

A

GREEN HILLS SOFTWARE, INC.
1996 EMPLOYMENT AGREEMENT, STOCK OPTION PLAN,
AND STOCKHOLDER'S AGREEMENT

1. Purpose of the Plan.

Under this Green Hills Software, Inc. 1996 Employment Agreement, Stock Option Plan and Stockholder's Agreement (the "Plan"), Green Hills Software, Inc. (the "Company") options ("Option" or "Options") may be granted to eligible persons to purchase shares of the Company's common stock. The Plan is designed to enable the Company to attract, retain and motivate its employees by providing for or increasing the proprietary interests of such employees in the Company.

The Plan is designed for Company employees and others who desire to participate in some of the rewards of an owner in any increase in valuation of the Company over the next several years and who are willing to accept certain obligations of ownership entailed thereby and set forth herein with respect to the Company, other employees holding rights similar to those granted by this Plan, the Company's stockholders and others who may acquire shares in reliance on the good faith execution of such obligations. Such employees must recognize that the valuation accorded the Company, including the sales and earnings multiples used in Sections 17(a) and 17(b) of the Plan, is highly dependent on the Company's ability to maintain and increase its business, which in turn is largely dependent on its ability to (a) retain its personnel, (b) identify and pursue business opportunities and (c) ensure its proprietary information and trade secrets are not made available to competitors and potential competitors. Moreover, such employees must recognize that such increase in valuation will not be realizable unless and until such time as there is public market for the Company's common stock or the Company merges with a public company.

It is the nature of the business as practiced by the Company that (a) most employees are the sole person responsible for one or more aspects of the Company's business, (b) the Company operates using minimal management, with each employee providing most of his own management, (c) the Company's approach to management requires the Company to make use of personnel of unusual ability who are not readily replaceable, (d) such personnel, including the employees of the Company, are generally reluctant or unwilling to accept a position which requires finishing work started by someone else and left uncompleted, and (e) in the event someone leaves the Company before final completion of all of his work and before completing the training of his replacement, the Company generally finds its best alternative is to cancel the unfinished work, thereby suffering the loss of its entire investment therein and its planned market opportunity.

Due to the style of business as practiced by the Company, the Plan is designed for Company employees who desire to retain the right to pursue and accept other employment only (a) after giving six months prior written notice of termination to the Company, (b) which does not compete with the business of the Company, (c) with entities that are not attempting to solicit or raid the Company's employees, and (d) which does not otherwise threaten the valuation of the Company. By accepting Options granted under the Plan such employees agree that their talents (programming, testings, sales, etc.) are generic to all software and not specific as to software development tools and real-time operating systems and that the covenant not to compete set forth below does not appreciably affect their ability to

Confidential - Subject
to Protective Order

DO 06951

EXHIBIT 6289.1

obtain future employment.

2. Stock Subject to Plan.

The maximum number of shares of stock subject to this Plan and for which Options granted hereunder may therefore be exercised shall be five million (5,000,000) shares of the Company's common stock subject to the adjustments provided in this Plan ("Shares"). Shares subject to the unexercised portions of any Option granted under this Plan which expire or terminate or are cancelled may again be subject to Options under the Plan.

3. Eligible Persons.

The persons eligible to be considered for the grant of Options hereunder are employees, directors, officers, consultants, independent contractors or advisors of the Company ("Grantee" or "Grantees").

4. Minimum Exercise Price.

The exercise price for each Option granted hereunder shall be as determined by the board of directors of the Company (the "Board").

5. Non-transferability.

Any Option granted under this Plan shall be nontransferable by the Grantee other than by will or the laws of descent and distribution and shall be exercisable during the Grantee's lifetime only by the Grantee or by the Grantee's guardian or legal representative.

6. Maximum Option Term.

No Option granted under this Plan may be exercised in whole or in part more than eleven years after its date of grant.

7. Plan Duration.

Options may not be granted under this Plan after December 31, 2005.

