, or in connection with, or relating directly or indirectly to Mr. Farber's employment with Interwoven or the termination of Mr. Farber's employment

with Interwoven; in addition, Interwoven, on behalf of itself, its representatives, heirs, executors, attorneys, agents, officers, shareholders, directors, employees, partners, parent corporations, subsidiaries, affiliates, divisions, successors and assigns, and each of the foregoing from any and all manner of action, claim or cause of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, demands, losses, damages, costs or expenses, including without limitation court costs and attorneys' fees, which Interwoven may have against Mr. Farber, his representatives, heirs, attorneys and agents at the time of the execution of this Agreement, known or unknown, arising out of, or in connection with, or relating directly or indirectly to Mr. Farber's employment with Interwoven or the termination of Mr. Farber's employment with Interwoven (other than breaches of the Employee Agreement) (hereinafter, the matters released by Farber and by Interwoven in this paragraph 11 are collectively referred to as the "Released Matters").

EACH OF THE PARTIES ACKNOWLEDGES THAT THIS RELEASE EXTENDS TO CLAIMS WHICH A PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR ITS FAVOR, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED HIS OR ITS DECISION TO ENTER INTO THIS RELEASE. EACH PARTY ACKNOWLEDGES THAT IT IS FAMILIAR WITH SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH PROVIDES AS FOLLOWS:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF

EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

EACH PARTY EXPRESSLY WAIVES AND RELINQUISHES ANY RIGHT OR BENEFIT WHICH HE OR IT HAS OR MAY HAVE UNDER SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, OR ANY OTHER STATUTE OR LEGAL PRINCIPLE WITH SIMILAR EFFECT.

In connection with such waiver and relinquishment, each Party acknowledges that it is aware that, after executing this Agreement, it or its attorneys or agents may discover claims or facts in addition to or different from those which it now knows or believes to exist with respect to the Released Matters, this Agreement, or the parties thereto, but that it is its intention hereby fully, finally and forever to settle and release all of the claims, matters, disputes and differences known or unknown, suspected, or unsuspected, which now exist, or heretofore may have existed against each other in connection with the Released Matters. In furtherance of this intention, the release herein given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claim or fact.

12. Successors and Assigns. The provisions of this Agreement and the Release contained herein shall extend and inure to the benefit of and be binding upon, in addition to the Parties hereto, just as if they had executed this Agreement, the respective legal heirs and

assigns of each of the Parties hereto and their spouses, descendants, ancestors, dependents, heirs, executors, administrators, directors, officers, partners, attorneys, agents, servants, employees, representative, affiliates, parents, subsidiaries, shareholders, predecessors, successors and assigns and each of the foregoing.

13. Representations as to Authority. Each of the Parties hereto represents and warrants it has the sole right and exclusive authority to execute this Agreement and that it has not sold, assigned, transferred, conveyed, or otherwise disposed of any claim or demand, or any portion of or interest in any claim or demand, relating to any matter covered by this Agreement.

14. Legal and Equitable Remedies. Both Parties agree that each Party shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights or remedies that party may have at law or in equity for breach of this Agreement.

15. Attorneys' Fees. If any action at law or in equity is brought to enforce the terms of this Agreement, the prevailing Party shall be entitled to

recover its reasonable attorneys' fees, costs and expenses from the other Party, in addition to any other relief to which such prevailing Party may be entitled.

16. Email; Telephone; Voice-Mail.

(a) With respect to Mr. Farber's Interwoven e-mail address, Interwoven agrees to continue and maintain it throughout the term of the Separation Period provided that Mr. Farber promptly redirects to Interwoven all e-mails received that are related to Interwoven business; all such e-mails shall be Proprietary Information subject to the Employee Agreement.

(b) Interwoven agrees to maintain Mr. Farber's voice-mail address at Interwoven through March 16, 1998 and, thereafter through the Separation Period, shall provide to inquirers a telephone number, as supplied in writing by Mr. Farber, to which calls may be placed to him.

(c) Mr. Farber agrees to promptly pay to Interwoven the cost of his cellular telephone and to arrange at the earliest practicable time for the removal of Interwoven from his GTE cellular telephone account. Until that time, Interwoven shall timely pay the associated fees and expenses provided that Mr. Farber reimburses such payment within five (5) calendar days of delivery to him of a request for reimbursement accompanied by a copy of the invoice.

17. Voting Trust. Provided that such request (i) is a term of the hiring of a successor Chief Executive Officer, and (ii) such successor meets with Mr. Farber to provide a reasonable explanatory background for the request, Mr. Farber agrees that upon request of the Company he will place his Option Shares in a voting trust administered by the Company's Board of Directors.

18. Entire Agreement. This Agreement constitutes the entire agreement between Mr. Farber and Interwoven with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral, relating to such subject matter, except that Mr. Farber's Employee Agreement, remains in effect. Mr. Farber acknowledges that neither Interwoven nor its agents or attorneys, have made any promise, representation or warranty whatsoever, whether written or oral, which is not contained in this Agreement, for the purposes of inducing Mr. Farber to execute the Agreement, and Mr. Farber acknowledges that he has executed this Agreement in reliance only upon such promises, representations and warranties as are contained herein.

19. Modification. If is expressly agreed that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, duly executed by authorized representatives of each of the Parties hereto.

20. Severability. If any provision of this Agreement is held to be void, voidable, unlawful, or unenforceable, the remaining portions of this Agreement will continue in full force and effect, except that if Mr. Farber's release of claims set forth in Paragraph 11 above is deemed void, voidable, unlawful, or unenforceable, then Interwoven, at its sole option, will be relieved of any remaining obligation under this Agreement and entitled to recover any payments made to Mr. Farber under this Agreement and to repurchase the Option Shares at cost.

21. Interpretation. This Agreement is made, and will be construed, under California law.

IN WITNESS WHEREOF, each of the Parties hereto has duly executed this Agreement as of the date and year set forth below.

Dated: February 13, 1998

STEVEN FARBER

By: /s/ Steven Farber

Steven Farber

Dated: February 13, 1998

INTERWOVEN, INC.

By: /s/ Peng T. Ong

Peng Tsin Ong, Chairman
Interwoven, Inc.

EXHIBIT 10.18

Secured Promissory Note

Sunnyvale, California

$33,800.00 April 19, 1999

1. Obligation. In exchange for the issuance to the undersigned ("Purchaser") of One Hundred Thirty Thousand shares (the "Shares") of the Common Stock of Interwoven, Inc., a California corporation (the "Company"), receipt of which is hereby acknowledged, Purchaser hereby promises to pay to the order of the Company, at the Company's principal place of business at 1195 West Fremont Avenue, #2000, Sunnyvale, California 94087, or at such other place as the Company may direct, the principal sum of Thirty-Three Thousand Eight Hundred Dollars ($33,800.00) together with simple interest on the unpaid principal at the rate of 6.0%, which rate is not less than the minimum rate established pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the earliest date on which there was a binding contract in writing for the purchase of the Shares; provided, however, that the rate at which interest will accrue on unpaid principal under this Note will not exceed the highest rate permitted by applicable law. Interest on this Note shall be payable annually. The principal sum shall be due and payable upon the earlier of (i) an acquisition of the Company that includes acquisition of the Shares by the acquiror, (ii) an initial public offering of the Company's stock, in which event the principal sum shall become due in monthly installments in proportion to the periodic monthly expiration of the Company's Repurchase Option, (iii) Purchaser's termination of employment, in which event, to the extent the principal sum is not retired through the Company's repurchase of the shares, the principal sum shall be repayable in three equal annual installments commencing 90 days after termination, or (iv) five years. The principal sum may be repaid at any time by Purchaser without prepayment penalty.

2. Security. Payment of this Note is secured by a security interest in the Shares granted to the Company by Purchaser under a Stock Pledge Agreement dated of even date herewith between the Company and Purchaser (the "Pledge Agreement"). This Note is being tendered by Purchaser to the Company as the purchase price of the Shares pursuant to that certain Restricted Stock Purchase Agreement between Purchaser and the Company dated of even date with this Note (the "Purchase Agreement").

3. Default; Acceleration of Obligation. Purchaser will be deemed to be in

default under this Note and the principal sum of this Note, together with all interest accrued thereon, will immediately become due and payable in full: (a) ten (10) days after notice to Purchaser of Purchaser's failure to make any payment when due under this Note; (b) upon any transfer of any of the Shares (except a transfer to the Company or transfer to a revocable trust or a family trust for estate planning purposes); (c) upon the filing by or against Purchaser of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; or (d) upon the execution by Purchaser of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of Purchaser's assets or property.

4. Remedies On Default. Upon any default of Purchaser to pay (i) the first Eight Thousand Four Hundred Fifty Dollars ($8,450.00) in principal under this Note or (ii) interest on this Note through the date the Note becomes due and payable, the Company will have, in addition to its rights and remedies under this Note and the Pledge Agreement, full recourse against any real, personal, tangible or intangible assets of Purchaser, and may pursue any legal or equitable remedies that are available to it. Upon any default of Purchaser to pay principal under this Note in excess of Eight Thousand Four Hundred Fifty Dollars ($8,450.00) or interest accrued after the date the Note becomes due and payable, the Company's recourse shall be limited only to the Shares.

5. Rule 144 Holding Period. PURCHASER UNDERSTANDS THAT THE HOLDING PERIOD SPECIFIED UNDER RULE 144(d) OF THE SECURITIES AND EXCHANGE COMMISSION WILL NOT BEGIN TO RUN WITH RESPECT TO SHARES PURCHASED WITH THIS NOTE UNTIL EITHER (A) THE PURCHASE PRICE OF SUCH SHARES IS PAID IN FULL IN CASH OR BY OTHER PROPERTY ACCEPTED BY THE COMPANY, OR (B) THIS NOTE IS SECURED BY COLLATERAL, OTHER THAN THE SHARES THAT HAVE NOT BEEN FULLY PAID FOR IN CASH, HAVING A FAIR MARKET VALUE AT LEAST EQUAL TO THE AMOUNT OF PURCHASER'S THEN OUTSTANDING OBLIGATION UNDER THIS NOTE (INCLUDING ACCRUED INTEREST).

6. Prepayment. Prepayment of principal and/or interest due under this Note may be made at any time without penalty. Unless otherwise agreed in writing by the Company, all payments will be made in lawful tender of the United States and will be applied first to the payment of accrued interest, and the remaining balance of such payment, if any, will then be applied to the payment of principal. If Purchaser prepays all or a portion of the principal amount of this Note, the Shares paid for by the portion of principal so paid will continue to be held in pledge under the Pledge Agreement to serve as independent collateral for the outstanding portion of this Note for the purpose of commencing the holding period under Rule 144(d) of the Securities and Exchange Commission with respect to other Shares purchased with this Note, unless Purchaser notifies the Company in writing otherwise and the Company consents to release of the Shares from the Pledge Agreement.

7. Governing Law; Waiver. The validity, construction and performance of this Note will be governed by the internal laws of the State of California, excluding that body of law pertaining to conflicts of law. Purchaser hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

8. Attorneys' Fees. If suit is brought for collection of this Note, Purchaser agrees to pay all reasonable expenses, including attorneys' fees, incurred by the holder in connection therewith whether or not such suit is prosecuted to judgment.

IN WITNESS WHEREOF, Purchaser has executed this Note as of the date and year first above written.

Jeffrey E. Engelmann	/s/ Jeffrey E. Engelmann
Purchaser's Name	Purchaser's Signature

[Signature page to Interwoven, Inc. Secured Promissory Note]

Secured Promissory Note

Sunnyvale, California

$71,500.00 April 19, 1999

1. Obligation. In exchange for the issuance to the undersigned ("Purchaser") of Two Hundred and Seventy-Five Thousand shares (the "Shares") of the Common Stock of Interwoven, Inc., a California corporation (the "Company"), receipt of which is hereby acknowledged, Purchaser hereby promises to pay to the order of the Company, at the Company's principal place of business at 1195 West Fremont Avenue, #2000, Sunnyvale, California 94087, or at such other place as the Company may direct, the principal sum of Seventy-One Thousand Five Hundred Dollars ($71,500.00) together with simple interest on the unpaid principal at the rate of 6.0%, which rate is not less than the minimum rate established pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the earliest date on which there was a binding contract in writing for the purchase of the Shares; provided, however, that the rate at which interest will accrue on unpaid principal under this Note will not exceed the highest rate permitted by applicable law. Interest on this Note shall be payable annually. The principal sum shall be due and payable upon the earlier of (i) an

acquisition of the Company that includes acquisition of the Shares by the acquiror, (ii) an initial public offering of the Company's stock, in which event the principal sum shall become due in monthly installments in proportion to the periodic monthly expiration of the Company's Repurchase Option, (iii) Purchaser's termination of employment, in which event, to the extent the principal sum is not retired through the Company's repurchase of the shares, the principal sum shall be repayable in three equal annual installments commencing 90 days after termination, or (iv) five years. The principal sum may be repaid at any time by Purchaser without prepayment penalty.

2. Security. Payment of this Note is secured by a security interest in the Shares granted to the Company by Purchaser under a Stock Pledge Agreement dated of even date herewith between the Company and Purchaser (the "Pledge Agreement"). This Note is being tendered by Purchaser to the Company as the purchase price of the Shares pursuant to that certain Restricted Stock Purchase Agreement between Purchaser and the Company dated of even date with this Note (the "Purchase Agreement").

3. Default; Acceleration of Obligation. Purchaser will be deemed to be in default under this Note and the principal sum of this Note, together with all interest accrued thereon, will immediately become due and payable in full: (a) ten (10) days after notice to Purchaser of Purchaser's failure to make any payment when due under this Note; (b) upon any transfer of any of the Shares (except a transfer to the Company or transfer to a revocable trust or a family trust for estate planning purposes); (c) upon the filing by or against Purchaser of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; or (d) upon the execution by Purchaser of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of Purchaser's assets or property.

4. Remedies On Default. Upon any default of Purchaser to pay (i) the first Seventeen Thousand Eight Hundred Seventy-Five Dollars ($17,875.00) in principal under this Note or (ii) interest on this Note through the date the Note becomes due and payable, the Company will have, in addition to its rights and remedies under this Note and the Pledge Agreement, full recourse against any real, personal, tangible or intangible assets of Purchaser, and may pursue any legal or equitable remedies that are available to it. Upon any default of Purchaser to pay principal under this Note in excess of Seventeen Thousand Eight Hundred Seventy-Five Dollars ($17,875.00) or interest accrued after the date the Note becomes due and payable, the Company's recourse shall be limited only to the Shares.

5. Rule 144 Holding Period. PURCHASER UNDERSTANDS THAT THE HOLDING PERIOD SPECIFIED UNDER RULE 144(d) OF THE SECURITIES AND EXCHANGE COMMISSION WILL NOT BEGIN TO RUN WITH RESPECT TO SHARES PURCHASED WITH THIS NOTE UNTIL EITHER (A)

THE PURCHASE PRICE OF SUCH SHARES IS PAID IN FULL IN CASH OR BY OTHER PROPERTY ACCEPTED BY THE COMPANY, OR (B) THIS NOTE IS SECURED BY COLLATERAL, OTHER THAN THE SHARES THAT HAVE NOT BEEN FULLY PAID FOR IN CASH, HAVING A FAIR MARKET VALUE AT LEAST EQUAL TO THE AMOUNT OF PURCHASER'S THEN OUTSTANDING OBLIGATION UNDER THIS NOTE (INCLUDING ACCRUED INTEREST).

6. Prepayment. Prepayment of principal and/or interest due under this Note may be made at any time without penalty. Unless otherwise agreed in writing by the Company, all payments will be made in lawful tender of the United States and will be applied first to the payment of accrued interest, and the remaining balance of such payment, if any, will then be applied to the payment of principal. If Purchaser prepays all or a portion of the principal amount of this Note, the Shares paid for by the portion of principal so paid will continue to be held in pledge under the Pledge Agreement to serve as independent collateral for the outstanding portion of this Note for the purpose of commencing the holding period under Rule 144(d) of the Securities and Exchange Commission with respect to other Shares purchased with this Note, unless Purchaser notifies the Company in writing otherwise and the Company consents to release of the Shares from the Pledge Agreement.

7. Governing Law; Waiver. The validity, construction and performance of this Note will be governed by the internal laws of the State of California, excluding that body of law pertaining to conflicts of law. Purchaser hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

8. Attorneys' Fees. If suit is brought for collection of this Note, Purchaser agrees to pay all reasonable expenses, including attorneys' fees, incurred by the holder in connection therewith whether or not such suit is prosecuted to judgment.

IN WITNESS WHEREOF, Purchaser has executed this Note as of the date and year first above written.

Jeffrey E. Engelmann	/s/ Jeffrey E. Engelmann
Purchaser's Name	Purchaser's Signature

[Signature page to Interwoven, Inc. Secured Promissory Note]

EXHIBIT 10.19

Secured Promissory Note

Sunnyvale, California

$83,200.00 April 21, 1999

1. Obligation. In exchange for the issuance to the undersigned ("Purchaser") of Three Hundred and Twenty Thousand shares (the "Shares") of the Common Stock of Interwoven, Inc., a California corporation (the "Company"), receipt of which is hereby acknowledged, Purchaser hereby promises to pay to the order of the Company, at the Company's principal place of business at 1195 West Fremont Avenue, #2000, Sunnyvale, California 94087, or at such other place as the Company may direct, the principal sum of Eighty-Three Thousand Two Hundred Dollars ($83,200.00) together with simple interest on the unpaid principal at the rate of 6.0%, which rate is not less than the minimum rate established pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the earliest date on which there was a binding contract in writing for the purchase of the Shares; provided, however, that the rate at which interest will accrue on unpaid principal under this Note will not exceed the highest rate permitted by applicable law. Interest on this Note shall be payable annually. The principal sum shall be due and payable upon the earlier of (i) an acquisition of the Company that includes acquisition of the Shares by the acquiror, (ii) an initial public offering of the Company's stock, in which event the principal sum shall become due in monthly installments in proportion to the periodic monthly expiration of the Company's Repurchase Option, (iii) Purchaser's termination of employment, in which event, to the extent the principal sum is not retired through the Company's repurchase of the shares, the principal sum shall be repayable in three equal annual installments commencing 90 days after termination, or (iv) five years. The principal sum may be repaid at any time by Purchaser without prepayment penalty.

2. Security. Payment of this Note is secured by a security interest in the Shares granted to the Company by Purchaser under a Stock Pledge Agreement dated of even date herewith between the Company and Purchaser (the "Pledge Agreement"). This Note is being tendered by Purchaser to the Company as the purchase price of the Shares pursuant to that certain Restricted Stock Purchase Agreement between Purchaser and the Company dated of even date with this Note (the "Purchase Agreement").

3. Default; Acceleration of Obligation. Purchaser will be deemed to be in default under this Note and the principal sum of this Note, together with all

interest accrued thereon, will immediately become due and payable in full: (a) ten (10) days after notice to Purchaser of Purchaser's failure to make any payment when due under this Note; (b) upon any transfer of any of the Shares (except a transfer to the Company or transfer to a revocable trust or a family trust for estate planning purposes); (c) upon the filing by or against Purchaser of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; or (d) upon the execution by Purchaser of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of Purchaser's assets or property.

4. Remedies On Default. Upon any default of Purchaser to pay (i) the first Twenty Thousand Eight Hundred Dollars ($ 20,800) in principal under this Note or (ii) interest on this Note through the date the Note becomes due and payable, the Company will have, in addition to its rights and remedies under this Note and the Pledge Agreement, full recourse against any real, personal, tangible or intangible assets of Purchaser, and may pursue any legal or equitable remedies that are available to it. Upon any default of Purchaser to pay principal under this Note in excess of Twenty Thousand Eight Hundred Dollars ($ 20,800) or interest accrued after the date the Note becomes due and payable, the Company's recourse shall be limited only to the Shares.

5. Rule 144 Holding Period. PURCHASER UNDERSTANDS THAT THE HOLDING PERIOD SPECIFIED UNDER RULE 144(d) OF THE SECURITIES AND EXCHANGE COMMISSION WILL NOT BEGIN TO RUN WITH RESPECT TO SHARES PURCHASED WITH THIS NOTE UNTIL EITHER (A) THE PURCHASE PRICE OF SUCH SHARES IS PAID IN FULL IN CASH OR BY OTHER PROPERTY ACCEPTED BY THE COMPANY, OR (B) THIS NOTE IS SECURED BY COLLATERAL, OTHER THAN THE SHARES THAT HAVE NOT BEEN FULLY PAID FOR IN CASH, HAVING A FAIR MARKET VALUE AT LEAST EQUAL TO THE AMOUNT OF PURCHASER'S THEN OUTSTANDING OBLIGATION UNDER THIS NOTE (INCLUDING ACCRUED INTEREST).

6. Prepayment. Prepayment of principal and/or interest due under this Note may be made at any time without penalty. Unless otherwise agreed in writing by the Company, all payments will be made in lawful tender of the United States and will be applied first to the payment of accrued interest, and the remaining balance of such payment, if any, will then be applied to the payment of principal. If Purchaser prepays all or a portion of the principal amount of this Note, the Shares paid for by the portion of principal so paid will continue to be held in pledge under the Pledge Agreement to serve as independent collateral for the outstanding portion of this Note for the purpose of commencing the holding period under Rule 144(d) of the Securities and Exchange Commission with respect to other Shares purchased with this Note, unless Purchaser notifies the Company in writing otherwise and the Company consents to release of the Shares from the Pledge Agreement.

7. Governing Law; Waiver. The validity, construction and performance of

this Note will be governed by the internal laws of the State of California, excluding that body of law pertaining to conflicts of law. Purchaser hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

8. Attorneys' Fees. If suit is brought for collection of this Note, Purchaser agrees to pay all reasonable expenses, including attorneys' fees, incurred by the holder in connection therewith whether or not such suit is prosecuted to judgment.

IN WITNESS WHEREOF, Purchaser has executed this Note as of the date and year first above written.

Joe Ruck	/s/ Joe Ruck
Purchaser's Name	Purchaser's Signature

[Signature page to Interwoven, Inc. Secured Promissory Note]

Secured Promissory Note

Sunnyvale, California

$13,000.00 April 21, 1999

1. Obligation. In exchange for the issuance to the undersigned ("Purchaser") of Fifty Thousand shares (the "Shares") of the Common Stock of Interwoven, Inc., a California corporation (the "Company"), receipt of which is hereby acknowledged, Purchaser hereby promises to pay to the order of the Company, at the Company's principal place of business at 1195 West Fremont Avenue, #2000, Sunnyvale, California 94087, or at such other place as the Company may direct, the principal sum of Thirteen Thousand Dollars ($13,000.00) together with simple interest on the unpaid principal at the rate of 6.0%, which rate is not less than the minimum rate established pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the earliest date on which there was a binding contract in writing for the purchase of the Shares; provided, however, that the rate at which interest will accrue on unpaid principal under this Note will not exceed the highest rate permitted by applicable law. Interest on this Note shall be payable annually. The principal sum shall be due and payable upon the earlier of (i) an acquisition of the Company that includes acquisition of the Shares by the acquiror, (ii) an initial public offering of the Company's stock, in which event the principal sum shall

become due in monthly installments in proportion to the periodic monthly expiration of the Company's Repurchase Option, (iii) Purchaser's termination of employment, in which event, to the extent the principal sum is not retired through the Company's repurchase of the shares, the principal sum shall be repayable in three equal annual installments commencing 90 days after termination, or (iv) five years. The principal sum may be repaid at any time by Purchaser without prepayment penalty.

2. Security. Payment of this Note is secured by a security interest in the Shares granted to the Company by Purchaser under a Stock Pledge Agreement dated of even date herewith between the Company and Purchaser (the "Pledge Agreement"). This Note is being tendered by Purchaser to the Company as the purchase price of the Shares pursuant to that certain Restricted Stock Purchase Agreement between Purchaser and the Company dated of even date with this Note (the "Purchase Agreement").

3. Default; Acceleration of Obligation. Purchaser will be deemed to be in default under this Note and the principal sum of this Note, together with all interest accrued thereon, will immediately become due and payable in full: (a) ten (10) days after notice to Purchaser of Purchaser's failure to make any payment when due under this Note; (b) upon any transfer of any of the Shares (except a transfer to the Company or transfer to a revocable trust or a family trust for estate planning purposes); (c) upon the filing by or against Purchaser of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; or (d) upon the execution by Purchaser of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of Purchaser's assets or property.

4. Remedies On Default. Upon any default of Purchaser to pay (i) the first Three Thousand Two Hundred Fifty Dollars ($3,250.00) in principal under this Note or (ii) interest on this Note through the date the Note becomes due and payable, the Company will have, in addition to its rights and remedies under this Note and the Pledge Agreement, full recourse against any real, personal, tangible or intangible assets of Purchaser, and may pursue any legal or equitable remedies that are available to it. Upon any default of Purchaser to pay principal under this Note in excess of Three Thousand Two Hundred Fifty Dollars $13,250 or interest accrued after the date the Note becomes due and payable, the Company's recourse shall be limited only to the Shares.

5. Rule 144 Holding Period. PURCHASER UNDERSTANDS THAT THE HOLDING PERIOD SPECIFIED UNDER RULE 144(d) OF THE SECURITIES AND EXCHANGE COMMISSION WILL NOT BEGIN TO RUN WITH RESPECT TO SHARES PURCHASED WITH THIS NOTE UNTIL EITHER (A) THE PURCHASE PRICE OF SUCH SHARES IS PAID IN FULL IN CASH OR BY OTHER PROPERTY ACCEPTED BY THE COMPANY, OR (B) THIS NOTE IS SECURED BY COLLATERAL, OTHER THAN THE SHARES THAT HAVE NOT BEEN FULLY PAID FOR IN CASH, HAVING A FAIR MARKET VALUE

AT LEAST EQUAL TO THE AMOUNT OF PURCHASER'S THEN OUTSTANDING OBLIGATION UNDER THIS NOTE (INCLUDING ACCRUED INTEREST).

6. Prepayment. Prepayment of principal and/or interest due under this Note may be made at any time without penalty. Unless otherwise agreed in writing by the Company, all payments will be made in lawful tender of the United States and will be applied first to the payment of accrued interest, and the remaining balance of such payment, if any, will then be applied to the payment of principal. If Purchaser prepays all or a portion of the principal amount of this Note, the Shares paid for by the portion of principal so paid will continue to be held in pledge under the Pledge Agreement to serve as independent collateral for the outstanding portion of this Note for the purpose of commencing the holding period under Rule 144(d) of the Securities and Exchange Commission with respect to other Shares purchased with this Note, unless Purchaser notifies the Company in writing otherwise and the Company consents to release of the Shares from the Pledge Agreement.

7. Governing Law; Waiver. The validity, construction and performance of this Note will be governed by the internal laws of the State of California, excluding that body of law pertaining to conflicts of law. Purchaser hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

8. Attorneys' Fees. If suit is brought for collection of this Note, Purchaser agrees to pay all reasonable expenses, including attorneys' fees, incurred by the holder in connection therewith whether or not such suit is prosecuted to judgment.

IN WITNESS WHEREOF, Purchaser has executed this Note as of the date and year first above written.

Joe Ruck	/s/ Joe Ruck
Purchaser's Name	Purchaser's Signature

[Signature page to Interwoven, Inc. Secured Promissory Note]

EXHIBIT 10.20

BUILD-TO-SUIT LEASE AGREEMENT

Landlord: SUNNYVALE PARTNERS LIMITED PARTNERSHIP

Tenant: FIRST DATA MERCHANT SERVICES CORPORATION

MARCH 18, 1997

TABLE OF CONTENT

<TABLE>
<CAPTION>
<S> <C> <C>

1. Description..... 1

2. Term and Occupancy..... 1

3. Rent..... 2

4. Construction..... 3

5. Use..... 7

6. Condition of Demised Premises..... 8

7. Maintenance and Repairs..... 8

8. Alterations..... 9

9. Signs..... 11

10. Services..... 11

11. Compliance with Law..... 12

12. Landlords Title, Authority, and Quiet Enjoyment; Tenants Authority..... 13

13. Subordination..... 13

14. Assignment and Sublease..... 14

15. Lease Extension..... 15

16. Impositions..... 16

17. Insurance..... 18

18. Destruction and Restoration..... 20

19. Condemnation..... 22

20. Default by Tenant..... 26

21. Landlord's Remedies..... 27

22. Default by Landlord..... 28

23. Tenant's Remedies..... 28

24. Delivery of Executed Lease..... 29
</TABLE>

<TABLE>
<CAPTION>
<S> <C> <C>
25. Termination..... 29

26. Notices..... 29

27. Brokerage..... 30

28. Estoppel..... 30

29. Hazardous Substances..... 30

30. Holdover..... 32

31. Surrender..... 32

32. Liens..... 33

33. Interest; Late Charge..... 34

34. Inspections..... 34

35. Transfer of Landlord's Interest..... 34

36. Indemnity..... 35

37. Modification of Lease..... 35

38. Memorandum of Lease..... 36

39. Paragraph Captions..... 36

40. Entire Agreement..... 36

41. Choice of Law and Interpretation..... 36

42. Prevailing Party..... 36

43. Exhibits..... 36

44. Guarantee..... 37

45. Independent Covenants..... 37

46. Entry by Landlord..... 37

47. [Deleted by intent of parties.]..... 37

48. Survival of Obligations..... 37

49. Lease Subject to Landlord's Acquisition of Demised Premises..... 38
</TABLE>

-ii-

<TABLE>
<CAPTION>
<S> <C> <C>
50. Americans With Disabilities Act..... 38

51. Reports by Tenant..... 39

52. Option to Purchase..... 39

53. No Third Party Beneficiaries..... 41

54. Counterparts..... 41

55. Consents and Approvals..... 41

56. Limitation on Damages..... 41

57. Tenant's Property..... 41
</TABLE>

Exhibit A - Legal Description
Exhibit B - Site Plan
Exhibit C - Plans
Exhibit C-1 - Construction Schedule
Exhibit D - Schedule of Rents
Exhibit E - Lease Term Agreement
Exhibit F - Memorandum of Lease
Exhibit G - Landlord's Development Costs

Exhibit H - Permitted Exceptions
Exhibit I - Escrow Agreement

THIS BUILD-TO-SUIT LEASE AGREEMENT (this "Lease") is made as of the 18th day of March, 1997 (the "date hereof") between SUNNYVALE PARTNERS LIMITED PARTNERSHIP, an Illinois limited partnership, having its principal office at c/o Ridge Sunnyvale, Inc., c/o Ridge Capital Corporation, 257 East Main Street, Barrington, Illinois 60010 (hereinafter referred to as "Landlord"), and FIRST DATA MERCHANT SERVICES CORPORATION, having its principal office at 5660 New Northside Drive, Suite 1400, Atlanta, Georgia 30328 (hereinafter referred to as "Tenant").

W I T N E S S E T H:

Landlord, for and in consideration of the rents, covenants and agreements hereinafter set forth on the part of Tenant to be paid, kept, observed and performed does hereby lease unto Tenant, and Tenant does hereby take subject to the conditions herein expressed, all that parcel of land situated in the City of Sunnyvale, County of Santa Clara, State of California and legally described on Exhibit A attached hereto and made a part hereof (the "Land"), together with all improvements located and to be constructed thereon by Landlord, which are hereinafter called "Landlord's Improvements." Landlord's Improvements and all improvements, machinery, building equipment, fixtures and other property of Landlord, real, personal or mixed (except Tenant's trade fixtures and any other property of Tenant), installed or located thereon, together with all additions, alterations and replacements thereof are collectively referred to herein as the "Improvements." The Land and the Improvements are sometimes hereinafter collectively referred to as the "Demised Premises". The structure located upon and being a part of the Demised Premises which is constructed to be used as a two story office building containing approximately 80,000 "useable square feet" (as defined in Paragraph 4 below) is hereinafter referred to as the "Building".

1. Description. Landlord will cause Landlord's Improvements (including the Building and other site improvements depicted on the Site Plan attached hereto and made a part hereof as Exhibit B) to be constructed in substantial accordance with the plans and specifications enumerate on Exhibit C (the "Plans"). Landlord agrees that Landlord shall not make any modifications or changes to the Plans without Tenant's prior written consent. Landlord further agrees to make any changes to the Plans requested by Tenant in writing and if the change requested by Tenant increases or decreases the cost of the Demised Premises, the Base Rent provided for herein shall be adjusted in accordance with the provisions of the formula provided on Exhibit D.

2. Term and Occupancy. A. The term of this Lease shall commence on the Construction Completion Date, as provided in Paragraph 4 below (hereinafter

referred to as the "Commencement Date"), and shall end on the date which is the last day of the month that includes the twelfth (12th) anniversary of the Commencement Date (hereinafter referred to as the "Expiration Date"), unless the term be extended or earlier terminated as provided herein.

Landlord shall notify Tenant of the anticipated Construction Completion Date. Landlord agrees to notify Tenant promptly from time to time of any changes in the anticipated Construction Completion Date. Tenant shall have the right to enter the Demised Premises during

the approximately ninety (90) day period preceding the Construction Completion Date for the purpose of installing its equipment and Tenant does hereby agree to assume all risk of loss or damage to such equipment, and to indemnify, defend and hold harmless Landlord from and against any loss or damage to such equipment and all liability, loss or damage arising from any injury to the property of Landlord, or its contractors, subcontractors or materialmen, and any death or personal injury to any person or persons arising out of such installation. Landlord agrees to cooperate with Tenant so that Tenant's contractors and tradespeople will be permitted to reasonably perform their work without material interference. Tenant agrees to cooperate with Landlord so that Landlord's contractors and tradespeople will be permitted to reasonably perform their work without material interference.

B. Notwithstanding anything else in this Lease to the contrary, Tenant shall have the right to terminate this Lease as of the end of the eighth (8th) Lease Year (the "Early Termination Date") provided that Tenant shall (a) notify Landlord in writing of its election to terminate at least one (1) year prior to the Early Termination Date, and (b) pay to the Landlord, concurrently with the notification to Landlord hereunder, a termination fee by certified or cashier's check or wire transfer of available funds ("Termination Amount") equal to the discounted present value (using Landlord's financing interest rate) amount needed to reduce the remaining unamortized principal balance due on the indebtedness originally incurred by Landlord to finance the Landlord's Development Costs (as defined in Paragraph 19F) to _____. If Tenant gives such notice as required hereunder and pays the Termination Amount concurrently therewith, this Lease shall be deemed terminated as to all rights or obligations hereunder (except such rights and obligations as Landlord and Tenant would otherwise have upon normal expiration of the term of this Lease). Any such notice hereunder, not accompanied by the Termination Amount as provided hereinabove, shall be deemed invalid and of no force or effect. Upon Landlord's closing on the permanent loan for the financing of the Landlord's Development Costs, Landlord shall provide to Tenant a copy of the twenty (20) year permanent loan amortization (the "Loan Amortization") which shall include the principal amount that will be due at the end of the eighth (8th) Lease Year.

Tenant shall have the right to pay the Termination Amount to any mortgagee of the Demised Premises or other person with a lien on the Demised Premises or the rents derived therefrom, but Tenant shall have no such obligation to do so unless such obligation is specifically set forth in a non-disturbance or other agreement between Tenant and such mortgagee or other lienholder. Notwithstanding the foregoing, Tenant acknowledges and agrees that any payment to any such mortgagee or other lienholder shall only be effectuated by a two-

party or two-payee certified or cashier's check, made payable to both Landlord and any such mortgagee or other lienholder.

3. Rent. The annual base rental ("Base Rent") shall be calculated in accordance with the provisions set forth on the Schedule of Rents attached hereto and made a part hereof as Exhibit D. Base Rent shall be paid monthly, in advance, in equal installments, without offset or deduction by wire transfer in accordance with separate instruction given by Landlord to Tenant, on the Commencement Date and on the first day of each month thereafter during the term hereof; provided however, that if the term of this Lease shall commence on a date other than the first day

of a calendar month or end on a date other than the last day of a calendar month (i) the first and last month's Base Rent shall be prorated based upon the ratio that the number of days in the term within such month bears to the total number of days in such month, and (ii) Base Rent reserved for the calendar month of any scheduled rent escalation shall be equitably adjusted upon due consideration of the number of days in such month falling within the preceding Lease Year (as herein defined) and the number of days in such month falling within the current Lease Year. For purposes of this Lease, the term "Lease Year" shall mean the 12-month period commencing on the Commencement Date and each 12-month period thereafter during the term of this Lease (and any renewal or extension-thereof), provided that, if the Commencement Date is not the first day of a calendar month, the first "Lease Year" shall be the period commencing on the Commencement Date and ending on the last day of the twelfth (12th) full calendar month following the Commencement Date and all Base Rent payable for the month in which the Commencement Date occurs shall be paid on the first day of the following calendar month. Notwithstanding the foregoing, on or prior to the date of closing under the Sale Agreement (as defined herein), Tenant shall also deposit into escrow with First American Title Guaranty Company the sum of Two Million Dollars ($2,000,000.00) to cover a portion of the Landlord's Development Costs which shall be disbursed in accordance with the Escrow Agreement attached hereto as Exhibit I.

4. Construction.

A. Landlord agrees, at Landlord's sole cost and expense, to cause construction of Landlord's Improvements in accordance with the following schedule:

(a) Landlord shall use all reasonable efforts to commence the Site Preparation Phase (as defined in that certain Real Estate Purchase and Sale Agreement and Joint Escrow Instructions dated March 18, 1997 (the "Sale Agreement") between Regis Homes of Northern California, Inc. and Landlord) as soon as possible following the date Landlord acquires the Land and in any event on or before the date four (4) business days following the date Landlord acquires the Land (the "Estimated Construction Commencement Date"), in accordance with the Plans and in accordance with the

construction schedule attached hereto as Exhibit C-1 (the "Construction Schedule") and shall diligently pursue construction in an effort to complete Landlord's Improvements on or before the Estimated Construction Completion Date (as herein defined); provided, however, if delay is caused or contributed to by act or neglect of Tenant, or those acting for or under Tenant including, without limitation, changes ordered by Tenant, or delays caused by labor disputes, casualties, acts of God or the public enemy, governmental embargo restrictions, shortages of fuel, labor, or building materials, action or non-action of public utilities, or of local, State or Federal governments affecting the work, or other similar causes beyond the Landlord's reasonable control, then the time of commencement of said construction shall be extended for the additional time caused by such delay (such delays are each hereinafter referred to as an "excused delay"). The date on which Landlord actually commences construction of Landlord's Improvements shall be referred to as the "Construction Commencement Date."

(b) Landlord shall use all reasonable efforts to substantially complete construction of Landlord's Improvements as soon as possible following the Construction Commencement Date in accordance with the Construction Schedule attached hereto as Exhibit C-1, as may be extended by excused delays (the "Estimated Construction Completion Date"). The date on which Landlord substantially completes construction of Landlord's Improvements (except for work to be performed by Tenant) shall be referred to as the "Construction Completion Date." Landlord acknowledges that Tenant will suffer significant damages if Landlord fails to deliver the Demised Premises on or before the Estimated Construction Completion Date and that time is of the essence with respect to Landlord's completion of the Landlord's Improvements as required herein. If Landlord fails to cause the Landlord's Improvements to be substantially completed on or before the Estimated Construction Completion Date, as said date may be extended from time to time due to excused delays, Landlord shall be obligated to pay to Tenant the following sums for each day after the Estimated Construction Completion Date until the Construction Completion Date up to the maximum of sixty-five (65) days of delay and thereafter, Landlord shall be liable for Tenant's actual damages for the delay (which shall include Tenant's actual costs incurred in connection with holding over at its present location and/or renting reasonably acceptable substitute space): (a) for the first thirty (30) days of delay, the sum of One Thousand Dollars ($1,000.00) per day for each calendar day of delay; (b) for the thirty-first (31st) day through the sixtieth (60th) day of delay, the sum of Two Thousand Five Hundred Dollars ($2,500.00) per day for each calendar day of delay; and (c) for the sixty-first (61st) day through the sixty-fifth (65th) day of delay, the sum of Seven Thousand Five Hundred Dollars ($7,500.00) per day for each calendar day of delay. Notwithstanding the foregoing, in no event shall Landlord be liable to Tenant for any punitive, special, incidental, indirect or consequential damages of any kind whatsoever, each of which is hereby excluded by agreement of the parties regardless of whether or not any party has been advised of the possibility of such damages. Landlord

shall pay the sums calculated above (other than actual damages accrued after the 95th day of delay) within thirty (30) days after the Commencement Date. In connection with the foregoing, Landlord agrees to deposit into escrow for the benefit of Tenant all damages received from Regis Contractors of Northern California, L.P. pursuant to Section 1.7 of that certain Construction Management Agreement dated March 18, 1997. Tenant agrees to deliver to Landlord an accounting of Tenant's actual damages upon request.

B. Tenant or its architect will from time to time upon written request of Landlord or Landlord's construction lender certify that the construction of Landlord's Improvements has been completed to that point to the reasonable satisfaction of Tenant. Notwithstanding the foregoing, nothing contained herein shall be deemed to abrogate, waive or compromise any of Tenant's rights hereunder with respect to the construction and completion of Landlord's Improvements.

C. In the event this Lease has not been terminated pursuant to Paragraph 49 of the Lease, Landlord and Tenant promptly shall execute a document substantially in the form attached hereto as Exhibit E and made a part hereof, to establish the Commencement Date and the Expiration Date.

D. The following phrases shall have the meanings set forth below:

(a) The phrase "commence[d][s] construction of Landlord's Improvements" as used herein means issuance of all necessary permits needed to commence construction, a building permit, execution of a construction contract or contracts for the completion of Landlord's Improvements in accordance with the Plans, execution of this Lease, and excavation work has commenced.

(b) The phrase "substantial[ly] complete[ed] [ion] [of] construction of Landlord's Improvements as used in this Lease shall mean the municipality having jurisdiction thereof issues a certificate of occupancy permitting Tenant to occupy Landlord's Improvements or takes such other action as may be customary to permit occupancy or use thereof for the purposes provided herein and Landlord's Improvements are otherwise ready for beneficial use and occupancy by Tenant subject to completion of any punchlist items (as defined herein) by Landlord and Landlord's architect certified to Tenant in writing that Landlord's Improvements have been constructed and completed in a good and workmanlike manner in substantial accordance with the Plans and that to the best of its knowledge the Plans comply with applicable laws, including without limitation all building codes, zoning ordinances and regulations and the Act (as defined herein) and Landlord's Improvements are otherwise ready for beneficial use and occupancy by Tenant subject to completion of any punchlist items by Landlord; provided, however, the issuance of a certificate of occupancy or such other action as may be customary to permit occupancy or use thereof and the issuance of the architect's certificate shall not be a condition to payment of rent or commencement of the term if failure to secure such

certificate of occupancy or action or architect's certificate is caused by the act or neglect of Tenant or if matters required for issuance are the responsibility of Tenant.