8. Grant of Options.

(a) **Grantees and Allocation of Options.** The Grantees in the Plan and the number of Shares subject to an Option granted to each Grantee shall be determined by the Board, and, so long as each is a stockholder of the Company, approved by Glenn Hightower ("Hightower") and Daniel O'Dowd ("O'Dowd"). A Stock Option Agreement ("Agreement") shall be entered into between the Company and a Grantee to reflect a grant of an Option under the Plan.

(b) **Exercise Price.** The Option's exercise price shall be established by the Board and, so long as each is a stockholder of the Company, approved by Hightower and O'Dowd and shall be paid as provided in this plan or in such manner as the Board may determine, subject, so long as each is a stockholder of the Company, to approval by Hightower and O'Dowd. These provisions shall be contained in the Grantee's Agreement.

(c) **Vesting of Options.** A Grantee's Option will vest as provided in his Agreement, provided, however, that the Company at all times retains the right to accelerate the vesting of a Grantee's option, either from time to time or by adoption of an amendment to such Grantee's agreement. The portion of a Grantee's Option which is not vested will be forfeited when the Option expires pursuant to section 9(d). A Grantee shall have no further rights with respect to an unvested portion of an Option which is forfeited.

**Confidential - Subject
to Protective Order**

DO 06952

EXHIBIT 6289.2

9. Exercise of Options.

(a) The Grantee may exercise an Option granted pursuant to this Plan and which has vested pursuant to its terms by delivering to the Secretary of the Company prior to 5:00 P.M. Pacific Time, no later than the last business day on or preceding the expiration day of the Option, the following materials:

(i) a completed option exercise form and the certificate attached thereto, and

(ii) a cashier's check payable to Green Hills Software, Inc. in the amount of: (a) the exercise price set forth in the Grantee's Agreement multiplied by the number of Shares to be purchased, plus (b) the amount, if any, required to satisfy any federal, state and local withholding tax requirements pursuant to Section 9(c).

Any attempt to exercise an Option shall be void if the cashier's check submitted is not readily negotiable or if the procedures set forth in this Section 9(a) are otherwise not followed.

(b) The purchased Shares shall be issued after the Company's receipt of the materials specified in Section 9(a).

(c) Whenever Shares are to be issued upon exercise of an Option, the Grantee shall remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to delivery of any certificate or certificates for such Shares.

(d) Subject to Section 20, any Option granted hereunder expires at 5:00 P.M. Pacific Time on the earlier of:

(i) the eleven-year anniversary of its grant; or

(ii) the occurrence of a date described in Section 10(a), (b), (c), (d), (e), or (f);

provided, however, that if the date on which an Option expires is not a business day, the Option shall expire on the business day immediately preceding such date.

10. Other Transactions and Termination Provisions.

Subject to Section 20, a Grantee's right to exercise an Option is subject to the following additional restrictions and limitations:

(a) **Violation of Terms.** If the Grantee violates any term or covenant of Sections 11, 12, or 13 of this Plan, the Option shall immediately expire and terminate and the unexercised portion of the Option shall be cancelled and never become exercisable.

(b) **Termination of Employment By Grantee Without Required Notice.** If the Grantee terminates his employment with the Company for reasons other than permanent or total disability or death, without the Grantee having given six (6) months prior written notice to the Company, the Option shall expire and terminate on the earlier of (i) the date of the Grantee's termination of employment or (ii) the date of Grantee's notice to the Company of his intention to terminate his employment with the Company and, on such termination, the unexercised portion of the Option shall be cancelled and never be exercisable.

(c) **Termination of Employment By Grantee Upon Required Notice.** If the Grantee terminates his employment with the Company for reasons other than permanent and total disability or death no earlier than the date six (6) months after the date on which such employee provides written notice to the Company of the decision to terminate employment, only that portion of the Option exercisable at the time of such termination of employment may thereafter be exercised, and it may not be exercised more than thirty (30) days after such termination of employment nor after the expiration date of the Option, whichever date is earlier. In all other respects, the Option shall terminate upon such termination of employment. Notwithstanding the forgoing, the President of the Company may waive any requirement of this Section 10(c) by a written document specifically referencing this Section 10(c).

(d) **Permanent and Total Disability or Death of the Grantee.** If the Grantee shall become permanently and totally disabled or die while an Option remains exercisable, the Grantee's legal representative or representatives, or the persons entitled to do so under the Grantee's

Confidential - Subject
to Protective Order

DO 06953

EXHIBIT 6289.3

last will and testament or under equitable intestate laws, if applicable, shall have the right to exercise the Option, but only for the number of shares as to which the Option might have been exercised on the date of the Grantee's permanent and total disability or death. Any exercise of an Option other than by a Grantee must be accompanied by the representative's, heir's, or other legal representative's agreement to be bound by the terms and conditions of this Plan related to the Shares. Such right, if applicable, shall expire and the Option shall terminate ninety (90) days after the date of the Grantee's permanent and total disability or death or on the expiration date of the Option, whichever date is earlier. In all other respects, the Option shall terminate upon such permanent and total disability or death.

(e) Termination of Employment By Company For Cause. If the Company terminates the Grantee's employment with the Company for Cause, the Option shall expire and terminate on the date of the Grantee's termination of employment, and the unexercised portion of the Option shall be cancelled and never become exercisable.

(f) Termination of Employment By Company Other Than For Cause. If the Company terminates the Grantee's employment with the Company for reasons other than for Cause, only that portion of the Option exercisable at the time of such termination of employment may thereafter be exercised, and it may not be exercised more than thirty (30) days after such termination nor after the expiration date of the Option, whichever date is earlier. In all other respects, the Option shall terminate upon such termination of employment.

(g) Continuity of Employment. An Option shall not be exercisable in any part unless at all times beginning with the date of grant and ending no more than one month (or, if the employment relationship is severed due to the employee's death or permanent and total disability, ninety (90) days) prior to the date of exercise the Grantee has been in the continuous employ of the Company. For purposes of this Section 10(G), the employment relationship between the Company and the Grantee shall be treated as continuing intact while the Grantee is on military service leave, sick leave or other bona fide leave of absence (such as temporary employment by the United States Government) if the period of such leave does not exceed ninety (90) days or, if longer, so long as the Grantee's right to re-employment with the Company is guaranteed either by statute or by contract.

(h) Approved Leave of Absence. If a Grantee is absent from his employment with the Company by reason of a leave of absence for a specified period of time (not to exceed twelve contiguous months) which is formally approved in writing by the President of the Company, the provisions of this Section 10(h) shall be applicable. An approved leave of absence shall not constitute a termination of employment with the Company unless the Grantee fails to return to his employment with the Company on the day following the end of the specified period of the approved leave of absence. The period of such approved leave of absence shall be disregarded and shall not be counted for purposes of determining when an Option shall vest.

(i) Restricted Exercise. Notwithstanding anything in this Plan to the contrary, (i) no Option may be exercised if the Grantee or such Grantee's spouse is then a non-resident alien for federal tax purposes and the Company is then an "S" corporation for federal or state tax purposes, or (ii) prior to the Open Date, no Option can be exercised unless the aggregate exercise price therefor is equal to or exceeds ten thousand dollars (\$10,000), or such exercise is for all Grantee's vested shares subject to the Option.

11. Employment Agreement.

(a) While employed by the Company, a Grantee shall apply his best efforts in good faith to complete his work assignments.

(b) A Grantee shall not terminate his employment with the Company except after:

(i) giving no less than six months prior written notice, or

(ii) having first obtained the consent of the Company as evidenced by a writing signed by the President of the Company.

Confidential - Subject
to Protective Order

DO 06954

EXHIBIT 6289.4

(c) Grantee will devote all of his business time and attention to the Company's affairs except as approved in advanced in writing by the President of the Company. As an example but not as a limitation of the foregoing, a Grantee may not act in a paid capacity, whether as an employee, consultant, agent, or otherwise for any person or entity other than the Company.