(c) The phrase "usable square feet" means the square feet contained within the inside of the exterior walls of the Building.

E. Within fifteen (15) days after the Construction Completion Date, Tenant, Landlord and Landlord's Architect shall prepare and execute a punchlist (the "punchlist") of incomplete and incorrect items which shall include details of construction and mechanical and electrical adjustments which are minor in character and do not materially interfere with Tenant's use or enjoyment of the Demised Premises in accordance with the provisions of this Lease, and may also include landscaping and other items which do not materially affect Tenant's use of the Demised Premises but which cannot be immediately completed because of weather, or any items listed on the Plans or the Construction Schedule as items to be completed after substantial completion of the Landlord's Improvements, if any (such items are sometimes hereinafter referred to as "punchlist items"). Landlord shall use all reasonable efforts to complete the punchlist items as soon as possible after its receipt of the punchlist, and to minimize disruption of Tenant's business and other inconveniences to Tenant, subject to excused delays. If Landlord fails to complete the punchlist items within ninety (90) days after the receipt by Landlord of the completed punchlist by Tenant, subject to excused delays, then Tenant shall have the right, but not the obligation, to complete the punchlist items and Landlord shall reimburse Tenant for its

reasonable out-of-pocket expenditures in connection therewith upon presentation of invoices in sufficient detail and lien waivers covering performance of the work. Nothing herein contained shall be deemed or construed to permit Tenant to offset against Base Rent or other charges payable by Tenant hereunder. Landlord shall deliver to Tenant "as built" working drawings of the Landlord's Improvements within sixty (60) days after completion of the punchlist items.

Landlord shall maintain a retainage of a minimum of ten percent (10%) of the cost the so-called tenant improvement portion of the Landlord Improvements (the "TI Work") or _____, based on an estimated approximate cost of _____ for the TI Work. The aforementioned on retainage shall not be released until the punchlist items for TI Work have been completed to Tenant's reasonable satisfaction.

F. Landlord shall at its own expense correct or repair any parts of Landlord's Improvements that fail to conform with the requirements of the Plans during the period of construction of Landlord's Improvements (unless Tenant is willing to accept such non-conforming work and so notifies Landlord thereof in writing). Landlord shall correct any defects in the construction of Landlord's Improvements not caused by Tenant which appear within a period of one (1) year from the Construction Completion Date, but not otherwise. Landlord shall obtain for the joint benefit of Landlord and Tenant, a joint, non-exclusive assignment of all contractor, subcontractor, equipment, material and manufacturers' warranties relating to the Landlord's Improvements which shall contain a minimum

of a one (1) year warranty period commencing with the contractors' or subcontractors' completion of the work included in Landlord's Improvements (the "Warranties"). Furthermore, on the Construction Completion Date, Landlord shall assign to Tenant the non-exclusive right to enforce any and all Warranties and Landlord agrees to reasonably cooperate with Tenant's pursuit of any and all claims under the Warranties.

G. Tenant shall have the right to request that changes be made to the Plans. Within ten (10) days after Tenant's requests, Landlord shall provide an estimate of the amount that the change will increase or decrease the cost of completing the Landlord's Improvements and the time adjustment to the Construction Schedule, if any. If Tenant approves the change following receipt of the estimates, Landlord shall submit a change order to its contractors to implement the change requested by Tenant. The estimated increase or decrease in the time required to complete the Landlord's Improvements resulting from Tenant's change shall be reflected as an adjustment to the Construction Schedule and shall be deemed an "excused delay" and any net increase or decrease in Landlord's construction costs due to Tenant's change order, shall be borne by or credited to Tenant, as the case may be, by means of an adjustment to the Schedule of Rents in accordance with the formula established on Exhibit D.

H. If due to change orders initiated by Tenant, Landlord's Development Costs exceed the amount of _____ then concurrent with any such change order, Tenant agrees to deposit into the escrow created by the Escrow Agreement (as defined in Paragraph 3 hereof) the total amount of any such increase in Landlord's Development Costs in excess of _____. Notwithstanding the foregoing, upon the closing of the permanent financing for the Demised Premises occurring on or after the Commencement Date, Landlord

shall reimburse Tenant for all such increased costs and the Base Rent shall be adjusted in accordance with the formula established on Exhibit D; provided, however, Base Rent shall not be adjusted until such time as Tenant is reimbursed hereunder.

5. Use.

A. The Demised Premises shall be used and occupied for general office purposes and for any other purpose which does not violate any applicable law, rule, ordinance or regulation of any applicable government authority having jurisdiction ("Tenant's Use"). Landlord represents that, to its actual knowledge, the Demised Premises are currently zoned "Q," Administrative-Professional District and R1.7/PD, low medium density residential district under the zoning ordinance of the City of Sunnyvale, California, which zoning classification, to Landlord's actual knowledge, will not restrict or limit Tenants Use; provided, however, Landlord makes no representation as to whether a special use permit, zoning variance or comparable relief from the local zoning ordinance is required to conduct Tenant's Use, and if such special use, variance or comparable relief is required, Tenant shall obtain the same (at its sole cost and expense). Landlord further represents, to its actual knowledge without

independent investigation or inquiry and subject to the foregoing proviso, that there are no other zoning ordinances or any other prohibitions restricting or limiting Tenants Use in any material respect. In addition, Tenant may use all or any part of the Demised Premises for any lawful purpose then permitted by local zoning ordinances and the certificate of occupancy, if available; provided, however, Tenant may not use or occupy the Demised Premises, or knowingly permit the Demised Premises to be used or occupied (including without limitation subleasing the Demised Premises or any part thereof or assigning this Lease to any other party conducting a business other than Tenant's Use) or in such a manner as to cause the value or usefulness of the Demised Premises, or any part thereof, substantially to diminish (reasonable wear and tear excepted). Tenant shall have the exclusive right to use of and shall have full access to the Demised Premises twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year during the term.

B. Tenant may, if Tenant so elects, and for Tenants sole use, install and operate within the Building microwave ovens and install and operate within the Building vending machines to dispense hot and cold beverages, ice cream, candy, food and cigarettes; such machines shall be maintained in a neat and sanitary condition and shall comply with all applicable laws and ordinances. Tenant shall also have the right to use, install and operate within the Building, all telecommunication lines and other telecommunication and electronic facilities relating to services to be provided to Tenant and its subtenants and Landlord agrees to provide all necessary easements upon the Demised Premises reasonably required by said service provider. Upon termination of the Lease, and if so requested by Landlord, Tenant shall, at its sole cost and expense, in a good and workmanlike manner and in as expeditious a manner as possible, remove any or all of such items from the Demised Premises, to the extent required by Landlord. Tenant further agrees to repair any damage to the Demised Premises caused by the removal of such items. In connection with any easements granted hereunder to service providers, Landlord reserves the right to condition any such grant upon receipt of acknowledgment from the relevant service provider(s) that such service provider agrees to vacate the easement, an relinquish all of its rights in the Demised Premises, effective upon the termination of the Lease. Notwithstanding

anything contained herein to the contrary, if the Lease is in full force and effect as of the thirteenth (13th) anniversary of the Commencement Date and Tenant is not then in default hereunder, Landlord waives its rights hereunder to require Tenant to remove from the Demised Premises any or all of the items referred to above, upon termination of this Lease.

6. Conditions of Demised Premises. Landlord shall construct and Tenant shall reasonably accept Landlord's Improvements in accordance with the Plans. As of the Commencement Date, Landlord's Improvements shall be in good working order and condition and, subject to the items on or to be inserted on the punchlist, constructed in substantial accordance with the Plans.

7. Maintenance and Repairs.

A. Except as otherwise provided herein, during the term of this Lease, Tenant shall, at Tenant's sole expense, keep the Demised Premises in good working order, condition and repair and in compliance with all applicable laws and shall perform all routine maintenance thereof and all necessary repairs thereto, interior and exterior, structural and nonstructural ordinary and extraordinary, foreseen or unforeseen, of every nature, kind and description. When used in this Paragraph 7, "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments. If Tenant cannot keep the Demised Premises or any portion thereof in good working order, condition and repair, then Tenant shall replace the same in a first-class manner. Tenant shall comply with manufacturers' recommended schedules for warranty work. Tenant shall furnish its own cleaning services. All repairs and replacements made by Tenant shall be at least equal in quality to the original work and shall be made by Tenant in accordance with all applicable laws. The necessity for or adequacy of maintenance, repairs and replacements shall be measured by the standards which are appropriate for improvements of similar construction and class, provided that Tenant shall in any event make all repairs and replacements necessary to avoid any structural damage or other damage or injury to the Demised Premises.

B. Notwithstanding the provisions of Paragraph 7.A., and Tenant's obligations to pay for all repairs, in the event that at any time during the term of this Lease after the expiration of the twentieth (20th) Lease Year (commencing with the Third Extension Term), Tenant reasonably determines that capital expenditures are required to be expended by Tenant in connection with maintaining, repairing or replacing the roof or structural components of the Building, or replacing the parking areas, Building plumbing, electrical heating, ventilation, or cooling equipment, sprinkler systems, or making any other capital expenditure required by subsequent law (any such capital expenditure being herein referred to as a "Specified Capital Item"), then the Tenant shall submit to Landlord a proposed budget for such capital expenses for the Specified Capital Items and obtain Landlord's prior written approval thereof, which approval shall not be unreasonably withhold or delayed. Upon Tenant's obtaining Landlord's prior written approval of such Specified Capital Items and Tenant completing such work in accordance with the requirements set forth in this Lease, then and in that event, the Landlord agrees that it shall reimburse Tenant for an amount ("Reimbursement Amount") equal to the actual costs incurred in connection with the Specified Capital Item previously approved by Landlord multiplied by a fraction, the numerator of which is the portion of the useful life of such Specified

Capital Items remaining after the then existing term and the denominator of which is the useful life of such Specified Capital Item (i.e., by way of example, in the event that the approved cost for an approved Specified Capital Item was One Thousand Dollars ($1,000) and the useful life of such Specified Capital Item was eight (8) years and such work was commenced at the end of the twentieth (20th) Lease Year, then in such event, Landlord would reimburse Tenant for Five Hundred Dollars ($500) as the Reimbursement Amount). The "useful life"

of a Specified Capital Item shall be determined using the United States Internal Revenue Service standard depreciation schedule in effect on the date that the applicable capital expenditure is made. Notwithstanding anything contained herein to the contrary, in the event that the Tenant exercises its option to extend the term of the Lease, then simultaneous with the exercise of such renewal option, the Tenant shall pay to Landlord an amount equal to the difference between the Reimbursement Amount and the amount Landlord would have paid as a Reimbursement Amount had the term been extended by the Extension Term at the time such Specified Capital Item was commenced (i.e., by way of example, in the event that the Specified Capital Item was One Thousand Dollars ($1,000) and that the useful life of the Specified Capital Item was eight (8) years, with such work having been commenced at the end of the twentieth (20th) Lease Year, whereby Landlord reimbursed Tenant a Reimbursement Amount of Five Hundred Dollars ($500), then simultaneous with the exercise of its option to extend the Term for the Fourth Extension Term, the Tenant would pay to Landlord an amount equal to Five Hundred Dollars ($500)). The allocation of the costs of Specified Capital Items as set forth in this Paragraph 7.B. shall not relieve Tenant of Tenant's maintenance and repair obligations under this Lease.

8. Alterations. Tenant may install tenant finishes in the Demised Premises and make interior alterations, additional installations, modifications, substitutions, improvements and decorations (collectively, "Alterations") in and to the Demised Premises, subject only to the following conditions:

(i) any Alterations shall be made at Tenant's sole cost and expense so that the Demised Premises shall at all times be free of liens for labor and materials supplied to the Demised Premises;

(ii) without the prior written approval of Landlord, Tenant shall make no Alterations (x) which are structural in nature or adversely affect in any way the structure of the Demised Premises; or (y) which adversely affect or could render void or invalidate any Warranties under this Lease. In addition, without the prior written approval of Landlord, Tenant shall make no Alterations to any portion of the exterior or elevation of the Building.

(iii) any Alterations shall be performed in a good and workmanlike manner and in compliance with all applicable laws and requirements of governmental authorities having jurisdiction and applicable insurance requirements and shall not violate any term of any agreement or restriction to which the Demised Premises are subject;

(iv) Tenant, at its sole cost and expense, shall cause its contractors to maintain builder's risk insurance and such other insurance (including, without limitation, workers

compensation insurance) as is then customarily maintained for such work, all with insurers licensed by the State of California;

(v) At least fifteen (15) days prior to Tenant's commencement of any Alterations costing in excess of One Million Dollars ($1,000,000.00), the plans and specifications therefor shall be submitted to Landlord for Landlord's review and approval, which approval shall not be unreasonably withheld or delayed provided that the provisions of this subparagraph (v) shall not apply to initial tenant improvements needed to locate a subtenant in the Demised Premises; and

(vi) To the extent not inconsistent with the requirement set forth above, Tenant shall not be required to obtain Landlord's consent to Alterations which are a subtenant's initial tenant improvements.

Any Alteration shall, when completed, be of such character as not to reduce the value or utility of the Demised Premises or the Building to which such Alteration is made below its value or utility to Landlord immediately before such Alteration, nor shall such Alteration after the exterior of the Improvements or reduce the area or cubic content of the Building, nor change the character of the Demised Premises or the Building as to use without Landlord's express written consent.

No change, alteration, restoration or new construction shall be in or connect the Improvements with any property, building or other improvement located outside the boundaries of the Land, nor shall the same obstruct or interfere with any existing easement.

Tenant shall notify Landlord in writing 30 days prior to commencing any alterations, additions or improvements to the Demised Premises so that Landlord shall have the right to record and post notices of nonresponsibility on the Demised Premises. Within a reasonable time period prior to commencing the alterations, additions or improvements, Tenant shall provide Landlord with copies of all plans and specifications prepared in connection with any such alteration, addition or improvement, as well as copies of each material amendment and change thereto, if and when applicable.

All of Tenant's generators and uninterruptible power supply equipment (but in no event including the primary HVAC system serving the Building), trade fixtures, movable partitions, furniture, machinery and furnishings installed by Tenant or assignees, subtenants or licensees of Tenant shall remain the property of the owner thereof with the right of removal, whether or not affixed and or attached to the real estate and the owner thereof shall be entitled to remove the same or any part thereof during the term or at the end of the term provided herein, provided that such owner shall repair any damage caused by such removal. Except as otherwise provided herein, all Alterations made or installed by Tenant shall remain the Property of Tenant and Tenant shall have the right to remove the Alterations at any time during the term hereof provided Tenant shall repair any damage resulting therefrom and leave the Demised Premises in a commercially reasonable condition. Notwithstanding the foregoing, any Alterations remaining on the Demised Premises at the end of the term shall become the property of Landlord without payment therefor by Landlord, and shall be surrendered to Landlord at the expiration of the term

of this Lease; provided however, if the Lease term ends prior to the thirteenth (13th) anniversary of the Lease Commencement Date, if so requested by Landlord, Tenant shall, at its sole cost and expense and in as expeditious a manner as possible remove any or all of such Alterations from the Demised Premises, to the extent required by Landlord. Tenant further agrees to repair any damage resulting therefrom and leave the Demised Premises in a commercially reasonable condition.

9. Signs.

A. Tenant may install, at its expense and pursuant to the Plans, a monument identification sign containing Tenant's name at a location depicted on Exhibit B unless such location would cause a violation of applicable laws in which event said monument identification sign shall be moved to a location mutually acceptable to the parties. Tenant shall also have the right to place any additional signs at the Demised Premises without the prior consent of Landlord, provided that such sign or signs (a) do not cause any structural damage or other damage to the Building; (b) do not violate applicable governmental laws, ordinances, rules or regulations; (c) do not violate any existing restrictions affecting the Demised Premises; and (d) are compatible with the architecture of the Building and the landscaped area adjacent thereto. Tenant shall remove all signage from the Demised Premises at the end of the term.

B. Landlord may place signs on the Demised Premises identifying Tenant prior to the Construction Completion Date, provided Tenant has approved each sign, such approval not to be unreasonably withheld.

10. Services.

A. Landlord shall provide all utility equipment, distribution systems, fixtures and parts to the Demised Premises in accordance with the Plans, and shall in all other respects prepare the Demised Premises to accept all utilities to be used by Tenant during the term of the Lease as contemplated by the Plans including all connection, tap-in and impact fees, any charges for the underground installation of electric, gas or other utilities or services, and other charges relating to the extension of or change in the facilities necessary to provide the Demised Premises with adequate utilities services. Tenant shall contract for and pay directly for the cost of usage of all utilities including all charges for water, heat, gas, light, garbage, electricity, telephone, sewage, steam, power or other public or private utility services. If after Landlord's installation of the utility systems required to be provided herein, any bond, charge or fee is required by the state in which the Demised Premises are located, or any city or other agency, subdivision, or instrumentality thereof, or by any utility company furnishing services or utilities to the Demised Premises, as a condition precedent to continuing to furnish utilities or services to the Demised Premises, such bond, charge or fee shall be deemed to be a utility charge payable by Tenant. To the extent existing utility easements on the Demised Premises are not sufficient to provide utility and communication services to the Demised Premises for Tenant's Use, Landlord agrees to grant

additional easements to utility providers, including telecommunication and electronic service providers, if reasonably required by Tenant.

B. The Demised Premises shall include all of the improvements shown on the Site Plan, including, without limitation, exclusive use of the paved parking as set forth on the Site Plan.

C. Tenant acknowledges that any one or more of the services provided for in Paragraph 10 hereof may be interrupted or suspended by reason of accident, repair, alterations or improvements necessary to be made, strike, lockout, misuse or neglect by Tenant or Tenant's agents, employees or invitees, or by shortages of fuel or other energy supplies to be provided by public or private utilities or supplies or by other matters, and Landlord shall not be liable to Tenant therefor, nor shall Tenant have any right to terminate the Lease or other rights against Landlord in the event of a failure, interruption or suspension of any of the aforesaid services.

11. Compliance with Law.

A. Landlord covenants that the Demised Premises (except trade fixtures, equipment, machinery or any other item constructed or installed by Tenant) will materially conform as of the Commencement Date to any applicable laws, orders, statutes, ordinances, rules, regulations and requirements of federal, state and municipal governments, including, without limitation, all applicable rules and regulations of the Board of Fire Underwriters and any requirements of the certificate of occupancy or any permit with respect to the Demised Premises and the sidewalks, curbs, roadways, alleys, entrances or other facilities adjacent or appurtenant thereto. Landlord shall be responsible for procuring building and other permits and licenses necessary for construction of Landlord's Improvements.

B. Tenant shall throughout the term of this Lease, at Tenant's sole cost, materially comply with or remove or cure any violation of any applicable laws, orders, statutes, ordinances, rules, regulations and requirements of federal, state and municipal governments, including, without limitation, any applicable laws, orders, statutes, ordinances, rules, regulations and requirements of any federal, state or local government relating to occupational safety and health (collectively, the "OSHA Regulations"), all applicable rules and regulations of the Board of Fire Underwriters and any requirements of the certificate of occupancy or any permit with respect to the Demised Premises and the sidewalks, curbs, roadways, alleys, entrances or railroad track facilities adjacent or appurtenant thereto, and whether the compliance, curing or removal of any such violation and the costs and expenses necessitated thereby shall have been foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord or Tenant or shall involve any change of governmental policy, or require structural or extraordinary repairs, alterations or additions by Tenant and irrespective of the costs thereof; provided, however, that Landlord shall be responsible, at Landlord's sole cost, to make all repairs needed for the Demised Premises to

comply with all laws if said repair is required within one (1) years after the Commencement Date and is necessary due to a defect in the construction of the Landlord's Improvements including without limitation, a failure to construct the Landlord's Improvements so that the Demised Premises are in compliance with all laws as of the Commencement Date. Tenant, at its sole cost and expense, shall comply with all agreements, contracts, easements, restrictions, reservations or covenants, if any, affecting the Demised Premises or hereafter created by Tenant and consented to, in writing, by Tenant or

requested, in writing, by Tenant. Tenant shall also comply with, observe and perform all provisions and requirements of all policies of insurance at any time in force with respect to the Demised Premises and shall comply with all development permits issued by governmental authorities issued in connection with development of the Demised Premises. Tenant shall procure and maintain all permits and licenses required for the transaction of Tenant's business at the Demised Premises, including with limitation, any special use permit, zoning variance or comparable zoning relief necessary for Tenant's Use.

12. Landlord's Title, Authority, and Quiet Enjoyment; Tenant's Authority.

A. Landlord represents that it will have, as of the Commencement Date, marketable fee simple title to the Demised Premises, subject to the exceptions to title currently encumbering the Demised Premises as described in Exhibit H, and any additional exceptions to title created in connection with Landlord's acquisition or development of the Demised Premises, or financing of such acquisition or development (collectively referred to herein as the "Permitted Exceptions"). Landlord represents that any such additional exceptions to title created in connection with Landlord's acquisition or development of the Demised Premises or financing of such acquisition or development shall not materially interfere with Tenant's intended use of the Demised Premises. Any lien claims properly bonded over or insured over by title insurance shall be deemed to be Permitted Exceptions hereunder.

B. Landlord represents and warrants that it has full and complete authority to enter into this Lease under all of the terms, conditions and provisions set forth herein, and so long as Tenant keeps and substantially performs each and every terra, provision and condition herein contained on the part of Tenant to be kept and performed, Tenant shall peacefully and quietly enjoy the Demised Premises without hindrance or molestation by Landlord or by any other person claiming by, through or under Landlord, subject to the terms of the Lease. Without limiting the foregoing, Landlord covenants to perform all obligations to be performed by Landlord and to pay as and when due all amounts to be paid by Landlord under any mortgage, deed of trust, ground lease or other instrument encumbering the Demised Premises. Each individual executing this Lease on behalf of Landlord represents and warrants to Tenant that he or she is duly authorized to do so.

C. Tenant represents and warrants that it has full and complete authority to enter into this Lease under all of the terms, conditions and provisions set

forth herein.

D. Tenant hereby approves the condition of Landlord's title to the Demised Premises. This Lease shall be subject to the Permitted Exceptions and Landlord shall not permit or cause any easements, covenants, restrictions, conditions or other changes in Landlord's title which would materially and adversely impact Tenants Use. Landlord shall notify Tenant in writing prior to permitting or causing any easements, covenants, restrictions, or conditions to be placed of record.

13. Subordination. The priority of this Lease and the leasehold estate of Tenant created hereunder are and shall be subject and subordinate to the lien of any mortgage, deed of trust, sale-leaseback, ground lease or similar encumbrance, whether such encumbrance is placed

against the fee or leasehold estate, affecting the Demised Premises and to all renewals, modifications, consolidations, replacements and extensions thereof, and advances thereunder; provided, however, with respect to any mortgage, deed of trust, sale-leaseback, ground lease or similar encumbrance such subordination shall be subject to receipt by Tenant of a nondisturbance agreement in form reasonably required by any such lienholder or ground Lessor (collectively, a "Mortgagee" and reasonably acceptable to Tenant. Tenant agrees at any time hereafter, upon twenty (20) days prior written notice, to execute and deliver any instruments, releases or other documents that may reasonably be required for the purpose of subjecting and subordinating this Lease, as above provided, to the lien of any such mortgage, deed of trust, ground lease, sale-leaseback or similar encumbrance in a form reasonably acceptable to Tenant and the holder of such mortgage, provided said subordination provides that all insurance proceeds and condemnation awards will be made available for the restoration of the Demised Premises, as provided herein, and that Tenant's rights hereunder will not be disturbed unless Tenant is in default beyond all applicable cure periods. Any fee which Landlord's lender or ground lessor may charge for such agreement shall be paid by Landlord.

In the event of any act or omission of Landlord constituting a default by Landlord, Tenant shall not exercise any remedy until Tenant has given Landlord and any mortgagee, ground lessor or sale-leaseback lessor of the Demised Premises that has provided Tenant with written notice of its interest in the Demised Premises and a notice address for each such party a prior thirty (30) day written notice of such act or omission and until a reasonable period of time to allow Landlord or the mortgagee, ground lessor or sale-leaseback lessor to remedy such act or omission shall have elapsed following the giving of such notice; provided, however, if such act or omission cannot, with due diligence and in good faith, be remedied within such thirty (30) day period, then Landlord or any such mortgagee, ground lessor or sale-leaseback lessor shall be allowed such further period of time as may be reasonably necessary provided that it commence remedying the same with due diligence and in good faith within said thirty (30) day period.

If any Mortgagee shall succeed to the rights of Landlord under this Lease or to ownership of the Demised Premises, whether through possession or foreclosure or the delivery of a deed to the Demised Premises, then, upon written request of such mortgagee so succeeding to Landlord's rights hereunder, Tenant shall attorn to and recognize such mortgagee, ground lessor or sale-leaseback lessor as Tenants landlord under this Lease, and shall promptly execute and deliver any instrument that such mortgagee may reasonably request to evidence such attornment (whether before or after making of the mortgage, ground lease or sale-leaseback lease). In the event of any other transfer of Landlord's interest hereunder, upon the written request of the transferee and Landlord, Tenant shall attorn to and recognize such transferee as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that such transferee and Landlord may reasonably request to evidence such attornment.

14. Assignment and Sublease. Tenant, if there is no Material Breach (as herein defined) by Tenant hereunder, shall have the right to assign this Lease or to sublease all or any portion of the Demised Premises, without Landlord's written consent in accordance with the terms of this Paragraph 14.

Tenant may assign this Lease or sublet the Demised Premises to an affiliate or subsidiary more than fifty percent (50%) of the voting stock of which is owned directly or indirectly by the direct or remote parent of Tenant (without Landlord's consent, upon prior written notice to Landlord) and further Tenant's interest in this Lease may be assigned to and assumed by a successor to Tenant pursuant to a purchase of all or substantially all of the assets of Tenant in connection with the sale of such assets or to any entity which acquires all of Tenant's capital stock (without Landlord's consent upon prior written notice to Landlord).

Any assignment or sublease shall require the assignee or subtenant to comply with all terms of this Lease except for any sublease term, which shall be at Tenant's discretion (but in no event extend beyond the term of this Lease), and a copy of such sublease or assignment shall be delivered to Landlord at least ten (10) days prior to the commencement of such sublease or assignment.

Any assignee shall assume, by instrument in form and content satisfactory to Landlord, the due performance of all of Tenant's obligations under this Lease, including any accrued obligations at the time of the effective date of the assignment, and such assumption agreement shall state that the same is made by the assignee for the express benefit of Landlord as a third party beneficiary thereof.

Each sublease permitted by this Paragraph 14 shall be subject and subordinate to all of the terms, covenants and conditions of this Lease and to all of the rights of Landlord hereunder; and in the event this Lease shall terminate before the expiration of such sublease, the sublessee thereunder will, at Landlord's option, attorn to Landlord and waive any rights the sublessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of this Lease.

Tenant agrees to pay on behalf of Landlord any and all costs of Landlord or otherwise occasioned by such assignment or subletting, including without limitation, the cost of any alteration, addition, improvement or other renovation or refurbishment to the Demised Premises made in connection with such assignment or subletting and any cost imposed by any governmental authority in connection with any of the foregoing.

Any assignment or subletting under this Paragraph 14 shall not relieve Tenant (or any guarantor of Tenants obligations under the Lease or any assignee) of its obligations hereunder. Any assignment or subletting of this Lease which is not in compliance with the provisions of this Paragraph 14 shall be of no effect and void. Except as permitted in this Paragraph 14, Tenant shall not transfer, sublet, assign or otherwise encumber its interest in the Lease or the Demised Premises, unless consented to by Landlord.

No assignment or subleasing hereunder shall relieve Tenant from any of Tenant's obligations in this Lease contained.

All profits from any such assignment or subletting shall be the property of Tenant and not Landlord.

15. Lease Extension. If this Lease shall not have been terminated
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pursuant to any provisions hereof and there is no Material Breach (as defined herein) by Tenant hereunder at the time set for exercise of the Extension Terms (as herein defined) and at the time set for commencement thereof, then Tenant may, at Tenants option, extend the term of this Lease for five (5) successive additional terms of four (4) years each (each an "Extension Term," collectively the "Extension Terms") commencing on the expiration of the original term, or the immediately preceding Extension Term, as the case may be. Tenant may exercise such option by giving Landlord written notice at least ten (10) months prior to the expiration of the original or the immediately preceding Extension Term, as the case may be. Upon the giving by Tenant to Landlord of such written notice and the compliance by Tenant with the foregoing provisions of this Paragraph 15, this Lease shall be deemed to be automatically extended upon all the covenants, agreements, terms, provisions and conditions set forth in this Lease, except that Base Rent, for each such Extension Term shall be as provided on Exhibit D.

If Tenant fails or omits to so give to Landlord the written notice referred to above, Landlord shall provide Tenant with written notice of Tenant's failure to exercise the Extension Term, and upon receipt of such notice, Tenant shall be allowed fifteen (15) days to exercise the extension option allowed for herein. If Landlord fails to provide such notice, Tenant's renewal option shall expire upon the expiration of the then current term. Failure to respond to Landlord's notice within such fifteen (15) days shall be deemed to be a waiver by Tenant of its extension option hereunder.

16. Impositions.

A. Tenant covenants and agrees to pay during the term of this Lease, as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all impositions described herein that accrue on or after the Commencement Date, which include without limitation, all real estate taxes, special assessments, water rates and charges, sewer rates and charges, including any sum or sums payable for future sewer or water capacity increases, charges for public utilities, street lighting, excise levies, licenses, permits, inspection fees, other governmental charges, and all other charges or burdens of whatsoever kind and nature (including costs, fees, and expenses of complying with any restrictive covenants or similar agreements to which the Demised Premises are subject), incurred in the use, occupancy, ownership, operation, leasing or possession of the Demised Premises, without particularizing by any known name or by whatever name hereafter called, and whether any of the foregoing be general or special, ordinary or extraordinary, foreseen or unforeseen (all of which are sometimes herein referred to as "Impositions"), which at any time during the term may have been or may be assessed, levied, confirmed, imposed upon, or become a lien on the Demised Premises, or any portion thereof, or any appurtenance thereto, rents or income therefrom, and such easements or rights as may now or hereafter be appurtenant or appertain to the use of the Demised Premises.

B. If, at any time during the term of this Lease, any method of taxation shall be such that there shall be levied, assessed or imposed on Landlord, or on the Basic Rent or Additional Rent, or on the Demised Premises or on the value of the Demised Premises, or any portion thereof, a capital levy, sales or use tax, gross receipts tax or other tax on the rents received

therefrom, or a franchise tax, or an assessment, levy or charge measured by or based in whole or in part upon such rents or value, Tenant covenants to pay and discharge the same, it being the intention of the parties hereto that the rent to be paid hereunder shall be paid to Landlord absolutely net without deduction or charge of any nature whatsoever foreseeable or unforeseeable, ordinary or extraordinary, or of any nature, kind or description, except as in this Lease otherwise expressly provided. Nothing in this Lease contained shall require Tenant to pay any municipal, state or federal net income or excess profits taxes assessed against Landlord, or any municipal, state or federal capital levy, estate succession, inheritance or transfer taxes of Landlord, or corporation franchise taxes imposed upon any corporate owner of the fee of the Demised Premises.

C. Tenant covenants to furnish Landlord, within 30 days after the date upon which any Imposition or other tax, assessment, levy or charge is payable by Tenant, official receipts of the appropriate taxing authority, or other appropriate proof satisfactory to Landlord evidencing the payment of the same. The certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition or other tax, assessment, levy or charge may be relied upon by Landlord as sufficient evidence that such Imposition or other tax, assessment, levy or charge is due and unpaid at the time of the making or issuance of such certificate, advice or bill,

unless Tenant provides Landlord with evidence to the contrary.

D. At Landlord's written demand after any Event of Default (as defined in Section 20 hereinafter) and for as long as such Event of Default is uncured, or upon the request of any Mortgagee of the Demised Premises, (but only after an Event of Default and for as long as such Event of Default is uncured) Tenant shall pay to Landlord the known or estimated yearly real estate taxes and assessments payable with respect to the Demised Premises in monthly payments equal to one-twelfth of the known or estimated yearly real estate taxes and assessments next payable with respect to the Demised Premises. From time to time Landlord may re-estimate the amount of real estate taxes and assessments, and in such event Landlord shall notify Tenant, in writing, of such re-estimate and fix future monthly installments for the remaining period prior to the next tax and assessment due date in an amount sufficient to pay the re-estimated amount over the balance of such period after giving credit for payments made by Tenant on the previous estimate. If the total monthly payments made by Tenant pursuant to this Paragraph 16D shall exceed the amount of payments necessary for said taxes and assessments, such excess shall be credited on subsequent monthly payments of the same nature; but if the total of such monthly payments so made under this paragraph shall be insufficient to pay such taxes and assessments when due, then Tenant shall pay to Landlord such amount as may be necessary to make up the deficiency.

E. Tenant shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after Tenant provides Landlord or the Mortgagee reasonable security, or Tenant makes payment of such Imposition, unless such payment, or a payment thereof under protest, would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of Paragraph 16A hereof Tenant may postpone or defer payment of such Imposition if neither the Demised Premises nor any portion thereof would,

by reason of such postponement or deferment, be in danger of being forfeited or lost, and (b) Tenant is not then in Material Breach of this Lease. Upon the termination of any such proceedings, Tenant shall pay the amount of such Imposition or part thereof, if any, as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, including attorney's fees, interest, penalties, fines and other liability in connection therewith, and upon such payment Landlord shall return all amounts or certificates deposited with it with respect to the contest of such Imposition, as aforesaid, or, at the written direction of Tenant, Landlord shall make such payment out of the funds on deposit with Landlord and the balance, if any, shall be returned to Tenant. Tenant shall be entitled to the refund of any Imposition, penalty, fine and interest thereon received by Landlord which have been paid by Tenant or which have been Paid by Landlord but for which Landlord has been previously reimbursed in full by Tenant. Landlord shall not be required to join in any proceedings referred to in this Paragraph 16E unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought

by or in the name of Landlord, in which event Landlord shall join in such proceedings or permit the same to be brought in Landlord's name upon compliance with such conditions as Landlord may reasonably require. Landlord shall not ultimately be subject to any liability for the payment of any fees, including attorney's fees, costs and expenses in connection with such proceedings. Tenant agrees to pay all such fees (including reasonable attorney's fees), costs and expenses or, on demand, to make reimbursement to Landlord for such payment. If Landlord is provided a certificate of deposit or other interest bearing instrument as security for the payment of the contested Imposition, during the time when any such certificate of deposit or other interest bearing instrument is on deposit with Landlord, and prior to the time when the same is returned to Tenant or applied against the payment, removal or discharge of Impositions, as above provided, Tenant shall be entitled to receive all interest paid thereon, if any. Cash deposits shall not bear interest.

17. Insurance.

A. During the term of this Lease, during any extension thereof, and during any holdover period, Tenant shall at its cost and expense procure and keep in force a policy of comprehensive public liability insurance, with limits of not less than $1,000,000 for injury to any one person, $2,000,000 as to any one accident, and $100,000 as to property damage, all on a per occurrence basis which policy shall name Landlord and its managing agent as additional insureds. A certificate of such insurance shall be delivered to Landlord prior to the Commencement Date and shall provide that same may not be cancelled or lowered in amounts without prior written notice of not less than thirty (30) days to Landlord and Landlord's mortgagee. Notwithstanding the foregoing, Tenant may insure the foregoing risks under its blanket policy or elect to self-insure such risks as provided in Paragraph 17E below. Any such liability insurance shall contain a contractual liability endorsement covering Tenant's indemnification obligations under this Lease.

B. During the term of this Lease and any extension thereof, Tenant, at its sole cost and expense, shall obtain and continuously maintain in full force and effect, policies of insurance covering the Improvements constructed, installed or located on the Demised Premises naming

the Landlord, as loss payee as its interest may appear, against (a) loss or damage by fire; (b) loss or damage from such other risks or hazards now or hereafter embraced by an "Extended Coverage Endorsement," including, but not limited to, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (c) loss for flood if the Demised Premises are in a designated flood or flood insurance area; (d) loss for damage by earthquake if the Demised Premises are located in an earthquake-prone area; (e) loss from so-called explosion, collapse and underground hazards; and (f) loss or damage from such other risks or hazards of a similar or dissimilar nature which are now or may hereafter be customarily insured against with respect to improvements similar in construction, design, general location, use and occupancy to the Improvements. At all times, such

insurance coverage shall be in an amount equal to 100% of the then "full replacement cost" of the Improvements. "Full Replacement Cost" shall be interpreted to mean the cost of replacing the improvements without deduction for depreciation or wear and tear, and it shall include a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Improvements in the event of damage thereto or destruction thereof. If a sprinkler system shall be located in the Improvements, sprinkler leakage insurance shall be procured and continuously maintained by Tenant at Tenant's sole cost and expense. Tenants shall cause to be inserted in the policy of insurance required by this Paragraph 17B a so-called "waiver of subrogation" clause as to Landlord and Landlord's insurer.

C. During the term of this Lease and any extension thereof, Tenant shall maintain Workman's Compensation Insurance in accordance with the laws of the State of California.

D. Tenant shall maintain insurance coverage (including loss of use and business interruption coverage) upon Tenant's business and upon all personal property of Tenant or the personal property of others kept, stored or maintained on the Demised Premises against loss or damage by fire, windstorm or other casualties or causes for such amount as Tenant may desire, and Tenant agrees that such policies shall contain a waiver of subrogation clause as to Landlord and Landlord's insurer.

E. Tenant's right to self-insured with respect to liability insurance is conditioned upon Tenant or Tenant's guarantor maintaining a net worth of at least $100,000,000.00. Tenant shall furnish Landlord written confirmation that Tenant has elected to self-insure with respect to liability insurance (if that is the case), and if so, that Tenants or Tenant's guarantor's net worth is at least $100,000,000.00 as evidenced by audited financial statements of Tenant or Tenant's guarantor or an affidavit from Tenant's or Tenant's guarantor's chief financial officer. If Tenant self-insures with respect to liability insurance, then Tenant agrees to indemnify, defend, and hold Landlord harmless from and against any loss, damage, costs, fees (including attorneys, fees), claims, demands, actions, causes of action, judgments, suits and liability that was or would have been covered by the insurance policy or policies replaced by self-insurance and such self-insurance shall not affect the nonliability of Landlord under Paragraph 17F as to any loss or damage caused by the perils described therein. The indemnification contained in this Paragraph 17E is in addition to, and not in lieu of, any covenants or obligations of Tenant contained in the other Paragraphs of this Lease. If Tenant so elects to become a self-insurer with respect to

liability insurance, Tenant shall deliver to Landlord notice in writing of the required, coverages which it is self-insuring setting forth the amount, limits, and scope of the self-insurance in respect to each type of coverage self-insured. Tenant, at Landlord's request, shall provide to Landlords mortgagee or assignee a certificate satisfactory to such mortgagee or assignee setting forth the self-insured coverages, if any, and stating that all losses shall the payable to such mortgagee and/or assignee as its interests may appear.

Nothing in this Paragraph shall prevent Tenant from taking out insurance of the kind and in the amount provided for under the preceding paragraphs of this Paragraph under a blanket insurance policy or policies (certificates thereof reasonably satisfactory to Landlord shall be delivered to Landlord) which may cover other properties owned or operated by Tenant as well as the Demised Premises; provided, however, that any such policy of blanket insurance of the kind provided for shall specify therein the amounts thereof exclusively allocated to the Demised Premises or Tenant shall furnish Landlord and the holder of any fee mortgage with a written statement from the insurers under such policies specifying the amounts of the total insurance exclusively allocated to the Demised Premises; and provided, further, however, that such policies of blanket insurance shall, as respects the Demised Premises, contain the various provisions required of such an insurance policy by the foregoing provisions of this Paragraph 17.

F. Tenant hereby releases Landlord (and Landlord's assignees, employees, agents and servants) and waives any claims it may have against Landlord from any liability for damage to or destruction of Tenant's trade fixtures, personal property (including also property under the care, custody, or control of Tenant), machinery, equipment, furniture, fixtures and business interests on the Demised Premises, except arising from Landlord's or Landlord's assignees', employees', agents' or servants' negligence. This Paragraph shall apply especially, but not exclusively, to damage or destruction caused by the flooding of basements or other subsurface areas, or by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, and shall apply equally, whether any such damage results from the act or omission of other tenants or occupants in the Demised Premises or any other persons, and whether such damage be caused by or result from any of the aforesaid, or shall be caused by or result from other, circumstances of a similar or dissimilar nature.

G. Tenant shall require each of its contractors and tradespeople to carry contractors liability/completed operations insurance, in the amounts specified in Paragraph 17A above, from companies licensed to do business in the State of California.

H. Upon expiration of the term of this Lease, the unearned premium upon any insurance policies or certificates thereof lodged with Landlord by Tenant shall be payable to Tenant, provided that Tenant shall not then be in default in keeping, observing or performing the terms and conditions of this Lease.

18. Destruction and Restoration.

A. Tenant covenants and agrees that in case of damage to or destruction of the Improvements after the Commencement Date of the term of this Lease, by fire or otherwise,

Tenant, at its sole cost and expense, shall promptly restore, repair, replace and rebuild the same as nearly as possible to the condition that the same were in immediately prior to such damage or destruction with such changes or alterations (made in conformity with Paragraph 8 hereof) as may be reasonably acceptable to Landlord or required by law. Tenant shall forthwith give Landlord written notice of such damage or destruction upon the occurrence thereof and specify in such notice, in reasonable detail, the extent thereof. Such restoration, repairs, replacements, rebuilding, changes and alterations, including the cost of temporary repairs for the protection of the Demised Premises, or any portion thereof, pending completion thereof are sometimes hereinafter referred to as the "Restoration." The Restoration shall be carried on and completed in accordance with the provisions and conditions of Paragraphs 8 and 18B hereof. If the net amount of the insurance proceeds (after deduction of all costs, expenses and fees related to recovery of the insurance proceeds) recovered by Landlord and held by Landlord and Tenant as co-trustees is reasonably deemed insufficient by Landlord to complete the Restoration of such improvements (exclusive of Tenants personal property and trade fixtures which shall be restored, repaired or rebuilt out of Tenant's separate funds), Tenant shall, upon request of Landlord, deposit with Landlord and Tenant, as co-trustees, a cash deposit equal to the reasonable estimate of the amount necessary to complete the Restoration of such improvements less the amount of such insurance proceeds available.

B. All insurance moneys recovered by Landlord and held by Landlord and Tenant as co-trustees on account of such damage or destruction, less Landlord's reasonable out-of-pocket costs, if any, to Landlord of such recovery, shall be applied to the payment of the costs of the Restoration and shall be paid out from time to time as the Restoration progresses upon the written request of Tenant, accompanied by a certificate of the architect or a qualified professional engineer in charge of the Restoration stating that as of the date of such certificate (a) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects, or persons, firms or corporations furnishing or supplying work, labor, services or materials for such Restoration, or is justly required to reimburse Tenant for any expenditures made by Tenant in connection with such Restoration, and when added to all sum previously paid out by Landlord does not exceed the value of the Restoration performed to the date of such certificate by all of said parties; (b) except for the amount, if any, stated in such certificates to be due for work, labor, services or materials, there is no outstanding indebtedness known to the person signing such certificate, after due inquiry, which is then due for work, labor, services or materials in connection with such Restoration, which, if unpaid, might become the basis of a mechanic's lien or similar lien with respect to the Restoration or a lien upon the Demised Premises, or any portion thereof, and (c) the costs, as estimated by the person signing such certificate, of the completion of the Restoration required to be done subsequent to the date of such certificate in order to complete the Restoration do not exceed the sum of the remaining insurance moneys, plus the amount deposited by Tenant, if any, remaining in the hands of Landlord after payment of the sum requested in such certificate.

Tenant shall furnish Landlord within thirty (30) days after Tenant's receipt of each progress payment with evidence reasonably satisfactory to

Landlord that Tenant has paid all bills in respect to any work, labor, services or materials performed, furnished or supplied in connection with such Restoration which was covered by the previous progress payment.

Landlord shall not be required to pay out or consent to any additional insurance moneys where Tenant fails to supply satisfactory evidence of the payment of work, labor, services or materials performed, furnished or supplied, as aforesaid. If the insurance moneys in the hands of Landlord and Tenant as co-trustees, and such other sums, if any, deposited with Landlord and Tenant as co-trustees pursuant to this Paragraph 18, shall be insufficient to pay the entire costs of the Restoration, Tenant agrees to pay any deficiency promptly upon demand so long as Tenant has participated in the adjustment of the insurance proceeds; provided, however, Landlord shall retain ultimate control over any final adjustment with the property insurer, and provided further that notwithstanding that the insurance moneys are insufficient to pay the cost of the Restoration, Tenant shall continue to be liable for full payment of Base Rent, Additional Rent and any other amounts due and payable hereunder. Upon completion of the Restoration and payment in full thereof by Tenant, Landlord shall within a reasonable period of time thereafter, turn over to Tenant all insurance moneys or other moneys then remaining upon submission of proof reasonably satisfactory to Landlord that the Restoration has been paid for in full and the damaged or destroyed Building and other improvements repaired, restored or rebuilt as nearly as possible to the condition they were in immediately prior to such damage or destruction, or with such changes or alterations as may be made in conformity with Paragraphs 8 and 18A hereof.

C. No destruction of or damage to the Demised Premises, or any portion thereof, by fire, casualty or otherwise shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay to Landlord the Base Rent and Additional Rent payable under this Lease or from any of its other obligations under this Lease, and Tenant waives any rights now or hereafter conferred upon Tenant by present or future law or otherwise to quit or surrender this Lease or the Demised Premises, or any portion thereof, to Landlord or to any suspension, diminution, abatement or reduction of rent on account of any such damage or destruction.

D. Landlord agrees, subject to the provisions of Paragraphs 8 and 18 hereof, to in all instances turn over and make available to Tenant all insurance moneys contemplated by Paragraph 18B hereof.

19. Condemnation.

A. If, during the term of this Lease, the entire Demised Premises shall be taken as the result of the exercise of the power of eminent domain (hereinafter referred to as the "Proceedings"), this Lease and all right, title and interest of Tenant hereunder shall cease and come to an end on the date of vesting of title pursuant to such Proceedings and Landlord shall be entitled to and shall receive the total award made in such Proceedings; provided that Tenant shall have the right to state a claim separate from Landlord's claim against the

condemning authority for Tenant's moving costs and the loss of the bargain of this Lease, to the extent that such a claim by Tenant does not otherwise reduce Landlord's award.

In any taking of the Demised Premises, or any portion thereof whether or not this Lease is terminated as in this Paragraph provided, Tenant shall not be entitled to any portion of the award for the taking of the Demised Premises or damage to the Improvements, except as otherwise provided for in Paragraph 19C with respect to the restoration of the Improvements, or for the

estate or interest of Tenant therein, all such award, damages, consequential damages and compensation being hereby assigned to Landlord, and Tenant hereby waives any right it now has or may have under present or future law to receive any separate award of damages for its interest in the Demised Premises, or any portion thereof, or its interest in this Lease, except that Tenant shall have, nevertheless, the limited right to prove in the Proceedings and to receive any award which may be made for damages to or condemnation of Tenant's movable trade fixtures and equipment, and for Tenant's relocation costs in connection therewith.

B. If, during the initial term of this Lease, or any extension or renewal thereof, less than the entire Demised Premises, but more than 15% of the floor area of the Building, or more than 25% of the land area of the Demised Premises, or more than 20% of the parking spaces, shall be taken in any such Proceedings, this Lease shall upon vesting of title in the Proceedings, terminate as to the portion of the Demised Premises so taken, and Tenant may, at its option, terminate this Lease as to the remainder of the Demised Premises. Tenant shall not have the right to terminate this Lease pursuant to the preceding sentence unless (a) the business of Tenant conducted in the portion of the Demised Premises taken cannot reasonably be carried on with substantially the same utility and efficiency in the remainder of the Demised Premises (or any substitute space securable by Tenant pursuant to clause (b) hereof) and (b) Tenant cannot construct or secure or Landlord cannot provide substantially similar space to the space so taken, on the remainder of the Demised Premises, or Landlord cannot provide replacement parking spaces on additional property located in close proximity to the Demised Premises that are reasonably acceptable to Tenant. Such termination as to the remainder of the Demised Premises shall be effected by notice in writing given not more than 60 days after the date of vesting of title in such Proceedings, and shall specify a date not more than 60 days after the giving of such notice as the date for such termination. Upon the date specified in such notice, the term of this Lease, and all right, title and interest of Tenant hereunder, shall cease and come to an end. If this Lease is terminated as in this Paragraph 19B provided, Landlord shall be entitled to and shall receive the total award made in such Proceedings, Tenant hereby assigning any interest in such award, damages, consequential damages and compensation to Landlord, and Tenant hereby waiving any right Tenant has now or may have under present or future law to receive any separate award of damages for its interest in the Demised Premises, or any portion thereof, or its interest in this Lease except as otherwise provided in Paragraph 19A. The right of Tenant to terminate this Lease, as in this Paragraph 19B provided, shall be

exercisable only upon condition that Tenant is not then in default in the performance of any of the terms, covenants or conditions of this Lease on its part to be performed, and such termination upon Tenant's part shall become effective only upon compliance by Tenant with all such terms, covenants and conditions to the date of such termination. In the event that Tenant elects not to terminate this Lease as to the remainder of the Demised Premises, the rights and obligations of Landlord and Tenant shall be governed by the provisions of Paragraph 19C hereof.

C. If 15%, or less, of the floor area of the Building, or 25%, or less, of the land area of the Demised Premises or 20% or less, of the parking spaces shall be taken in such Proceedings, or if more than 15% of the floor area of the Building or more than 25% of the land area of the Demised Premises or more than 20% of the parking spaces is taken (but less than the entire Demised Premises), and this Lease is not terminated as in Paragraph 19B hereof provided,

this Lease shall, upon vesting of title in the Proceedings, terminate as to the parts so taken, and Tenant shall have no claim or interest in the award, damages, consequential damages and compensation, or any part thereof except as otherwise provided in Paragraph 19A. Landlord shall be entitled to and shall receive the total award made in such Proceedings, Tenant hereby assigning any interest in such award, damages, consequential damages and compensation to Landlord, and Tenant hereby waiving any right Tenant, has now or may have under present or future law to receive any separate award of damages for its interest in the Demised Premises, or any portion thereof, or its interest in this Lease except as otherwise provided in Paragraph 19A. The net amount of the award (after deduction of all costs and expenses, including attorney's fees), shall be held by Landlord as trustee and applied as hereinafter provided. Tenant, in such case, covenants and agrees, at Tenant's sole cost and expense (subject to reimbursement to the extent hereinafter provided), promptly to restore that portion of the Improvements on the Demised Premises not so taken to a complete architectural and mechanical unit for the use and occupancy of Tenant as in this Lease provided. In the event that the net amount of the award (after deduction of all costs and expenses, including attorneys fees) that may be received by Landlord and held by Landlord as trustee in any such Proceedings as a result of such taking is insufficient to pay all costs of such restoration work, Tenant shall deposit with Landlord as trustee such additional sum as may be required upon the written request of Landlord so long as Tenant has participated in the Proceedings or otherwise provide reasonably adequate assurances to Landlord that Tenant has the financial resources to fund such additional sum; provided, however, Landlord shall retain ultimate control over any final settlement or litigation with the condemning authority, and provided further that notwithstanding that the net amount of the award may be insufficient to pay all costs of the restoration work, Tenant shall continue to be liable for payment of Base Rent, Additional Rent and any other amount due and payable hereunder, which amounts shall not be abated except as provided in Paragraph 19E below. The provisions and conditions in Paragraph 8 applicable to changes and alterations shall apply to Tenant's obligations to restore that portion of the Improvements to a complete architectural and mechanical unit. Landlord agrees in connection with such restoration work to apply so much of the net amount of any award

(after deduction of all costs and expenses, including attorney's fees) that may be received by Landlord and held by Landlord as trustee in any such Proceedings as a result of such taking to the costs of such restoration work thereof and the said net award as a result of such taking shall be paid out from time to time to Tenant, or on behalf of Tenant, as such restoration work progresses upon the written request of Tenant, which shall be accompanied by a certificate of the architect or the registered professional engineer in charge of the restoration work stating that (a) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects or other persons, firms or corporations furnishing or supplying work, labor, services or materials for such restoration work or as is justly required to reimburse Tenant for expenditures made by Tenant in connection with such restoration work, and when added to all sum previously paid out by Landlord as trustee does not exceed the value of the restoration work performed to the date of such certificate; and (b) the net amount of any such award as a result of such taking remaining in the hands of Landlord, together with the sum, if any, deposited by Tenant with Landlord as trustee pursuant to the provisions hereof, will be sufficient upon the completion of such restoration work to pay for the same in full. If payment of the award as a result of such taking, as aforesaid, shall not be received by Landlord in time to permit payments as the restoration work progresses (except in the event of an appeal of the award

by Landlord), Tenant shall not be required to proceed with any restoration work until payment of such award is received by Landlord; provided, however, delay in payment of such amount shall not release Tenant of its obligation to pay Base Rent, Additional Rent and other amounts due and payable hereunder during any such delay and there shall be no abatement of Base Rent, Additional Rent or any other amounts except as provided in Paragraph 19E below. If Landlord appeals an award and payment of the award is delayed pending appeal Tenant shall, nevertheless, perform and fully pay for such work without delay, and payment of the amount to which Tenant would have been entitled had Landlord not appealed the award (in an amount not to exceed the net award prior to such appeal) shall be made by Landlord to Tenant as restoration progresses pursuant to this Paragraph 19C, in which event Landlord shall be entitled to retain an amount equal to the sum disbursed to Tenant pursuant to the preceding sentence out of the net award as and when payment of such award is received by Landlord. Tenant shall also furnish Landlord as trustee with each certificate hereinabove referred to, together with evidence reasonably satisfactory to Landlord that there are no unpaid bills in respect to any work, labor, services or materials performed, furnished or supplied, or claimed to have been performed, furnished or supplied, in connection with such restoration work [relating to prior payments made by Landlord to Tenant], and that no liens have been filed against the Demised Premises, or any portion thereof. Landlord as trustee shall not be required to pay out any funds when there are unpaid bills for work, labor, services or materials performed, furnished or supplied in connection with such restoration work relating to prior payments made by Landlord to Tenant, or where a lien for work, labor, services or materials performed, furnished or supplied has been placed against the Demised Premises, or any portion thereof. Upon completion of the restoration work and payment in full therefor by Tenant, and upon submission of proof reasonably satisfactory to Landlord that the

restoration work has been paid for in full and that the Improvements have been restored or rebuilt to a complete architectural and mechanical unit for the use and occupancy of Tenant as provided in this Lease, Landlord as trustee shall pay over to Tenant any portion of the cash deposit furnished by Tenant then remaining; provided, however, any other amounts awarded in such Proceedings (and made available for restoration) which remain following restoration of the Demised Premises shall be the property of Tenant and Landlord shall have no claim thereto.

D. In the event of any partial termination of this Lease as a result of any such Proceedings, Tenant shall pay to Landlord all Base Rent and all Additional Rent and other charges payable hereunder with respect to that portion of the Demised Premises so taken in such Proceedings with respect to which this Lease shall have terminated justly apportioned to the date of such termination. From and after the date of vesting of title in such Proceedings, Tenant shall continue to pay the Base Rent and Additional Rent and other charges payable hereunder, as in this Lease provided, to be paid by Tenant, subject to abatement, if any, as provided for in Paragraph 19E hereof.

E. In the event of a partial taking of the Demised Premises under Paragraph 19C hereof, or a partial taking of the Demised Premises under Paragraph 19B hereof, followed by Tenant's election not to terminate this Lease, the fixed Base Rent payable hereunder during the period from and after the date of vesting of title in such Proceedings to the termination of this Lease shall not be reduced unless Tenant shall have completed the restoration work with its own funds in accordance with the provisions of the Lease and Landlord shall have applied the net

amount of any award to reduce the indebtedness secured by any financing encumbering the Demised Premises or otherwise to reduce the amount of Landlord's Development Costs (as herein defined), in which event fixed Base Rent payable hereunder shall be reduced to a sum equal to the product of the Base Rent provided for herein multiplied by a fraction, the numerator of which shall be Landlord's Development Costs less any amounts so paid to and applied by Landlord less Tenant's $2,000,000 contribution, and the denominator of which shall be Landlord's Development Costs less Tenant's $2,000,000 contribution without regard to any amounts so paid to and applied by Landlord.

F. Anything herein to the contrary notwithstanding, upon the occurrence of any Proceedings which would otherwise result in a termination of this Lease, Tenant shall, as a condition precedent to such termination so long as Tenant has participated in such Proceedings, (provided, however, Landlord shall retain ultimate control over any final settlement or litigation with the condemning authority), pay to Landlord an amount, reasonably estimated by Landlord, equal to the excess, if any, of the unamortized portion of Landlord's Development Costs, less the $2,000,000 referred to below, over the net award to be received by Landlord after deduction of all costs of the Proceedings. In making the foregoing calculation, Landlord shall use an interest rate equal to the interest rate associated with the project financing from time to time during the term of this Lease. "Landlord's Development Costs" shall mean and include any and all

amounts incurred by Landlord in connection with the acquisition and development of the Demised Premises, including, without limitation, consideration paid for acquisition of the Demised Premises, costs for required off-site improvements, including relocating electric lines underground, all architectural, engineering, environmental, land planning and other consulting fees, all title and survey expenses, any and all fees and expenses associated with procuring construction and/or other financing for the project, any other costs or expenses that would not have been incurred by Landlord had Landlord not been involved in the acquisition of the Demised Premises, and all attorneys' fees associated with any of the foregoing. A preliminary estimate of Landlord's Development Costs (which includes Tenant's initial contribution of $2,000,000 as deposited into escrow under Paragraph 3) is attached hereto and made a part hereof as Exhibit G; provided, however, the parties agree and acknowledge that the amounts and categories of costs and expenses set forth on Exhibit G represent an estimate of such items only, and that Landlord anticipates changes in, additions to and modifications of such items, including, without limitation, changes, additions and modifications of such items as development of the project and construction of the Demised Premises progresses including, without limitation, changes, additions and modifications relating to actual design and construction costs, and in securing construction and permanent financing for the project from time to time. The parties agree to update the estimate provided for in Exhibit G within sixty (60) days after the Commencement Date and attach the updated Exhibit G initialed and dated by the parties in place of the Exhibit G attached as of the date hereof.

20. Default by Tenant. The occurrence of any one or more of the following events shall constitute an "Event of Default" by Tenant:

A. The failure by Tenant to make any payment of rental or any other payment required to be made by Tenant hereunder, and any interest for late payment thereof, as and when

due, where such failure shall continue for a period of five (5) days after receipt by Tenant of a written notice thereof from Landlord.

B. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease (other than the failure by Tenant described in subparagraph E below) where such failure shall continue for a period of thirty (30) days after receipt by Tenant of written notice thereof from Landlord; provided, however, that if the nature of Tenant's default is such that it cannot be cured solely by payment of money (and in the reasonable judgment of Landlord said default is susceptible to cure) and that more than thirty (30) days may be reasonably required for such cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within such thirty (30) day period and shall thereafter diligently prosecute such cure to completion.

C. (a) the making of any general arrangement or any assignment by Tenant for the benefit of creditors;

(b) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition of reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the petition is dismissed within ninety (90) days of the date filed);

(c) the appointment of a trustee or receiver to take possession of substantially all of Tenants assets; and

(d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets.

D. An assignment or subletting by Tenant in violation of Paragraph 14 hereof.

E. The failure by Tenant in keeping, observing or performing any of the terms contained in this Lease, other than those referred to in Subparagraphs 14 A, B, C and D above, and which exposes Landlord to criminal liability, and such default shall continue after written notice thereof given by Landlord to Tenant, and Tenant fails to proceed timely and promptly with all due diligence and in good faith to cure the same and thereafter to prosecute the curing of such default with all due diligence, it being intended that in connection with a default which exposes Landlord to criminal liability that Tenant shall proceed immediately to cure or correct such condition with continuity and with all due diligence and in good faith.

21. Landlord's Remedies. In the event of any Material Breach of this Lease by Tenant, then Landlord, in addition to other rights or remedies it may have, shall have the right to terminate this Lease, or without terminating this Lease, terminate Tenant's right to possession of the Demised Premises, and in either event Tenant shall immediately surrender possession of the Demised Premises to Landlord and if Tenant fails to do so, Landlord may, without prejudice to any other remedy it may have for possession or arrearage of rentals, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, with or without legal proceedings, by

force if necessary, without being liable for prosecution or any claim or damage therefor. In such event, Landlord shall be entitled to recover from Tenant all reasonable damages incurred by Landlord by reason of Tenant's default, including without limitation, the cost of recovering possession of the Demised Premises, expenses of reletting including reasonable renovation and alteration of the Demised Premises, reasonable attorneys', fees, real estate commissions, and any other sum of money, late charges and damages caused by Tenant to Landlord. As used herein, "Material Breach" shall mean any breach by Tenant in any of the terms and conditions of this Lease which upon an Event of Default would have a material and adverse impact of any kind upon Landlord and/or the Demised Premises, as opposed to a technical breach by Tenant which is de minimis in

nature.

If Tenant's right to possession of the Demised Premises is terminated without termination of the Lease, Landlord shall be entitled to enforce all of Landlord's rights and remedies under the Lease, including the right to recover the rent as it becomes due hereunder. Should Landlord elect to relet the Demised Premises or any part thereof, Landlord may do so for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem appropriate. Rental and other amounts received by Landlord in connection with such reletting shall be applied against the amounts due from Tenant hereunder after deducting any expenses incurred by Landlord with respect to such reletting as provided above. Tenant shall pay any deficiency to Landlord. Such deficiency shall be calculated on a cumulative basis with all excess payments received by Landlord from such reletting to be applied against future amounts due from Tenant and any deficiencies to be paid monthly. No such reentry or taking possession of the Demised Premises by Landlord shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to Tenant, in which event Tenant's obligations to Landlord shall forthwith cease, or unless the termination thereof be decreed by a court of competent jurisdiction.

In the event Landlord terminates this Lease in accordance with this Paragraph, then, Tenant shall be liable and shall pay to Landlord, the sum of all rent and other payments owed to date to Landlord, all sums owed to date to third parties (including without limitation, all Impositions) hereunder accrued to the date of such termination, all reasonable amounts required to be spent by Landlord to fulfill any of Tenant's obligations which Tenant did not fulfill prior to termination by Landlord, plus, as damages, an amount equal to the present value discounted at ten percent (10%) of (i) the total rental payments hereunder for the remaining portion of the term of the Lease, calculated as if such term expires on the date set forth in Paragraph 2, unless Tenant has extended this Lease, in which case such calculation shall be as if the term expires on the final day of the extension term then in effect, less (ii) the fair market rental value of the Demised Premises for such remaining period. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain, as damages by reason of such expiration or termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the difference referred to above.

Landlord shall have the obligation to mitigate its damages to the extent required by state law.

In addition to the aforesaid remedies, Landlord shall be entitled to pursue any other remedy now or hereafter available to Landlord at equity or under the laws or judicial decisions of the state where the Demised Premises is located or by statute or otherwise. All rights and remedies of Landlord herein enumerated shall be cumulative, and the exercise or the commencement of the exercise by Landlord of any one or more of such rights or remedies should not preclude the

simultaneous or later exercise by Landlord of any or all other rights or remedies. Tenant shall pay, upon demand, all of Landlord's costs, including reasonable attorneys' fees and court costs, incident to the enforcement of Tenant's obligations hereunder. A receipt by Landlord of rent with knowledge of the breach of any covenant hereof (other than breach of the obligation to pay the portion of such rent paid) shall not be deemed a waiver of such breach, and no waiver by Landlord of any provisions of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. Without limiting the generality of the foregoing, no failure by Landlord to insist upon the performance of any of the terms of this Lease or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of such breach or any of the terms of this Lease, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. In addition to other remedies in this Lease provided, Landlord shall be entitled to seek a restraint by injunction of the violation or attempted or threatened violation of the covenants, conditions and provisions of this Lease.

22. Default by Landlord. The following shall constitute a "Material Breach" by Landlord:

The failure by Landlord to observe or perform any of the covenants, conditions or provisions of this Lease where such failure shall continue for a period of thirty (30) days after receipt by Landlord of written notice thereof from Tenant; provided, however, that if the nature of Landlord's default is such that it cannot be cured solely by payment of money and that more than thirty (30) days may be reasonably required for such cure, then Landlord shall not be deemed to be in default if Landlord shall commence such cure within such thirty (30) day period and shall thereafter diligently prosecute such cure to completion.

23. Tenant's Remedies. In the event of any Material Breach of this Lease by Landlord, then Tenant in addition to other rights or remedies it may have at law or in equity (subject to the terms of this Lease), at Tenant's sole option, may perform such obligations of Landlord provided that Tenant has furnished to any party having a recorded mortgage, deed of trust, ground lease or similar lien against the Demised Premises (for which Tenant has received written notice) with written notice of such default and such party has failed to cure the same within the limits prescribed herein for Landlord to cure such default, and Tenant may invoice Landlord for the costs and expenses thereof, which invoice Landlord shall promptly pay. Notwithstanding the foregoing, despite such notice and expiration of such cure period, no rent or other payments due from Tenant may be offset by Tenant, and Tenant shall have no right to perform any obligation of Landlord unless such performance by Tenant is necessary to prevent imminent injury or damage to persons or Tenant's property.

24. Delivery of Executed Lease. Deleted by intent of parties.

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25. Termination. Deleted by intent of parties.

26. Notices. All notices shall be sent by registered mail, return receipt requested, or by recognized overnight courier providing proof of delivery, to the following addresses:

To Landlord:
Sunnyvale Limited Partnership
Ridge Sunnyvale, Inc.,
c/o Ridge Capital Corporation
Attention: James G. Martell
257 East Main Street
Barrington, Illinois 60010

To Tenant:
First Data Merchant Services Corporation
Attention: David L. Schlapbach,
Director of Real Estate and Counsel
5660 New Northside Drive
Suite 1400
Atlanta, Georgia 30328

With a copy to:

Gardner, Carton & Douglas
Attention: Glenn W. Reed
321 North Clark Street
Suite 3400
Chicago, Illinois 60610-4795

With a copy to:

First Data Merchant Services Corporation
Attention: Roger L. Pierce, President
700 Hansen Way
Palo Alto, CA 94303

Any notice shall be deemed to have been given three (3) days after the date deposited in the United States mail, or on the first business day after sending when delivery by recognized overnight courier providing proof of delivery, in the manner aforesaid.

Either party, by written notice to the other, shall have the right to change the addresses for notice(s) to be sent to such party, and to add or substitute entities to which a copy of any notice shall be sent by the other party.

27. Brokerage. Landlord and Tenant acknowledge that no real estate broker brought about this lease transaction. Landlord hereby indemnifies Tenant against the claims of any party claiming by, through or under Landlord in connection with this Lease transaction, and Tenant hereby indemnifies Landlord against the claims of any party claiming by, through or under Tenant in connection with this Lease transaction.

28. Estoppel. Landlord and Tenant shall, at any time upon not less than twenty (20) days prior written notice, execute and deliver to a prospective new landlord, lender, or assignee or subtenant of Tenant, as the case may be, a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or if modified, stating the nature of such modification and

certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to

the party's knowledge, any uncured defaults on the part of the other party hereunder, or so specifying such defaults if any are claimed, and (iii) other reasonable requests that relate to the Lease.

29. Hazardous Substances.

A. For purposes of this Paragraph 29, "Hazardous Substance" means:

(i) "Hazardous Substances" as defined by the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. (S)9601 et. seq., as amended, and all regulations promulgated thereunder, the Federal Clean Air Act, as amended (42 U.S.C. (S)7401 et. seq.) and the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. (S)1317 et. seq. as amended and all regulations promulgated thereunder;

(ii) "Hazardous Waste" as defined by the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. (S)6602 et. seq. as amended and all regulations promulgated thereunder;

(iii) Any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials or substances within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended;

(iv) More than 100 gallons of crude oil which is liquid at standard conditions of temperature and pressure (80 degrees Fahrenheit and 14.7 pounds per square inch absolute);

(v) Any radioactive material, including any source, special nuclear or by-product material as defined in 42 U.S.C. (S)2011 et. seq. as amended or hereafter amended, and all regulations promulgated thereunder;

(vi) Friable asbestos or any asbestos which becomes friable during the term of this Lease; and

(vii) Anything defined as a hazardous, toxic or radioactive material,

waste or substance or the uses transportation or disposal of which is regulated under applicable California laws or rules and regulations issued pursuant thereof;

(all of the foregoing statutes, laws, ordinance, rules, regulations, and common law theories being sometimes hereinafter collectively referred to as "Envlaws").

B. Landlord and Tenant acknowledge the environmental condition of the Land as described in that certain Site Management Plan prepared by Geomatrix Consultants dated

September 5, 1996, a copy of which Landlord has provided to Tenant. Prior to the Construction Completion Date, Landlord shall cause to be performed all asbestos and soil removal and disposal or other remediation provided for under and in compliance with Section 4.4.7 of the Sale Agreement, as well as all additional environmental clean-up of Hazardous Substances as required by Section 4.4.7 of the Sale Agreement. Landlord shall indemnify, defend and hold Tenant harmless from all damages, costs, losses, expenses (including but not limited to reasonable attorneys' fees and engineering fees) arising from any breach by Landlord of the preceding covenant; provided however, the foregoing indemnification shall terminate upon the expiration of one (1) year from the Construction Completion Date. Notwithstanding the foregoing, in no event shall Tenant have the right to terminate this Lease or have any right of set-off arising out of any breach or claimed breach by Landlord in its obligations hereunder; it being expressly acknowledged and agreed that the Base Rent and Additional Rent, and all other charges and sums payable by Tenant hereunder, shall commence at the times provided herein and shall continue to be payable as provided under this Lease.

C. Tenant shall not allow any Hazardous Substance to be brought on to the Demised Premises and shall not conduct or authorize the generation, transportation, storage, treatment or disposal at the Demised Premises, of any Hazardous Substance other than in quantities incidental to the conduct of Tenants Use and in compliance with Envlaws; provided, however, nothing herein contained shall permit Tenant to allow any so-called "acutely hazardous", "ultra-hazardous", "imminently hazardous chemical substance or mixture" or comparable Hazardous Substance to be located on or about the Demised Premises.

D. If the presence, release, threat of release, placement on or in the Demised Premises, or the generation, transportation, storage, treatment, or disposal at the Demised Premises of any hazardous substances as a result of Tenants operations at the Demised Premises: (i) gives rise to liability (including, but not limited to, a responses action, remedial action, or removal action) under Envlaws, (ii) causes a significant public health effect, or (iii) pollutes or threatens to pollute the environment, Tenant shall promptly take any and all remedial and removal action necessary to clean up the Demised Premises and mitigate exposure to liability arising from the hazardous substance, whether or not required by law.

E. Tenant shall indemnify, defend and hold Landlord harmless from all

damages, costs, losses, expenses (including, but not limited to, actual attorneys', fees and engineering fees) arising from or attributable to the existence of any hazardous substances at the Demised Premises as a result of Tenant's operations at the Demised Premises, and (ii) any breach by Tenant of any of its covenants contained in this Paragraph 29.

F. Upon request by Landlord during the term of this Lease, prior to the exercise of any Extension Term, Tenant shall undertake and submit to Landlord an environmental audit from an environmental consulting firm reasonably acceptable to Landlord which audit shall evidence Tenant's compliance with this Paragraph 29. Tenant shall bear the cost of such environmental audit unless such audit discloses that Tenant has complied with the provisions of this Paragraph 29 in which event Landlord shall pay for such audit.

G. Landlord or Tenant shall give the other prompt written notice upon discovery of any Hazardous Substance at or adjacent to the Demised Premises. Landlord and Tenant's obligations under this Paragraph 29 shall survive termination of the Lease.

30. Holdover. Should Tenant continue to occupy the Demised Premises
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after expiration of the term or any renewal thereof and provided Landlord has notified Tenant thirty (30) days prior to the expiration of the term or any renewal term that Landlord is negotiating or has executed a lease with a third party for the Demised Premises or any portion thereof, Tenant shall be deemed to be occupying the Demised Premises without claim or right and Tenant shall pay Landlord all costs arising out of loss or liability resulting from delay by Tenant in so surrendering the Demised Premises as above provided and shall pay a charge for each day of occupancy an amount equal to 150% the Base Rent (on a per them basis) then reserved hereunder. In the event Landlord has failed to notify Tenant in writing within thirty (30) days prior to the expiration of the term or any renewal term that Landlord is negotiating or has executed a lease with a third party for the Demised Premises or any portion thereof, Tenant shall be entitled to occupy the Demised Premises for a period of sixty (60) days following expiration of the term or any renewal term on the same terms and conditions as such term or renewal term (including Base Rental and additional rental). Should Tenant continue to occupy the Demised Premises following such sixty (60) day period, Tenant shall be deemed to be occupying the Demised Premises without claim or right and Tenant shall pay Landlord as a full measure of all loss or liability resulting from delay by Tenant in so surrendering the Demised Premises as above provided a charge for each day of occupancy an amount equal to 200% of the Base Rent and Additional Rent (on a per them basis) then reserved hereunder.

31. Surrender.

A. Upon any termination or expiration of this Lease, Tenant shall surrender the Demised Premises in the same condition as existed at the Commencement Date, except for normal wear and tear and damage caused by the fire

or other casualty; provided, however, that nothing in this Paragraph 31 is intended to change or diminish Tenant's obligations under any other part of this Lease. Tenant shall remove the Alterations it is required to remove pursuant to the terms of Paragraph 8 hereof. Any damage to the Demised Premises resulting from the removal of such Alterations shall be repaired by Tenant at Tenant's expense. If the Demised Premises be not surrendered as above set forth, Tenant shall indemnify, defend and hold Landlord harmless against loss or liability resulting from the delay by Tenant in so surrendering the Demised Premises, including, without limitation any claim made by any succeeding occupant founded on such delay.

All property of Tenant not removed on or before the last day of the term of this Lease (subject to Tenant's right to occupy the Demised Premises following expiration of the term of this Lease as set forth in Paragraph 30 hereof) or within fifteen (15) days thereafter shall be deemed abandoned. Tenant hereby appoints Landlord its agent to remove all property of Tenant from the Demised Premises upon termination of this Lease and to cause its transportation and storage for Tenant's benefit, all at the sole cost and risk of Tenant and Landlord shall not be liable for damage, theft, misappropriation or loss thereof and Landlord shall not be liable in any

manner in respect thereto. Tenant shall pay all costs and expenses of such removal, transportation and storage. Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord with respect to removal or storage of abandoned property and with respect to restoring said Demised Premises to good order, condition and repair.

32. Liens. Landlord shall deliver the Demised Premises to Tenant free of
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all mechanic's and materialmen's liens or bond over all such mechanic's and materialmen's liens. Tenant has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind the interest of Landlord or Tenant in the Demised Premises, or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who furnish materials or perform labor for any construction or repairs, and Tenant covenants and agrees that it shall not mortgage, encumber or pledge this Lease or any interest therein. The preceding sentence shall not be construed as prohibiting Tenant from making Alterations as provided in Paragraph 8 above or from permitting any other mechanics or materialmen's lienable work to be performed as long as such work is not prohibited by this Lease. Tenant agrees to indemnify and hold Landlord harmless from any lien filed against the Demised Premises on account of work performed by or on behalf of Tenant and from any and all losses, costs, damages, expenses, liabilities, suits, penalties, claims and damages (including reasonable attorney fees) arising from or relating to such lien. After Tenant's receipt of notice or actual knowledge of the placing of any lien or encumbrance against the Demised Premises, Tenant shall immediately give Landlord written notice thereof. Tenant shall within ten (10) days therefrom remove such lien by payment or bond.

If Tenant shall fail to discharge such mechanic's lien within such period,

then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same by paying to the claimant the amount claimed to be due by procuring the discharge of such lien as to the Demised Premises by deposit in the court having jurisdiction of such lien, a cash sum sufficient to secure the discharge of the same, or by the deposit of a bond or other security with such court sufficient in form, content and amount to procure the discharge of such lien, or in such other manner as is now or may in the future be provided by present or future law for the discharge of such Hen as a lien against the Demised Premises. Any amount paid by Landlord, or the value of any deposit so made by Landlord, together with all costs, fees and expenses in connection therewith (including reasonable attorneys' fees of Landlord), together with interest thereon at the rate set forth in Paragraph 33 hereof, shall be repaid by Tenant to Landlord on demand by Landlord and if unpaid may be treated as Additional Rent.

All materialmen, contractors, artisans, mechanics, laborers and any other person now or hereafter furnishing any labor, services, materials, supplies or equipment to Tenant with respect to the Demised Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Tenant upon credit, and that no mechanic's lien or other lien for any such labor, services, materials, supplies, machinery, fixtures or equipment shall attach to or affect the estate or interest of Landlord in and to the Demised Premises, or any portion thereof.

33. Interest; Late Charge. Base Rent payable pursuant to Paragraph 3 hereof by Tenant to Landlord under this Lease, if not paid when due, and any other charges payable by Tenant hereunder not paid when due, including any charges, expenses, liabilities or fees in connection with a default by Tenant, shall accrue interest at the rate of prime (as announced from time to time by the First National Bank of Chicago) plus one percent (1%) per annum from the due date until paid, said interest to be in addition to Base Rent and other charges under this Lease and to be paid to Landlord by Tenant upon demand. In addition, if any installment of Base Rent and other charges payable pursuant to this Lease by Tenant to Landlord is not paid within five (5) days after receipt by Tenant of a written notice thereof from Landlord, Tenant shall pay Landlord a late charge in an amount equal to two percent (2%) of the amount then due to defray the increased cost of collecting late payments.

34. Inspections. Landlord, its agents or employees may, after providing Tenant with at least twenty-four (24) hours prior notice except in an emergency situation, enter the Demised Premises during reasonable business hours when accompanied by an authorized employee or agent of Tenant except in an emergency situation, to (a) exhibit the Demised Premises to prospective purchasers or lenders; (b) inspect the Demised Premises to see that Tenant is complying with its obligations hereunder, and (c) exhibit the Demised Premises during the last

six (6) months of the term to prospective tenants; provided that Landlord shall comply at all times with Tenant's reasonable security requirements.

35. Transfer of Landlord's Interest. Tenant acknowledges that Landlord has the right to transfer its interest in the Demised Premises and in this Lease at any time after the date which is eighteen (18) months after the Commencement Date and subject to the provisions of Paragraph 52 hereof, and Tenant agrees that in the event of any such transfer Landlord shall automatically be released from all liability under this Lease except for any liabilities accruing prior to the date of transfer for which Tenant has identified in an estoppel certificate or by written notice to Landlord, and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder, provided, however, any such transferee shall be deemed to have assumed the obligations of Landlord hereunder subject to the conditions and limitations herein contained. Tenant agrees to look solely to Landlord's interest in the Demised Premises for the recovery of any judgment from Landlord, it being agreed that Landlord, or if Landlord is a partnership, its partners whether general or limited, or if Landlord is a corporation, its directors, officers or shareholders, or if Landlord is a limited liability company, its members or managers, shall never be personally liable for such judgment. Without limiting the generality of the foregoing, Tenant agrees that Landlord may transfer its interest in this Lease to any entity controlled by, controlling or under common control with Landlord, that acquires the Demised Premises and from and after such transfer Landlord shall be released from liability, as aforesaid.

36. Indemnity. (a) To the fullest extent allowed by law, Tenant shall at all times indemnify, defend and hold Landlord harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management, or from any work or things whatsoever done in or about the Demised Premises, and will further indemnify, defend and hold Landlord harmless against and from any and all claims arising during the term of this Lease, or arising from any breach or default on the

part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed, pursuant to the terms of this Lease, or arising from, any act or negligence of Tenant, its agents, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring during the term of this Lease, in or about the Demised Premises or upon the sidewalk and the land adjacent thereto, and from and against all costs, attorneys' fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, covenants to defend such action or proceeding by counsel reasonably satisfactory to Landlord. `Tenant's obligations under this Paragraph 36 shall be insured by contractual liability endorsement on Tenant's policies of insurance required under the provisions of Paragraph 17 hereof.

(b) Landlord shall protect, indemnify and hold Tenant harmless from and against any and all loss, claims, liability or costs (including court costs and attorneys' fees) incurred by reason of: (a) any damage to any property or any injury (including but not limited to death) to any person occurring in, or on or about the Demised Premises or the Building to the extent that such injury or damage shall be proximately caused by the Landlord's affirmative acts of negligence or willful misconduct of Landlord or its agents, servants or employees; provided, however, that such indemnification shall be limited to the extent of the sum of: (i) amounts of insurance proceeds recovered by Landlord under insurance policies carried by Landlord for such injury or damage, after deductibles, or insurance proceeds that would have been received in the event Landlord had not elected to self-insure, and (ii) the deductible amounts for such claims under such insurance policies. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability occurring prior to such termination.

(c) Notwithstanding the foregoing indemnification obligations, Landlord and Tenant both hereby release the other and the other's officers, directors, partners, employees and agents from any claim which the indemnified party might have to the extent that the cost of any such claim is reimbursed by insurance proceeds recovered by the releasing party, and both Landlord and Tenant shall confirm that their insurance providers shall similarly waive all such claims.

37. Modification of Lease. The terms, covenants and conditions of this Lease may not be changed orally but only by an instrument in writing signed by the party against whom enforcement of the change is sought. The failure of either party hereto to insist in any one or more cases upon the strict performance of any term, covenant or condition of this Lease to be performed or observed by the other party hereto shall not constitute a waiver of relinquishment for the future of any such term, covenant or condition.

38. Memorandum of Lease. Neither party shall record this Lease or any of the exhibits and/or riders attached hereto, but shall enter into a "short form" or Memorandum of Lease in recordable form attached hereto as Exhibit F and made a part hereof, which shall set forth the parties, the legal description of the land, a description of the Demised Premises, the

Commencement Date and Expiration Date of the term of the Lease, and any options to renew, options to purchase or rights of first refusal granted hereunder.

39. Paragraph Captions. Paragraph captions herein are for Landlord's and Tenant's convenience only, and neither limit nor amplify the provisions of this Lease.

40. Entire Agreement. This Lease represents the entire agreement between Landlord and Tenant and supersedes all prior agreements, both written and oral. The terms, covenants and conditions of this Lease shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective executors, administrators, heirs, distributees, legal representatives, successors and assigns.

41. Choice of Law and Interpretation. This Lease shall be governed by the internal law of the State in which the Demised Premises is situated, without considering such state's choice of law rules. Should any provision of this Lease require judicial interpretation, it is agreed that the court interpreting or construing the same shall not apply a presumption that the terms of any such provision shall be more strictly construed against one party or the other by reason of the rule of construction that a document is to be construed most strictly against the party who itself or through its agent prepared the same, it being agreed that the agents of all parties hereto have participated in the preparation of this Lease.

42. Prevailing Party. If either party hereto files a lawsuit against the other party relating to performance or non-performance under this Lease, and the court has entered a judgment in favor of one party on one or more counts and no judgment in favor of the other party on any counts, then the non-prevailing party shall pay the prevailing party's reasonable attorneys' fees and costs in connection with the lawsuit.

43. Exhibits. Attached hereto and made a part hereof are the following:

Exhibit A - Legal Description
Exhibit B - Site Plan
Exhibit C - Plans
Exhibit C-1 Construction Schedule
Exhibit D - Schedule of Rents
Exhibit E - Lease Term Agreement
Exhibit F - Memorandum of Lease
Exhibit G - Landlord's Development Costs
Exhibit H - Permitted Exceptions
Exhibit I - Escrow Agreement

44. Guarantee. All obligations on the part of Tenant to be paid, performed and complied with are unconditionally guaranteed by First Data Corporation (the "Guarantor") according to the provisions of the Guarantee executed by Guarantor in a form prepared by Landlord.