12. Covenant Not to Compete.

(a) While a Grantee holds an Option or any Shares and for two years thereafter, the Grantee shall not engage in competition with the Company. For the purposes of this Plan "competition" shall be defined as making an investment in excess of one-tenth of one percent (0.1%) in, accepting any stock options in or serving as a director, officer, agent, employee, principal, consultant or in any other capacity with regard to any corporation, person (including himself), firm, partnership, association or any other entity that develops, markets or services software development tools or real-time operating systems. For the purpose of this Plan, "software development tools" shall be defined as computer software that is used to develop or test other computer software, including but not limited to compilers, assemblers, linkers, librarians, simulators, debuggers, translators, downloaders, runtime error checking systems, execution profilers and standard subroutine libraries. The following shall not be considered software development tools: command line processors, data base programs, spread sheet programs, windowing systems, text formatters, graphics description languages or any macro processing facilities which may be built into the above-mentioned systems. The following shall not be considered real-time operating systems: mainframe, workstation or PC operating systems.

(b) The following activities shall not constitute competition with the Company:

(i) the development marketing or servicing of products that are not software development tools or real-time operating systems;

(ii) employment by or provision of consulting services to a company or a division of a company which is not engaged in the development, marketing or servicing of software development tools or real-time operating systems; and

(iii) any other activities approved by the Board in writing.

(c) This covenant is intended to apply to the following:

(i) all counties in California in which the Company has accumulated goodwill and now carries on its business, namely, the counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Los Angeles, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo and Yuba, and

(ii) each and every geographic area of the world in which the Company has accumulated good will or now carries on business.

(d) While a Grantee holds an Option or any Shares and for two years thereafter, the Grantee shall not:

(i) solicit or assist any party in soliciting the Company's employees for employment in any manner, including, without limitation, providing names or assessments of programming, sales, or other professional ability; or

(ii) employ, or allow any firm in which the Grantee is associated as a controlling stockholder, director or officer to employ or solicit to employ, as an employee, consultant or in any other capacity, on his or its own behalf or on behalf of any other person or entity,

Confidential - Subject
to Protective Order

DO 06955

EXHIBIT 6289.5

- (1) any then current employee of the Company, or
- (2) any person who has been an employee of the Company within one year of the proposed date of hire.

(e) The parties intend that the covenant contained in this Section 12 be enforced to the fullest extent permitted by applicable law. Accordingly, should a court of competent jurisdiction determine that the scope of the covenant is too broad to be enforced as written, the parties intend that the court should reform the covenant to such narrower scope as it determines to be enforceable. The parties further intend that the covenant contained in this Section 12 shall be construed as a series of separate covenants, severable and independent, one for each country of and each geographic area of the world. If, in any judicial proceeding, a court shall refuse to enforce any such separate covenants with respect to a particular country or geographic area, such unenforceable covenants shall be deemed eliminated to the extent necessary to permit the remaining covenants to be enforced, and the court shall award the Company compensation for the value of such unenforceable covenant.

13. Other Obligations of Grantee.

(a) While a Grantee holds an Option or any Shares, the Grantee shall fully disclose to the President or the Chairman of the Company:

- (i) any attempts to recruit then current employees of the Company which come to his attention;
- (ii) any business opportunities which come to his attention and which relate to the then current business of the Company; and
- (iii) any other events or information which may affect the business or valuation of the Company.

(b) The Company is a software firm primarily involved in the development, manufacture and support of software products. The success of the Company depends, among other things, upon maintaining strictly confidential all trade secret information relating to its business (including without limitation, information about the Company's products, sales, customers, financial condition, assets and operations) and all other information not publicly known and relating to the business of the Company or acquired in the course of the Company's business (the "Confidential Information"). The success of the Company also depends on the timely disclosure to the Company of works made by its employees in the course of their employment and on its employees' assistance in protecting such works. As a result, each Grantee acknowledges and agrees:

(i) He shall not disclose to another or use (directly or indirectly) any Confidential Information (whether acquired, learned, obtained or developed by the grantee alone or in conjunction with another) of the Company or any affiliated company, or of any customer of the Company, except as such disclosure or use is required in connection with employment with the Company. Upon request by the Company at any time, including on the termination of employment, Grantee shall promptly deliver all documents and other devices (in all media) containing or relating to any Confidential Information without retaining any copies, notes or excerpts thereof. The provisions of this Section shall continue in full force and effect after termination of employment for whatever reason.