45. Independent Covenants. It is the express intent of Landlord and

Tenant that (a) the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and that the Base Rent and Additional Rent, and all other charges and sums payable by Tenant hereunder, shall commence at the times provided herein and shall continue to be payable in all events; (b) all costs or expenses of whatsoever character or kind, general or special, ordinary or extraordinary, foreseen or unforeseen, and of every kind and nature whatsoever that may be necessary or required in and about the Demised Premises, or any portion thereof, and Tenant's possession or authorized use thereof during the term of this Lease, shall be paid by Tenant and all provisions of this Lease are to be interpreted and construed in light of the intention expressed in this Paragraph 45; (c) the Base Rent specified in Paragraph 3 shall be absolutely net to Landlord so that this Lease shall yield net to Landlord the Base Rent specified in Paragraph 3 in each year during the term of this Lease (unless extended or renewed at a different Base Rent); (d) all Impositions, insurance premium, utility expenses, repair and maintenance expenses, and all other costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Demised Premises, or any portion thereof, which may arise or become due during the term of this Lease, or any extension or renewal thereof, shall be paid or discharged by Tenant as Additional Rent.

46. Entry by Landlord. Subject to the provisions of Section 34 hereof, Tenant agrees to permit Landlord or Landlord's mortgagee and authorized representatives of Landlord or Landlord's mortgagee to enter upon the Demised Premises at all reasonable times during ordinary business hours for the purpose of inspecting the same and making any necessary repairs to comply with any laws, ordinances, rules, regulations or requirements of any public body, or the Board of Fire Underwriters, or any similar body; provided that Landlord shall comply at all times with Tenant's reasonable security requirements. Nothing herein contained shall imply any duty upon the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to perform and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord may, during the progress of any work, keep and store upon the Demised Premises all necessary materials, tools and equipment. Landlord shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Tenant by reason of making repairs or the performance of any work in or about the Demised Premises, or on account of bringing material, supplies and equipment into, upon or through the Demised Premises during the course thereof, and the obligations of Tenant under this Lease shall not be thereby affected in any manner whatsoever; provided, however, Landlord shall use all reasonable efforts to conduct any entry into the Demised Premises so as to interfere with the business of Tenant as little as reasonably practical under the circumstances.

47. [Deleted by intent of parties.]

48. Survival of Obligations. Except as otherwise provided herein to the contrary, all obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the term of this Lease shall survive the expiration or earlier termination of the term hereof for a period of one (1)

year.

49. Lease Subject to Landlord's Acquisition of Demised Premises. Anything herein to the contrary notwithstanding, it is agreed and acknowledged by the parties hereto that as of the date hereof, Landlord does not own the Demised Premises. Therefore, anything herein to the contrary notwithstanding, the rights, duties and obligations of Landlord and Tenant hereunder are expressly subject to and contingent upon acquisition by Landlord of the Demised Premises by December 31, 1997 ("Contingency Date"), upon terms and conditions acceptable to Landlord, in its sole and absolute discretion, including, without limitation, procuring project financing on terms and conditions acceptable to Landlord. In the event Landlord has not acquired the Demised Premises by the Contingency Date on terms and conditions acceptable to Landlord, as aforesaid, Landlord shall notify Tenant, and either party may terminate this Lease at anytime thereafter (but prior to the date Landlord acquires the Demised Premises) by delivering written notice of such termination to the other party, whereupon the parties shall be released and discharged from any and all obligations and liabilities not theretofore accrued under this Lease; provided, however, in the event the Lease is so terminated, Tenant shall pay to Landlord, within ten (10) days from the date Landlord has submitted a written statement to Tenant requesting such payment, all amounts incurred by Landlord in connection with the proposed acquisition and development of the Land, including, without limitation, any earnest money deposit any costs for required off-site improvements, including sewer and road improvements, all architectural, engineering, environmental, land planning and other consulting fees, all title and survey expenses, all costs associated with the proposed subdivision of the Land, any and all fees and expenses associated with procuring construction and/or other financing for the project, any other costs or expenses that would not have been incurred by Landlord had Landlord not been involved in the acquisition and proposed development of the Land and all attorneys, fees associated with any of the foregoing. Landlord agrees to use all reasonable efforts to acquire the Demised Premises on terms and conditions acceptable to Landlord, as aforesaid.

50. Americans With Disabilities Act.

A. In the event that any alteration or repair to the Demised Premises is undertaken by Tenant with or without Landlord's consent, or is undertaken by Landlord at Tenant's request during the term of this Lease (including any renewal or extension thereof), such alteration or repair (i) shall be designed and constructed in full compliance with the Americans With Disabilities Act, as amended from time to time (the "Act") if such alteration or repair is undertaken by Tenant, and (ii) shall be designed by Tenant in full compliance with the Act if such alteration or repair is undertaken by Landlord at Tenant's request, and the cost of any such design, alteration or repair to the Demised Premises shall be borne by Tenant, including without limitation (a) the cost of any such design, alteration or repair required as a result of (i) Tenant or an assignee or subtenant being deemed a "Public Accommodation" or the Demised Premises being deemed a "Place of Public Accommodation" or (ii) such alteration or repair being

deemed to affect an "Area of Primary Function" (as such terms are defined in the Act); and (b) the cost of the installation or implementation of any "Auxiliary Aid" required under the Act as a result of the operation of any business within the Demised Premises. In addition, Tenant shall be responsible for all costs and expenses incurred or to be incurred in order to cause the Demised Premises and the operation of any business within the Demised Premises to comply with the Act, and, if Tenant fails to keep and maintain the Demised Premises in compliance with the Act,

Landlord shall have the right but not the obligation, at Tenant's sole cost and expense, to enter the Demised Premises and cause the Demised Premises to be put into compliance with the Act; and Tenant shall indemnify, defend and hold Landlord harmless from and against any and all costs, claims and liabilities, including without limitation, attorneys' fees arising from or related to Tenant's failure to maintain and keep the Demised Premises in compliance with the Act.

B. In connection with its construction of the Landlord's Improvements pursuant to Paragraph 4 hereof, Landlord represents and warrants that the Landlord's Improvements to be constructed in accordance with the Plans will comply in all material respects with all applicable laws, including without limitation, the Act, and Landlord covenants that the Demised Premises delivered to Tenant as of the Construction Completion Date shall comply in all material respects with all applicable laws, including without limitation, the Act. Landlord shall indemnify, defend and hold Tenant harmless from all damages, costs, losses, expenses (including but not limited to reasonable attorneys' fees) arising from any breach by Landlord of the preceding covenant; provided however the foregoing indemnification shall terminate upon the expiration of one (1) year from the Construction Completion Date. Notwithstanding the foregoing, in no event shall Tenant have the right to terminate this Lease or have any right of set-off arising out of any breach or claimed breach by Landlord in its obligations hereunder; it being expressly acknowledged and agreed that the Base Rent and Additional Rent, and all other charges and sum payable by Tenant hereunder, shall commence at the times provided herein and shall continue to be payable as provided herein.

51. Reports by Tenant. Upon request by Landlord at any time after 135 days after the end of the applicable fiscal year of Tenant, Tenant shall deliver to Landlord (within 15 days after receipt of written request) a copy of the audited financial statement of any guarantor of Tenant's obligations under this Lease. If such audited statements are not available, Tenant may provide such statements certified by such guarantor's chief financial officer as being true and correct, in accordance with generally accepted principals of accounting consistently applied over the applicable periods. Said financial statements shall only be required in connection with a proposed sale or mortgaging of the Demised Premises and shall be held in confidence by Landlord and any such proposed purchaser or lender or their respective successors or assigns. Notwithstanding the foregoing, Tenant shall cause First Data Corporation to submit annual audited financial statements to Landlord and Landlord's mortgagee

in the manner set forth herein if First Data Corporation ceases to be a publicly traded company.

52. Option to Purchase. Subject to the provisions hereinafter set forth, and provided that Tenant is not then in default hereunder, Landlord hereby grants to Tenant the option to purchase the Demised Premises upon the following terms and conditions:

A. Landlord shall notify Tenant thirty (30) days prior to the date that it intends to make the Demised Premises available for sale to third parties. Included with such notice shall be the proposed purchase price for the Demised Premises, as well as any other relevant economic terms being offered by Landlord. In no event shall Landlord have the right to convey the Demised Premises or otherwise make the Demised Premises available for sale to third parties until eighteen (18) months after the Commencement Date.

B. If, at anytime after notice is delivered to Tenant as set forth above, Landlord enters into a serious negotiation with a prospective purchaser to purchase the Demised Premises, then Landlord shall notify Tenant in writing of (i) the fact of such negotiation, (ii) the purchase price agreed to between Landlord and such prospective purchaser, and (iii) the other relevant agreed-upon economic terms upon which such purchaser would acquire the Demised Premises, and Tenant must within ten (10) business days thereafter, by written notice to Landlord, elect to exercise the option to purchase the Demised Premises upon all of the same terms and conditions as are contained in Landlord's notice to Tenant in which event the parties shall enter into a definitive agreement incorporating said terms and conditions. If Tenant does not elect to purchase, Landlord shall have the right to sell to a third party on the same terms and conditions provided to Tenant or shall submit any modified terms to Tenant in accordance with the above. In no event shall Tenant be afforded more than three (3) opportunities to exercise its option hereunder, in connection with more than three (3) different offers from three (3) different third parties.

C. If Tenant exercises its option to purchase hereunder, the closing of such purchase shall occur on the date set forth in the definitive agreement entered into between Landlord and Tenant. At the closing, Tenant shall pay the purchase price via cash or wire transfer of immediately available funds to Landlord, and Landlord shall deliver to Tenant a general warranty deed (or equivalent) to the Demised Premises conveying good and marketable fee simple title in Tenant to the Demised Premises, subject to no liens, encumbrances or other exceptions to title other than the Permitted Exceptions and taxes for the current year, and any exceptions to title that have been caused by Tenant or that Tenant has accepted in writing (other than any mortgages or other liens, which must be discharged by Landlord at or prior to such closing). On the closing date, Landlord and Tenant shall also execute and deliver such other documents and instruments as are customary in similar transactions and/or reasonably necessary to implement the terms and conditions of this Lease, and to allow Tenant to obtain an extended coverage ALTA owner's title policy insuring

Tenant's fee simple ownership of the Demised Premises in accordance with the above.

D. Landlord covenants and agrees that if any exceptions to title other than the Permitted Exceptions shall be revealed by the deed or title policy, Landlord will at its sole cost and expense clear the title of such exceptions as soon as reasonably practical but, in any event, within six (6) months after the intended closing date (unless Tenant shall in writing extend such period), and the actual closing (including the payment of the purchase price) of such purchase of the Demised Premises shall be delayed until the title thereto has been cleared. Until such time as Tenant's purchase of the Demised Premises is closed as hereinabove provided, Tenant shall continue to occupy and possess the Demised Premises under the terms and conditions of this Lease. If for any reason such purchase is not closed, this Lease shall continue in full force and effect as if Tenant had not exercised the aforesaid option to purchase, and Tenant shall be entitled to retroactively exercise any option for any Extension Term to the extent the normal option election date occurred after Tenant exercised its option to purchase the Demised Premises.

E. Upon Tenant's notice to Landlord of the exercise of Tenant's option to purchase, Landlord shall provide Tenant with copies of all surveys, title insurance policies, title

instruments and other such documents in Landlord's possession pertaining to the Demised Premises. Tenant shall pay for the cost of the title insurance policy, the cost to prepare any survey required by Tenant and the cost of any escrow or closing services, and any cost or expense in connection with any endorsements to the title policy requested by Tenant. Landlord shall be responsible for the cost of compliance with any subdivision, lot split or similar regulations which are applicable to or in connection with the conveyance of the Demised Premises to Tenant. All rents shall be pro-rated between the parties as of the date of closing. Tenant shall pay the cost of any documentary stamp taxes required for recording the deed, as well as any transfer taxes. Any other maters at closing not specifically provided for herein shall be handled and the cost hereof charged to one or the other or both of the parties as shall be the ordinary custom and practice for the handling of such matters or the apportioning of the cost hereof then prevalent in the City of Sunnyvale, Santa Clara County, California.

F. The option hereunder may only be exercised by Tenant or a subsidiary, affiliate or related entity of Tenant. If neither Tenant or a subsidiary, affiliate or related entity is then occupying all or a portion of the Demised Premises, Tenant shall have no rights hereunder.

53. No Third Party Beneficiaries. The obligations of Tenant set forth hereunder (including, without limitation, the obligations set forth in Sections 5A, 7A, 11B and 50), are covenants from Tenant to Landlord only and do not create any third party beneficiaries of such obligations.

54. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

55. Consents and Approvals. Landlord and Tenant agree that any consents or approvals to be provided by either party will not be unreasonably withheld or delayed unless specifically provided otherwise herein.

56. Limitation on Damages. In no event shall Landlord or Tenant be liable under any theory of tort, contract, strict liability or other legal or equitable theory for any punitive, special, incidental, indirect or consequential damages, each of which is hereby excluded by agreement of the parties regardless of whether or not any party has been advised of the possibility of such damages.

57. Tenant's Property. All fixtures, equipment, improvements and appurtenances attached to, or built into, the Demised Premises that are installed by Tenant at Tenant's expense shall be Tenant's property until the termination of this Lease. All of the foregoing items installed at Tenant's expense as well as all paneling, partitions and business and trade fixtures and communication and office equipment which are installed in the Demised Premises by Tenant, and all furniture, furnishing and other articles of movable personal property owned by Tenant and located in the Demised Premises or the Building (all of which are hereinafter referred to as "Tenant's Property") shall belong to Tenant, may be removed by Tenant at any time during the term hereof, and may be removed by Tenant at the end of the term hereof or within fifteen (15) days thereafter, whether as a result of the normal expiration of the term of this Lease or of the early termination of this Lease pursuant to the terms hereof (as a result of Tenant's default

hereunder or otherwise). Tenant shall repair any damage resulting from the removal of Tenant's Property and leave the Demised Premises in a commercially reasonable condition. Any items of Tenant's Property not so removed shall, if not required to be removed by Tenant pursuant to Paragraph 8 hereof, be deemed abandoned and retained by Landlord as its property thereafter.

Landlord waives any landlord or other lien it may have on Tenant's Property and shall not seek to enforce same, whether upon Tenant's default or otherwise.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

LANDLORD:

SUNNYVALE PARTNERS LIMITED
PARTNERSHIP, an Illinois limited partnership

By: Ridge Sunnyvale, Inc.
Its: General Partner

By: /s/ James Small

Its: President

TENANT:

FIRST DATA MERCHANT SERVICES
CORPORATION, a Florida corporation

By: /s/ David Schlapbach

Its: Assistant Secretary

EXHIBIT A

Legal Description

Real Property in the City of Sunnyvale, County of Santa Clara, State of California described as follows:

Beginning at the Southeasterly comer of that certain 5.58 acre parcel of land described in the Deed to Stauffer Chemical Company, a California Corporation as said Deed is filed for record in Book 1331 Official Records, Page 256 in the Office of the Recorder of said County said Point of Beginning being in the centerline of Fremont Avenue;

Thence from said Point of Beginning, South 89 degrees 48' West along said centerline of Fremont Avenue 409.86 feet to the Easterly line of the land described in the Deed to said Stauffer Chemical Company, filed for record in Book 2891 Official Records, Page 325 in the Office of the Recorder of Said County;

Thence continuing South 89 degrees 48' West along said centerline 143-22 feet to the centerline of Stevens Creek as shown on the Map of the I.J. Truman Subdivision No. 2 filed for record October 3, 1904 in Vol. "F-3" of Maps, Page 99 in the Office of the Recorder of said County last said point being also the Southwesterly comer of Lot 24 of said subdivision;

Thence leaving Fremont Avenue and running along the centerline of Stevens Creek and the Westerly boundary of Lot 24 as shown on said Subdivision Map the following courses:

North 50 degrees West 46.20 feet; thence North 15 degrees 45' West (North 16 degrees 45' West Truman Sub.) 118.80 feet; thence North 1 degrees East 135.30 feet; thence North 37 degrees 30' East 264.00 feet; thence North 74 degrees East 178.20 feet; thence North 35 degrees 15' East 126.72 feet; thence North 23 degrees 30' East 96.66 feet; thence North 61 degrees 45' East to the point of intersection of said centerline of Stevens Creek with the Northerly prolongation of the Easterly line of said 5.58 acre parcel; thence South 0 degrees 01' West leaving said boundary of Lot 24, along said prolongation and Easterly line, 823.39 feet to the Point of Beginning.

Excepting therefrom the lands described in the Deed from said Stauffer Chemical Company to the State of California recorded in Book 5541 Official Records, Page 263 in the Office of the Recorder of said County:

Commencing at the Southeasterly comer of that certain 5.58 acre parcel of land conveyed to Stauffer Chemical Company, a Corporation, by Deed recorded February 16, 1946 in Book 1331 at Page 256, official Records of Santa Clara County;

Thence along the Easterly line of said parcel and the Northerly prolongation thereof North 1 degrees 00' 41" East 823.39 feet to the general Westerly line of the parcel of land conveyed to Stauffer Chemical Company, a Corporation, by Deed recorded June 10, 1954 in Book 2891 at Page 325, Official Records of Santa Clara County; thence along last said line South 62 degrees 40' 37" West,

197.03 feet to a line parallel with and distant 48.00 feet Westerly, at right angles, from the "ME" line of the Department of Public Works' Survey for the State Freeway in Santa Clara County, Road IV-SC1-114-A; thence along said parallel line South 16 degrees 01' 13" East, 479.62 feet; thence, South 9 degrees 06' 48" East, 167.07 feet; thence along a tangent curve to the right with a radius of 40.00 feet, through an angle of 99 degrees 50' 37", an arc length of 69.70 feet to a line parallel with and distant 60.00 feet, Northerly, at right angles, from the centerline of Fremont Avenue (60.00 feet wide); thence along last said parallel line, North 89 degrees 16' 11" West, 115.00 feet; thence South 76 degrees 50' 32" West, 124.99 feet; thence South 0 degrees 43' 49" West 30.00 feet to said centerline; thence along last said line South 89 degrees 16' 11" East 278.80 feet to the point of commencement.

EXHIBIT 10.21

SUBLEASE

BY AND BETWEEN

FIRST DATA MERCHANT SERVICES CORPORATION

SUBLESSOR

AND

INTERWOVEN, INC.

SUBTENANT

TABLE OF CONTENTS

<TABLE>
<S> <C>

Incorporation of Recitals ..... -1-

Demise and Term ..... -1-

Subtenant Improvements ..... -2-

Use ..... -2-

Subordinate to Main Lease ..... -2-

Compliance with Main Lease ..... -2-

Performance by Sublessor ..... -3-

No Breach of Main Lease ..... -4-

No Privity of Estate ..... -4-

Indemnity ..... -4-

Rent ..... -5-

Maintenance ..... -6-

Consents and Approvals ..... -6-

Notice ..... -7-

Termination of Main Lease ..... -7-

Assignment and Subletting ..... -7-

Insurance ..... -7-

Right to Cure Subtenant's Defaults and Damages..... -8-

Remedies of Sublessor ..... -8-

Brokerage ..... -9-

Waiver of Jury Trial and Right to Counterclaim ..... -9-

No Waiver ..... -10-

Complete Agreement ..... -10-

Successors and Assigns ..... -10-

TABLE OF CONTENTS (cont'd)

Interpretation ..... -10-

Consent of Landlord Under Main Lease ..... -11-

Holding Over ..... -11-

Hazardous Material ..... -11-

Signage ..... -11-

Parking ..... -11-

Security Interests ..... -11-

Counterparts ..... -13-

No Offer..... -13

SUBLEASE

THIS SUBLEASE ("Sublease") is made and dated as of the _____ day of April, 1998, by and between FIRST DATA MERCHANT SERVICES CORPORATION, a Florida corporation, having an address of 5660 New Northside Drive, Suite 1400, Atlanta, GA 30328 ("Sublessor") and INTERWOVEN, INC., a_____ corporation, having an address of 1195 West Fremont Blvd., First Floor, Sunnyvale, California ("Subtenant").

W I T N E S S E T H:

WHEREAS, Sublessor is tenant under that certain lease (the "Main Lease") with SUNNYVALE PARTNERS LIMITED PARTNERSHIP ("Overlandlord") as landlord, whereby Overlandlord leased to Sublessor a parcel of land including a two story office building ("Building") containing approximately 75,197 rentable square feet of office space located at 1195 West Fremont Blvd., Sunnyvale, California (the "Premises");

WHEREAS, Sublessor desires to sublet a portion of the Premises located on the first and second floors of the western portion of the Building and comprised of approximately 27,500 rentable square feet as more particularly described in Exhibit A attached hereto (the "Sublet Premises") to Subtenant, and Subtenant
-
desires to sublet the Sublet Premises from Sublessor;

WHEREAS, the parties are agreeable to entering into a sublease of the Sublet Premises on the terms and conditions set forth below; and

WHEREAS, unless otherwise defined in this Sublease, all capitalized terms used herein have the meanings set out for them in the Main Lease.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublessor and Subtenant hereby agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated into and made a part of this Sublease as if each were specifically recited herein.

2. Demise and Term. Sublessor hereby subleases the Sublet Premises to Subtenant, and Subtenant hereby hires and accepts the Sublet Premises from Sublessor. The Sublet Premises shall include the appurtenant right to the use, in common with others, of the lobbies, entrances, stairs, corridors, elevators and other public portions of the Building, to the extent that Sublessor has the right to use the same as Tenant under the Main Lease. The term of this Sublease (the "Term") shall be for a period commencing the later of May 15, 1998 or the date construction of the Subleased Premises is Substantially Complete (as defined herein) (the "Commencement Date"), and ending at midnight on May 31, 2003 (the "Expiration Date"), unless sooner terminated as herein provided. Sublessee shall have no option to renew or extend the term of this Sublease or to expand the Sublet Premises.

3. Subtenant Improvements. Sublessor shall deliver the Sublet Premises to Subtenant with the base building improvements as set forth in Exhibit B ("Base Building Improvements"). In addition to the Base Building Improvements, Sublessor and Subtenant shall cooperate in preparing a space plan ("Plan") for the Sublet Premises outlining the construction of improvements to the Sublet Premises other than the Base Building Work (as more particularly described and attached hereto as Exhibit C, the "Subtenant Improvements"). Sublessor shall contribute a maximum amount of Ten Dollars and no/100 ($10.00) per square foot of rentable area of the Sublet Premises for the completion of the Subtenant Improvements ("Allowance"). The Plan shall be subject to Sublessor's approval. If Sublessor does not approve of the Plans, or if such Plans require build out costs in excess of the Allowance, Subtenant and Sublessor hereby agree to (1) revise the Plan to incorporate those revisions necessary to reduce the cost of the Subtenant Improvements to within the Allowance, or (2) Subtenant shall pay to Sublessor any excess over the Allowance necessary to complete the Subtenant Improvements.

4. Use. Subtenant shall occupy and use the Sublet Premises for research and development and general office purposes and in strict compliance with the allowable uses set forth in Section 5 of the Main Lease.

5. Subordinate to Main Lease. This Sublease is and shall be subject and subordinate to the Main Lease. A copy of the Main Lease (from which certain economic terms have been excised) is attached hereto as Exhibit D and made a part hereof. Sublessor agrees that it will not voluntarily enter into any agreement with Overlandlord which would result in the termination of the Main

Lease prior to the Expiration Date or which would negatively affect the rights or obligations of Subtenant under this Sublease. Sublessor shall notify Subtenant of any involuntary change.

6. Compliance with Main Lease.

(a) Except as set forth in the immediately succeeding sentence, the terms, covenants and conditions of the Main Lease (the "Incorporated Provisions") are incorporated herein by reference. Sections 1, 2, 3, 4, 6, 7 (B), 8, 9, 15, 16 (E), 17 (E), 22, 23, 44, and 52 of the Main Lease are specifically excluded from the Incorporated Provisions. Except to the extent that the Incorporated Provisions are inapplicable or are modified by the provisions of this Sublease, the Incorporated Provisions binding or inuring to the benefit of the landlord thereunder shall, in respect of this Sublease, bind or inure to the benefit of Sublessor, and the Incorporated Provisions, binding or inuring to the benefit of the tenant thereunder shall, in respect of this Sublease, bind or inure to the benefit of Subtenant, with the same force and effect as if such Incorporated Provisions were completely set forth in this Sublease, and as if the words "Landlord" and "Tenant" or words of similar import, wherever the same appear in the Incorporated Provisions, were construed to mean, respectively, "Sublessor" and "Subtenant" in this Sublease, and as if the words "Premises," or words of similar import, wherever the same appear in the Incorporated Provisions, were construed to mean "Sublet Premises" in this Sublease, and as if the word "Lease," or words of similar import, wherever the same appear in the Incorporated Provisions, were construed to mean this "Sublease."

(b) The time limits contained in the Main Lease for the giving of notices, making of demands or performing of any act, condition or covenant on the part of the tenant thereunder, or for the exercise by the tenant thereunder of any right, remedy or option, are changed for the purposes of incorporation herein by reference by shortening the same in each instance by 5 days, so that in each instance Subtenant shall have 5 days less time to observe or perform hereunder than Sublessor has as the tenant under the Main Lease, except that:

(i) any such time limits which are 7 days or less shall instead be shortened in each instance by 3 business days, and

(ii) any such time limits which are 3 days or less shall instead be shortened in each instance so that such time limits shall expire 1 business day prior to the expiration of such time limits under the Main Lease.

(c) If any of the express provisions of this Sublease shall conflict with any of the Incorporated Provisions, such conflict shall be resolved in every instance in favor of the express provisions of this Sublease. If Subtenant receives any notice or demand from Overlandlord under the Main Lease, Subtenant shall deliver a copy thereof to Sublessor by overnight courier the next business day or as soon thereafter as is reasonably possible but in no event later than two business days after Subtenant's receipt of such notice. If Sublessor receives any notice of default from Overlandlord under the Main Lease, Sublessor shall deliver a copy thereof to Subtenant by overnight courier the next business day or as soon thereafter as is reasonably possible but in no event later than two business days after Sublessor's receipt of such notice.

7. Performance by Sublessor. Sublessor shall not be required to furnish, supply or install anything required under any article of the Main Lease.

Sublessor shall have no liability or responsibility whatsoever for Overlandlord's failure or refusal to perform under the Incorporated Provisions. Subtenant shall have the right to instruct Overlandlord with respect to the performance by Overlandlord of Overlandlord's obligations as landlord under the Main Lease. Upon Sublessor's receipt of a written notice from Subtenant that Sublessor has failed to perform an obligation under the Incorporated Provisions, (because of a failure of Overlandlord to perform its obligation under the Main Lease) then Sublessor may, at its sole and exclusive option either (a) use its reasonable efforts to cause Overlandlord to observe and perform the same, provided, however, that Sublessor does not guarantee Overlandlord's compliance with the Incorporated Provisions, or (b) direct Subtenant to pursue its claim directly against Overlandlord which shall be done at Subtenant's sole cost and expense. Subtenant shall not in any event have any rights in respect of the Sublet Premises greater than Sublessor's rights under the Main Lease. Notwithstanding any provision to the contrary contained herein, as to Incorporated Provisions, Sublessor shall not be required to make any payment or perform any obligation, and Sublessor shall have no liability to Subtenant for any matter whatsoever, except for (i) Sublessor's obligation to pay the rent due under the Main Lease, and (ii) Sublessor's obligation to use reasonable efforts, upon the written request of Subtenant, to cause Overlandlord to observe and/or perform its obligations under the Main Lease (or, in the alternative, to direct Subtenant to

pursue its claim against Overlandlord). Sublessor shall not be responsible for any failure or interruption, for any reason whatsoever, of the services or facilities that may be appurtenant to or supplied at the Building, by Overlandlord or otherwise, including, without limitation, heat, air conditioning, water, elevator service and cleaning service, if any; and no failure to furnish, or interruption of, any such services or facilities shall give rise to any: (i) abatement, diminution or reduction of Subtenant's obligations under this Sublease; (ii) constructive eviction, whether in whole or in part; or (iii) liability on the part of Sublessor.

8. No Breach of Main Lease. Subtenant shall not do or permit to be done any act or thing which may constitute a breach or violation of any term, covenant or condition of the Main Lease.

9. No Privity of Estate. Nothing contained in this Sublease shall be construed to create privity of estate or privity of contract between Subtenant and Overlandlord.

10. Indemnity. Subtenant hereby does and shall indemnify, defend and hold harmless Sublessor from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees, which Sublessor may incur or pay by reason of: (i) Subtenant's use, occupancy or management of the Sublet Premises; (ii) any accidents, damages or injuries to persons or property occurring in, on or about the Sublet Premises; (iii) any breach or default hereunder on Subtenant's part; (iv) any work done by or on behalf of Subtenant in or to the Sublet Premises, or (v) any act, omission or negligence occurring in, on or about the Sublet Premises on the part of Subtenant and/or its officers, employees, agents, customers, invitees or any person claiming through or under Subtenant.

11. Rent.

(a) Subtenant shall pay to Sublessor an annual base rent (the "Base Rent") as follows:

<TABLE>
<CAPTION>

Period	Monthly Rent Per Square Foot	Monthly Rent	Annual Rent
<S>	<C>	<C>	<C>
Commencement Date - 5/31/99	$2.75	$75,625.00	$ 907,500.00
6/1/99 - 5/31/00	$2.83	$77,825.00	$ 933,900.00
6/1/00 - 5/31/01	$2.92	$80,300.00	$ 963,600.00
6/1/01 - 5/31/02	$3.00	$82,500.00	$ 990,000.00
6/1/02 - 5/31/03	$3.10	$85,250.00	$1,023,000.00

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(b) Subtenant shall pay the Monthly Base Rent to Sublessor in advance of the first day of each month during the Term at the offices of Sublessor identified at the beginning of this Sublease or elsewhere as Sublessor shall direct. In addition to the

Monthly Base Rent, Subtenant shall be responsible for and shall pay the applicable material or service provider (including, as the case may be, Sublessor or Overlandlord) directly for any and all other amounts payable with respect to providing: (1) gas, heat, air conditioning, electricity, water, sewer, security services and janitorial services to the Sublet Premises, (2) all costs with respect to the Building's common areas and systems and (3) any other operating expenses due under the Main Lease (the "Additional Charges").

(c) "Rent" (which term shall include the Base Rent and any Additional Charges) shall be paid promptly when due, without notice or demand therefor and without deduction, abatement, counterclaim or setoff of any amount for any reason whatsoever. Base Rent and Additional Charges shall be paid to Sublessor by good unendorsed check of Subtenant at the address of Sublessor set forth at the beginning of this Sublease or to such other person and/or at such other address as Sublessor may from time to time designate by notice to Subtenant. No payment by Subtenant or receipt by Sublessor of any lesser amount than the amount stipulated to be paid hereunder shall be deemed other than on account of the earliest stipulated Base Rent or Additional Charges due under this Sublease; nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Sublessor may accept any check or payment without prejudice to Sublessor's right to recover the balance due or to pursue any other remedy available to Sublessor.

(d) Upon the execution of (i) this Sublease by both Sublessor and Subtenant and (ii) consent to this Sublease by Overlandlord as provided herein, Subtenant may take possession of the Sublet Premises. Subtenant hereby agrees that if Subtenant takes possession of the Sublet Premises prior to the Commencement Date, then from and after the date Subtenant takes possession of the Sublet Premises (the "Possession Date"), all of Subtenant's obligations and duties under this Sublease shall be effective. Notwithstanding anything in this Sublease to the contrary, Subtenant shall pay all charges incurred by Subtenant (including but not limited to fees, if any, charged by Overlandlord) in connection with Subtenant's relocation to the Sublet Premises, the installation of all equipment and utility services for the Sublet Premises which are required by Subtenant, including, but not limited to, telephones, computers, and additional electric service.

12. Maintenance. Subtenant shall, at Subtenant's sole cost and expense, keep and maintain the Sublet Premises in good condition and repair, including

without limitation, all necessary maintenance and repairs to all portions of the Sublet Premises and all exterior entrances, all glass, window casements, show window moldings, all partitions, doors, doorjambs, door closers, hardware fixtures exclusive of normal maintenance services. All damage or injury to the Building and/or common areas in which the same are located, caused by the act or negligence of Subtenant, its employees, agents or visitors, shall be repaired by Subtenant at Subtenant's sole cost and expense. Subtenant shall promptly replace any portion of the Sublet Premises which cannot be fully repaired, regardless of whether the benefit of such replacement extends, beyond the Sublease Term. It is the intention of Sublessor and Subtenant that, at all

times during the Sublease Term, Subtenant shall, at its cost, maintain the Sublet Premises in an attractive, first-class and fully operative condition.

13. Consents and Approvals. In any instance when Sublessor's consent or approval is required under this Sublease, Sublessor's refusal to consent to or approve any matter or thing shall be deemed reasonable and in good faith if such consent or approval has not been obtained from Overlandlord; provided however, Sublessor covenants to use reasonable commercial efforts, at the sole cost and expense of Subtenant (including, without limitation, reasonable attorneys' fees and expenses), to obtain the consent or approval of Overlandlord and will indicate to Overlandlord in those cases where its approval is conditioned upon Overlandlord's approval that it has no objection thereto and agrees that if such consent of Overlandlord shall not be required, Sublessor shall not unreasonably withhold or delay its consent to such matter. In the event that Subtenant shall seek the approval by or consent of Sublessor and Sublessor shall fail or refuse to give such consent or approval, Subtenant shall not be entitled to any damages from Sublessor for any withholding or delay of such approval or consent by Sublessor.

14. Notice. All notices, consents, approvals, demands and requests which are required or desired to be given by either party to the other hereunder shall be in writing and shall be personally delivered, sent by telefax or by reputable overnight courier delivery service or sent by United States registered or certified mail and deposited in a United States post office, return receipt requested and postage prepaid. Notices, consents, approvals, demands and requests which are served upon Sublessor or Subtenant in the manner provided herein shall be deemed to have been given or served for all purposes hereunder on the day personally delivered or refused, the next business day after sending by overnight courier as aforesaid or on the third business day after mailing as aforesaid. All notices, consents, approvals, demands, and requests given to Sublessor or Subtenant shall be addressed to the address set forth at the beginning of this Sublease with notices to Sublessor being addressed to the attention of David L. Schlapbach, Vice President - Real Estate and Senior Counsel with a copy at the same time and in the same manner to Ms. Eileen Murdoch, Lease Administration Specialist, First Data Corporation, 11024 Chicago Circle, Omaha, NE 68154. Either party may from time to time change the names and/or addresses to which notices, consents, approvals, demands and requests shall be addressed by a notice given in accordance with the provisions of this Paragraph.

15. Termination of Main Lease. If for any reason the term of the Main Lease shall terminate prior to the Expiration Date, this Sublease shall thereupon be terminated and Sublessor shall not be liable to Subtenant by reason thereof unless both (a) Subtenant shall not then be in default hereunder, and (b) said termination shall have been effected because of the breach or default of Sublessor as tenant under the Main Lease.

16. Assignment and Subletting. Subtenant's right to assign this Sublease

or sub-sublet the Sublet Premises shall be subject to the terms and conditions provided under Section 14 of the Main Lease.

17. Insurance. Subtenant shall provide and maintain throughout the term of this Sublease a policy or policies of comprehensive public liability insurance in standard form

naming Sublessor and Overlandlord as additional insureds and otherwise complying with Section 17 of the Main Lease with limits of not less than $2,000,000.00 combined single limit for both bodily injury or death and for property damage, including water damage. A policy, binder or other reasonable satisfactory evidence of such insurance shall be delivered to Sublessor by Subtenant no less than ten (10) days before the Possession Date. Subtenant shall procure and pay for renewals or replacements of such insurance from time to time before the expiration thereof, and Subtenant shall deliver to Sublessor such renewal or replacement policy or binder or other reasonably satisfactory evidence of such insurance at least 30 days before the expiration of any existing policy. All such policies shall be issued by companies licensed to do business in the State of California and shall contain a provision whereby the same cannot be canceled or modified unless Sublessor is given at least 30 days' prior written notice by certified or registered mail of such cancellation or modification.

18. Right to Cure Subtenant's Defaults and Damages. If Subtenant shall at any time fail to make any payment or perform any other obligation of Subtenant hereunder within the applicable cure period, if any, then Sublessor shall have the right, but not the obligation, after five days' notice to Subtenant, or without notice to Subtenant in the case of any emergency, and without waiving or releasing Subtenant from any obligations of Subtenant hereunder, to make such payment or perform such other obligation of Subtenant in such manner and to such extent as Sublessor shall deem necessary, and in exercismig any such right, to pay any incidental costs and expenses, employ attorneys, and incur and pay reasonable attorneys' fees. Subtenant shall pay to Sublessor upon demand all sums so paid by Sublessor and all incidental costs and expenses of Sublessor in connection therewith, together with interest thereon at the rate of 2% per calendar month or any part thereof or the then maximum rate of interest which may lawfully be collected from Subtenant, whichever shall be less, from the date of the making of such expenditures.

19. Remedies of Sublessor.

(a) "Default" shall mean a default by Subtenant under any provision of this Sublease which default has not been cured within any applicable grace or cure period.

(b) If a Default occurs, Sublessor shall have, in addition to all its rights and remedies contained in the Incorporated Provisions pursuant to Section 4 hereof, the following rights and remedies; all of Sublessor's rights and remedies under this Sublease are distinct, separate and cumulative, and none will exclude any other right or remedy allowed by law:

(i) Sublessor may, with or without notice of such election and with or without entry or other action by Sublessor, immediately terminate this Sublease, in which event the Term of this Sublease shall end and all right, title, and interest of Subtenant hereunder shall expire; or

(ii) Sublessor may enforce the provisions of this Sublease and may enforce and protect the rights of the Sublessor hereunder by a

suit or suits in equity or at law for the specific performance of any covenant or agreement herein or for the enforcement of any other appropriate legal or equitable remedy,

including the recovery of all moneys due or to become due under any of the provisions of this Sublease.

(c) If Sublessor elects to terminate Subtenant's right to possession only without terminating this Sublease, Sublessor, at Sublessor's option, may enter into the Sublet Premises, remove Subtenant's signs and other evidences of tenancy, and take and hold possession thereof without such entry and possession terminating this Sublease or releasing Subtenant, in whole or in part, from Subtenant's obligation to pay Rent under this Sublease for the full Term, and in the case Sublessor elects to terminate the Sublease or to terminate possession only, Subtenant will immediately pay to Sublessor, if Sublessor so elects, a sum equal to the then present value (as defined in the following sentence) of the entire amount of the Rent specified in Section 9 of this Sublease for the remainder of the Term, plus any other sums then due under this Sublease, less the fair rental value of the Sublet Premises for such period. In calculating this sum, present value shall be computed on the basis of a discount rate of six percent per annum. In the alternative, upon and after entry into possession without termination of the Sublease, Sublessor will use its best efforts to relet all or any part of the Sublet Premises for Subtenant's account for such rent and for such time and upon such terms as Sublessor in Sublessor's sole discretion may determine. Sublessor will not be required to observe any instruction given by Subtenant about such reletting. Subtenant will, upon demand, pay the cost of Sublessor's expenses of the reletting. If the consideration collected by Sublessor upon any such reletting for Subtenant's account is not sufficient to pay monthly the full amount of the Rent due under this Sublease, together with the costs of Sublessor's expenses, Subtenant will pay to Sublessor the amount of each monthly deficiency upon demand.

(d) Subtenant will pay upon demand all of Sublessor's costs, charges, and expenses, including reasonable attorneys' fees, and fees and expenses of agents and others retained by Sublessor in any litigation, negotiation, or transaction in which Sublessor seeks to enforce the terms or provisions of this Sublease.

20. Brokerage. Sublessor and Subtenant each represents to the other that except for Starboard Commercial Real Estate and The Staubach Company (the "Sublease Brokers") no broker or other person had any part, or was instrumental in any way, in bringing about this Sublease. Sublessor agrees to pay the Sublease Brokers for their services rendered in connection with this Sublease pursuant to a separate listing agreement between The Staubach Company. Sublessor and Subtenant each agree to indemnify, defend and hold harmless the other from and against, any claims made by any broker or any person, other than the Sublease Brokers, for a brokerage commission, finder's fee, or similar compensation, by reason of or in connection with this Sublease, and any loss, liability, damage, cost and expense (including, without limitation, reasonable attorneys' fees) in connection with such claims if such broker or other person had, or claimed to have, dealings with such party in bringing about this Sublease. The provisions of this Paragraph 20 shall survive the expiration or termination of this Sublease.

21. Waiver of Jury Trial and Right to Counterclaim. Subtenant hereby

waives all right to trial by jury in any summary or other action, proceeding or counterclaim arising out of or in any way connected with this Sublease. Subtenant also hereby waives all right to assert or interpose a counterclaim in any summary proceeding or other action or proceeding to recover or obtain possession of the Sublet Premises unless legally required to do so to preserve the claim.

22. No Waiver. The failure of Sublessor to insist in any one or more cases upon the strict performance or observance of any obligation of Subtenant hereunder or to exercise any right or option contained herein shall not be construed as a waiver or relinquishment for the future of any such obligation of Subtenant or any right or option of Sublessor. Sublessor's receipt and acceptance of Base Rent or Additional Charges, or Sublessor's acceptance of performance of any other obligation by Subtenant, with knowledge of Subtenant's breach of any provision of this Sublease, shall not be deemed a waiver of such breach. No waiver by Sublessor of any term, covenant or condition of this Sublease shall be deemed to have been made unless expressed in writing and signed by Sublessor.

23. Complete Agreement. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Sublease which are not fully expressed in this Sublease. This Sublease cannot be changed or terminated orally or in any other manner other than by a written agreement executed by both parties.

24. Successors and Assigns. The provisions of this Sublease, except as herein otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and permitted assigns. In the event of any assignment or transfer of the leasehold estate under the Main Lease, the transferor or assignor, as the case may be, shall be and hereby is entirely relieved and freed of all obligations under this Sublease arising after the date of any such assignment or transfer, except that Sublessor shall not be relieved and freed of its payment obligations to Overlandlord under the Main Lease which payment obligations are greater than the payment obligations of Subtenant to Sublessor hereunder unless Overlandlord and Sublessor otherwise agree.

25. Interpretation. Irrespective of the place of execution or performance, this Sublease shall be governed by and construed in accordance with the laws of the state where the Sublet Premises is located. If any provision of this Sublease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Sublease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease to be drafted. Each covenant, agreement, obligation or other provision of this Sublease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not dependent on any other provision of this Sublease unless otherwise expressly provided. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties may require. The

word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or

entity. This Sublease may be executed in counterparts or with counterpart signature pages.

26. Consent of Landlord Under Main Lease. This Sublease shall not be operative or effective for any purpose whatsoever unless and until Overlandlord shall have given its written consent as provided hereto and any conditions precedent with respect to such consent have been satisfied or waived. Sublessor shall have no obligation to satisfy any such conditions precedent provided, however, that Subtenant may, but shall not be obligated to, satisfy any such conditions precedent and Sublessor shall reasonably cooperate with Subtenant (at no cost or expense to Sublessor) in this regard.

27. Holding Over. Subtenant shall pay Sublessor a sum for each day that Subtenant retains possession of the Sublet Premises or any part thereof after termination of this Sublease, by lapse of time or otherwise, equal to two (2) times the sum which Sublessor is required to pay Overlandlord for the Sublet Premises, and Subtenant shall also pay damages consequential as well as direct, sustained by Sublessor by reason of such retention. Nothing in this Section contained, however, shall be construed or operate as a waiver of Sublessor's right of reentry or any other right of Sublessor under this Sublease or of Overlandlord under the Main Lease.

28. Hazardous Materials. Subtenant hereby represents and warrants that its use of any hazardous materials shall be in strict compliance with Section 29 of the Main Lease.

29. Signage. Subject to the consent or Sublessor and Overlandlord, Subtenant shall have the right to install, as Subtenant's sole cost and expense, door signage at the entrance to the Sublet Premises.

30. Parking. Subtenant shall have the non-exclusive right to a pro rata share of parking spaces allocated to the Premises as a ratio of approximately 4 parking space to 1,000 rentable square feet of Sublet Premises at no additional charge.

31. Security Interests. Subtenant hereby agrees to provide a Security Deposit and Letter of Credit as security for the full and faithful performance of every provision of this Sublease to be performed by Subtenant upon the following terms and conditions:

(a) Security Deposit. Subtenant agrees to deposit with Sublessor, upon the execution of this Sublease, $151,250.00 as security for the full and faithful performance by Subtenant of every term, provision, covenant, and condition of this Sublease (the "Security Deposit"). Upon the occurrence of a Default by Subtenant in respect to any of the terms, provisions, covenants, or conditions of this Sublease, including, but not limited to, payment of Rent, Sublessor may use, apply, or retain the whole or any part of the Security Deposit for the payment of any such Rent in default, or for any other sum which Sublessor may expend or be required to expend by reason of Subtenant's Default, including, without limitation, any damage or deficiency in the reletting of the Sublet Premises, whether such damage or deficiency accrued before or after any reentry by Sublessor. If any of the Security Deposit is so used, Subtenant, on written demand by

Sublessor, will promptly pay to Sublessor such additional sum as may be

necessary to restore the Security Deposit to the original amount set forth in this Subsection 28(a). If Subtenant fully and faithfully complies with all of the terms, provisions, covenants, and conditions of this Sublease, the Security Deposit, or any balance thereof will be returned to Subtenant after the last to occur of the following:

(i) the time fixed as the expiration of the Term of this Sublease;

(ii) the surrender of the Premises by Subtenant to Sublessor in accordance with this Sublease;

(iii) the receipt of Sublessor of all sums due pursuant to the Sublease.

Except as otherwise required by law, Subtenant will not be entitled to any interest on such deposit.

(b) Letter Of Credit. In addition to the Security Deposit, Subtenant agrees, upon execution of this Sublease, to deposit with Sublessor an irrevocable letter of credit (the "Letter of Credit", which term shall include any renewals or replacements thereof) issued by a financial institution acceptable to Sublessor, in form and substance satisfactory to Sublessor. The Letter of Credit will be held by Sublessor throughout the Term as security for performance by Subtenant of Subtenant's obligations under this Sublease. The Letter of Credit shall be in the initial principal sum of FOUR HUNDRED FIFTY-THREE THOUSAND SEVEN HUNDRED AND FIFTY and No/100 Dollars ($453,750.00). Provided Subtenant is not in material default of this Sublease, the principal sum of the Letter of Credit shall be reduced by fifty percent (50%) on the first day of the thirty-first (31st) month of the Sublease Term. Upon the occurrence of a Default by Subtenant under this Sublease Sublessor shall thereupon be entitled to present a draft under the Letter of Credit for a draw of one hundred and twenty percent (120%) of any amount required by Sublessor to remedy Subtenant's default in the manner provided therein by presentment of the form of draft attached to the Letter of Credit, accompanied by a certificate signed by an officer of Sublessor stating that a Default exists under this Sublease, that Sublessor is entitled to receive such amount of the Letter of Credit, and that such officer is duly authorized to execute such certificate. Sublessor shall be entitled, without prejudice to any other remedy, to apply the proceeds of that portion of the Letter of Credit so drawn to satisfy any arrearages of Rent of any other obligation of Sublessor hereunder. In the event that Sublessor fails to cause the Letter of Credit to be renewed or replaced by a date which is thirty (30) days prior to the expiration thereof, Sublessor may, at its option, declare this Sublease to be in default and draw upon the Letter of Credit as set forth above or draw upon the Letter of Credit and hold the proceeds thereof as an additional security deposit by Subtenant to secure its obligations hereunder.

32. Counterparts. This Sublease may be executed in two or more
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counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument.

33. No Offer. The submission of this Sublease shall not be deemed to be
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an offer, an acceptance, or a reservation of Sublet Sublet Premises; and Sublessor shall not be bound hereby until Sublessor has delivered to Subtenant a fully executed copy of this Sublease, signed by both of the parties on the last page of this Sublease in the spaces herein provided. Until such delivery, Sublessor reserves the right to exhibit and lease the Sublet Sublet Premises to

other prospective tenants.

IN WITNESS WHEREOF, Sublessor and Subtenant have executed this Sublease as of the day and year first above written.

SUBLESSOR: FIRST DATA MERCHANT SERVICES CORPORATION

By: _____

Name: _____

Title: _____

SUBTENANT: INTERWOVEN, INC.

By: _____

Name: _____

Title: _____

ACKNOWLEDGED AND CONSENTED TO:

SUNNYVALE PARTNERS LIMITED PARTNERSHIP, Landlord under the Main Lease, hereby consents to the sublease of the Sublet Premises as described in the foregoing Sublease and confirms that the consent given hereby satisfies the requirements for landlord's consent of the subletting of the Premises set forth in the Main Lease. Landlord agrees not to disturb Subtenant's quiet enjoyment and possession of the Sublet Premises for so long as Subtenant faithfully performs its obligations under the Sublease and Main Lease. If, during the term of this Sublease, the Main Lease is terminated and Subtenant is not in default of the Sublease or the Incorporated Provisions of the Main Lease, then: (a) Overlandlord shall not terminate or disturb Subtenant's possession of Subtenant's Sublet Premises under the Sublease; (b) Overlandlord shall be bound to Subtenant under all the terms and conditions of the Sublease; (c) Subtenant shall recognize and attorn to Overlandlord as Subtenant's direct landlord under the Sublease; and (d) the Sublease shall continue in full force and effect as a direct lease, in accordance with its terms, between Overlandlord and Subtenant.

OVERLANDLORD: SUNNYVALE PARTNERS LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Ridge Sunnyvale, Inc.
Its: General Partner

By: _____

Name: James Martell

Title: President

EXHIBIT A

THE SUBLET PREMISES

EXHIBIT B

BASE BUILDING IMPROVEMENTS

THE STAUBACH COMPANY
BASE BUILDING TENANT IMPROVEMENTS
EXHIBIT A
MARCH 18, 1998

The following are terms that are included in the rentable cost of the available space at 1195 West Fremont Avenue, Sunnyvale, CA.

Base Building Tenant Improvement Items For Open Spec Space

1. Building interior, perimeter walls, fully drywalled
   Taped and sanded but not painted.

2. Building shear walls and columns, fully drywalled
   Taped and sanded but not painted.

3. Window blinds
   Levelor, commercial grade blinds installed.

4. Ceiling grid installed
   Ceiling grid installed.

5. Furnish ceiling tile
   Ceiling tile to be delivered to site.

6. Install ceiling tile
   Complete installation when layout has been approved.

7. Furnish 2x2 light fixtures
   Complete installation when layout has been approved.

8. Install 2x2 light fixtures
   Complete installation when layout has been approved.

9. Finished sprinkler arms and heads
   Complete installation when layout has been approved.

10. Finished HVAC branch ducts, vents, diffusers
    Complete installation when layout has been approved.

11. Electrical Outlets
    Some outlets and J-boxes installed along perimeter wall and at columns.

STAUBACH

EXHIBIT C

SUBTENANT IMPROVEMENTS

EXHIBIT D

MAIN LEASE

EXHIBIT 10.22

INTERWOVEN, INC.

LOAN AND SECURITY AGREEMENT

TABLE OF CONTENTS

<TABLE>
<CAPTION>

		Page
<S>		<C>
1.	DEFINITIONS AND CONSTRUCTION	1
	1.1 Definitions	1
	1.2 Accounting Terms	8
2.	LOAN AND TERMS OF PAYMENT	8
	2.1 Advances	8
	2.2 Overadvances	10
	2.3 Interest Rates, Payments, and Calculations	10
	2.4 Crediting Payments	10
	2.5 Fees	11
	2.6 Additional Costs	11
	2.7 Term	11
3.	CONDITIONS OF LOANS	12
	3.1 Conditions Precedent to Initial Advance	12
	3.2 Conditions Precedent to all Advances	12
4.	CREATION OF SECURITY INTEREST	13
	4.1 Grant of Security Interest	13
	4.2 Delivery of Additional Documentation Required	13
	4.3 Right to Inspect	13
5.	REPRESENTATIONS AND WARRANTIES	13
	5.1 Due Organization and Qualification	13
	5.2 Due Authorization; No Conflict	13
	5.3 No Prior Encumbrances	13
	5.4 Bona Fide Eligible Accounts	13
	5.5 Merchantable Inventory	14
	5.6 Intellectual Property	14
	5.7 Name; Location of Chief Executive Office	14

5.8 Litigation..... 14
5.9 No Material Adverse Change in Financial Statements..... 14
5.10 Solvency..... 14
5.11 Regulatory Compliance..... 14
5.12 Environmental Condition..... 15
5.13 Taxes..... 15
5.14 Subsidiaries..... 15
5.15 Government Consents..... 15
5.16 Full Disclosure..... 15

6. AFFIRMATIVE COVENANTS..... 15
6.1 Good Standing..... 15
6.2 Government Compliance..... 16
</TABLE>

TABLE OF CONTENTS

<TABLE>
<CAPTION>

Page

<S> <C>
6.3 Financial Statements, Reports, Certificates..... 16
6.4 Inventory; Returns..... 17
6.5 Taxes..... 17
6.6 Insurance..... 17
6.7 Principal Depository..... 17
6.8 Quick Ratio..... 18
6.9 Tangible Net Worth..... 18
6.10 Minimum Liquidity..... 18
6.11 Registration of Intellectual Property Rights..... 18
6.12 Further Assurances..... 19

7. NEGATIVE COVENANTS..... 19
7.1 Dispositions..... 19
7.2 Change in Business..... 19
7.3 Mergers or Acquisitions..... 19
7.4 Indebtedness..... 19
7.5 Encumbrances..... 19
7.6 Distributions..... 19
7.7 Investments..... 19
7.8 Transactions with Affiliates..... 20
7.9 Intellectual Property Agreements..... 20
7.10 Subordinated Debt..... 20
7.11 Inventory..... 20
7.12 Compliance..... 20

8. EVENTS OF DEFAULT..... 20
8.1 Payment Default..... 20
8.2 Covenant Default..... 21
8.3 Material Adverse Change..... 21
8.4 Attachment..... 21
8.5 Insolvency..... 21

8.6 Other Agreements..... 21
8.7 Subordinated Debt..... 22
8.8 Judgments..... 22
8.9 Misrepresentations..... 22

9. BANK'S RIGHTS AND REMEDIES..... 22
9.1 Rights and Remedies..... 22
9.2 Power of Attorney..... 23
9.3 Accounts Collection..... 23
9.4 Bank Expenses..... 24
9.5 Bank's Liability for Collateral..... 24
9.6 Remedies Cumulative..... 24
9.7 Demand; Protest..... 24

TABLE OF CONTENTS

Page

10. NOTICES..... 24

11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER..... 25

12. GENERAL PROVISIONS..... 25
12.1 Successors and Assigns..... 25
12.2 Indemnification..... 25
12.3 Time of Essence..... 26
12.4 Severability of Provisions..... 26
12.5 Amendments in Writing, Integration..... 26
12.6 Counterparts..... 26
12.7 Survival..... 26
12.8 Confidentiality..... 26

This LOAN AND SECURITY AGREEMENT is entered into as of October 16, 1997, by and between SILICON VALLEY BANK ("Bank") and INTERWOVEN, INC. ("Borrower").

RECITALS

Borrower wishes to obtain credit from time to time from Bank, and Bank desires to extend such credit to Borrower. This Agreement sets forth the terms on which Bank will advance credit to Borrower, and Borrower will repay that credit owing to Bank.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions. As used in this Agreement, the following terms shall have the following definitions:

"Accounts" means all presently existing and hereafter arising accounts, contract rights, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing.

"Advance" or "Advances" means a cash advance under the Revolving Facility.

"Affiliate" means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person's senior executive officers, directors, and partners.

"Bank Expenses" means all: reasonable costs or expenses (including reasonable attorneys' fees and expenses) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; and Bank's reasonable attorneys' fees and expenses incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), whether or not suit is brought.

"Borrower's Books" means all of Borrower's books and records including: ledgers; records concerning Borrower's assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

"Borrowing Base" has the meaning set forth in Section 2.1 hereof.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks in the State of California are authorized or required to close.

"Closing Date" means the date of this Agreement.

"Code" means the California Uniform Commercial Code.

"Collateral" means the property described on Exhibit A attached hereto.

"Committed Line" means Five Hundred Thousand Dollars ($500,000).

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Copyrights" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

"Current Liabilities" means, as of any applicable date, all amounts that should, in accordance with GAAP, be included as current liabilities on the consolidated balance sheet of Borrower and its Subsidiaries, as at such date, plus, to the extent not already included therein, all outstanding Advances made under this Agreement, including all Indebtedness that is payable upon demand or within one year from the date of determination thereof unless such Indebtedness is renewable or extendable at the option of Borrower or any Subsidiary to a date more than one year from the date of determination.

"Daily Balance" means the amount of the Obligations owed at the end of a given day.

"Eligible Accounts" means those Accounts that arise in the ordinary course of Borrower's business that comply with all of Borrower's representations and warranties

to Bank set forth in Section 5.4; provided, that standards of eligibility may be
----
fixed and revised from time to time by Bank in Bank's reasonable judgment and upon notification thereof to Borrower in accordance with the provisions hereof. Unless otherwise agreed to by Bank, Eligible Accounts shall not include the following:

(a) Accounts that the account debtor has failed to pay within ninety (90) days of invoice date;

(b) Accounts with respect to an account debtor, fifty percent (50%) of whose Accounts the account debtor has failed to pay within ninety (90) days of invoice date;

(c) Accounts with respect to which the account debtor is an officer, employee, or agent of Borrower;

(d) Accounts with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by the account debtor may be conditional;

(e) Accounts with respect to which the account debtor is an Affiliate of Borrower;

(f) Accounts with respect to which the account debtor does not have its principal place of business in the United States, except for Eligible Foreign Accounts, and Accounts arising from products shipped to or services provided to branches or offices located in the United States of any account debtor that does not have its principal place of business in the United States;

(g) Accounts with respect to which the account debtor is the United States or any department, agency, or instrumentality of the United States;

(h) Accounts with respect to which Borrower is liable to the account debtor for goods sold or services rendered by the account debtor to Borrower, but only to the extent of any amounts owing to the account debtor against amounts owed to Borrower;

(i) Accounts with respect to an account debtor, including Subsidiaries and Affiliates, whose total obligations to Borrower exceed thirty-five percent (35%) of all Eligible Accounts, to the extent such obligations exceed the aforementioned percentage;

(j) Accounts with respect to which the account debtor disputes liability or makes any claim with respect thereto as to which Bank believes, in its sole discretion, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim), or is subject to any Insolvency Proceeding, or becomes insolvent, or goes out of business; and

(k) Accounts the collection of which Bank reasonably determines to be doubtful.

"Eligible Foreign Accounts" means Accounts with respect to which the account debtor does not have its principal place of business in the United States and that are: (1) covered by credit insurance in form and amount, and by an insurer satisfactory to Bank less the amount of any deductible(s) which may be or become owing thereon; or (2) supported by one or more letters of credit in favor of Bank as beneficiary, in an amount and of a tenor, and issued by a financial institution, acceptable to Bank; or (3) that Bank approves on a case-by-case basis.

"Equipment" means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"GAAP" means generally accepted accounting principles as in effect from time to time.

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations and (d) all Contingent Obligations.

"Insolvency Proceeding" means any proceeding commenced by or against any person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property Collateral" means

(a) Copyrights, Trademarks and Patents;

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;

(d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

"Inventory" means all present and future inventory in which Borrower

has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or at any time hereafter owned by or in the custody or possession, actual or constructive, of Borrower, including such inventory as is temporarily out of its custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's Books relating to any of the foregoing.

"Investment" means any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"IRC" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Loan Documents" means, collectively, this Agreement, any note or notes executed by Borrower, and any other agreement entered into between Borrower and Bank in connection with this Agreement, all as amended or extended from time to time.

"Material Adverse Effect" means a material adverse effect on (i) the business operations or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole or (ii) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents.

"Maturity Date" means June 30, 2001.

"Negotiable Collateral" means all of Borrower's present and future letters of credit of which it is a beneficiary, notes, drafts, instruments, securities, documents of title, and chattel paper, and Borrower's Books relating to any of the foregoing.

"Obligations" means all debt, principal, interest, Bank Expenses and other amounts owed to Bank by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise.

"Patents" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"Periodic Payments" means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to Bank pursuant to the terms and provisions of any instrument, or agreement now or

hereafter in existence between Borrower and Bank.

"Permitted Indebtedness" means:

(a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any other Loan Document;

(b) Indebtedness existing on the Closing Date and disclosed in the Schedule;

(c) Indebtedness secured by a Lien described in clause (c) of Permitted Liens, provided the principal amount of such Indebtedness does not exceed the lesser of the cost or fair market value of the Equipment financed with the proceeds of such Indebtedness;

(d) Subordinated Debt;

(e) Indebtedness to trade creditors incurred in the ordinary course of business; and

(f) Other Indebtedness in an aggregate outstanding amount not exceeding $100,000.

"Permitted Investment" means:

(a) Investments existing on the Closing Date disclosed in the Schedule; and

(b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having the highest rating obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc., and

(iii) certificates of deposit maturing no more than one (1) year from the date of investment therein issued by Bank and other investments in the aggregate amount not exceeding $100,000.

"Permitted Liens" means the following:

(a) Any Liens existing on the Closing Date and disclosed in the Schedule or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Bank's security
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interests, unless required by law;

(c) Liens (i) upon or in any equipment acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such equipment or

indebtedness incurred solely for the purpose of financing the acquisition of such equipment, or (ii) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so
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acquired and improvements thereon, and the proceeds of such equipment;

(d) Leases or subleases and licenses or sublicenses granted to others in the ordinary course of Borrower's business not interfering in any material respect with the business of Borrower and its Subsidiaries taken as a whole, and any interest or title of a lessor, licensor or under any lease or license provided that such leases, subleases, licenses and sublicenses do not prohibit the grant of the security interest granted hereunder; and

(e) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (d) above, provided that any extension, renewal or
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replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

"Prime Rate" means the variable rate of interest, per annum, most recently announced by Bank, as its "prime rate," whether or not such announced rate is the lowest rate available from Bank.

"Quick Assets" means, at any date as of which the amount thereof shall be determined, Borrower's unrestricted cash and cash-equivalents; net, billed accounts receivable; and investments with maturities not to exceed 365 days; in each case determined in accordance with GAAP.

"Responsible Officer" means each of the Chief Executive Officer, the Chief Financial Officer and the Controller of Borrower.

"Revolving Maturity Date" means the date immediately preceding the first anniversary of the date of this Agreement.

"Revolving Facility" means the facility under which Borrower may request Bank to issue cash advances, as specified in Section 2.1 hereof.

"Schedule" means the schedule of exceptions attached hereto, if any.

"Subordinated Debt" means any debt incurred by Borrower that is subordinated to the debt owing by Borrower to Bank on terms acceptable to Bank (and identified as being such by Borrower and Bank).

"Subsidiary" means any corporation or partnership in which (i) any

general partnership interest or (ii) more than 50% of the stock of which by the terms thereof ordinary voting power to elect the Board of Directors, managers or trustees of the entity shall, at the time as of which any determination is being made, be owned by Borrower, either directly or through an Affiliate.

"Tangible Net Worth" means at any date as of which the amount thereof shall be determined, the consolidated total assets of Borrower and its Subsidiaries minus, without duplication, (i) the sum of any amounts attributable to (a) goodwill, (b) intangible items such as unamortized debt discount and expense, patents, trade and service marks and names, copyrights and research and development expenses except prepaid expenses, and (c) all reserves not already deducted from assets, and (ii) Total Liabilities.

"Total Liabilities" means at any date as of which the amount thereof shall be determined, all obligations that should, in accordance with GAAP be classified as liabilities on the consolidated balance sheet of Borrower, including in any event all Indebtedness.

"Trademarks" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Assignor connected with and symbolized by such trademarks.

1.2 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP and all calculations made hereunder shall be made in accordance with GAAP. When used herein, the terms "financial statements" shall include the notes and schedules thereto.

2. LOAN AND TERMS OF PAYMENT

2.1 Advances.

(a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Advances to Borrower in an aggregate amount not to exceed the lesser of the Committed Line or the Borrowing Base. For purposes of this Agreement, "Borrowing Base" shall mean an amount equal to eighty percent (80%) of Eligible Accounts. Subject to the terms

and conditions of this Agreement, amounts borrowed pursuant to this Section 2.1 may be repaid and reborrowed at any time without penalty, in whole or in part, prior to the Revolving Maturity Date.

(b) Whenever Borrower desires an Advance, Borrower will notify Bank by facsimile transmission or telephone no later than 3:00 p.m. California time, on the Business Day that the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit B hereto. Bank is authorized to make Advances under this Agreement,

based upon instructions received from a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1 to Borrower's deposit account.

(c) The Revolving Facility shall terminate on the Revolving Maturity Date, at which time all Advances under this Section 2.1 shall be immediately due and payable.

2.1.1 Equipment Advance.

(a) At any time from July 1, 1997 through June 30, 1998 (the "Equipment Availability Date"), Borrower may from time to time (but not more than once per month) request advances (each an "Equipment Advance" and, collectively, the "Equipment Advances") from Bank in an aggregate principal amount of up to Three Hundred Thousand Dollars ($300,000). The Equipment Advances shall be used to purchase Equipment approved from time to time by Bank and shall not exceed one hundred percent (100%) of the cost of such Equipment, excluding installation expense, freight discounts, warranty charges and taxes.

(b) Interest shall accrue from the date of each Equipment Advance at the rate specified in Section 2.3(a), and shall be payable monthly on the last Business Day of each month for each month through the Equipment Availability Date. The Equipment Advance or Equipment Advances that are outstanding on the Equipment Availability Date will be payable in thirty-six (36) equal monthly installments of principal, plus accrued interest, beginning on July 31, 1998, and continuing through the Maturity Date, on which date the entire principal amount and all accrued but unpaid interest shall be due and payable. The principal and all accrued but unpaid interest of any Equipment Advances may be repaid at any time without penalty, in whole or in part, prior to the Maturity Date.

(c) When Borrower desires to obtain an Equipment Advance, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission received no later than 3:00 p.m. California time one (1) Business Day before the day on which the Equipment Advance is to be made. Such notice shall be in substantially the form of Exhibit B. The notice shall be signed by a Responsible Officer and include a copy of the invoice for the Equipment to be financed.

2.2 Overadvances. If, at any time or for any reason prior to the Equity Event, the outstanding Obligations under this Agreement exceed the lesser of (i) the Committed Line or (ii) the Borrowing Base, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

2.3 Interest Rates, Payments, and Calculations.

(a) Interest Rate. Except as set forth in Section 2.3(b), any Advances shall bear interest, on the average Daily Balance, at a rate equal to one quarter of one (0.25) percentage point above the Prime Rate, and all Equipment Advances shall bear interest at a rate equal to one half (0.5) percentage point above the Prime Rate.

(b) Default Rate. All Obligations shall bear interest, from and after the date of the occurrence of an Event of Default, at a rate equal to five (5) percentage points above the interest rate applicable immediately prior to the occurrence of the Event of Default.

(c) Payments. Interest on account of the Revolving Facility shall be due and payable on the fifteenth calendar day of each month during the term hereof. Bank shall, at its option, charge such interest, all Bank Expenses, and all Periodic Payments against any of Borrower's deposit accounts or against the Committed Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Any interest not paid when due shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder.

(d) Computation. In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased effective as of 12:01 a.m. on the day the Prime Rate is changed, by an amount equal to such change in the Prime Rate. Bank shall notify Borrower of the change in the ordinary course of Borrower's business. All interest chargeable under the Loan Documents shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed.

2.4 Crediting Payments. Prior to the occurrence of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. After the occurrence of an Event of Default, the receipt by Bank of any wire transfer of funds, check, or other item of payment shall be immediately applied to conditionally reduce Obligations, but shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 noon California time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension, provided however, that no late fee shall accrue because the relevant date is not a Business Day.

2.5 Fees. Borrower shall pay to Bank the following:

(a) Facility Fee. There shall be no Facility Fee.

(b) Financial Examination and Appraisal Fees. Bank's customary fees and out-of-pocket expenses for Bank's audits of Borrower's Accounts, and for each appraisal of Collateral and financial analysis and examination of Borrower performed from time to time by Bank or its agents (not to exceed $1,500); and

(c) Bank Expenses. Upon the date hereof, all Bank Expenses incurred through the Closing Date, including reasonable attorneys' fees and expenses in excess of $1000 (not to exceed $2,000 paid by Borrower), and, after the date hereof, all Bank Expenses, including reasonable attorneys' fees and expenses, as and when they become due.

2.6 Additional Costs. In case any change in any law, regulation, treaty or official directive or the interpretation or application thereof by any court or any governmental authority charged with the administration thereof or the compliance with any guideline or request of any central bank or other governmental authority (whether or not having the force of law), in each case after the date of this Agreement:

(a) subjects Bank to any tax with respect to payments of principal or interest or any other amounts payable hereunder by Borrower or otherwise with respect to the transactions contemplated hereby (except for taxes on the overall net income of Bank imposed by the United States of America or any political subdivision thereof);

(b) imposes, modifies or deems applicable any deposit insurance, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, or loans by, Bank; or

(c) imposes upon Bank any other condition with respect to its performance under this Agreement,

and the result of any of the foregoing is to increase the cost to Bank, reduce the income receivable by Bank or impose any expense upon Bank with respect to any loans, Bank shall notify Borrower thereof. Borrower agrees to pay to Bank the amount of such increase in cost, reduction in income or additional expense as and when such cost, reduction or expense is incurred or determined, upon presentation by Bank of a statement of the amount and setting forth Bank's calculation thereof, all in reasonable detail, which statement shall be deemed true and correct absent manifest error. Bank agrees that it will allocate all such increased costs among its customers similarly affected in good faith and in a manner consistent with Bank's customary practice.

2.7 Term. This Agreement shall become effective on the Closing Date, and subject to Section 12.7, shall continue in full force and effect for a term ending on the Maturity Date. Notwithstanding the foregoing, Bank shall have the right to terminate its obligation to make Advances under this Agreement during the continuance of an Event of Default. Notwithstanding termination, Bank's Lien on the Collateral shall remain in effect for so long as

any Obligations are outstanding. Provided no Obligations are outstanding, Borrower shall have the right to terminate this Agreement upon written notice to Bank. Upon any termination, Bank's Lien on the Collateral shall terminate provided no Obligations are outstanding and Bank shall cooperate with Borrower to make such filings (e.g., financing statements and termination of the Intellectual Property Security Agreement) as Borrower may reasonably request to evidence such termination.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Advance. The obligation of Bank to make the initial Advance is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Agreement;

(b) a certificate of the Secretary of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement;

(c) an intellectual property security agreement;

(d) an audit of Borrower's Accounts;

(e) financing statement (Form UCC-1);

(f) insurance certificate;

(g) payment of the fees and Bank Expenses then due specified in Section 2.5 hereof; and

(h) such other documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

3.2 Conditions Precedent to all Advances. The obligation of Bank to make each Advance, including the initial Advance, is further subject to the following conditions:

(a) timely receipt by Bank of the Payment/Advance Form as provided in Section 2.1; and

(b) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Advance as though made at and as of each such date, and no Event of Default shall have occurred and be continuing, or would result from such Advance. The making of each Advance shall be deemed to be a representation and warranty by Borrower on the date of such Advance as to the accuracy of the facts referred to in this Section 3.2(b).

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower grants and pledges to Bank a continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt repayment of any and all Obligations and in order to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in Collateral acquired after the date hereof.

4.2 Delivery of Additional Documentation Required. Borrower shall from time to time execute and deliver to Bank, at the request of Bank, all Negotiable Collateral, all financing statements and other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and continue perfected Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents.

4.3 Right to Inspect. Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours, to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each is a corporation duly existing and in good standing under the laws of its state of incorporation and qualified and licensed to do business in, and is in good standing in, any state in which the conduct of its business or its ownership of property requires that it be so qualified.

5.2 Due Authorization; No Conflict. The execution, delivery, and

performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Articles of Incorporation or Bylaws, nor will they constitute an event of default under any material agreement to which Borrower is a party or by which Borrower is bound except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the Borrower's or other party's consent. Borrower is not in default under any agreement to which it is a party or by which it is bound, which default could have a Material Adverse Effect.

5.3 No Prior Encumbrances. Borrower has good and indefeasible title to the Collateral, free and clear of Liens, except for Permitted Liens.

5.4 Bona Fide Eligible Accounts. The Eligible Accounts are bona fide existing obligations. The property giving rise to such Eligible Accounts has been delivered to the account debtor or to the account debtor's agent for immediate shipment to and unconditional

acceptance by the account debtor. Borrower has not received notice of actual or imminent Insolvency Proceeding of any account debtor that is included in any Borrowing Base Certificate as an Eligible Account.

5.5 Merchantable Inventory. All Inventory is in all material respects of good and marketable quality, free from all material defects, normal wear and tear excepted.

5.6 Intellectual Property. Borrower is the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Borrower to its customers in the ordinary course of business or except as permitted under this Agreement. Each of the Patents is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and as of the date hereof, Borrower has no knowledge that nor has it received any communication that a claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party.

5.7 Name; Location of Chief Executive Office. Except as disclosed in the Schedule, Borrower has not done business under any name other than that specified on the signature page hereof. The chief executive office of Borrower is located at the address indicated in Section 10 hereof.

5.8 Litigation. Except as set forth in the Schedule, there are no actions or proceedings pending by or against Borrower or any Subsidiary

before any court or administrative agency in which an adverse decision could have a Material Adverse Effect or a material adverse effect on Borrower's interest or Bank's security interest in the Collateral. Borrower does not have knowledge of any such pending or threatened actions or proceedings.

5.9 No Material Adverse Change in Financial Statements.

All consolidated historical financial statements related to Borrower and any Subsidiary that have been delivered by Borrower to Bank fairly present in all material respects Borrower's consolidated financial condition as of the date thereof and Borrower's consolidated results of operations for the period then ended. There has not been a material adverse change in the consolidated financial condition of Borrower since the date of the most recent of such financial statements submitted to Bank.

5.10 Solvency. The fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; the Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.11 Regulatory Compliance. Borrower and each Subsidiary has met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that is reasonably likely to result in Borrower's incurring any liability that could have a Material Adverse Effect. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of the important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations G, T

and U of the Board of Governors of the Federal Reserve System). Borrower has complied with all the provisions of the Federal Fair Labor Standards Act. Borrower has not violated any statutes, laws, ordinances or rules applicable to it, violation of which could have a Material Adverse Effect.

5.12 Environmental Condition. None of Borrower's or any Subsidiary's properties or assets has ever been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous owners or operators, in the disposal of, or to produce, store, handle, treat, release, or transport, any hazardous waste or hazardous substance other than in accordance with applicable law; to the best of Borrower's knowledge, none of Borrower's properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a hazardous waste or hazardous substance disposal site, or a candidate for closure pursuant to any environmental protection statute; no lien arising under any environmental protection statute has attached to any revenues or to any real or personal property owned by Borrower or any Subsidiary; and neither Borrower nor any

Subsidiary has received a summons, citation, notice, or directive from the Environmental Protection Agency or any other federal, state or other governmental agency concerning any action or omission by Borrower or any Subsidiary resulting in the releasing, or otherwise disposing of hazardous waste or hazardous substances into the environment.

5.13 Taxes. Borrower and each Subsidiary has filed or caused to be filed all tax returns required to be filed, and has paid, or has made adequate provision for the payment of, all taxes reflected therein.

5.14 Subsidiaries. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments and has no Subsidiaries.

5.15 Government Consents. Borrower and each Subsidiary has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted, except to the extent that any failure to do so would not have a Material Adverse Effect.

5.16 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading.

6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, until payment in full of all outstanding Obligations, and for so long as Bank may have any commitment to make an Advance hereunder, Borrower shall do all of the following:

6.1 Good Standing. Borrower shall maintain its and each of its Subsidiaries' corporate existence and good standing in its jurisdiction of incorporation and maintain

qualification in each jurisdiction in which the failure to so qualify could have a Material Adverse Effect. Borrower shall maintain, and shall cause each of its Subsidiaries to maintain, to the extent consistent with prudent management of Borrower's business, in force all licenses, approvals and agreements, the loss of which could have a Material Adverse Effect.

6.2 Government Compliance. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect

to any employee benefit plans subject to ERISA. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Bank's Lien on the Collateral.

6.3 Financial Statements, Reports, Certificates. Borrower shall deliver to Bank: (a) as soon as available, but in any event within thirty (30) days after the end of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations during such period, certified by a Responsible Officer; (b) as soon as available, but in any event within one hundred twenty (120) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (c) within five (5) days upon becoming available, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and all reports on Form 10-K and 10-Q filed with the Securities and Exchange Commission; (d) promptly upon receipt of notice thereof, a report of any legal actions pending against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars ($100,000) or more; (e) prompt notice of any material change in the composition of the Intellectual Property Collateral, including, but not limited to, any subsequent ownership right of the Borrower in or to any Copyright, Patent or Trademark not specified in any intellectual property security agreement between Borrower and Bank or knowledge of an event that materially affects the value of the Intellectual Property Collateral; and (f) such budgets, sales projections, operating plans or other financial information as Bank may reasonably request from time to time.

Within twenty (20) days after the last day of each month in which an Advance is outstanding, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto, together with aged listings of accounts receivable and accounts payable.

Borrower shall deliver to Bank with the monthly financial statements a Compliance Certificate signed by a Responsible Officer in substantially the form of Exhibit D hereto.

Bank shall have a right from time to time hereafter to audit Borrower's Accounts at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing.

6.4 Inventory; Returns. Borrower shall keep all Inventory in good

and marketable condition, free from all material defects, subject to normal wear and tear. Returns and allowances, if any, as between Borrower and its account debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist at the time of the execution and delivery of this Agreement. Borrower shall promptly notify Bank of all returns and recoveries and of all disputes and claims, where the return, recovery, dispute or claim involves more than Fifty Thousand Dollars ($50,000).

6.5 Taxes. Borrower shall make, and shall cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, and will execute and deliver to Bank, on demand, appropriate certificates attesting to the payment or deposit thereof; and Borrower will make, and will cause each Subsidiary to make, timely payment or deposit of all material tax payments and withholding taxes required of it by applicable laws, including, but not limited to, those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Bank with proof satisfactory to Bank indicating that Borrower or a Subsidiary has made such payments or deposits; provided that Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower.

6.6 Insurance.

(a) Borrower, at its expense, shall keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the date hereof. Borrower shall also maintain insurance relating to Borrower's ownership and use of the Collateral in amounts and of a type that are customary to businesses similar to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to Bank. All such policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Bank, showing Bank as an additional loss payee thereof and all liability insurance policies shall show the Bank as an additional insured, and shall specify that the insurer must give at least twenty (20) days notice to Bank before canceling its policy for any reason. Upon Bank's request, Borrower shall deliver to Bank certified copies of such policies of insurance and evidence of the payments of all premiums therefor. All proceeds payable under any such policy shall, at the option of Bank, be payable to Bank to be applied on account of the Obligations.

6.7 Principal Depository. Borrower shall maintain its principal depository and operating accounts with Bank, and shall maintain a minimum balance in Bank's operating and money market accounts of fifty one percent (51%) of all cash balances on Borrower's financial statements. Such minimum balance shall be tested on the basis of a month to date average balance. Borrower will pay Bank an amount each month equal the amount, if any, that such minimum balance falls short of 51 percent, times a per annum rate equal to the Prime

Rate plus 2 Percent.

6.8 Quick Ratio. Borrower shall maintain, at all times, a ratio of Quick Assets to Current Liabilities, excluding deferred revenue, of at least 2.00 to 1.00.

6.9 Tangible Net Worth. Borrower shall maintain, at all times, a Tangible Net Worth of not less than Eight Hundred Thousand Dollars ($800,000).

6.10 Minimum Liquidity. Borrower shall maintain, at all times, the sum of (i) unrestricted cash and cash equivalents plus (ii) amounts available to be drawn but not drawn on the Committed Line, of at least two (2.00) times the outstanding amount of Equipment Advances.

6.11 Registration of Intellectual Property Rights.

(a) Borrower shall register or cause to be registered (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, those intellectual property rights listed on Exhibits A, B and C to the Intellectual Property Security Agreement delivered to Bank by Borrower in connection with this Agreement within thirty (30) days of the date of this Agreement and in form and substance reasonably acceptable to Borrower's legal counsel. Borrower shall register or cause to be registered with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, those additional intellectual property rights developed or acquired by Borrower from time to time in connection with any product prior to the sale or licensing of such product to any third party, including without limitation revisions or additions to the intellectual property rights listed on such Exhibits A, B and C and in form and substance reasonably acceptable to Borrower's legal counsel, unless Borrower, in the exercise of its prudent business judgment, deems such registration not to have any significant commercial value, provided that Borrower shall in all cases register in accordance with this Section 6.11 the copyright of the source code of any software, the licensing of which generates 5 percent or more of Borrower's gross revenue in any calendar month.

(b) Borrower shall execute and deliver such additional instruments and documents from time to time as Bank shall reasonably request to perfect Bank's security interest in the Intellectual Property Collateral.

(c) Borrower shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Bank in writing of material infringements detected and (iii) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Bank, which shall not be unreasonably withheld.

(d) Bank shall have the right, but not the obligation, to take, at Borrower's sole expense, any actions that Borrower is required under this Section 6.11 to take but which Borrower fails to take, after fifteen (15) days' notice to Borrower. Borrower shall reimburse and indemnify Bank for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section 6.11.

6.12 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS

Borrower covenants and agrees that, so long as any credit hereunder shall be available and until payment in full of the outstanding Obligations or for so long as Bank may have any commitment to make any Advances, Borrower will not do any of the following:

7.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively, a "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, other than: (i) Transfers of Inventory in the ordinary course of business; (ii) Transfers of non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries; or (iii) Transfers of worn-out or obsolete Equipment.

7.2 Change in Business. Engage in any business, or permit any of its Subsidiaries to engage in any business, other than the businesses currently engaged in by Borrower and any business substantially similar or related thereto (or incidental thereto), or suffer a change in more than thirty percent (30%) of Borrower's ownership provided that nothing in this Section 7.2 shall prohibit Borrower from completing a public offering of its Common Stock pursuant to a Registration Statement filed with the Securities and Exchange Commission. Borrower will not, without thirty (30) days prior written notification to Bank, relocate its chief executive office.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person.

7.4 Indebtedness. Create, incur, assume or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness.

7.5 Encumbrances. Create, incur, assume or suffer to exist any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries so to do, except for Permitted Liens.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, except Borrower may at any time when an Event of Default is not continuing, repurchase from an officer, director or employee shares of equity securities of Borrower held by them upon such person's termination of employment or rendering of service to Borrower.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person.

7.9 Intellectual Property Agreements. Permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Borrower's rights and interests in any property included within the definition of the Intellectual Property Collateral acquired under such contracts, except to the extent that such provisions are necessary in Borrower's exercise of its reasonable business judgement.

7.10 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except in compliance with the terms of such Subordinated Debt, or amend any provision contained in any documentation relating to the Subordinated Debt without Bank's prior written consent.

7.11 Inventory. Store the Inventory with a bailee, warehouseman, or similar party unless Bank has received a pledge of the warehouse receipt covering such Inventory. Except for Inventory sold in the ordinary course of business and except for such other locations as Bank may approve in writing, Borrower shall keep the Inventory only at the location set forth in Section 10 hereof and such other locations of which Borrower gives Bank prior written notice and as to which Borrower signs and files a financing statement where needed to perfect Bank's security interest.

7.12 Compliance. Become an "investment company" controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Advance for such purpose. Fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur, fail to comply in a material respect with the Federal Fair Labor Standards Act or violate any law or regulation, which violation could have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Bank's Lien on the Collateral, or permit any of its Subsidiaries to do any of the foregoing.