(ii) All rights in and to any copyrightable material (including but not limited to computer programs now or hereafter owned or marketed by the Company, or any portion thereof or any material related thereto including source code, object code, enhancements and modifications, all files, input and output materials, internal documentation and all related materials, or material protectable as a mask work which Grantee may originate pursuant or in connection with the Company's business), shall be deemed to be a work for hire and shall be the sole and exclusive property of the Company, its successors, assigns and other legal representatives.

Confidential - Subject
to Protective Order

DO 06956

EXHIBIT 6289.6

(iii) With the exception of "Excluded Inventions" as defined below, any and all inventions, including developments and discoveries, whether or not patentable, which Grantee may conceive or first reduce to practice, either alone or with others during the period of employment by the Company (the "Company Inventions") shall be the sole and exclusive property of the Company and shall be promptly disclosed to the Company in writing. An "Excluded Invention" is one which (a) was developed entirely on the Grantee's own time without using the Company's equipment, supplies, facilities, or trade secret information; and (b) does not relate at the time of conception or reduction to practice of the invention to the Company's business, or to its actual or demonstrably anticipated research and development; and (c) does not result from any work performed by Grantee for the Company.

(iv) Grantee will cooperate with the Company and do all acts necessary or desirable to further the provisions of this subsection (b), including but not limited to executing and delivering all applications, assignments or other documents the Company deems necessary or desirable to enable it to apply for, prosecute or obtain copyrights and other rights. Grantee is hereby notified that this Agreement has been drafted in accordance with the Labor Code of the State of California and under Section 2872 of the Labor Code, and that this Agreement does not apply to any invention which qualifies as an excluded invention under Section 2870 of the Labor Code.

14. Limitations of Rights of Grantees.

(a) A Grantee to whom an Option is granted under this Plan shall not have any interest in the optioned Shares or in any dividends paid thereon, and shall not have any of the rights or privileges of a stockholder with respect to such Shares until, subject to Section 14(b), an Option has been properly exercised pursuant to Section 9.

(b) No Shares issuable under the Plan shall be issued and no certificates therefor delivered unless and until, in the opinion of legal counsel for the Company, such Shares may be issued and delivered without causing the Company to be in violation of or to incur any liability under any federal, state or other securities law, or any other requirement of law or of any regulatory body having jurisdiction over the Company.

(c) The receipt of an Option or the issuance of Shares on exercise thereof does not give the Grantee any right to continued employment by the Company for any period, nor shall the granting of the Option or the issuance of Shares on exercise thereof give the Company any right to the continued services of the Grantee for any period.

(d) Nothing contained in this Plan shall constitute the granting of an Option hereunder, which shall occur only pursuant to express authorization by the Board with approval by Hightower and O'Dowd.

15. Requirements of Law.

By accepting an Option, the Grantee represents and agrees for himself and his transferees by will or the laws of descent and distribution that, until a registration statement under the Securities Act of 1933 is in effect as to Shares purchased upon any exercise of the Option,

(a) any and all Shares so purchased shall be acquired for his personal account and not with a view to or for sale in connection with any distribution, and

(b) each notice of the exercise of any portion of the Option shall be accompanied by a representation and warranty in writing, signed by the person entitled to exercise the same, that the Shares are being so acquired in good faith for his personal account and not with a view to or for sale in connection with any distribution.

16. Restrictions on Sale, Transfer or Disposition of Shares.

(a) Until the date, if ever, on which the Company has consummated a registered public offering of its equity securities or has registered one or more classes of its equity securities under the Securities Exchange Act of 1934, as amended (the "Open Date") the Grantee shall not sell, transfer or otherwise dispose of any of his Shares, except under the following terms and conditions:

(i) the Grantee may not sell, transfer or otherwise dispose of his Shares other than to the Company unless the Grantee has obtained the written consent of all of the stockholders of the Company and the transferee has consented in writing to be bound by the terms of this Plan and the terms of the selling Grantee's Agreement;

(ii) the Grantee may sell his Shares to the Company at any time by mutual agreement; or

(iii) the Grantee may sell his Shares to the Company or the administrator or executor of the Grantee's estate may sell the Grantee's Shares to the Company pursuant to Sections 17(a) or 17(b).

(b) Any attempt to sell or otherwise dispose of Shares in contravention of this Section 16 shall be invalid.

(c) The Grantee agrees that if the Company registers any of its securities, upon the request of the Company or the underwriters managing any public offering of the Company's securities, he 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 a period of time (not to exceed 180 days) from the effective date of such registration as the Company or the underwriters may specify.

17. Company Repurchase Right.

(a) **Company Right to Purchase Shares.** Until the Open Date, the Company shall have the right to purchase all of the Shares owned by a Grantee including any Shares purchased by the Grantee but not yet delivered, by serving notice of the exercise of such repurchase right on the Grantee. The purchase price shall be the greater of:

(i) the book value of such Shares as of the end of the preceding fiscal quarter, or

(ii) the number of Shares owned by the Grantee times eight times the per share pre-tax operating income of the Company (calculated on an accrual basis) for the preceding four fiscal quarters.

Such purchase price is to be determined from the books of the Company by the accountant then regularly retained by the Company for the preparation of its financial books and records. The accountant's determination as to book value and pre-tax operating income shall be made according to Generally Accepted Accounting Principles (including permitted optional adjustments), except that royalties may be recognized when the royalty report is received not when the royalties are earned, and shall be binding upon the parties.

(b) **Company Right to Purchase Shares on Death.** Until the Open Date, the Company shall, upon the death of the Grantee, have the right to purchase all of the Shares owned by the decedent, including any Shares purchased by the Grantee but not yet delivered, by serving written notice of the exercise of such repurchase right on the administrator or executor of the decedent's estate within (i) 60 days after the date on which the Company is notified that such administrator or executor is qualified or (ii) 60 days after such administrator or executor has exercised any Option pursuant to Section 10(d). The purchase price shall be the same as provided for in Section 17(a). The purchase price shall be payable in cash against the transfer of the Shares by such administrator or executor. In the event this repurchase right is not fully exercised, the administrator or executor of the decedent's estate may sell or otherwise dispose of such Shares as he may determine; provided, however, that no sale or other disposition shall be made to any person unless such person shall have previously agreed in writing with

the Company that he will be bound by the provisions of this Plan, and shall execute an agreement to such effect, and that he will not take any action with respect to such Shares that would terminate or revoke the S election of the Company under the Internal Revenue Code. Notwithstanding the preceding, no sale or other disposition of such Shares shall be made if, immediately after giving effect thereto or with the passage of time, such S election would terminate. If the Company does not exercise the repurchase right described in this Section 17(b) within 60 days after the date on which the Company is notified that the administrator or executor of the decedent's estate is qualified, or 60 days after such administrator or executor has exercised any Option pursuant to section 10(d), such administrator or executor shall promptly thereafter consent in writing to the terms and conditions of the Grantee's Agreement, and any amendment thereto, unless it has already done so.

(c) Company Right to Purchase shares on Bankruptcy of Grantee. Until the Open Date, in the event that the Grantee makes an assignment for the benefit of creditors of all or any part of his Shares, or any part of his Shares, or any interest therein, or any bankruptcy, reorganization, debt arrangement, or any dissolution or liquidation proceeding is instituted by or against the Grantee and is not dismissed within 90 days, the Grantee shall notify the Company and the Company shall have the repurchase right, on and after the 90th day after such notice, to purchase all of the Shares owned by the Grantee, including any Shares purchased by the Grantee but not yet delivered. The purchase price, terms of purchase, and method of exercise of the repurchase right shall be the same as provided in Section 17(a). In the event the repurchase right is not exercised, any successor in interest shall hold the Shares subject to the provisions of the Grantee's Agreement and shall consent in writing to the terms and conditions of the Grantee's Agreement, and any amendment thereto.

18. Administration.

The Plan shall be administered by the Board.