8. EVENTS OF DEFAULT

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to pay the principal of, or any interest on, any Advances when due and payable; or fails to pay any portion of any other Obligations not constituting such principal or interest, including without limitation Bank Expenses, within thirty (30) days of receipt by Borrower of an invoice for such other Obligations;

8.2 Covenant Default. If Borrower fails to perform any obligation under Article 6 or violates any of the covenants contained in Article 7 of this Agreement, or fails or neglects to perform, keep, or observe any other material term, provision, condition, covenant, or agreement contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure such default within ten (10) days after Borrower receives notice thereof or any officer of Borrower becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default (provided that no Advances will be required to be made during such cure period);

8.3 Material Adverse Change. If there occurs a Material Adverse Change in Borrower's business or financial condition, or if there is a material impairment of the prospect of repayment of any portion of the Obligations or a material impairment of the value or priority of Bank's security interests in the Collateral;

8.4 Attachment. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within twenty (20) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within twenty (20) days after Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower (provided that no Advances will be required to be made during such cure period);

8.5 Insolvency. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or if an Insolvency Proceeding is commenced against Borrower and is not dismissed or stayed within thirty (30) days (provided that no Advances will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Other Agreements. If there is a default in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of One Hundred Thousand Dollars ($100,000) or that could have a Material Adverse Effect;

8.7 Subordinated Debt. If Borrower makes any payment on account of Subordinated Debt, except to the extent such payment is allowed under any subordination agreement entered into with Bank;

8.8 Judgments. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars ($50,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of twenty (20) days (provided that no Advances will be made prior to the satisfaction or stay of such judgment); or

8.9 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Bank by any Responsible Officer pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document.

9. BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5 all Obligations shall become immediately due and payable without any action by Bank);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(d) Make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Bank a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, or (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Bank is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(g) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such

manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Bank deems appropriate;

(h) Bank may credit bid and purchase at any public sale; and

(i) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

9.2 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Bank's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; (e) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable; (f) to dispose of the Collateral; and (g) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Borrower where permitted by law; provided Bank may exercise such power of attorney to sign the name of Borrower on any of the documents described in Section 4.2 regardless of whether an Event of Default has occurred. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to provide advances hereunder is terminated.

9.3 Accounts Collection. Upon the occurrence and during the continuance of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

9.4 Bank Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following: (a) make payment of the same or any part thereof; (b) set up such reserves under the Revolving Facility as Bank deems necessary to protect Bank from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.6 of this Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and

payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices, Bank shall not in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other person whomsoever. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 Remedies Cumulative. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given.

9.7 Demand; Protest. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

10. NOTICES

Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by a recognized overnight delivery service, certified mail, postage prepaid, return receipt requested, or by telefacsimile to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower: Interwoven, Inc.
885 N. San Antonio Road
Los Altos, CA 94022
Attn: Jack Yu
FAX: (650) 917-3603

If to Bank: Silicon Valley Bank

1731 Embarcadero Road, Suite 220
Palo Alto, CA 94303
Attn: Chris Wagner
FAX: (650) 812-0640

Any notice delivered or sent to Borrower shall be effective notwithstanding a failure to deliver or send a copy of such notice to Borrower's counsel or any other person. The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER

The Loan Documents shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to principles of conflicts of law. Each of Borrower and Bank hereby submits to the exclusive jurisdiction of the state and Federal courts located in the County of Santa Clara, State of California. BORROWER AND BANK EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

12. GENERAL PROVISIONS.

12.1 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder.

12.2 Indemnification. Borrower shall defend, indemnify and hold harmless Bank and its officers, employees, and agents against: (a) all obligations, demands, claims, and

liabilities claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under the Loan Documents, or otherwise (including without

limitation reasonable attorneys fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 Amendments in Writing, Integration. This Agreement cannot be amended or terminated orally. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement, if any, are merged into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.7 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

12.8 Confidentiality. In handling any confidential information Bank and all employees and agents of Bank, including but not limited to accountants, shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that disclosure of such information may be made (i) to the subsidiaries or affiliates of Bank in connection with their present or prospective business relations with Borrower, (ii) to prospective transferees or purchasers of any interest in the Loans, provided that they have entered into a comparable confidentiality agreement in favor of Borrower and have delivered a copy to Borrower, (iii) as required by law, regulations, rule or order, subpoena, judicial order or similar order, (iv) as may be required in connection with the examination, audit or similar investigation of Bank and (v) as Bank may determine in connection with the enforcement of any remedies hereunder. Confidential information hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Bank when disclosed to Bank, or becomes part of the public domain after disclosure to Bank through no fault of Bank; or (b) is disclosed to Bank by a third party, provided Bank does not have actual knowledge that such third party is prohibited from disclosing such information.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

INTERWOVEN, INC.

By: ----------

Title: ----------

SILICON VALLEY BANK

By: ----------

Title: ----------

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement is entered into as of June 25, 1998, by and between Interwoven, Inc. ("Borrower") and Silicon Valley Bank ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated October 16, 1997, as may be amended from time to time, (the "Loan Agreement"). The Loan Agreement provided for, among other things, a Committed Line in the original principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "Revolving Facility") and a facility available for Equipment Advances in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "Equipment Line"). Defined terms used but not otherwise defined herein shall have the same meanings as in the Loan Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness."

2. DESCRIPTION OF COLLATERAL AND GUARANTIES. Repayment of the Indebtedness is secured by the Collateral as described in the Loan Agreement and as described in that certain Intellectual Property Security Agreement, dated October 16, 1997, by and between Borrower and Bank.

Hereinafter, the above-described security documents and guaranties, together with all other documents securing repayment of the Indebtedness shall be referred to as the "Security Documents". Hereinafter, the Security Documents, together with all other documents evidencing or securing the Indebtedness shall

be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan Agreement

1. The following defined terms are hereby incorporated in to Section 1.1 entitled "Definitions" or amended to read as follows:

"Cash Management Facility" has the meaning set forth in Section 2.1.3.

"Cash Management Facility Maturity Date" means June 24, 1999.

"Committed Line" means One Million and 00/100 Dollars ($1,000,000.00).

"Maturity Date" means June 24, 2002.

"Revolving Maturity Date" means June 24,1999.

"Permitted Investment"

(c) investments in connection with the exchange of 2,000,000.00 shares of Borrower's common stock.

2. Section 2.1.2 entitled "Cash Management Sublimit" is hereby deleted.

3. The first sentence of Section 2.1 (a) entitled "Advances" is hereby amended to read as follows:

Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Advances to Borrower in an aggregate amount not to exceed (a) the lesser of the Committed Line or the Borrowing Base.

4. Section 2.1.1 entitled "Equipment Advances" is hereby amended to read as follows:

At any time from the date hereof through June 24, 1999, (the "Equipment Availability Date"), Borrower may from time to time request advances (each an "Equipment Advance" and collectively the "Equipment Advances") from Bank in an aggregate principal amount of up to Five Hundred Thousand and 00/100 Dollars ($500,000.00), less any Equipment Advances. The Equipment Advances shall be used to purchase Equipment approved from time to time by Bank and shall not exceed one hundred percent (100%) of the cost of such Equipment, excluding installation expense, freight discounts, warranty charges and taxes. Leasehold improvements and soft costs may, however, comprise up to fifty percent (50%) of each Equipment Advance.

Interest shall accrue from the date of each Equipment Advance at the rate specified in Section 2.3(a), and shall be payable monthly on the 24th Business day of each month through the Equipment Availability Date. The Equipment Advance or Equipment Advances outstanding on the Equipment Availability Date will be payable in thirty-six (36) equal monthly installments of principal, plus accrued interest, beginning July 24, 1999, and continuing through the Maturity Date, on which date the entire principal amount and all accrued but unpaid interest shall be due and payable. The principal and all accrued but unpaid interest of any Equipment Advances may be repaid at any time without penalty, in whole or in part, prior to the Maturity Date.

5. The following Section 2.1.3 entitled "Cash Management Facility" is hereby incorporated to read as follows:

Borrower may use up to $100,000 for Bank's Cash Management Services, which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in the Cash Management Services Agreement (the "Cash Management Services") All amounts Bank pays for Cash Management Services will be treated as an advance under the Cash Management Facility. The Cash Management Facility terminates on the Cash Management Maturity Date, at which time all advances under this Section 2.1.3 shall be immediately due and payable.

6. Section 2.2 entitled "Overadvances" is hereby amended to read as follows:

If, at any time for any reason the outstanding Obligations owed by Borrower to Bank pursuant to Section 2.1 of this Agreement is greater than the lesser of (i) the Committed Line, or (ii) the Borrowing Base, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

7. Section 2.3 entitled "Interest Rates, Payments and Calculations" is hereby amended to read as follows:

Except as set forth in Section 2.3(b), any Advances shall bear interest on the average Daily Balance, at a rate equal to the Prime Rate, and all Equipment Advances shall bear interest at a rate equal to one quarter of one percentage point, (0.250) above the Prime Rate.

8. Section 6.8 entitled "Quick Ratio" is hereby amended to read as follows:

Borrower shall maintain, on a monthly basis, a ratio of Quick Assets to Current Liabilities, excluding deferred revenue, of at least 1.50 to 1.00.

9. Section 6.9 entitled "Tangible Net Worth" is hereby amended to read as follows:

Borrower shall maintain on a monthly basis, a Tangible Net Worth of not less than One Million and 00/100 Dollars ($1,000,000.00).

10. Section 6.10 entitled "Minimum Liquidity" is hereby amended to read as follows:

Borrower shall maintain on a monthly basis, cash plus eighty percent (80%) of Eligible Accounts minus outstanding Advances under the Committed Line divided by outstanding Equipment Advances of at least 1.50 to 1.00.

11. Section 10 entitled "Notices" is hereby amended in part to correct the Borrower's address to:

1195 W. Fremont Avenue, Suite 2000 Sunnyvale, CA 94087

12. The second paragraph of the Section 6.3 entitled "Financial Statements, reports, Certificates" is hereby amended in part to read as follows:

Borrower shall deliver to Bank, within thirty (30) days after the last day of each month, a Borrowing base Certificate together with an aged listings of accounts receivable and accounts payable.

B. Waiver of Covenant Default(s).

Bank hereby waives Borrowers existing default under the Loan Agreement by virtue of Borrower's failure to comply with the Quick Ratio and Tangible Net Worth covenants as of the months ended February 28, 1998 and March 31, 1998. Bank's waiver of Borrowers compliance of these covenants shall apply only to the foregoing periods. Accordingly, for the month ended April 30, 1998, Borrower shall be in compliance with these covenants, as amended herein.

Bank's agreement to waive the above-described default (i) in no way shall be deemed an agreement by the Bank to waive Borrower's compliance with the above-described covenants as of all other dates and (2) shall not limit or impair the Bank's right to demand strict performance of these covenants as of all other dates and (3) shall not limit or impair the Bank's right to demand strict performance of all other covenants as of any date.

4. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended
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wherever necessary to reflect the changes described above.

5. PAYMENT OF LOAN FEE. Borrower shall pay to Bank a fee in the amount of (i)
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one eighth of one percent (1/8%) for the Equipment Line or (ii) one quarter of one percent (1/4%), per annum of the unused portion of the Equipment Line,

quarterly in arrears, (the "Loan Fee") plus all out-of-pocket expenses.

6. NO DEFENSES OF BORROWER. Borrower (and each guarantor and pledgor signing below) agrees that, as of the date hereof, it has no defenses against the obligations to pay any amounts under the Indebtedness.

7. CONTINUING VALIDITY. Borrower (and each guarantor and pledgor signing below) understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrowers representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan Modification Agreement. The terms of this paragraph apply not only to this Loan Modification Agreement, but also to all subsequent loan modification agreements.

8. CONDITIONS. The effectiveness of this Loan Modification Agreement is conditioned upon payment of the Loan Fee.

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	BANK:
INTERWOVEN, INC.	SILICON VALLEY BANK
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement is entered into as of September 2, 1998, by and between Interwoven, Inc. ("Borrower") and Silicon Valley Bank ("Bank").

1. RESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated October 16, 1997, as may be amended from time to time, (the "Loan Agreement'). The Loan Agreement provided for, among other things, a Committed Line in the original principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "Revolving Facility") and a facility available for Equipment Advances in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "Equipment Line"). The Loan Agreement has been amended pursuant to, among other documents, a Loan Modification Agreement, dated June 25, 1998, pursuant to which, among other things, the Committed Line was increased to One Million and 00/100 Dollars ($1,000,000.00). Defined terms used but not otherwise defined herein shall have the same meanings as in the Loan Agreement.

Hereinafter, ail indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness."

2. DESCRIPTION OF COLLATERAL AND GUARANTIES. Repayment of the Indebtedness is secured by the Collateral as described in the Loan Agreement and as described in that certain Intellectual Property Security Agreement, dated October 16, 1997, by and between Borrower and Bank.

Hereinafter, the above-described security documents and guaranties, together with all other documents securing repayment of the Indebtedness shall be referred to as the "Security Documents". Hereinafter, the Security Documents, together with all other documents evidencing or securing the Indebtedness shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan Agreement

1. The second paragraph of the Section 6.3 entitled "Financial Statements, reports, Certificates" is hereby amended in part to read as follows:

Borrower shall deliver to Bank, at such time as (i) there are outstanding Advances or (ii) Borrower's unrestricted cash is insufficient to fully support the Liquidity covenant as described in Section 6,10, within thirty (30) days after the last day of each month, a Borrowing base Certificate together with an aged listings of accounts receivable and accounts payable.

4. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

5. NO DEFENSES OF BORROWER. Borrower (and each guarantor and pledgor signing below) agrees that, as of the date hereof, it has no defenses against the obligations to pay any amounts under the Indebtedness.

6. CONTINUING VALIDITY. Borrower (and each guarantor and pledgor signing below) understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrowers representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be

released by virtue of this Loan Modification Agreement. The terms of this paragraph apply not only to this Loan Modification Agreement, but also to all subsequent loan modification agreements.

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	BANK:
INTERWOVEN, INC.	SILICON VALLEY BANK
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement is entered into as of October 26, 1998, by and between Interwoven, Inc. ("Borrower") and Silicon Valley Bank ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated October 16, 1997, as may be amended from time to time, (the "Loan Agreement'). The Loan Agreement provided for, among other things, a Committed Line in the original principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "Revolving Facility") and a facility available for Equipment Advances in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "Committed

Equipment Line"). The Loan Agreement has been amended pursuant to, among other documents, a Loan Modification Agreement, dated June 25, 1998, pursuant to which, among other things, the Committed Line was increased to One Million and 00/100 Dollars ($1,000,000.00), the Committed Equipment Line was increased to Five Hundred Thousand Dollars ($500,000) and a Cash Management Facility in the original principal amount of One Hundred Thousand Dollars ($100,000) was incorporated. Defined terms used but not otherwise defined herein shall have the same meanings as in the Loan Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness."

2. DESCRIPTION OF COLLATERAL AND GUARANTIES. Repayment of the Indebtedness is secured by the Collateral as described in the Loan Agreement and as described in that certain Intellectual Property Security Agreement, dated October 16, 1997, by and between Borrower and Bank.

Hereinafter, the above-described security documents and guaranties, together with all other documents securing repayment of the Indebtedness shall be referred to as the "Security Documents". Hereinafter, the Security Documents, together with all other documents evidencing or securing the Indebtedness shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan Agreement

1. The following defined term is hereby added to Section 1.1 entitled "Definitions" to read as follows:

"Committed Equipment Line" means an extension of credit up to One Million Five Hundred Thousand Dollars ($1,500,000), however, capped at Five Hundred Thousand Dollars ($500,000) until such time as Borrower has met the Condition Precedent to Committed Equipment Line Increase, as described herein.

2. The first sentence of Section 2.1.1 entitled "Equipment Advances" is hereby amended in its entirety to read as follows:

At any time from the date hereof through June 24, 1999, (the "Equipment Availability Date"), Borrower may from time to time request advances (each an "Equipment Advance" and collectively the "Equipment Advances") from Bank in an aggregate principal amount not to exceed the Committed Equipment Line, less any outstanding Equipment Advances.

3. Section 3.3 entitled "Condition Precedent to Committed Equipment Line Increase" is hereby incorporated into the Loan Agreement to read as follows:

The obligation of Bank to increase the Committed Equipment Line is subject to the following condition: the successful closure of

Borrower's Series D Preferred round of financing together with proceeds from certain principal investors exercising Series C

Preferred Warrant(s) in an aggregate amount not less than Five Million Dollars ($5,000,000) on or before the Equipment Availability Date.

4. Section 6.9 entitled "Tangible Net Worth" is hereby amended in part to provide that upon Borrower complying with Section 3.3 herein, Borrower shall maintain on a monthly basis, a Tangible Net Worth of not less than One Million Seven Hundred Fifty Thousand Dollars ($1,750,000).

4. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

5. PAYMENT OF LOAN FEE. Borrower shall pay to Bank a fee in the amount of (i) one eighth of one percent (1/8%) for the Committed Equipment Line or (ii) one quarter of one percent (1/4%), per annum of the unused portion of the Committed Equipment Line, quarterly in arrears, (the "Non-usage Fee"), plus all out-of-pocket expenses.

6. NO DEFENSES OF BORROWER. Borrower (and each guarantor and pledgor signing below) agrees that, as of the date hereof, it has no defenses against the obligations to pay any amounts under the Indebtedness.

7. CONTINUING VALIDITY. Borrower (and each guarantor and pledgor signing below) understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan Modification Agreement. The terms of this paragraph apply not only to this Loan Modification Agreement, but also to all subsequent loan modification agreements.

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	BANK:
INTERWOVEN, INC.	SILICON VALLEY BANK

By: ----------

Name: ----------

Title: ----------

By: ----------

Name: ----------

Title: ----------

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement is entered into as of December 11, 1998, by and between Interwoven, Inc. ("Borrower") and Silicon Valley Bank ("Bank").

1. DESCRIPTION OF EXISTING INDEBTEDNESS: Among other indebtedness which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to, among other documents, a Loan and Security Agreement, dated October 16, 1997, as may be amended from time to time, (the "Loan Agreement"). The Loan Agreement provided for, among other things, a Committed Line in the original principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000) (the "Revolving Facility") and a facility available for Equipment Advances in the amount of Three Hundred Thousand and 00/100 Dollars ($300,000) (the "Committed Equipment Line"). The Loan Agreement has been amended pursuant to, among other documents, a Loan Modification Agreement, dated June 25, 1998, pursuant to which, among other things, a Cash Management Facility in the original principal amount of One Hundred Thousand Dollars ($100,000) was incorporated and a Loan Modification Agreement dated October 26, 1998, pursuant to which, among other things, the principal amount of the Committed Equipment Line was increased to One Million Five Hundred Thousand and 00/100 Dollars ($1,500,000), however capped at Five Hundred Thousand and 00/100 Dollars ($500,000) until such time Borrower has met the Condition Precedent to Committed Line Increase, as described therein. Defined terms used but not otherwise defined herein shall have the same meanings as in the Loan Agreement.

Hereinafter, all indebtedness owing by Borrower to Bank shall be referred to as the "Indebtedness."

2. DESCRIPTION OF COLLATERAL AND GUARANTIES. Repayment of the Indebtedness is secured by the Collateral as described in the Loan Agreement and as described in that certain Intellectual Property Security Agreement, dated October 16, 1997, by and between Borrower and Bank.

Hereinafter, the above-described security documents and guaranties, together with all other documents securing repayment of the Indebtedness shall be referred to as the "Security Documents". Hereinafter, the Security Documents, together with all other documents evidencing or securing the Indebtedness shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modification(s) to Loan Agreement

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1. Section 6.7 entitled "Principal Depository" is hereby amended in its entirety to read as follows:

Borrower shall maintain its principal operating accounts with Bank.

4. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

5. NO DEFENSES OF BORROWER. Borrower (and each guarantor and pledgor signing below) agrees that, as of the date hereof, it has no defenses against the obligations to pay any amounts under the Indebtedness.

6. CONTINUING VALIDITY. Borrower (and each guarantor and pledgor signing below) understands and agrees that in modifying the existing Indebtedness, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Indebtedness pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Indebtedness. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Indebtedness. It is the intention of Bank and Borrower to retain as liable parties all makers and endorsers of

Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker, endorser, or guarantor will be released by virtue of this Loan Modification Agreement. The terms of this paragraph apply not only to this Loan Modification Agreement, but also to all subsequent loan modification agreements.

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	BANK:
INTERWOVEN, INC.	SILICON VALLEY BANK
By: _____	By: _____
Name: _____	Name: _____

Title: _____ Title: _____

EXHIBIT 10.23

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (this "Agreement") is made and entered into as of June 30, 1999 (the "Agreement Date") by and among Interwoven, Inc., a California corporation ("Interwoven"), Lexington Software Associates, Inc., a Delaware corporation (the "Company") and the stockholders listed on Exhibit 1, who are the only stockholders of the Company (each being hereinafter individually referred to as a "LSA Stockholder" and collectively referred to as the "LSA Stockholders").

RECITALS

A. The parties intend that, subject to the terms and conditions of this Agreement, Company will be merged with and into Interwoven in a statutory merger, with Interwoven to be the surviving corporation of such merger, all pursuant to the terms and conditions of this Agreement and applicable law. The parties also intend for such merger be accounted for as a purchase transaction for accounting and financial reporting purposes and to be treated as a "reorganization" under Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended.

B. Upon the effectiveness of such merger, the capital stock of the Company that is outstanding immediately prior to the effectiveness of the merger will be converted into shares of the Series E Preferred Stock and warrants to purchase Series E Preferred Stock of Interwoven (plus cash for any eliminated fractional shares), all as provided in this Agreement.

C. The parties understand that by virtue of the Certificate of Incorporation of the Company, as amended by the Certificate of Designation dated May 21, 1998 (the "Amendment"), the merger contemplated hereby would be treated as a liquidation event under Section 4 of the Amendment and, accordingly, based on the liquidation preferences held by the Company Preferred Stock (as defined below), all of the consideration for such merger would be paid to the holders of the Company Preferred Stock, and no consideration will remain for distribution to holders of any other class or series of capital stock of the Company (or rights or options or warrants thereon), including without limitation the Company's Common Stock (or any options or warrants to acquire Common Stock).

NOW, THEREFORE, in consideration of the above-recited facts and the mutual promises, covenants and conditions contained herein, the parties hereby agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth below:

1.1 The "Merger" means the statutory merger of the Company with and into Interwoven to be effected pursuant to the terms and conditions of this Agreement.

1.2 The "Effective Time" means the time and date on which the Merger first becomes legally effective under the laws of the States of California and Delaware as a result of: (i) the filing with the California Secretary of State of an Agreement of Merger between the Company and Interwoven in substantially the form of Exhibit A (the "Agreement of Merger") and any required officers' certificates; and (ii) the filing with the Delaware Secretary of State of the Agreement of Merger and any required officers' certificates or, in lieu thereof at Interwoven's option, a Certificate of Merger in substantially the form of Exhibit B (the "Certificate of Merger"), conforming to the requirements of the Delaware General Corporation Law.

1.3 "Company Common Stock" means the Company's Common Stock, par value $.01 per share.

1.4 "Company Options" means, collectively, options to purchase shares of Company Common Stock granted by the Company to Company employees under the Company's 1997 Stock Option Plan (the "Company Option Plan").

1.5 "Company Preferred Stock" means the Company's Preferred Stock, par value $.01 per share (together with the Company Common Stock, the "Company Stock").

1.6 "Company Derivative Securities" means, collectively: (a) any warrant, option, right or other security that entitles the holder thereof to purchase or otherwise acquire any shares of the capital stock of the Company (collectively, "Company Stock Rights"); (b) any note, evidence of indebtedness, stock or other security of the Company that is convertible into or exchangeable for any shares of the capital stock of the Company or any Company Stock Rights ("Company Convertible Security"); and (c) any warrant, option, right, note, evidence of indebtedness, stock or other security that entitles the holder thereof to purchase or otherwise acquire any Company Stock Rights or any Company Convertible Security; provided, however, that the term "Company Derivative Securities" does not include any of the Company Preferred Stock and/or Company Options.

1.7 "Number of Company Fully Diluted Shares" means the sum of: (a) the total number of shares of Company Common Stock that are issued and outstanding immediately prior to the Effective Time; plus (b) the total number of shares of Company Common Stock subject to or issuable under all Company Options that are issued and outstanding immediately prior to the Effective Time; plus (c) the total number of shares of Company Common Stock that, immediately prior to the Effective Time, are, directly or indirectly, ultimately or potentially issuable by the Company upon the exercise, conversion or exchange of all Company Derivative Securities (if any) that are issued and outstanding immediately prior to the Effective Time (on an as-converted to Common Stock basis); plus (d) the total number of shares of Company Preferred Stock that are issued and outstanding immediately prior to the Effective Time.

1.8 "Company Stockholders" means those persons (each being individually referred to herein as a "Company Stockholder") who, immediately prior to the Effective Time, hold the shares of the Company Stock that are outstanding immediately prior to the Effective Time; provided, however, that for purposes of Section 11 of this Agreement, the term "Company Stockholders" means only those Company Stockholders (as defined above in this Section) who

are issued warrants to purchase shares of Interwoven Series E Stock in the Merger as evidenced on Interwoven's records.

1.9 "Company Dissenting Shares" means any shares of any capital stock of the Company that (i) are outstanding immediately prior to the Effective Time and qualify fully as "dissenting shares" within the meaning of the Delaware General Corporation Law and (ii) with respect to which dissenter's rights to require the purchase of such dissenting shares for cash at their fair market value in accordance with the Delaware General Corporation Law have been duly and properly exercised and perfected in connection with the Merger.

1.10 "Interwoven Common Stock" means Interwoven's Common Stock, no par value.

1.11 "Interwoven Merger Shares" means the (i) 88,339 shares of Interwoven Series E Stock, as presently constituted, and (ii) warrants to purchase an additional 17,668 shares of Interwoven Series E Stock (which warrants will be fully vested on issuance, each with a seven-year term).

1.12 "Interwoven Series E Stock" means Interwoven's Series E Preferred Stock, no par value.

1.13 "Conversion Ratio" means the quotient obtained by (a) dividing the

number of shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock set forth in the Interwoven Merger Shares by (b) the Number of Company Fully Diluted Shares.

1.14 "Interwoven Ancillary Agreements" means, collectively, each agreement, certificate or document (other than this Agreement) to which Interwoven is to enter into as a party thereto, or otherwise is to execute and deliver, pursuant to or in connection with this Agreement. "Company Ancillary Agreements" means, collectively, the Agreement of Merger and each other agreement, certificate or document (other than this Agreement) to which the Company is to enter into as a party thereto, or otherwise is to execute and deliver, pursuant to or in connection with this Agreement. "LSA Stockholder Ancillary Agreements" means, collectively, each agreement, certificate or document (other than this Agreement) that a LSA Stockholder is to enter into as a party thereto, or otherwise is to execute and deliver, pursuant to or in connection with this Agreement, and includes, without limitation, each of the following agreements to be entered into and executed by each LSA Stockholder hereunder: the Investment Representation Letter, and the Company Stockholder Agreement (each as hereafter defined).

1.15 "knowledge," when used with reference to the Company or the LSA Stockholders, respectively, means either (a) the collective actual knowledge of the LSA Stockholders, or (b) the collective actual knowledge of the President of the Company and/or any Vice President of the Company and/or any Treasurer of the Company.

Other capitalized terms defined elsewhere in this Agreement and not defined in this Article I will have the meanings assigned to such terms in this Agreement.

ARTICLE 2
PLAN OF REORGANIZATION

2.1 Conversion of Shares.

2.1.1 Conversion of Company Stock. At the Effective Time, each share of Company Stock that is issued and outstanding immediately prior to the Effective Time (other than any Company Dissenting Shares as provided in Section 2.1.2) will, by virtue of the Merger, and without the need for any further action on the part of the holder thereof, be converted into a number of shares of Interwoven Series E Stock and the number of warrants to purchase Interwoven Series E Stock that is equal to the Conversion Ratio, respectively, subject to the provisions of Section 2.1.3 regarding the elimination of fractional shares, it being understood that by virtue of the liquidation preferences set forth in Section 4 of the Amendment to the Company's Certificate of Incorporation, each share of Company Preferred Stock shall be converted into its pro rata right to receive the consideration set forth above, and no consideration will remain for distribution to holders of any other class or series of capital stock of the Company (or rights, warrants or options thereon), including without limitation the Company's Common Stock (or any rights, warrants or options to acquire Common Stock).

2.1.2 Company Dissenting Shares. Holders of Company Dissenting Shares (if any) will be entitled to their appraisal rights under the Delaware General Corporation Law with respect to such Company Dissenting Shares and such Company Dissenting Shares will not be converted into shares of Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock in the Merger; provided, however, that nothing in this Section 2.1.2 is intended to remove, release, waive, alter or affect any of the conditions to Interwoven's obligations to consummate the Merger set forth in Section 9.9, or any other provision of this Agreement relating to the Company Dissenting Shares. Shares of the capital stock of the Company that are outstanding immediately prior to the Effective Time of the Merger and with respect to which dissenting shareholders' rights of

appraisal under the Delaware General Corporation Law, have not been properly perfected will, when such dissenting shareholders' rights can no longer be legally exercised under the Delaware General Corporation Law, be converted into Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock as provided in Section 2.1.1.

2.1.3 Fractional Shares. No fractional shares of Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock will be issued in connection with the Merger. In lieu thereof, each holder of Company Stock who would otherwise be entitled to receive a fraction of a share of Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock pursuant to Section 2.1.1, after aggregating all shares of Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock to be received by such holder pursuant to Section 2.1.1, will instead receive from Interwoven an amount of cash equal to the product obtained by multiplying (i) $5.66 by (ii) the fraction of a share of Interwoven Series E Stock or warrants to purchase Interwoven Series E Stock that such holder would otherwise be entitled to receive.

2.2 Termination of Company Options. Prior to the Effective Time, the Company will cause each Company Option that is outstanding to be terminated. Interwoven may, at its option,

grant options to acquire Interwoven Common Stock (an "Interwoven Option") to certain holders of Company Options or Company employees who may become employed by Interwoven in connection with the Merger, and pre-Merger employment service with the Company may be credited to each holder of a Interwoven Option for purposes of applying any vesting schedule to determine the number of shares of Interwoven Common Stock that are exercisable thereunder.

2.3 Adjustments for Capital Changes. Notwithstanding the provisions of Section 2.1 or Section 2.2, if at any time after the Agreement Date and prior to the Effective Time, Interwoven recapitalizes, either through a subdivision (or stock split) of any of its outstanding shares into a greater number of shares, or a combination (or reverse stock split) of any of its outstanding shares into a lesser number of shares, or reorganizes, reclassifies or otherwise changes its outstanding shares into the same or a different number of shares of other classes (other than through a subdivision or combination of shares provided for in the previous clause), or declares a dividend on its outstanding shares payable in shares of Interwoven Common Stock, Interwoven Series E Stock or in shares or securities convertible into shares of Interwoven Common Stock or Interwoven Series E Stock (each, a "Capital Change"), then the number of shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock constituting the Interwoven Merger Shares, the Interwoven Common Stock and the Conversion Ratio will each be appropriately adjusted so as to maintain the proportionate interests of the stockholders and optionholders of Interwoven and the Company in the outstanding equity of Interwoven immediately following the Merger as contemplated by this Agreement.

2.4 Effects of the Merger. At and upon the Effective Time of the Merger:

(a) the separate existence of Company will cease and Company will be merged with and into Interwoven, and Interwoven will be the surviving corporation of the Merger (the "Surviving Corporation") pursuant to the terms of this Agreement and the Agreement of Merger;

(b) the Articles of Incorporation and Bylaws of the Interwoven will continue unchanged to be the Articles of Incorporation of the Surviving Corporation and the Certificate of Incorporation (as amended by the Amendment) and the Bylaws of the Company shall cease to have any further force or effect;

(c) each share of Company Stock that is outstanding immediately prior to the Effective Time will be converted into Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock (or no consideration, in respect of each share of Company Common Stock and each Company Option or Company Derivative

Securities) as provided in this Article 2 and the Agreement of Merger;

(d) the Board of Directors and officers of Interwoven will remain unchanged and will be the Board of Directors and officers of the Surviving Corporation; and

(e) the Merger will, from and after the Effective Time, have all of the effects provided by applicable law.

2.5 Further Assurances. The Company and each of the Company Stockholders agree that if, at any time before or after the Effective Time, Interwoven believes or is advised that any further instruments, deeds, assignments or assurances are reasonably necessary or desirable to consummate the Merger or to carry out the purposes and intent of this Agreement at or after the Effective Time, then Interwoven, the Surviving Corporation and their respective officers and directors may, and each of the Company Stockholders will, execute and deliver all such reasonable and proper deeds, assignments, instruments and assurances and do all other things reasonably necessary or desirable to consummate the Merger and to carry out the purposes of this Agreement, in the name of the Company or otherwise.

2.6 Securities Laws Issues. Interwoven shall issue the shares of Interwoven Series E Stock to be issued in the Merger pursuant to Section 2.1.1 of this Agreement and the Interwoven Options to be issued in the Merger pursuant to an exemption from registration under Section 4(2) and/or Regulation D promulgated under the Securities Act of 1933, as amended ("1933 Act") and the exemption from qualification under Section 25120 of the California Corporations Code (the "CCC") provided by Section 25100(o) of the CCC. Concurrently with execution of this Agreement (or as soon thereafter as possible): (a) each LSA Stockholder who is receiving any shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock shall execute and deliver to Interwoven an Investment Representation Letter in the form of Exhibit C hereto (the "Investment Representation Letter").

2.7 Registration Rights. Each Company Stockholder who receives shares of Interwoven Series E Stock in the Merger pursuant to Section 2.1.1 will be granted the piggyback registration rights pursuant to Section 6.5 hereof.

2.8 Tax-Free Reorganization. The parties intend to adopt this Agreement as a tax-free plan of reorganization and to consummate the Merger in accordance with the provisions of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). The parties believe that the value of the shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock to be issued to the Company Stockholders in the Merger is equal to the value of the shares of Company Stock to be surrendered in exchange therefor. Except for cash to be paid in lieu of fractional shares, no consideration that could constitute "other property" within the meaning of Section 356 of the Code is being paid by Interwoven for the outstanding shares of Company Stock in the Merger. In addition, Interwoven represents now, and as of the Closing Date, that it presently intends to continue the Company's historic business or use a significant portion of the Company's business assets in a business. The provisions and representations contained or referred to in this Section 2.8 will survive until the expiration of the applicable statute of limitations. Notwithstanding anything to the contrary set forth herein, Interwoven makes no representations or warranty to the Company or to any stockholder of the Company regarding the tax treatment of the Merger or whether the Merger will qualify as a tax-free plan of reorganization under the Code.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company and the LSA Stockholders hereby jointly and severally represent and warrant to Interwoven that, except as set forth in the Schedule of Exceptions attached hereto as Exhibit D (the "Company Disclosure Letter"), each of the following representations, warranties and statements in this Article 3 are true and correct.

3.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power and authority to own, operate and lease its properties and to carry on its business as now conducted and as proposed to be conducted, and is qualified to transact business as a foreign corporation in each jurisdiction in which its failure to be so qualified would have a Material Adverse Effect. As used in this Agreement, the term "Material Adverse Effect" when used with reference to the Company, means any event, change or effect that is (or will with the passage of time be) materially adverse to the Company's condition (financial or otherwise), properties, assets, liabilities, business, operations, results of operations or prospects.

3.2 Power, Authorization and Validity.

3.2.1 The Company has the right, power, legal capacity, and authority to enter into, execute, deliver, and perform its obligations under this Agreement and all the Company Ancillary Agreements, and the Company has all requisite corporate power and authority to consummate the Merger. This Agreement, the Agreement of Merger, the Merger, and all of the principal terms of each of the foregoing have been duly and validly approved by the stockholders of the Company in compliance with applicable law (including without limitation the Delaware General Corporation Law) and the Certificate of Incorporation and Bylaws of the Company, both as amended. The execution, delivery and performance by the Company of this Agreement and each of the Company Ancillary Agreements have been duly and validly approved and authorized by all necessary corporate action on the part of the Company's Board of Directors. Each of the LSA Stockholders has the right, power, legal capacity and authority to enter into, execute, deliver, and perform his respective obligations under this Agreement and each of the LSA Stockholder Ancillary Agreements to be executed and delivered by such LSA Stockholder.

3.2.2 No filing, authorization, consent, approval or order, governmental or otherwise, is necessary or required to be made or obtained by the Company or any LSA Stockholder to enable the Company or such LSA Stockholder to lawfully enter into, and to perform its or his obligations under, this Agreement, each of the Company Ancillary Agreements and each of the LSA Stockholder Ancillary Agreements, except for (a) the filing of the Agreement of Merger (or the Certificate of Merger) with the Delaware Secretary of State and any such further documents as may be required under the Delaware General Corporation Law to effect the Merger; and (b) the filing of the Agreement of Merger (and related officers' certificates) with the California Secretary of State and any such further documents as may be required under the California Corporations Code to effect the Merger.

3.2.3 This Agreement and each of the Company Ancillary Agreements are, or when executed by the Company will be, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject only to the effect of (a) applicable bankruptcy and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies. This Agreement and each of the LSA Stockholder Ancillary Agreements are, or when executed by a LSA Stockholder will be, a valid and binding obligation of such LSA Stockholder, enforceable against such LSA Stockholder in accordance with their respective terms, subject only to the effect of (a) applicable bankruptcy and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

3.3 Capitalization of the Company.

3.3.1 Outstanding Stock. The authorized capital stock of the Company consists entirely of (i) 3,000,000 shares of Common Stock, of which a total of 1,010,000 shares are issued and outstanding, and (ii) 1,000,000 shares of Preferred Stock, of which a total of 690,323 shares are issued and outstanding (all such shares being designated as Series A Convertible Preferred Stock), and no other shares of any capital stock of the Company are authorized, issued or outstanding. No fractional shares of Common Stock or Preferred Stock of the Company are issued or outstanding. All issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued, are fully paid and nonassessable, are not subject to any claim, lien, preemptive right, right of first refusal, right of first offer or right of rescission, and have been offered, issued, sold and delivered by the Company in compliance with all registration or qualification requirements (or applicable exemptions therefrom) of all applicable federal and state securities laws. A list of all holders of the Company's outstanding capital stock, and the total number of shares of Company Common Stock or Preferred Stock owned by each such holder is set forth in Schedule 3.3.1 to the Company Disclosure Letter. The Company has no stockholders other than the LSA Stockholders. During the two (2) year period immediately prior to the Agreement Date, the Company has not redeemed, repurchased or otherwise reacquired any shares of its capital stock from any stockholder of the Company.

3.3.2 No Options, Warrants or Rights. Except for Company Options to purchase an aggregate total of 270,750 shares of Company Common Stock that are outstanding on the Agreement Date (all of which Company Options were granted under the Company Option Plan), as listed on Schedule 3.3.2, there are no options, warrants, convertible securities or other securities, calls, commitments, conversion privileges, preemptive rights, rights of first refusal, rights of first offer or other rights or agreements outstanding to purchase or otherwise acquire (whether directly or indirectly) any shares of the Company's authorized but unissued capital stock or any securities convertible into or exchangeable for any shares of the Company's capital stock or obligating the Company to grant, issue, extend, or enter into any such option, warrant, convertible security or other security, call, commitment, conversion privilege, preemptive right, right of first refusal, right of first offer or other right or agreement, and the Company has no liability for any dividends accrued but unpaid. No person or entity holds or has any option, warrant or other right to acquire any issued and outstanding shares of the capital stock of the

Company from any holder of shares of the capital stock of the Company. A total of 435,000 shares of Company Common Stock are reserved for issuance under the Company Option Plan, and no shares of Company Common Stock have been issued under the Company Option Plan. A total of 270,750 shares of Company Common Stock are issuable upon the exercise of options granted under the Company Option Plan that are outstanding on the Agreement Date and 164,250 shares of Company Common Stock are reserved for future issuance under the Company Option Plan but have not been issued and are not reserved for issuance upon the exercise of any outstanding options. A list of all holders of the Company Options, the number of the Company Options held by each such person and the exercise price and vesting schedule of each Company Option held by each such person is set forth in Schedule 3.3.2 to the Company Disclosure Letter. During the two (2) year period immediately prior to the Agreement Date, except as may be expressly required by the terms of the Company Option Plan or the option grant letters issued thereunder, the Company has not authorized, or taken any action to authorize, the acceleration of the time during which any holder of any option, warrant or other right to purchase or acquire any share of capital stock of the Company may exercise such option, warrant or right. The Company Option Plan has been duly and validly approved by the Company's Board of Directors and stockholders.

3.3.3 No Voting Arrangements or Registration Rights. There are no voting

agreements, voting trusts, preemptive rights, rights of first refusal, rights of first offer or other restrictions (other than normal restrictions on transfer under applicable federal and state securities laws) applicable to any of the Company's outstanding securities or to the conversion of any shares of the Company's capital stock in the Merger. The Company is not under any obligation to register under the 1933 Act any of its presently outstanding stock or other securities or any stock or other securities that may be subsequently issued.

3.3.4 Liquidation Preference. The consideration to be received by each of the Company Stockholders, as set forth on Exhibit 1, correctly and accurately represents the allocations due to each Company Stockholder in accordance with the Company's Certificate of Incorporation and/or Bylaws, each as may be amended, or other documents or applicable arrangements of the Company and/or any Company Stockholder.

3.4 Subsidiaries. The Company does not have any subsidiaries or any interest, direct or indirect, in any corporation, partnership, limited liability company, joint venture or other business entity.

3.5 No Violation of Existing Agreements. Neither the execution and delivery of this Agreement nor any the Company Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby, will conflict with, or (with or without notice or lapse of time, or both) result in a termination, breach, impairment or violation of: (i) any provision of the Certificate of Incorporation or Bylaws of the Company as currently in effect; (ii) any federal, state, local or foreign judgment, writ, decree, order, statute, rule or regulation applicable to the Company or any of its assets or properties; or (iii) any material instrument, agreement, contract, undertaking, understanding, letter of intent, memorandum of understanding or commitment (whether verbal or in writing) to which the Company is a party or by which the

Company or any of its assets or properties are bound. The consummation of the Merger by the Company will not require the consent of any third party other than the approval of the Company's stockholders.