The interpretation and construction by the Board of any term or provision of the Plan or of any Option granted under it, including without limitation any determination of adjustments required pursuant to Sections 19 or 20 hereof, shall be conclusive, and such interpretation and construction shall be binding upon all those who hold or are eligible to receive Options under the Plan, and all persons claiming under them. The Board may from time to time adopt rules and regulations for carrying out this Plan and, subject to the provisions of this Plan, may prescribe the form or forms of the instruments evidencing any Option granted under this Plan.

Subject to the provisions of this Plan and, so long as each is a stockholder of the Company, with the approval of Hightower and O'Dowd, the Board shall have full and final authority in its discretion to select the employees to be granted Options, to authorize granting such Options and to determine the number of shares to be subject thereto, the exercise prices, the terms of exercise, expiration dates and other pertinent provisions thereof.

19. Adjustments.

If the outstanding shares of stock of the class then subject to this Plan are increased or decreased, or are changed into or exchanged for a different number or kind of shares or securities or other forms of property (including cash) or rights, as a result of one or more reorganizations, recapitalizations, spin-offs, stock splits, reverse stock splits, stock dividends, or the like, appropriate adjustments shall be made in the number and/or kind of shares or securities or other forms of property (including cash) or rights for which Options may thereafter be granted under this Plan and for which Options then outstanding under this Plan may thereafter be exercised. Any such adjustment in outstanding Options shall be made without changing the aggregate exercise price applicable to the unexercised portions of such Options.

In connection with any reorganization, recapitalization, spin-off or other transaction, not defined in Section 20(a) below, in which the outstanding shares of stock of the class then subject to Options outstanding under this Plan are changed into or exchanged for property

Confidential - Subject
to Protective Order

DO 06959

(including cash), rights and/or securities other than, or in addition to, stock of the Company's issue, an outstanding Option may under this Section entitled "Adjustments" be adjusted to become exercisable for either:

(a) the property (including cash), rights and/or securities receivable in that transaction by a holder of the number and kind of outstanding shares of stock subject to the Option immediately prior to the transaction; or

(b) stock of the Company or of a successor employer corporation, or a parent or subsidiary thereof, provided, that

(i) such adjustment may preserve but may not increase any amount by which the Fair Market Value of the stock subject to the Option exceeds the Option exercise price, comparing such excess immediately before and immediately after the transaction, and

(ii) such adjustment may preserve but may not reduce the ratio of the Option exercise price to the Fair Market Value of the stock subject to the Option, comparing such ratio immediately before and immediately after the transaction.

Nothing in this Section 19 is intended to, or shall modify Section 14(a) hereof, and there shall be no adjustment to any Option hereunder for the dividend or distribution of any property of the Company to its stockholders.

20. Effect of Certain Corporate Transactions.

(a) 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, or other transaction in which there is no substantial change in the stockholders of the corporation and the Options granted under this Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Grantees), (ii) a dissolution or liquidation of the Company, (iii) the sale of substantially all of the assets of the Company, or (iv) any other transaction wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company), any or all outstanding Options may be assumed or replaced by the successor corporation, which assumption shall be binding on all Grantees. In the alternative, the successor corporation may substitute an equivalent option or provide substantially similar consideration to Grantees as was provided to stockholders (after taking into account the existing provisions of Grantees options, such as the exercise price and the vesting schedule). The successor corporation may also issue, in place of outstanding shares of the Company held by Grantees as a result of the exercise of an Option that is subject to repurchase, substantially similar shares or other property subject to similar repurchase and other restrictions as are contained herein no less favorable to Grantees.

(b) Expiration. In the event such successor corporation, if any, refuses to assume or substitute Options, as provided above, pursuant to a transaction described in subsection (a) above, or there is no successor corporation, and if the Company is ceasing to exist as a separate corporate entity, the Options shall, notwithstanding any contrary terms in the grant, expire on a date (the "Final Date") at least 60 days after the Board gives written notice to Optionees specifying the terms and conditions of such termination. Any Option exercisable and exercised prior to the Final Date shall receive on such exercise such consideration, dividend or other distribution as the stockholders received in the transaction giving rise to the notice referenced in the preceding sentence.