3.6 Litigation. There is no action, claim, suit, arbitration, mediation, proceeding, claim or investigation pending against the Company (or against any officer, director, employee or agent of the Company in their capacity as such or relating to their employment, services or relationship with the Company) before any court, administrative agency or arbitrator that, if determined adversely to the Company (or any such officer, director, employee or agent) may have a Material Adverse Effect on the Company, nor, to the Company's knowledge, has any such action, suit, proceeding, arbitration, mediation, claim or investigation been threatened. There is currently, and upon consummation of the Merger there will be, no basis for any person, firm, corporation or other entity, to assert a claim against the Company or Interwoven based upon: (a) the Company's entering into this Agreement or any Company Ancillary Agreement or consummating the Merger or any of the transactions contemplated by this Agreement or any Company Ancillary Agreement; (b) ownership, rights to ownership, or options, warrants or other rights to acquire ownership, of any shares of the capital stock of the Company; or (c) any rights as a Company stockholder, including any option, warrant or preemptive rights or rights to notice or to vote. There is no judgment, decree, injunction, rule or order of any governmental entity or agency, court or arbitrator outstanding against the Company.

3.7 Taxes.

(a) The Company has timely filed all federal, state, local and foreign tax returns required to be filed by it, has timely paid all taxes required to be paid by it in respect of all periods for which returns have been filed, has established an adequate accrual or reserve for the payment of all taxes payable in respect of the periods subsequent to the periods covered by the most recent

applicable tax returns, has made all necessary estimated tax payments, and has no material liability for taxes in excess of the amount so paid or accruals or reserves so established. The Company is not delinquent in the payment of any tax or in the filing of any tax returns, and no deficiencies for any tax have been threatened, claimed, proposed or assessed against the Company or any of its officers, employees or agents. The Company has not received any notification that any material issues have been raised by (or are currently pending) before the Internal Revenue Service or any other taxing authority (including but not limited to any sales or use tax authority) regarding the Company and no tax return of the Company has ever been audited by the Internal Revenue Service or any state or local taxing agency or authority. To the Company's knowledge, after due inquiry, no tax liens have been filed against any assets of the Company.

(b) The Company and/or its stockholders have not made an election to be treated as a subchapter S corporation pursuant to the provisions of the Code for any of the Company's past or present taxable periods.

(c) For the purposes of this Section, the terms "tax" and "taxes" include all federal, state, local and foreign income, alternative or add-on minimum income, gains, franchise,

excise, property, property transfer, sales, use, employment, license, payroll, ad valorem, payroll, documentary, stamp, occupation, recording, value added or transfer taxes, governmental charges, fees, customs duties, levies or assessments (whether payable directly or by withholding), and, with respect to any such taxes, any estimated tax, interest, fines and penalties or additions to tax and interest on such fines, penalties and additions to tax.

3.8 Company Financial Statements. The Company has delivered to Interwoven as Exhibit E: (i) the Company's unaudited consolidated balance sheets (as reviewed by the Company's accountants) as of December 31, 1997 and 1998 and the Company's unaudited consolidated statements of income, statements of cash flows and statements of stockholders' equity for each of the years ended December 31, 1997 and 1998, and (ii) the Company's unaudited consolidated balance sheet as of March 31, 1999 (the "Balance Sheet"), and the Company's unaudited consolidated statement of operations for the three (3) month period ended March 31, 1999 (all such financial statements of the Company and the notes thereto are hereinafter collectively referred to as the "Company Financial Statements"). The Company Financial Statements (a) are derived from and in accordance with the books and records of the Company, (b) fairly present the financial condition of the Company at the dates therein indicated and the results of operations for the periods therein specified and (c) have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. the Company has no material debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, except for (i) those shown on the Balance Sheet, and (ii) those that may have been incurred after March 31, 1999, the date of the Balance Sheet (the "Balance Sheet Date") in the ordinary course of the Company's business consistent with its past practice, and that are not material in amount, either individually or collectively. All reserves established by the Company and set forth in the Balance Sheet are reasonably adequate. At the Balance Sheet Date, there were no material loss contingencies (as such term is used in Statement of Financial Accounting Standards No. 5 issued by the Financial Accounting Standards Board in March 1975) which are not adequately provided for in the Balance Sheet as required by said Statement No. 5.

3.9 Title to Properties. The Company has good and marketable title to all of its assets and properties (including but not limited to those shown on the Balance Sheet), free and clear of all mortgages, deeds of trust, security interests, pledges, liens, title retention devices, collateral assignments, claims, charges, restrictions or other encumbrances of any kind. All machinery, vehicles, equipment and other tangible personal property owned by the Company or used in its business are in good condition and repair, normal wear and tear excepted, and all leases of real or personal property to which the Company is a party are fully effective and afford the Company peaceful and undisturbed leasehold possession of the real or personal property that is the subject of the

lease. The Company is not in violation of any zoning, building, safety or environmental ordinance, regulation or requirement or other law or regulation applicable to the operation of its owned or leased properties (the violation of which would result in a Material Adverse Effect on the Company), nor has the Company received any notice of violation of law with which it has not complied. The Company does not own any real property.

3.10 Absence of Certain Changes. Since the Balance Sheet Date, there has not been with respect to the Company any:

(a) material adverse change in the condition (financial or otherwise), properties, assets, liabilities, businesses, operations, results of operations or prospects of the Company;

(b) amendment or change in the Certificate of Incorporation or Bylaws of the Company;

(c) incurrence, creation or assumption by the Company of (i) any mortgage, deed of trust, security interest, pledge, lien, title retention device, collateral assignment, claim, charge, restriction or other encumbrance of any kind on any of the assets or properties of the Company; or (ii) any material obligation or liability or any indebtedness for borrowed money;

(d) issuance or sale of any debt or equity securities of the Company or any options or other rights to acquire from the Company, directly or indirectly, any debt or equity securities of the Company;

(e) payment or discharge of any mortgage, deed of trust, security interest, pledge, lien, title retention device, collateral assignment, claim, charge, restriction or other encumbrance of any kind or any liability, which lien or liability was not either shown on the Balance Sheet or incurred in the ordinary course of the Company's business after the Balance Sheet Date;

(f) purchase, license, sale, assignment or other disposition or transfer, or any agreement or other arrangement for the purchase, license, sale, assignment or other disposition or transfer, of any of the assets, properties or goodwill of the Company other than in the ordinary course of the Company's business;

(g) damage, destruction or loss, whether or not covered by insurance, having (or likely with the passage of time to have) a Material Adverse Effect on the Company;

(h) declaration, setting aside or payment of any dividend on, or the making of any other distribution in respect of, the capital stock of the Company, any split, combination or recapitalization of the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition of the capital stock of the Company or any change in any rights, preferences, privileges or restrictions of any outstanding security of the Company;

(i) change or increase in the compensation payable or to become payable to any of the officers or employees of the Company, or any bonus or pension, insurance or other benefit payment or arrangement (including without limitation stock awards, stock appreciation rights or stock option grants) made to or with any of such officers, employees or agents except in connection with normal employee salary or performance reviews or otherwise in the ordinary course of business consistent with the Company's past practice;

(j) change with respect to the management, supervisory or other key personnel of the Company;

(k) obligation or liability incurred by the Company to any of its officers, directors or stockholders except normal compensation and expense allowances payable to officers in the ordinary course of business consistent with the Company's past practice;

(l) making of any loan, advance or capital contribution to, or any investment in, any officer, director or stockholder of the Company or any firm or business enterprise in which any such person had a direct or indirect material interest at the time of such loan, advance, capital contribution or investment;

(m) entering into, amendment of, relinquishment, termination or non-renewal by the Company of any contract, lease, transaction, commitment or other right or obligation other than in the ordinary course of its business or any written or oral indication or assertion by the other party thereto of problems with the Company's services or performance under such contract, lease, transaction, commitment or other right or obligation or its desire to so amend, relinquish, terminate or not renew any such contract, lease, transaction, commitment or other right or obligation;

(n) material change in the manner in which the Company extends discounts or credits to customers or otherwise deals with its customers;

(o) entering into by the Company of any transaction, contract or agreement or the conduct of business or operations other than in the ordinary course of its business consistent with past practices;

(p) any transfer or grant of a right under any Company IP Rights (as defined in Section 3.13 below), other than those transferred or granted in the ordinary course of the Company's business consistent with the Company's past practice; or

(q) any agreement or arrangement made by the Company to take any action which, if taken prior to the date of this Agreement, would have made any representation or warranty of the Company set forth in this Agreement untrue or incorrect as of the date when made.

3.11 Contracts and Commitments. Schedule 3.11 to the Company Disclosure Letter sets forth a list of each of the following written or oral contracts, agreements, commitments or other instruments to which the Company is a party or to which the Company or any of its assets or properties is bound:

(a) consulting or similar agreement under which the Company provides any advice or services to a customer of the Company for an annual compensation to the Company of $25,000 per year or more;

(b) continuing contract for the future purchase, sale, license, provision or manufacture of products, material, supplies, equipment or services requiring payment to or from the Company in an amount in excess of $10,000 per annum which is not terminable on thirty (30) days' or less notice without cost or other liability to the Company or in which the Company has granted or received manufacturing rights, most favored customer pricing provisions or exclusive marketing rights relating to any product or services, group of products or services or territory;

(c) contract providing for the development of software for the Company, or the license of software to the Company, which software is used or incorporated in any products currently distributed by the Company or to provide any services currently provided by the Company or is contemplated to be used or incorporated in any products to be distributed or services to be provided by the Company (other than software generally available to the public at a per copy license fee of less than $1,000 per copy);

(d) joint venture or partnership contract or agreement or other agreement which has involved or is reasonably expected to involve a sharing of profits or losses in excess of $25,000 per annum with any other party;

(e) contract or commitment for the employment of any officer, employee or consultant of the Company or any other type of contract or understanding with any officer, employee or consultant of the Company that is not immediately terminable by the Company without cost or other liability;

(f) indenture, mortgage, trust deed, promissory note, loan agreement, guarantee or other agreement or commitment for the borrowing of money, for a line of credit or for a leasing transaction of a type required to be capitalized in accordance with Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board;

(g) lease or other agreement under which the Company is lessee of or holds or operates any items of tangible personal property or real property owned by any third party and under which payments to such third party exceed $5,000 per annum;

(h) agreement or arrangement for the sale of any assets, properties, services or rights having a value in excess of $10,000, other than in the ordinary course of the Company's business consistent with its past practice;

(i) agreement that restricts the Company from engaging in any aspect of its business, from participating or competing in any line of business or that restricts the Company from engaging in any business in any geographic area;

(j) Company IP Rights Agreement (as defined in Section 3.13);

(k) any agreement relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any shares of capital stock or other securities of the

Company or any options, warrants or other rights to purchase or otherwise acquire any such shares of stock, other securities or options, warrants or other rights therefor; or

(l) contract with or commitment to any labor union;

(m) any other agreement, contract, commitment or instrument that is material to the business of the Company or that involves a commitment by the Company in excess of $25,000.

A copy of each agreement or document required by this Section to be listed on Schedule 3.11 to the Company Disclosure Letter (collectively, the "Company Material Agreements") has been delivered to Interwoven or Interwoven's counsel. No consent or approval of any third party is required to ensure that, following the Effective Time, any Company Material Agreement will continue to be in full force and effect without any breach or violation thereof caused by virtue of the Merger or by any other transaction called for by this Agreement or any Company Ancillary Agreement.

3.12 No Default. The Company is not in breach or default under any Company Material Agreement. The Company is not a party to any contract, agreement or arrangement which has had, or could reasonably be expected to have, a Material Adverse Effect on the Company. The Company does not have any material liability for renegotiation of government contracts or subcontracts, if any.

3.13 Intellectual Property.

3.13.1 The Company owns, or has the right to use, sell or license all Intellectual Property Rights (as defined below) necessary or required for the conduct of its business as presently conducted and as presently proposed to be conducted (such Intellectual Property Rights being hereinafter collectively referred to as the "Company IP Rights"), and such rights to use, sell or license are sufficient for such conduct of its business.

3.13.2 The execution, delivery and performance of this Agreement, the Agreement of Merger and the consummation of the Merger and the other transactions contemplated hereby and/or by the Company Ancillary Agreements and/or the LSA Stockholder Ancillary Agreements will not constitute a material breach of or default under any instrument, contract, license or other agreement governing any Company IP Right (the "Company IP Rights Agreements"), will not cause the forfeiture or termination or give rise to a right of forfeiture or termination, of any Company IP Right or materially impair the right of the

Company or the Surviving Corporation to use, sell or license any Company IP Right or portion thereof (except where such breach, forfeiture or termination would not have a Material Adverse Effect on the Company or the Surviving Corporation). There are no royalties, honoraria, fees or other payments payable by the Company to any person by reason of the ownership, use, license, sale or disposition of the Company IP Rights.

3.13.3 Neither the manufacture, marketing, license, sale, furnishing or intended use of any product or service currently licensed, utilized, sold, provided or furnished by the

Company or currently under development by the Company violates any license or agreement between the Company and any third party or to the best of the Company's knowledge, infringes any Intellectual Property Right of any other party; and there is no pending or, to the knowledge of the Company, threatened claim or litigation contesting the validity, ownership or right to use, sell, license or dispose of any Company IP Right nor, to the knowledge of the Company, is there any basis for any such claim, nor has the Company received any notice asserting that any Company IP Right or the proposed use, sale, license or disposition thereof conflicts or will conflict with the rights of any other party, nor, to the knowledge of the Company, is there any basis for any such assertion. To the knowledge of the Company, no employee of the Company is in violation of any term of any employment contract, patent disclosure agreement, noncompetition agreement, non-solicitation agreement or any other contract or agreement, or any restrictive covenant relating to the right of any such employee to be employed thereby, or to use trade secrets or proprietary information of others, and the employment of such employees does not subject the Company to any liability.

3.13.4 The Company has taken reasonable and practicable steps designed to protect, preserve and maintain the secrecy and confidentiality of the Company IP Rights and all the Company's proprietary rights therein. All officers, employees and consultants of the Company having access to proprietary information have executed and delivered to the Company an agreement regarding the protection of such proprietary information and the assignment of inventions to the Company; and copies of the form of all such agreements have been delivered to Interwoven or Interwoven's counsel.

3.13.5 Schedule 3.13 to the Company Disclosure Letter contains a list of
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all Company IP Rights and all worldwide applications, registrations, filings and other formal actions made or taken pursuant to federal, state and foreign laws by the Company to secure, perfect or protect its interest in the Company IP Rights, including, without limitation, all patents, patent applications, copyrights (whether or not registered), copyright applications, trademarks and service marks (whether or not registered) and trademark and service mark applications.

3.13.6 As used herein, the term "Intellectual Property Rights" means, collectively, all worldwide industrial and intellectual property rights, including, without limitation, patents, patent applications, patent rights, trademarks, trademark registrations and applications therefor, trade dress rights, trade names, service marks, service mark registrations and applications therefor, copyrights, copyright registrations and applications therefor, mask work rights, mask work registrations and applications therefor, franchises, licenses, inventions, trade secrets, know-how, customer lists, supplier lists, proprietary processes and formulae, software source and object code, algorithms, architectures, structures, screen displays, layouts, inventions, development tools, designs, blueprints, specifications, technical drawings and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, programmers' notes, memoranda and records.

3.13.7 Except as set forth in any Company Material Agreement (as expressly listed on Schedule 3.11), the Company has not agreed to indemnify any
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person for any

infringement of any Intellectual Property Rights of any third party by any product or service that has been sold, licensed, leased, supplied or provided by the Company.

3.14 Compliance with Laws. The Company has complied, and is now and at the Closing Date will be in compliance, in all material respects, with all applicable federal, state, local or foreign laws, ordinances, regulations, and rules, and all orders, writs, injunctions, awards, judgments, and decrees applicable to it or to its assets, properties, and business. The Company holds all permits, licenses and approvals from, and has made all filings with, third parties, including government agencies and authorities, that are necessary in connection with its present business.

3.15 Certain Transactions and Agreements. None of the officers, directors or stockholders of the Company, and to the Company's knowledge, none of its employees, nor any member of their immediate families, has any direct or indirect ownership interest in any firm or corporation that competes with, or does business with, or has any contractual arrangement with, the Company (except with respect to any interest in less than one percent (1%) of the stock of any corporation whose stock is publicly traded). None of said officers, directors, employees or stockholders or any member of their immediate families, is directly or indirectly interested in any contract or informal arrangement with the Company, except for normal compensation for services as an officer, director or employee thereof that have been disclosed to Interwoven and except for agreements related to the purchase of the stock of the Company by, or the grant of Company Options to, such persons. None of said officers, directors, employees or stockholders or family members has any interest in any property, real or personal, tangible or intangible (including but not limited to any the Company IP Rights or any other Intellectual Property Rights) that is used in or that pertains to the business of the Company, except for the normal rights of a stockholder.

3.16 Employees, ERISA and Other Compliance.

3.16.1 The Company is in compliance in all material respects with all applicable laws, agreements and contracts relating to employment, employment practices, wages, hours, and terms and conditions of employment, including, but not limited to, employee compensation matters. A list of all employees, officers and consultants of the Company and their current compensation is set forth on Schedule 3.16.1 to the Company Disclosure Letter. The Company does not have any employment contracts or consulting agreements currently in effect that are not terminable at will (other than agreements with the sole purpose of providing for the confidentiality of proprietary information or assignment of inventions).

3.16.2 The Company (i) has never been and is not now subject to a union organizing effort, (ii) is not subject to any collective bargaining agreement with respect to any of its employees, (iii) is not subject to any other contract, written or oral, with any trade or labor union, employees' association or similar organization and (iv) does not have any current labor disputes. The Company has good labor relations, and has no knowledge of any facts indicating that the consummation of the transactions contemplated hereby will have a material adverse

effect on such labor relations, and has no knowledge that any of its key employees intends to leave its employ.

3.16.3 The Company has no pension plan which constitutes, or has since the enactment of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") constituted, a "multiemployer plan" as defined in Section 3(37) of ERISA. No Company pension plans are subject to Title IV of ERISA.

3.16.4 Schedule 3.16.4 to the Company Disclosure Letter lists each employment, severance or other similar contract, arrangement or policy, each

"employee benefit plan" as defined in Section 3(3) of ERISA and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' benefits, vacation benefits, severance benefits, disability benefits, death benefits, hospitalization benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits for employees, consultants or directors which is entered into, maintained or contributed to by the Company and covers any employee or former employee of the Company. Such contracts, plans and arrangements as are described in this Section 3.16.4 are hereinafter collectively referred to as "Company Benefit Arrangements." Each Company Benefit Arrangement has been maintained in compliance in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Company Benefit Arrangement. The Company has delivered to Interwoven or its counsel a complete and correct copy or description of each Company Benefit Arrangement.

3.16.5 There has been no amendment to, written interpretation or announcement (whether or not written) by the Company relating to, or change in employee participation or coverage under, any Company Benefit Arrangement that would increase materially the expense of maintaining such Company Benefit Arrangement above the level of the expense incurred in respect thereof for the Company's fiscal year ended December 31, 1999.

3.16.6 The group health plans (as defined in Section 4980B(g) of the Code) that benefit employees of the Company are in compliance, in all material respects, with the continuation coverage requirements of Section 4980B of the Code as such requirements affect the Company and its employees. As of the Closing Date, there will be no material outstanding, uncorrected violations under the Consolidation Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), with respect to any of the Company Benefit Arrangements, covered employees, or qualified beneficiaries that could result in a Material Adverse Effect on the Company, or in a material adverse effect on the business, operations or financial condition of Interwoven.

3.16.7 No benefit payable or which may become payable by the Company pursuant to any Company Benefit Arrangement or as a result of or arising under this Agreement or the Agreement of Merger will constitute an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code) which is subject to the imposition of an excise Tax under Section 4999

of the Code or which would not be deductible by reason of Section 280G of the Code. The Company is not a party to any: (a) agreement (other than as described in (b) below) with any executive officer or other key employee thereof (i) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company in the nature of any of the transactions contemplated by this Agreement, the Agreement of Merger or any Company Ancillary Agreement, (ii) providing any term of employment or compensation guarantee, or (iii) providing severance benefits or other benefits after the termination of employment of such employee regardless of the reason for such termination of employment, or (b) agreement or plan, including, without limitation, any stock option plan, stock appreciation rights plan or stock purchase plan, any of the benefits of which will be materially increased, or the vesting of benefits of which will be materially accelerated, by the occurrence of any of the transactions contemplated by this Agreement, the Agreement of Merger or any Company Ancillary Agreement, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement, the Agreement of Merger or any Company Ancillary Agreement.

3.17 Corporate Documents. The Company has made available to Interwoven for examination all documents and information listed in the Company Disclosure Letter or in any schedule thereto or in any other exhibit or schedule called for by this Agreement which have been requested by Interwoven or Interwoven's legal counsel, including, without limitation, the following: (a) copies of the Company's Articles of Incorporation and Bylaws as currently in effect; (b) the Company's Minute Book containing all records of all proceedings, consents, actions, and meetings of the Company's stockholders, board of directors and any

committees thereof; (c) the Company's stock ledger and journal reflecting all stock issuances and transfers; (d) all permits, orders, and consents issued by any regulatory agency with respect to the Company, or any securities of the Company, and all applications for such permits, orders, and consents; and (e) all agreements of the Company required to be listed in Schedule 3.11 to the Company Disclosure Letter.

3.18 No Brokers. Neither the Company nor any affiliate of the Company is obligated for the payment of any fees or expenses of any investment banker, broker, finder or similar party in connection with the origin, negotiation or execution of this Agreement or the Agreement of Merger or in connection with any transaction contemplated hereby or thereby, and Interwoven will incur no liability to any such investment banker, broker, finder or similar party as a result of any act or omission of the Company, any of its employees, officers, directors, stockholders, agents or affiliates.

3.19 Books and Records.

3.19.1 The books, records and accounts of the Company (a) are in all material respects true, complete and correct, (b) have been maintained in accordance with good business practices on a basis consistent with prior years, (c) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of the Company, and (d) accurately and fairly reflect the basis for the Company Financial Statements.

3.19.2 The Company has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (ii) to maintain accountability for assets; and (c) the amount recorded for assets on the books and records of the Company is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.20 Insurance. During the prior three years, the Company has maintained, and the Company now maintains, fire and casualty, general liability, business interruption, product liability, errors and omissions, and sprinkler and water damage insurance with respective insurers, and in the respective amounts, set forth in Schedule 3.20 to the Company Disclosure Letter.

3.21 Environmental Matters.

3.21.1 During the period that the Company and any subsidiary have leased or owned their respective properties or owned or operated any facilities, there have been no disposals, releases or threatened releases of Hazardous Materials (as defined below) on, from or under such properties or facilities by the Company or its subsidiaries or, to the best of the Company's knowledge, any other person or entity. The Company has no knowledge of any presence, disposals, releases or threatened releases of Hazardous Materials on, from or under any of such properties or facilities, which may have occurred prior to the Company or any subsidiary having taken possession of any of such properties or facilities. For the purposes of this Agreement, the terms "disposal," "release," and "threatened release" shall have the definitions assigned thereto by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. (S) 9601 et seq., as amended ("CERCLA"). For the purposes of this Agreement "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste which is or becomes prior to the Closing regulated under, or defined as a "hazardous substance," "pollutant," "contaminant," "toxic

chemical," "hazardous materials," "toxic substance" or "hazardous chemical" under (1) CERCLA; (2) any similar federal, state or local law; or (3) regulations promulgated under any of the above laws or statutes.

3.21.2 To the best of the Company's knowledge, none of the properties or facilities of the Company or any subsidiary is in violation of any federal, state or local law, ordinance, regulation or order relating to industrial hygiene or to the environmental conditions on, under or about such properties or facilities, including, but not limited to, soil and ground water condition. During the time that the Company or any subsidiary have owned or leased their respective properties and facilities, neither the Company nor any subsidiary nor, to the Company's knowledge, any third party, has used, generated, manufactured or stored on, under or about such properties or facilities or transported to or from such properties or facilities any Hazardous Materials.

3.21.3 During the time that the Company and any subsidiary have owned or leased their respective properties and facilities, there has been no litigation brought or, to the Company's knowledge, threatened against the Company or any subsidiary by, or any settlement reached by the Company or any subsidiary with, any party or parties alleging the presence, disposal, release or threatened release of any Hazardous Materials on, from or under any of such properties or facilities.

3.22 Disclosure. Neither this Agreement, its exhibits and schedules, nor any of the certificates or documents to be delivered by the Company to Interwoven under this Agreement, or any other documents delivered by the Company to Interwoven regarding the Company's business (excluding documents that were (i) not actually prepared by the Company or at the Company's request, and (ii) not executed by the Company or its officers, directors, or employees), taken together, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which such statements were made, not misleading.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF INTERWOVEN

Interwoven hereby represents and warrants that, except as set forth in the Schedule of Exceptions attached hereto as Exhibit F (the "Interwoven Disclosure Letter"), each of the following representations, warranties and statements in this Article 4 are true and correct:

4.1 Organization and Good Standing. Interwoven is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and has the corporate power and authority to own, operate and lease its properties and to carry on its business as now conducted and as proposed to be conducted.

4.2 Power, Authorization and Validity.

4.2.1 Interwoven has the right, power and authority to enter into, execute and perform its obligations under this Agreement and the Interwoven Ancillary Agreements. The execution, delivery and performance of this Agreement and the Interwoven Ancillary Agreements by Interwoven have been duly and validly approved and authorized by Interwoven's Board of Directors.

4.2.2 No filing, authorization, consent, approval or order, governmental or otherwise, is necessary or required to enable Interwoven to enter into, and to perform its obligations under, this Agreement or the Interwoven Ancillary Agreements, except for (a) the filing with the SEC of a Form D, if required; (b) the filing of the Agreement of Merger (or the Certificate of Merger) with the Delaware Secretary of State and any such further documents as may be required under the Delaware General Corporation Law to effect the Merger; (c) the filing of the Agreement of Merger (and related officers' certificates) with the

California Secretary of State and any such further documents as may be required under the California Corporations Code to effect the Merger; and (d) such other filings, if any, as may be required to comply with federal and state securities laws.

4.2.3 This Agreement and the Interwoven Ancillary Agreements are, or when executed by Interwoven will be, valid and binding obligations of Interwoven, enforceable in accordance with their respective terms, except as to the effect, if any, of (a) applicable bankruptcy and other similar laws affecting the rights of creditors generally and (b) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

4.3 Capital Structure.

4.3.1 Stock. The authorized capital of Interwoven consists of: 40,000,000 shares of Common Stock, of which 9,239,506 are issued and outstanding as of April 30, 1999, and 25,000,000 shares of Preferred Stock (the "Preferred") of which (a) 1,120,000 shares have been designated Series A Preferred, 1,120,000 of which are issued and outstanding, (b) 3,142,133 shares have been designated Series B Preferred, 3,039,505 of which are issued and outstanding, (c) 7,159,743 shares have been designated Series C Preferred, of which 7,159,743 are issued and outstanding, (d) 3,741,217 shares have been designated Series D Preferred Stock, 3,741,217 of which are issued and outstanding, and (e) 3,600,000 shares have been designated Series E Preferred, 3,394,719 of which are issued and outstanding. The outstanding shares have been duly authorized and validly issued (including, without limitation, issued in compliance with applicable federal and state securities laws), and are fully-paid and non-assessable.

4.3.2 Options. As of the Agreement Date, 5,650,000 shares of Common Stock have been reserved for issuance pursuant to the exercise of options granted under Interwoven's stock option plans and other equity compensation arrangements approved by the Board of Directors of Interwoven; as of April 30, 1999, options covering 4,713,555 shares of Common Stock are subject to outstanding grants (of which 3,739,506 have been exercised and are reflected in the number of shares of outstanding Common Stock set forth above).

4.3.3 No Other Options, Etc. Except for the Interwoven stock options described in Section 4.3.2 above and warrants to purchase Series B Preferred Stock (convertible into 108,108 shares of Common Stock upon exercise of the warrants), and options to be potentially granted to new employees pursuant to outstanding employment offer letters, there are no outstanding options, warrants, convertible or other securities of Interwoven entitling any party to purchase or acquire shares of Interwoven Common Stock, Interwoven Series E Stock, or any other securities of Interwoven.

4.4 No Violation of Material Agreements. Neither the execution and delivery of this Agreement nor any Interwoven Ancillary Agreement, nor the consummation of the transactions contemplated by this Agreement or any Interwoven Ancillary Agreement, will conflict with, or (with or without notice or lapse of time, or both) result in: (a) a termination, breach, impairment or violation of (i) any provision of the Certificate of Incorporation or Bylaws of Interwoven, as currently in effect or (ii) any federal, state, local or foreign judgment, writ, decree, order, statute, rule or regulation to which Interwoven or its assets or properties is subject; or (b) a termination, or a material breach, impairment or violation, of any material instrument or contract to which Interwoven is a party or by which Interwoven or its properties are bound.

4.5 Disclosure. Interwoven has made available to the Company a disclosure package consisting of the audited consolidated balance sheets, statements of income, statements of cash flows and statements of stockholders' equity for the

year ended December 31, 1998 (collectively, the "Interwoven Disclosure Package"). The Interwoven Disclosure Package, this Agreement, the exhibits and schedules hereto, and any certificates or documents to be delivered to the Company pursuant to this Agreement, when taken together, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which such statements were made, not misleading in any material respect.

4.6 Validity of Shares. The shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock to be issued pursuant to the Merger will, when issued: (a) be duly authorized, validly issued, fully paid and nonassessable and free of liens and encumbrances created by Interwoven, and (b) will be free and clear of any liens and encumbrances except for applicable securities law restrictions on transfer, including those imposed by Regulation D or Section 4(2) of the 1933 Act and Rule 144 promulgated under the 1933 Act, or under applicable "blue sky" state securities laws.

4.7 No Brokers. Interwoven is not obligated for the payment of any fees or expenses of any investment banker, broker, finder or similar party in connection with the origin, negotiation or execution of this Agreement or the Agreement of Merger or in connection with any transaction contemplated hereby or thereby for which the Company or any of the LSA Stockholders will incur any liability.

4.8 No Material Adverse Change. Since December 31, 1998, there has been no material adverse change in the business, operations or financial condition of Interwoven and its subsidiaries, taken as a whole.

4.9 No Violation of Existing Agreements. Interwoven has not received notice from any third party that it is or would, with the passage of time, be (i) in material violation of any provision of the Articles of Incorporation or Bylaws of Interwoven; or (ii) in default or violation of any material term, condition or provision of (a) any material judgment, decree, order, injunction or stipulation applicable to Interwoven or (b) any currently effective material agreement, note, mortgage, indenture, contract, lease or instrument, permit, concession, franchise or license, which default or violation would have a material adverse effect on the business, operations or financial condition of Interwoven and its subsidiaries, taken as a whole.

4.10 Litigation. There is no action, claim, suit, arbitration, proceeding, claim or investigation pending against Interwoven before any court, administrative agency or arbitrator that, if determined adversely to Interwoven, is likely to have a material adverse effect on Interwoven's financial condition or results of operation, nor, to Interwoven's knowledge, has any such action, suit, proceeding, arbitration, claim or investigation been threatened.

ARTICLE 5

PRE-CLOSING COVENANTS OF THE COMPANY

AND THE LSA STOCKHOLDERS

During the period from the Agreement Date until the earlier to occur of (i) the Effective Time or (ii) the termination of this Agreement in accordance with Section 10, the Company and the LSA Stockholders covenant and agree with Interwoven as follows:

5.1 Advice of Changes. The Company will promptly advise Interwoven in writing (a) of any event occurring subsequent to the Agreement Date that would render any representation or warranty of the Company contained in Section 3 of this Agreement, if made on or as of the date of such event or the Closing Date, untrue or inaccurate in any material respect and (b) of any material adverse change in the Company's business, results of operations or financial condition.

The Company will deliver to Interwoven within fifteen (15) days after the end of each monthly accounting period ending after the Agreement Date and before the Closing Date, an unaudited balance sheet and statement of operations, which financial statements will be prepared in the ordinary course of its business, consistent with its past practice in accordance with the Company's books and records and generally accepted accounting principles and will fairly present the financial position of the Company as of their respective dates and the results of the Company's operations for the periods then ended.

5.2 Maintenance of Business. The Company will carry on and preserve its business and its relationships with customers, suppliers, employees and others in substantially the same manner as it has prior to the date hereof. If the Company becomes aware of a material deterioration in the relationship with any key customer, key supplier or key employee, it will promptly bring such information to the attention of Interwoven in writing and, if requested by Interwoven, will exert reasonable commercial efforts to promptly restore the relationship.

5.3 Conduct of Business. The Company will continue to conduct its business and maintain its business relationships in the ordinary and usual course consistent with past practice and will not, without the prior written consent and approval (which may be given verbally to be promptly followed by written confirmation) of the President or Chief Financial Officer of Interwoven:

(a) borrow or lend any money other than advances to employees for travel and expenses that are incurred in the ordinary course of the Company's business consistent with the Company's past practice;

(b) enter into any transaction or agreement not in the ordinary course of the Company's business consistent with the Company's past practice;

(c) encumber or permit to be encumbered any of its assets;

(d) sell, transfer or dispose of any of its assets except in the ordinary course of the Company's business consistent with the Company's past practice;

(e) enter into any material lease or contract for the purchase or sale of any property, whether real or personal, tangible or intangible;

(f) pay any bonus, increased salary or special remuneration to any officer, employee or consultant (except for normal salary increases consistent with the Company's past practices not to exceed 5% of such officer's, employee's or consultant's base annual compensation, and except pursuant to existing arrangements previously disclosed to and approved in writing by Interwoven, and except for previously accrued bonuses and remuneration to employees reflected in the Company's financial statements reviewed by Interwoven) or enter into any new employment or consulting agreement with any such person;

(g) change any of its accounting methods;

(h) declare, set aside or pay any cash or stock dividend or other distribution in respect of its capital stock, redeem, repurchase or otherwise acquire any of its capital stock or other securities or pay or distribute any cash or property to any Company stockholder or securityholder or make any other cash payment to any shareholder or securityholders of the Company that is unusual, extraordinary, or not made in the ordinary course of the Company's business consistent with its past practice;

(i) amend or terminate any contract, agreement or license to which it is a party except those amended or terminated in the ordinary course of the Company's business, consistent with its past practice, and which are not material in amount or effect;

(j) guarantee or act as a surety for any obligation of any third party;

(k) waive or release any material right or claim or any mortgage, deeds of trust, security interest, pledge, lien, title retention device, collateral

assignment, claim, charge, restriction or other encumbrance of any kind, except in the ordinary course consistent with the Company's past practice;

(l) issue, sell, create or authorize any shares of its capital stock of any class or series or any other of its securities, or issue, grant or create any warrants, obligations, subscriptions, options, convertible securities, or other commitments to issue shares of its capital stock or securities ultimately exchangeable for, or convertible into, shares of its capital stock;

(m) subdivide or split or combine or reverse split the outstanding shares of its capital stock of any class or enter into any recapitalization affecting the number of outstanding shares of its capital stock of any class or affecting any other of its securities;

(n) merge, consolidate or reorganize with, or acquire, any corporation, partnership, limited liability company or any other entity or enter into any negotiations, discussions or agreement for such purpose;

(o) amend its Articles of Incorporation or Bylaws;

(p) license any of its technology or intellectual property except in the ordinary course of its business consistent with past practice;

(q) change any insurance coverage or issue any certificates of insurance;

(r) agree to any audit assessment by any tax authority or file any federal or state income or franchise tax return unless copies of such returns have first been delivered to Interwoven for its review prior to filing;

(s) modify or change the exercise or conversion rights or exercise or purchase prices of any capital stock of the Company, any Company stock options, warrants or other Company securities, or accelerate or otherwise modify (i) the right to exercise any option, warrant or other right to purchase any capital stock or other securities of the Company or (ii) the vesting or release of any shares of capital stock or other securities of the Company from any repurchase options or rights of refusal held by the Company or any other party or any other restrictions unless such accelerations/modifications are expressly required and mandated by the terms of a formal written agreement or plan that was entered into prior to the execution of the Plan by Interwoven and the Company; or

(t) agree to do any of the things described in the preceding clauses 5.3(a) through 5.3(s); provided that the Company may terminate any factoring arrangements or agreements to purchase the Company's receivables, in each case, pursuant to the terms of such agreements.

5.4 Company Stockholder Approval; Stockholder Agreements. The Company has obtained the written consent of its stockholders, in compliance with applicable law and the Company's Certificate of Incorporation and Bylaws, both as amended, approving this Agreement, the Agreement of Merger, the Merger, and related matters (such Company stockholders' written consent is hereinafter referred to as the "Company Stockholder Vote"). The Company's Board of Directors and the LSA Stockholders will not take any action whatsoever to revoke, modify, invalidate, or withdraw the Company Stockholder Vote unless the Termination Date passes and the Merger has not been consummated. Concurrently with the execution of this Agreement, each of the LSA Stockholders has executed and delivered to Interwoven a Company Stockholder Agreement in the form attached hereto as Exhibit G agreeing, among other things, to vote in favor of the Merger and against any competing proposals.

5.5 Regulatory Approvals. The Company will promptly execute and file, or join in the execution and filing, of any application, notification or any other document that may be necessary in order to obtain the authorization, approval or consent of any governmental body, federal, state, local or foreign, which may be reasonably required, or which Interwoven may reasonably request, in connection with the consummation of the Merger or any other transactions contemplated by this Agreement, any Company Ancillary Agreement or any LSA Stockholder Ancillary

Agreement. The Company will use its best efforts to obtain, and to cooperate with Interwoven to promptly obtain, all such authorizations, approvals and consents.

5.6 Necessary Consents. Except as otherwise expressly permitted by this Agreement, the Company will use its best efforts to obtain such written consents and take such other actions as may be reasonably necessary or appropriate in addition to those set forth in the foregoing Sections of this Article 5 to allow the consummation of the transactions contemplated hereby and to allow Interwoven to carry on the Company's business after the Effective Time.

5.7 Litigation. The Company will notify Interwoven in writing promptly after learning of any material claim, action, suit, arbitration, mediation, proceeding or investigation by or before any court, arbitrator or arbitration panel, board or governmental agency, initiated by or against it, or known by it to be threatened against it.

5.8 No Other Negotiations. From the Agreement Date until the earlier of termination of this Agreement in accordance with Section 10 or consummation of the Merger, neither the Company nor any LSA Stockholder will, nor will the Company or any LSA Stockholder authorize, encourage or permit any officer, director, employee, stockholder or affiliate of the Company or any other person, on its or their behalf to, directly or indirectly, solicit or encourage any offer from any party or consider any inquiries or proposals received from any party, participate in any negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate with, facilitate or encourage any effort or attempt by any person (other than Interwoven), concerning any agreement or transaction regarding the possible disposition of all or any substantial portion of the Company's business, assets or capital stock by merger, consolidation, sale of assets, sale of stock, tender offer or any other form of business combination ("Alternative Transaction"). The Company will promptly notify Interwoven orally and in writing of any such inquiries or proposals. In addition, neither the Company nor any LSA Stockholder will execute, enter into or become bound by (a) any letter of intent or agreement or commitment between the Company and any third party that is related to an Alternative Transaction or (b) any agreement or commitment between the Company and a third party providing for an Alternative Transaction.

5.9 Access to Information. Until the Closing, the Company will allow Interwoven and its agents reasonable access to the files, books, records and offices of the Company, including, without limitation, any and all information relating to the Company's taxes, commitments, contracts, leases, licenses, and real, personal and intangible property and financial condition. The Company will cause its accountants to cooperate with Interwoven and its agents in making available all financial information reasonably requested by Interwoven, including without limitation the right to examine all working papers pertaining to all financial statements prepared or audited by such accountants.

5.10 Satisfaction of Conditions Precedent. The Company and the LSA Stockholders will use their best efforts to satisfy or cause to be satisfied all the conditions precedent which are set forth in Articles 8 and 9, and the Company and the LSA Stockholders will use their best efforts to cause the transactions contemplated by this Agreement to be consummated; and, without limiting the generality of the foregoing, to obtain all consents and authorizations of third parties and to make all filings with, and give all notices to, third parties that may be necessary or reasonably required on its part in order to effect the Merger and all other transactions

contemplated by this Agreement and the Company Ancillary Agreements. In particular, the Company and the LSA Stockholders will use their best efforts to cause the Merger to become effective in accordance with this Agreement by

July 1, 1999.

5.11 Blue Sky Laws. The Company will use its best efforts to assist Interwoven to the extent necessary to comply with the securities and Blue Sky laws of all jurisdictions which are applicable in connection with the Merger.

5.12 Company Dissenting Shares. As promptly as practicable after the date of the Company Stockholder Vote and prior to the Closing Date, the Company will furnish Interwoven with the name and address of each holder (or potential holder) of any Company Dissenting Shares (if any) and the number of Company Dissenting Shares (or potential Company Dissenting Shares) owned by each such holder.

5.13 Termination of Registration and Voting Rights. All registration rights agreements and voting agreements applicable to or affecting any outstanding shares or other securities of the Company will be duly terminated and canceled by no later immediately prior to the Effective Time.

5.14 Termination of Company Options. Each Company Option that is outstanding will be duly terminated and canceled by no later than immediately prior to the Effective Time.

5.15 Invention Assignment and Confidentiality Agreements. The Company will use its best efforts to obtain from each employee and consultant of the Company who has had access to any software, technology or copyrightable, patentable or other proprietary works owned or developed by the Company, or to any other confidential or proprietary information of the Company or its clients, an invention assignment and confidentiality agreement in a form reasonably acceptable to Interwoven, duly executed by such employee or consultant and delivered to the Company.

5.16 Closing of Merger. Neither the Company nor the LSA Stockholders will refuse to effect the Merger if, on or before the Closing Date, all the conditions precedent to the Company's obligations to effect the Merger under Article 8 hereof have been satisfied or waived by the Company.

ARTICLE 6

INTERWOVEN COVENANTS

During the period from the Agreement Date until the earlier to occur of (i) the Effective Time or (ii) the termination of this Agreement in accordance with Section 10, Interwoven covenants and agrees as follows:

6.1 Advice of Changes. Interwoven will promptly advise the Company in writing (a) of any event occurring subsequent to the date of this Agreement that would render any representation or warranty of Interwoven contained in this Agreement, if made on or as of the date of such event or the Closing Date, to be untrue or inaccurate in any material respect and (b)

of any material adverse change in Interwoven's business, results of operations or financial condition.

6.2 Regulatory Approvals. Interwoven will execute and file, or join in the execution and filing, of any application, notification or other document that may be necessary in order to obtain the authorization, approval or consent of any governmental body, federal, state, local or foreign, which may be reasonably required, or which the Company may reasonably request, in connection with the consummation of the Merger and the other transactions contemplated by this Agreement and the Interwoven Ancillary Agreements in accordance with the terms of this Agreement. Interwoven will use its best efforts to obtain all such

authorizations, approvals and consents.

6.3 Satisfaction of Conditions Precedent. Interwoven will use its best efforts to satisfy or cause to be satisfied all of the conditions precedent which are set forth in Article 8, and Interwoven will use its best efforts to cause the transactions contemplated by this Agreement to be consummated in accordance with the terms of this Agreement, and, without limiting the generality of the foregoing, to obtain all consents and authorizations of third parties and to make all filings with, and give all notices to, third parties that may be necessary or reasonably required on its part in order to effect the transactions contemplated hereby. In particular, Interwoven will use its best efforts to cause the Merger to become effective in accordance with this Agreement by July 1, 1999.

6.4 Blue Sky Laws. Interwoven will take such steps as may be necessary to comply with the securities and Blue Sky laws of all jurisdictions which are applicable in connection with the Merger.

6.5 Registration Rights. Interwoven agrees to use its best efforts to promptly after the consummation of the Merger cause the Third Amended and Restated Investors' Rights Agreement dated June 10, 1999, as amended (the "Rights Agreement"), to be amended to permit each LSA Stockholder who is issued shares of Interwoven Series E Stock in the Merger to become a party thereto solely for the purposes of granting piggyback registration rights as set forth in Section 5 of the Rights Agreement with respect to the shares of Common Stock issuable upon the conversion of the Interwoven Series E Stock ("Conversion Stock"). A true and correct copy of the Rights Agreement has been provided to each such LSA Stockholder. Notwithstanding the foregoing, it is understood and agreed that the shares of Conversion Stock shall not be "Registrable Securities" for the purposes of Section 4 of the Rights Agreement, regarding "demand" registration rights and "S-3" registration rights. Except as provided in the previous sentence, the piggyback registration rights to be granted to each such LSA Stockholder with respect to the Conversion Stock under Section 5 of the Rights Agreement shall be granted on a pro rata, pari passu basis with the registration rights of other holders of registration rights under the Rights Agreement. As a condition to being granted the registration rights described above, each such LSA Stockholder must execute and deliver such signature pages to the Rights Agreement (and become subject to the terms and conditions with respect to such piggyback registration rights as set forth in the Rights Agreement) as Interwoven may request. The provisions of the definitive Rights Agreement, as amended, granting the piggyback registration

rights described above shall supersede this Section, which shall then have no further force or effect.

ARTICLE 7

CLOSING MATTERS

7.1 The Closing. Subject to termination of this Agreement as provided in Section 10 below, the closing of the transactions to consummate the Merger (the "Closing") will take place at the offices of Fenwick & West LLP, Two Palo Alto Square, Palo Alto, California 94306 at 10:00 a.m., Pacific Standard Time on the first business day after all of the conditions to Closing set forth in Sections 8 and 9 hereof have been satisfied and/or waived in accordance with this Agreement, or on such later day as Interwoven and the Company may mutually agree on (the "Closing Date"), but no later than July 1, 1999. Concurrently with the Closing, the Agreement of Merger (or a Certificate of Merger) will be filed with the Delaware Secretary of State, and the Agreement of Merger (and related officers' certificates) will be filed with the California Secretary of State.

7.2 Exchange of Certificates.

7.2.1 Within a reasonable time following the Closing, each holder of

shares of Company Stock will surrender the certificate(s) for such shares (each a "Company Certificate"), duly endorsed to Interwoven for cancellation as of the Effective Time. Promptly after the Effective Time and receipt of such Company Certificates, Interwoven or its transfer agent will issue to each tendering holder of a Company Certificate a certificate for the number of shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock to which such holder is entitled pursuant to Section 2.1.1 and Interwoven or its transfer agent will pay by check to each tendering holder cash in lieu of fractional shares in the amount payable to such holder in accordance with Section 2.1.1.

7.2.2 No dividends or distributions payable to holders of record of Interwoven Series E Stock after the Effective Time, or cash payable in lieu of fractional shares, will be paid to the holder of any unsurrendered Company Certificate until the holder of such unsurrendered Company Certificate surrenders such Company Certificate to Interwoven as provided above. Subject to the effect, if any, of applicable escheat and other laws, following surrender of any Company Certificate, there will be delivered to the person entitled thereto, without interest, the amount of any dividends and distributions theretofore paid with respect to Interwoven Series E Stock so withheld as of any date subsequent to the Effective Time and prior to such date of delivery.

7.2.3 After the Effective Time there will be no further registration of transfers on the stock transfer books of the Company or its transfer agent of the Company Stock that was outstanding immediately prior to the Effective Time. If, after the Effective Time, Company Certificates are presented for any reason, they will be canceled and exchanged as provided in this Section 7.2.

7.2.4 Until Company Certificates representing shares of Company Stock outstanding immediately prior to the Effective Time are surrendered pursuant to Section 7.2.1 above, such Company Certificates will be deemed, for all purposes, to evidence ownership of the number of shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock into which such shares of Company Stock will have been converted pursuant to Section 2.1.1 and the Agreement of Merger.

ARTICLE 8

CONDITIONS TO OBLIGATIONS OF THE COMPANY

The Company's obligations hereunder are subject to the fulfillment or satisfaction, on and as of the Closing, of each of the following conditions (any one or more of which may be waived by the Company, but only in a writing signed by the Company):

8.1 Accuracy of Representations and Warranties. The representations and warranties of Interwoven set forth in Section 4 (as qualified by the Interwoven Disclosure Letter) will be true and accurate in every material respect on and as of the Closing with the same force and effect as if they had been made at the Closing, and the Company will have received a certificate to such effect executed by Interwoven's President or Chief Financial Officer.

8.2 Covenants. Interwoven will have performed and complied in all material respects with all of its covenants contained in Section 6 on or before the Closing, and the Company will have received a certificate to such effect signed by Interwoven's President or Chief Financial Officer.

8.3 Requisite Approvals. The principal terms of this Agreement and the Agreement of Merger will have been duly and validly approved and adopted by Interwoven's Board of Directors in accordance with applicable law and Interwoven's Articles of Incorporation and Bylaws and the issuance of shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock in the Merger and the grant of Interwoven Options upon conversion of Company Options in the Merger will have been duly and validly approved and adopted by Interwoven's stockholders in accordance with applicable law and Interwoven's Articles of Incorporation and Bylaws.

8.4 Compliance with Law; No Legal Restraints; No Litigation. No litigation or proceeding will be threatened or pending for the purpose or with the probable effect of enjoining or preventing the consummation of the Merger or any of the other material transactions contemplated by this Agreement, or which could be reasonably expected to have a material adverse effect on the present or future operations or financial condition of Interwoven. There will not be any outstanding or threatened, or enacted or adopted, any order, decree, temporary, preliminary or permanent injunction, legislative enactment, statute, regulation, action, proceeding or any judgment or ruling by any court, arbitrator, governmental agency, authority or entity, or any other fact or circumstance, that, directly or indirectly, challenges, threatens, prohibits, enjoins, restrains, suspends, delays, conditions or renders illegal or imposes limitations on (or is likely to result in a challenge, threat to, or a prohibition, injunction, restraint, suspension, delay

or illegality of, or to impose limitations on) the Merger or any other material transaction contemplated by this Agreement.

8.5 Government Consents. There will have been obtained at or prior to the Closing Date such permits or authorizations, and there will have been taken all such other actions by any regulatory authority having jurisdiction over the parties and the actions herein proposed to be taken, as may be required to lawfully consummate the Merger, including but not limited to requirements under applicable federal and state securities laws.

8.6 Opinion of Interwoven's Counsel. the Company will have received from counsel to Interwoven, an opinion substantially in the form of Exhibit H.

8.7 Tax Status. The Company shall not have been advised in writing by Levine, Katz, Nannis & Solomon, the Company's accountants, that, by reason of any act or omission on the part of Interwoven, the Merger will not be eligible to be treated as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code.

8.8 No Material Adverse Change. There will not have been any material adverse change in the financial condition, properties, assets, liabilities, business, results of operations or operations of Interwoven and its subsidiaries, taken as a whole, and the Company will have received a certificate to such effect signed by the Company's President or Chief Financial Officer.

ARTICLE 9

CONDITIONS TO OBLIGATIONS OF INTERWOVEN

The obligations of Interwoven hereunder are subject to the fulfillment or satisfaction on, and as of the Closing, of each of the following conditions (any one or more of which may be waived by Interwoven, but only in a writing signed by Interwoven):

9.1 Accuracy of Representations and Warranties. The representations and warranties of the Company set forth in Section 3 (as qualified by the Company Disclosure Letter) will be true and accurate in every material respect on and as of the Closing with the same force and effect as if they had been made at the Closing, and Interwoven will have received a certificate to such effect executed by the Company's President or Chief Financial Officer.

9.2 Covenants. The Company will have performed and complied in all material respects with all of its covenants contained in Section 5 on or before the Closing, and Interwoven will have received a certificate to such effect signed by the Company's President or Chief Financial Officer.

9.3 No Material Adverse Change. There will not have been any material adverse change in the financial condition, properties, assets, liabilities, business, results of operations or operations of the Company and its subsidiaries, taken as a whole, and Interwoven will have received a certificate to such effect signed by the Company's President or Chief Financial Officer.

9.4 Compliance with Law; No Legal Restraints; No Litigation. There will not be any outstanding, enacted or adopted or, to the Company's knowledge, threatened order, decree, temporary, preliminary or permanent injunction, legislative enactment, statute, regulation, action, proceeding or any judgment or ruling by any court, arbitrator, governmental agency, authority or entity, or any other fact or circumstance, that, directly or indirectly, challenges, threatens, prohibits, enjoins, restrains, suspends, delays, conditions, or renders illegal or imposes limitations on (or is likely to result in a challenge, threat to, or a prohibition, injunction, restraint, suspension, delay or illegality of, or to impose limitations on): (i) the Merger or any other material transaction contemplated by this Agreement or any Company Ancillary Agreement; (ii) Interwoven's payment for, or acquisition or purchase of, some or all of the shares of Company Common Stock or any material part of the assets of the Company; (iii) Interwoven's direct or indirect ownership or operation of all or any material portion of the business or assets of the Company; or (iv) Interwoven's ability to exercise full rights of ownership with respect to the Surviving Corporation or its shares, including but not limited to any restrictions on Interwoven's ability to vote the shares of the Surviving Corporation. No litigation or proceeding will be threatened or pending for the purpose or with the probable effect of enjoining or preventing the consummation of any of the transactions contemplated by this Agreement, or which could be reasonably expected to have a material adverse effect on the present or future operations or financial condition of the Company or which asserts that the Company's or Interwoven's negotiations regarding this Agreement, Interwoven's or the Company's entering into this Agreement or the Company's or Interwoven's consummation of the Merger or any other material transaction contemplated by this Agreement or any Company Ancillary Agreement or any LSA Stockholder Ancillary Agreement, breaches or violates any agreement or commitment of the Company or constitutes tortious conduct on the part of Interwoven or the Company.

9.5 Government Consents. There will have been obtained at or prior to the Closing Date such permits or authorizations, and there will have been taken all such other actions, as may be required to consummate the Merger by any governmental or regulatory authority having jurisdiction over the parties and the actions herein proposed to be taken, including but not limited to requirements under applicable federal and state securities laws.

9.6 Opinion of Company's Counsel. Interwoven will have received from Gadsby & Hannah LLP, counsel to the Company, an opinion substantially in the form of

Exhibit I.

9.7 Consents. Except as otherwise expressly permitted by this Agreement, Interwoven will have received duly executed copies of all material third-party consents, approvals, assignments, waivers, authorizations or other certificates contemplated by this Agreement or the Company Disclosure Letter or reasonably deemed necessary by Interwoven's legal counsel to provide for the continuation in full force and effect of any and all material contracts, agreements and leases of the Company after the Merger and the preservation of the Company's IP Rights and other assets and properties after the Merger and for Interwoven to consummate the Merger and the other transactions contemplated by this Agreement, the Company Ancillary Agreements and the LSA Stockholder Ancillary Agreements and in form and substance reasonably satisfactory to Interwoven.

9.8 Requisite Approvals. The principal terms of this Agreement and the Agreement of Merger, the Merger and the Company Ancillary Agreements will have been duly and validly approved and adopted, as required by applicable law and the Company's Certificate of Incorporation and Bylaws, by (a) the Company's Board of Directors and (b) the valid and affirmative vote of outstanding shares of Company Common Stock (and any other Company securities (if any) entitled to vote thereon) representing not less than ninety-seven percent (97%) of the voting power of all issued and outstanding Company Common Stock and all other Company voting securities (if any).

9.9 No Dissenting Shares. No shares of the capital stock of the Company will be eligible to exercise or perfect any statutory appraisal rights of dissenting shareholders under applicable law.

9.10 No Derivative Securities. All Company Derivative Securities, if any will have been exercised in full and thereby converted into shares of Company Common Stock in accordance with their current terms and conditions, or canceled or terminated so that none of the Company Derivative Securities will be outstanding immediately prior to the Effective Time.

9.11 Investment Letters Executed. Each LSA Stockholder who is receiving any shares of Interwoven Series E Stock and warrants to purchase Interwoven Series E Stock shall have executed and delivered to Interwoven an Investment Representation Letter.

ARTICLE 10

TERMINATION OF AGREEMENT

10.1 Prior to Closing.

10.1.1 This Agreement may be terminated at any time prior to the Effective Time by the mutual written consent of Interwoven and the Company.

10.1.2 Unless otherwise agreed by the parties hereto, this Agreement will be automatically terminated at any time prior to the Effective Time without the need for action by any party hereto if all conditions to the parties' obligation to effect the Closing set forth in Sections 8 and 9 have not been satisfied or waived by the appropriate party on or before July 1, 1999 (the "Termination Date").

10.1.3 Either party may terminate this Agreement at any time prior to the Closing if the other party has committed a material breach of (a) any of its representations and warranties under Section 3 or 4 of this Agreement, as applicable; or (b) any of its covenants under Sections 5 or 6 of this Agreement, as applicable, and has not cured such material breach prior to the earlier of (i) the Closing or (ii) thirty (30) days after the party seeking to terminate this Agreement has given the other party written notice of its intention to terminate this Agreement pursuant to this Section 10.1.3.

10.2 At the Closing. At the Closing, this Agreement may be terminated and abandoned:

10.2.1 By Interwoven, if any of the conditions precedent to Interwoven's obligations set forth in Article 9 above have not been fulfilled or waived on or prior to the Termination Date; or

10.2.2 By the Company, if any of the conditions precedent to the Company's obligations set forth in Article 8 above have not been fulfilled or waived on or prior to the Termination Date.

Any termination of this Agreement under this Section 10.2 will be effective by

the delivery of notice of the terminating party to the other party hereto.

10.3 No Liability. Any termination of this Agreement in accordance with this Section 10 will be without further obligation or liability upon any party in favor of the other party hereto; provided, however, that nothing herein will limit the obligation of the Company, the LSA Stockholders and Interwoven to use their best efforts to cause the Merger to be consummated, as set forth in Sections 5.10 and 6.3 hereof, respectively.

ARTICLE 11

SURVIVAL OF REPRESENTATIONS, INDEMNIFICATION AND REMEDIES, CONTINUING COVENANTS

11.1 Survival of Representations. All representations, warranties and covenants of the Company and the Company Stockholders contained in Sections 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.11, 3.15 and 3.18 of this Agreement will remain operative and in full force and effect, regardless of any investigation made by or on behalf of Interwoven, until that date (the "Release Date") which is the earlier of (i) the termination of this Agreement or (ii) December 31, 1999. The provisions of this Section 11 and Section 12 will survive the consummation of the transactions contemplated hereby or the termination of this Agreement. All representation, warranties and covenants of the Company and the Company Stockholders contained in any other Section of this Agreement not enumerated above, except for intentional fraudulent conduct or other willful misconduct with respect to such other Sections, will cease to be of any force or effect upon the earlier of (i) the termination of this Agreement or (ii) the Effective Time.

11.2 Agreement to Indemnify. The Company Stockholders will jointly and severally indemnify and hold harmless Interwoven and the Surviving Corporation and their respective officers, directors, agents, stockholders and employees, and each person, if any, who controls or may control Interwoven or the Surviving Corporation within the meaning of the 1933 Act (each hereinafter referred to individually as an "Indemnified Person" and collectively as "Indemnified Persons") from and against any and all claims, demands, suits, actions, causes of actions, losses, costs, demonstrable damages, liabilities and expenses including, without limitation, reasonable attorneys' fees, other professionals' and experts' reasonable fees and court or arbitration costs (hereinafter collectively referred to as "Damages") incurred and arising out of any inaccuracy, misrepresentation, breach of, or default in, any of the representations, warranties or covenants given or made by the Company in this Agreement or in the Company Disclosure Letter or any certificate delivered by or on behalf of the Company pursuant hereto, (if such inaccuracy, misrepresentation, breach or default existed at the Closing Date). Any claim of

indemnity made by an Indemnified Person under this Section 11.2 must be raised in a writing delivered to the party or parties from whom indemnification is being sought by no later than the Release Date. As used herein, the term "Damages" will not include any overhead costs of Interwoven personnel and the amount of Damages incurred by any Indemnified Person will be reduced by the amount of any insurance proceeds actually received by such Indemnified Person on account of such Damages and the amount of any direct tax savings actually recognized by such Indemnified Person that are directly attributable to such Damages, but will include any reasonable costs or expenses incurred by such Indemnified Person to recover such insurance proceeds or to obtain such tax savings. The Indemnified Persons will use reasonable efforts to mitigate their Damages.

11.3 Limitation. Except for intentional fraudulent conduct or other willful misconduct: (i) no Company Stockholder will have any liability to an Indemnified Person under Section 11.2 of this Agreement except to the extent of the consideration received by such Company Stockholder in the Merger and (ii)

the remedies set forth in this Section 11.3 will be the exclusive remedies of Interwoven and the other Indemnified Persons under Section 11.2 of this Agreement against any Company Stockholder for any inaccuracy, misrepresentation, breach of, or default in, any of the representations, warranties or covenants given or made by the Company in this Agreement or in any certificate, document or instrument delivered by or on behalf of the Company pursuant hereto. In addition, the indemnification provided for in Section 11.2 shall not apply unless and until the aggregate Damages for which one or more Indemnified Persons seeks or has sought indemnification hereunder exceeds a cumulative aggregate of Fifty Thousand Dollars ($50,000) (the "Basket"), in which event the Company Stockholders shall, subject to the foregoing limitations, be liable to indemnify the Indemnified Persons for all Damages in excess of such Basket amount. Furthermore, except with respect to title indemnity claims as provided under Section 11.5 of this Agreement, Interwoven will seek as its exclusive remedy in recovering Damages against the Company Stockholders adjustments to the exercise price of the warrants to purchase Interwoven Series E Stock received by such Company Stockholders hereunder such that the adjusted exercise price for such warrants shall generally be equal to the original exercise price of such warrant (as adjusted pursuant to the terms of the warrant prior to the contemplated adjustment) plus a pro rata portion of the Damages (based on the total number of warrants to purchase Interwoven Series E Stock issued to all Company Stockholders hereunder), subject to the Basket and subsequent adjustment for additional Damages. The limitations on the indemnification obligations set forth in this Section 11.3 shall not be applicable to Misconduct Damages (as
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defined below). As used herein, "Misconduct Damages" means Damages resulting from intentional fraudulent conduct or other willful misconduct or breach of any provisions of the Investment Representation Letters.

11.4 Notice. Promptly after Interwoven becomes aware of the existence of any
------
potential claim by an Indemnified Person for indemnity from the Company Stockholders under Section 11.2, Interwoven will notify the Company Stockholders of such potential claim in accordance with Section 11.7 below. Failure of Interwoven to give such notice will not affect any rights or remedies of an Indemnified Person hereunder with respect to indemnification for Damages except to the extent the Company Stockholders are materially prejudiced thereby. Prior to the settlement of any claim for which Interwoven seeks indemnity from a Company

Stockholder, Interwoven will provide the Company Stockholders with the terms of the proposed settlement and a reasonable opportunity to comment on such terms in accordance with Section 11.7 below.

11.5 Title Indemnity. In addition to, and separate from, the foregoing
----
agreement to indemnify set forth in Section 11.2, each Company Stockholder agrees, severally and not jointly, to defend and indemnify Interwoven and each other Indemnified Person from and against any and all claims, demands, suits, actions, causes of actions, losses, costs, damages, liabilities and expenses including, without limitation, reasonable attorneys' fees, other professionals' and experts' reasonable fees and court or arbitration costs incurred and arising out of any failure of such Company Stockholder to have good, valid and marketable title to any issued and outstanding shares of Company Common Stock held (or asserted to have been held) by such Company Stockholder, free and clear of all liens, claims and encumbrances, or to have the full right, capacity and authority to enter into this Agreement (in the case of a LSA Stockholder) and to vote such person's shares of Company Stock in favor of the Merger and any other transactions contemplated by this Agreement. A Company Stockholder's liability under the indemnification provided for in this Section 11.5 shall be in addition to any liability of such Company Stockholder under Section 11.2 and shall not be subject to the limitations on such Company Stockholder's liability set forth in Section 11.3.

11.6 Representative. By their approval of the Merger, the Company
----
Stockholders will be conclusively deemed to have consented to, approved and agreed to be personally bound by: (i) the indemnification provisions of this Section 11; and (ii) the appointment of Gateway Financial Group, or its

successor, as the representative of the Company Stockholders (the "Representative") under this Section 11 and as the attorney-in-fact and agent for and on behalf of each Company Stockholder as provided herein; and (iii) the taking by the Representative of any and all actions and the making of any decisions required or permitted to be taken by the Representative this Section 11, including, without limitation, the exercise of the power to: (a) agree to, negotiate, enter into settlements and compromises of, demand arbitration of, and comply with orders of courts and awards of arbitrators with respect to, such claims; (b) arbitrate, resolve, settle or compromise any claim for indemnity made pursuant to Section 11; and (c) take all actions necessary in the judgment of the Representative for the accomplishment of the foregoing. The Representative will have unlimited authority and power to act on behalf of each Company Stockholder with respect to this Section 11 and the disposition, settlement or other handling of all claims governed hereby, and all rights or obligations arising under this Section 11 so long as all Company Stockholders are treated in the same manner. The Company Stockholders will be bound by all actions taken by the Representative in connection with this Section 11, and Interwoven will be entitled to rely on any action or decision of the Representative. In performing the functions specified in this Agreement, the Representative will not be liable to any Company Stockholder in the absence of gross negligence or willful misconduct. Any out-of-pocket costs and expenses reasonably incurred by the Representative in connection with actions taken pursuant to the terms of this Section 11 will be paid by the Company Stockholders to the Representative pro rata in proportion to their respective percentage interests in the Interwoven Merger Shares.

11.7 Claims Procedure.

(a) Notice of Damages. Promptly upon becoming aware of any Damages giving rise to indemnification rights under this Section 11, Interwoven will give the Representative notice of such Damages as set forth herein (the "Notice of Damages"). Each Notice of Damages by Interwoven will be in writing delivered to the Representative, will specify whether the Damages arise as a result of a claim by a person or entity against Interwoven ("Third Party Damages") or whether the Damages do not so arise ("Direct Damages"), and shall also specify with reasonable particularity (to the extent that the information is available):

(1) the factual basis for the Damages; and

(2) the amount of the Damages, if known, or if not known, Interwoven's good faith estimate of the reasonably foreseeable maximum amount of the alleged damages arising from such Damages (which amount may be the amount of damages claimed by a third party plaintiff in an action brought against Interwoven based on alleged facts, which if true, would constitute a breach of Company's or the LSA Stockholders' representations and warranties) (the "Estimated Damages"), the basis thereof and documentation supporting same.

As among themselves, the parties agree that if, through the fault of Interwoven, the Representative does not receive notice of any Damages in time effectively to contest the determination of any liability susceptible of being contested, then the liability of the Company Stockholders to Interwoven under this Section 11 shall be reduced by the amount of any losses incurred by the Company Stockholders resulting from Interwoven's failure to give such notice on a timely basis.

(c) Third Party Damages. In the case of a Third Party Damages, within ten days of receipt of a Notice of Damages, the Representative may, by written notice to Interwoven, elect to, at its own expense, participate in or assume control of the negotiation, settlement or defense of the Damages and, in such event, the Representative shall reimburse Interwoven for all of Interwoven's

reasonable out-of-pocket expenses as a result of such participation or assumption. If the Representative elects to assume such control, Interwoven shall have the right to participate in the negotiation, settlement or defense of such Third Party Damages and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by Interwoven unless the Representative consents to the retention of such counsel at its expense. If the Representative, having elected to assume such control, thereafter fails to defend the Third Party Damages within a reasonable time, Interwoven shall be entitled to assume such control and the Representative shall be bound by the results obtained by Interwoven with respect to such Third Party Damages. If Interwoven, the Representative or any other party makes a payment, resulting in settlement of the Third Party Damages, which precludes a final determination of the merits of the Third Party Damages and Interwoven and the Representative are unable to agree whether such payment was unreasonable in the circumstances having regard to the amount and merits of the Third Party Damages, then such dispute shall be referred to and finally settled by binding arbitration in accordance with the commercial rules of the American

Arbitration Association ("AAA") then in effect, in San Mateo County, California, by a single arbitrator chosen by the AAA, from which there shall be no appeal.

(d) Settlement of Third Party Damages. If the Representative fails to assume control of the defense of any Third Party Damages, Interwoven shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Representative assumes control of the negotiation, settlement or defense of any Third Party Damages, neither Interwoven, the Representative or any other party shall settle any Third Party Damages without the written consent of the other parties, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of such party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason within a reasonable time after the request therefor.

(e) Direct Damages. In the case of Direct Damages, the Representative shall have sixty (60) days from receipt of notice of the Damages within which to make such investigation of the Damages as the Representative considers necessary or desirable. For the purpose of such investigation, Interwoven shall make available to the Representative the information relied upon by Interwoven to substantiate the Damages, together with all such other information as the Representative may reasonably request. If both Parties agree at or before the expiration of such sixty (60) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Damages, the Representative shall immediately pay to Interwoven the full agreed upon amount of the Damages or it will be settled pursuant to Section 11(f). Failing such agreement, the matter shall be referred to binding arbitration in accordance with the commercial rules of the AAA then in effect, in San Mateo County, California, by a single arbitrator chosen by the AAA.

(f) Resolution of Damages. Any Notice of Damages received by the Representative, will be resolved as follows:

(1) Uncontested Damages. In the event that the Representative does not either (i) contest a Notice of Damages in writing to Interwoven or (ii) pay the amount demanded (as certified by the Representative to Interwoven in writing), all within sixty (60) days after Notice of Damages was received ("Uncontested Damages"), then Interwoven shall be entitled to relief directly against the Company Stockholders equal to the value of the amount of the Damages and/or Estimated Damages specified in the Notice of Damages (and may pursue any action to recover such amounts).

(2) Contested Damages. In the event that the Representative delivers written notice contesting all, or a portion of, a Notice of Damages to Interwoven within the sixty (60) day period provided above, matters that are subject to Third Party Damages brought against Interwoven in a litigation or arbitration will await the final decision, award or settlement of such

litigation or arbitration in accordance with the commercial rules of the AAA then in effect, in San Mateo County, California, by a single arbitrator chosen by the AAA, and shall be subject to the provisions and procedures set forth in this Agreement. Matters that are subject to Direct Damages and that are not resolved by the Representative and Interwoven as provided for in this

Section 11 herein will be settled by binding arbitration. Any portion of the Notice of Damages that is not contested will be resolved as set forth above in subclause (1) above. The final decision of the arbitrator will be furnished to the Representative and Interwoven in writing and will constitute a conclusive determination of the issue in question, binding upon the Company Stockholders and Interwoven. After notice that the Notice of Damages is contested by the Representative, Interwoven will be entitled to relief directly against the Company Stockholders (notwithstanding the expiration of the Final Release Date) until (i) execution, and delivery of a settlement agreement by Interwoven and the Representative setting forth a resolution of the Notice of Damages, or (ii) receipt of a copy of the final award of the arbitrator or court, as the case may be.

(3) Determination of Amount of Damages. Any amount owed to Interwoven hereunder, as finally determined pursuant to subclauses (1) or (2) above, will constitute Uncontested Damages under subclause (1) hereof.

(4) No Exhaustion of Remedies. Interwoven need not exhaust any other remedies that may be available to it but shall proceed directly in accordance with the provisions of this Agreement. The assertion of any single Damages for indemnification hereunder will not bar Interwoven from asserting other Damages hereunder.

ARTICLE 12

MISCELLANEOUS

12.1 Governing Law. The internal laws of the State of California (irrespective of its choice of law principles) will govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties hereto.

12.2 Assignment; Binding Upon Successors and Assigns. Neither party hereto may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.3 Severability. If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

12.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become

binding when one or more counterparts hereof, individually or taken together,

will bear the signatures of all parties reflected hereon as signatories.

12.5 Other Remedies. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby or by law on such party, and the exercise of any one remedy will not preclude the exercise of any other.

12.6 Amendment and Waivers. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof or default in the performance hereof will not be deemed to constitute a waiver of any other default or any succeeding breach or default. The Agreement may be amended by the parties hereto at any time before or after approval of the stockholders of the Company, but, after such approval, no amendment will be made which by applicable law requires the further approval of the stockholders of the Company without obtaining such further approval. At any time prior to the Effective Time, each of the Company and Interwoven, by action taken by its Board of Directors, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other; (ii) waive any inaccuracies in the representations and warranties made to it contained herein or in any document delivered pursuant hereto; and (iii) waive compliance with any of the agreements or conditions for its benefit contained herein. No such waiver or extension will be effective unless signed in writing by the party against whom such waiver or extension is asserted. The failure of any party to enforce any of the provisions hereof will not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

12.7 Expenses. Each party will bear its respective expenses and legal fees incurred with respect to this Agreement, and the transactions contemplated hereby; provided, however that if the Merger is consummated Interwoven will pay promptly upon demand the reasonable legal and accounting fees and expenses incurred by the Company in this transaction.

12.8 Attorneys' Fees. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party will be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal). The prevailing party will be entitled to recover its costs of suit, only if such suit proceeds to final judgment, or other final determination by the court as to which party has prevailed.

12.9 Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be either hand delivered in person, sent by telecopier, sent by certified or registered first class mail, postage pre-paid, or sent by nationally recognized express courier service. Such notices and other communications will be effective upon receipt if hand delivered or sent by telecopier, five (5) days after mailing if sent by mail, and one (l) day

after dispatch if sent by express courier, to the following addresses, or such other addresses as any party may notify the other parties in accordance with this Section:

If to Interwoven:
1195 West Fremont Avenue, Suite 2000
Sunnyvale, CA 94087
Attention: David Allen, CFO
Fax:

with a copy to:

Fenwick & West, LLP

Two Palo Alto Square
Palo Alto, CA 94306
Attention: Matthew P. Quilter
Fax Number: (650) 494-1417

If to the Company:

Lexington Software Associates, Inc.
133 Littleton Road, Suite 208
Westford, MA 01886
Attention: Thomas W. Bennett, President
Fax Number: (978) 392-6103

with copies to:

Gadsby & Hannah LLP
225 Franklin Street
Boston, MA 02110
Attention: Lawrence H. Gennari, Esquire
Fax Number: (617) 345-7050

Gateway Financial Group, Inc.
50 Federal Street
Boston, MA 02110
Attention: Andrew D. Clapp
Fax Number: (617) 451-2369

or to such other address as a party may have furnished to the other parties in writing pursuant to this Section 12.9.

12.10 Construction of Agreement. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof will not be construed for or against either party. A reference to a Section or an exhibit will mean a Section in, or exhibit to, this Agreement unless otherwise explicitly set forth. The titles and headings herein are for

reference purposes only and will not in any manner limit the construction of this Agreement which will be considered as a whole.

12.11 No Joint Venture. Nothing contained in this Agreement will be deemed or construed as creating a joint venture or partnership between any of the parties hereto. No party is by virtue of this Agreement authorized as an agent, employee or legal representative of any other party. No party will have the power to control the activities and operations of any other and their status is, and at all times will continue to be, that of independent contractors with respect to each other. No party will have any power or authority to bind or commit any other. No party will hold itself out as having any authority or relationship in contravention of this Section.

12.12 Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

12.13 Absence of Third Party Beneficiary Rights. No provisions of this Agreement are intended, nor will be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any client, customer, affiliate, shareholder, partner or any party hereto or any other person or entity unless specifically provided otherwise herein, and, except as so provided, all provisions hereof will be personal solely between the parties to this Agreement.

12.14 Public Announcement. Upon execution of this Agreement, Interwoven and

the Company will issue a press release approved by both parties announcing the Merger. Thereafter, Interwoven may issue such press releases, and make such other disclosures regarding the Merger, as it determines are required under applicable securities laws or regulatory rules. Prior to the publication of such press release (unless this Agreement has been terminated, neither party will make any public announcement relating to this Agreement or the transactions contemplated hereby and the Company will use its reasonable efforts to prevent any trading in Interwoven Series E Stock by its officers, directors, employees, stockholders and agents.

12.15 Confidentiality. The LSA Stockholders, the Company and Interwoven each recognize that they have received and will receive confidential information concerning the other during the course of the Merger negotiations and preparations. Accordingly, the LSA Stockholders, the Company and Interwoven each agrees (a) to use it respective best efforts to prevent the unauthorized disclosure of any confidential information concerning the other that was or is disclosed during the course of such negotiations and preparations, and is clearly designated in writing as confidential at the time of disclosure, and (b) to not make use of or permit to be used any such confidential information other than for the purpose of effectuating the Merger and related transactions. The obligations of this Section will not apply to information that (i) is or becomes part of the public domain, (ii) is disclosed by the disclosing party to third parties without restrictions on disclosure, (iii) is received by the receiving party from a third party without breach of a nondisclosure obligation by such third party, or (iv) is required to be disclosed by subpoena or by law. If this Agreement is terminated, all documents containing

confidential information and all copies, extracts and summaries thereof in any medium shall be returned by the receiving party to the disclosing party. The provisions of this Section will survive the consummation of the transactions contemplated hereby or the termination of this Agreement (except that Interwoven will cease to be bound by these confidentiality provisions with respect to the Company after the Merger becomes effective).

12.16 Entire Agreement. This Agreement and the exhibits hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

[The Remainder of This Page Has Intentionally Been Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

INTERWOVEN, INC.

By:_____
Name:
Title:

LEXINGTON SOFTWARE ASSOCIATES, INC.

By:_____
Name:
Title:

LSA STOCKHOLDERS

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

[Signature Page to Agreement and Plan of Reorganization]

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

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By:_____ By:_____
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Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

By:_____ By:_____
Name: Name:
Title and Entity (if applicable): Title and Entity (if applicable):

[Signature Page to Agreement and Plan of Reorganization]

EXHIBITS

Exhibit 1 LSA Stockholders
Exhibit A Form of Agreement of Merger (CA)
Exhibit B Form of Certificate of Merger (DE)
Exhibit C Form of Investment Representation Letter
Exhibit D Company Disclosure Letter
Exhibit E Company Financial Statements
Exhibit F Interwoven Disclosure Letter
Exhibit G Form of Company Stockholder Agreement
Exhibit H Form of Opinion of Fenwick & West LLP, counsel to Interwoven
Exhibit I Form of Opinion of Gadsby & Hannah LLP, counsel to the Company

EXHIBIT 1

<TABLE>
<CAPTION>

		TOTAL CONSIDERATION TO BE RECEIVED IN MERGER		
Name of Stockholder*	Number/Type of Company Stock held prior to Merger*	Interwoven Merger Shares** Shares	Warrants	Cash in lieu of Fractional Shares
<S>	<C>	<C>	<C>	<C>
Thomas W. Bennett	400,000 Common	0	0	$ 0.00
Cam M. Collins	300,000 Common	0	0	0.00
Robert W. Bracey	300,000 Common	0	0	0.00
David Goldman	10,000 Common	0	0	0.00
Harris S. Berlack	33,333 Series A	4,265	853	3.75
Nicholas Biddle, Jr. IRA	16,666 Series A	2,133	426	1.44
Lawrence L. Burckmyer	16,666 Series A	2,133	426	1.44
DelTech Ventures, LP	33,333 Series A	4,265	853	3.75
William J. Devers Jr., Trustee, William J. Devers Trust	120,000 Series A	15,356	3,071	2.08
Jennifer Dunning	16,666 Series A	2,133	426	1.44
Katherine D. Falcone	13,333 Series A	1,706	341	2.46
Robert Matson	16,666 Series A	2,133	426	1.44
Grinnell Morris, Jr.	33,333 Series A	4,265	853	3.75
Kenneth J. Mooney	16,666 Series A	2,133	426	1.44
Martin J. Mooney Trust	16,666 Series A	2,133	426	1.44

William B. Russell	66,666 Series A	8,531	1,706		1.38
Kenneth J. Smith	16,666 Series A	2,133	426		1.44
Arthur Terry	16,666 Series A	2,133	426		1.44
Alternate Holdings, LLC	33,333 Series A	4,265	853		3.75
John Shelden Clark	16,666 Series A	2,133	426		1.44
George G. Fesus and Susan C. Fesus JTWROS	16,666 Series A	2,133	426		1.44
R.D. Johnson Properties, Ltd.	33,333 Series A	4,265	853		3.75
Howland B. Jones	16,666 Series A	2,133	426		1.44
Brook Venture Fund, L.P.	133,333 Series A	17,062	3,412		4.54
Frederic H. Morris	3,500 Series A	448	89		2.63
Andrew D. Clapp	3,500 Series A	448	89		2.63
TOTAL		88,339	17,659		$50.31

</TABLE>

_____

* Reflects all of the holders of capital stock of the Company and the number and type of shares held by such holder immediately prior to the Merger. No other holders of capital stock of the Company will receive any consideration in the Merger. "Common" shall mean the Company Common Stock, and "Series A" shall mean the Company Preferred Stock.

** "Shares" shall mean shares of Interwoven Series E Stock, and "Warrants" shall mean warrants to purchase Interwoven Series E Stock.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

INTERWOVEN, INC.

By: /s/ Martin Brauns

Name:
Title:

LEXINGTON SOFTWARE ASSOCIATES, INC.

By: /s/ Tom Bennett

Name: Tom Bennett
Title: President

LSA STOCKHOLDERS

By: /s/ Tom Bennett

Name: Tom Bennett
Title and Entity (if Applicable):

By: /s/ Cam Collins

Name: Cam Collins
Title and Entity (if applicable):

By: /s/ Robert A. Bracey

Name: Robert A. Bracey
Title and Entity (if applicable):

By: /s/ David Goldman

Name: David Goldman
Title and Entity (if applicable):
Director of Field Operations, LSAI

By: /s/ Harris S. Berlack

Name: Harris S. Berlack
Title and Entity (if applicable):

By: /s/ Donald C.Hanfler

Name: Donald C. Hanfler
Title and Entity (if applicable):
1st V.P. Davenport & Co. LLC FBO Nicholas Biddle

By: /s/ Lawrence L. Burckmyer

Name: Lawrence L. Burckmyer
Title and Entity (if applicable):

By: /s/ Jay Delahanty

Name: Jay Delahanty
Title and Entity (if applicable):
DelTech Ventures, L.P.

By: /s/ William J. Devers, Jr.

Name: William J. Devers. Jr.
Title and Entity (if applicable):
William J. Devers, Jr. Trustee of the William J.
Devers Trust dated 10/2/92

By: /s/ Katherine D. Falcone

Name: Katherine D. Falcone
Title and Entity (if applicable):

By: /s/ Robert B. Matson

Name: Robert B. Matson
Title and Entity (if applicable):

By: /s/ Grinnel Morris Jr.

Name: Grinnel Morris Jr.
Title and Entity (if applicable):

By: /s/ Kenneth J. Mooney

Name: Kenneth J. Mooney
Title and Entity (if applicable):

MARTIN J. MOONEY TRUST UTD 1-20-93

By: /s/ Martin J. Mooney

Name:
Title and Entity (if applicable):

By: /s/ William B. Russel 1

Name: William B. Russell
Title and Entity (if applicable):

By: /s/ Kenneth J. Smith

Name: Kenneth J. Smith
Title and Entity (if applicable):

By: /s/ Arthur Terry

Name: Arthur Terry
Title and Entity (if applicable):

By: /s/ Robert R. Romano

Name: Robert R. Romano, Member
Title and Entity (if applicable): Alternate Holdings, LLC

By: /s/ John Sheldon Clark

Name: John Sheldon Clark
Title and Entity (if applicable):

By: /s/ George J. Fesus

Name: George J. Fesus
Title and Entity (if applicable):

By: /s/ Susan C. Fesus

Name: Susan C. Fesus
Title and Entity (if applicable):

By: R.D. Johnson Properties, LTD

Name: R.D. Johnson Properties, Inc. by /s/Mark Brechbill Sec/Treas
Title and Entity (if applicable): Mark Brechbill, Secretary/Treasurer

Howland M. Jones III
By: /s/ J. Brian Potts

Name:
Title and Entity (if applicable):

Brook Venture Fund
By: /s/ Andrew D. Clapp

Name:
Title and Entity (if applicable):

By: /s/ Frederic H. Morris

Name: Frederic H. Morris
Title and Entity (if applicable):

By: /s/ Andrew D. Clapp

Name: Andrew D. Clapp
Title and Entity (if applicable):

Exhibit 23.02

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated May 3, 1999 relating to the financial statements of Interwoven, Inc. which appears in such Registration Statement. We also consent to the references to us under the headings "Experts" and "Selected Financial Data" in such Registration Statement.

PricewaterhouseCoopers LLP

San Jose
July 26, 1999

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This schedule contains summary financial information extracted from December 31, 1998 and June 30, 1999 and is qualified in its entirety by reference to such financial statements.
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<CURRENT-LIABILITIES>	2,842		4,827
<BONDS>	0		0
<PREFERRED-MANDATORY>	20,464		45,276
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<OTHER-SE>	(10,757)		(20,801)
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<SALES>	3,176		3,258
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<CGS>	59		119
<TOTAL-COSTS>	1,333		1,548
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<CHANGES>	0		0
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