(c) Additional Provisions. Subject to the foregoing provisions of this Section 20, in the event of the occurrence of any transaction described in subsection (a), any outstanding Option shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, sale of assets or other corporate transaction.

(d) Sales Transaction. In the event that the Board of Directors of the Company and, if necessary, the stockholders of the Company, shall approve a sale of shares representing 80%

Confidential - Subject
to Protective Order

DO 06960

EXHIBIT 6289.10

or more of the outstanding capital stock of the Company (by merger, consolidation or sale) then, in such event, each Grantee agrees at the request of the Company to sell any shares of capital stock of the Company held by him, and any shares of Common Stock issuable upon the exercise of any vested Option held by Grantee, on the same basis as the other holders of Common Stock of the Company voting in favor or otherwise accepting such transaction, or on the same basis as such shares are sold by the Company.

21. Amendment and Termination.

The Board may alter, amend, suspend or terminate this Plan, provided that no such action shall deprive a Grantee who has not consented thereto of any portion of an Option granted to the Grantee pursuant to this Plan which is then vested or of any of the Grantee's vested rights under such Option and provided that any such action by the Board must be approved by each of Hightower and O'Dowd, if he is then a stockholder. Except as herein provided, no such action of the Board, unless taken with the express written approval of the stockholders of the Company, (including each of Hightower and O'Dowd, if he is then a stockholder), may:

- (a) increase the maximum number of Shares for which Options granted under this Plan may be exercised;
- (b) reduce the minimum permissible exercise price;
- (c) extend the duration of the Plan set forth herein;
- (d) alter the class of employees eligible to receive Options under the Plan; or
- (e) amend the Plan in any other manner which the Board, in its discretion, determines should become effective only if approved by the stockholders even though such stockholder approval is not expressly required by this Plan.

22. Notice.

All notices required or provided for herein shall be given in writing, and all notices and deliveries shall be made by certified mail, return receipt requested, as follows:

To the Company:

Green Hills Software, Inc.
30 West Sola Street
Santa Barbara, CA 93101
Attention: Mr. Dan O'Dowd

with copy to:

Mr. Glenn Hightower
55 North St. John Avenue
Pasadena, CA 91103

and to Grantee, at the address set forth for Grantee in the Company's records. A party may change his address for notice by giving notice to the other in the manner set forth in this Section 22.

23. Legend.

Until such time as the Board determines it is no longer required, each certificate representing the Shares issued to a Grantee shall bear the following legend:

"Refer to the Certificate of Incorporation, Bylaws, and any agreements on file with the Secretary of the Corporation for restrictions on transfer of shares represented by this certificate. The shares represented by this certificate are subject to additional transfer

Confidential - Subject
to Protective Order

DO 06961

restrictions and repurchase rights in favor of the Company and other restrictions by a 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement and an Employment, Stock Option and Stockholders Agreement. The shares represented by this certificate may be held of record only by a party who has consented in writing to the terms and conditions of the 1996 Employment Agreement, Stock Option Plan and Stockholders Plan and Employment, Stock Option and Stockholder's Agreement and any amendments thereto."

24. Miscellaneous Provisions.

(a) This Plan, and all of its provisions (except as expressly provided otherwise in Section 24(f) below), shall be governed by the laws of the State of California.

(b) This Plan and the Grantee's Agreement contain the entire representations and agreement of the parties with respect to the subject matter hereof, superseding any other representation or agreement relating thereto, and shall alone be binding. This Plan, subject to Section 21, may be amended only by a writing executed by the Company and the Grantee's Agreement, subject to Section 21, may be amended only by a writing executed by the Company and the Grantee.

(c) Except as otherwise provided in this Plan, the rights and obligations under this Plan shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(d) No action taken pursuant to this Plan shall be deemed to constitute a waiver by the party taking such action of compliance with respect to any representation, warranty, covenant or agreement contained herein, unless expressly set forth in writing by the party so waiving. The waiver by any party hereto of a breach of any provision of this Plan shall not operate or be construed as a waiver of another or subsequent breach.

(e) The parties agree that irreparable damage would occur in the event of a breach by a Grantee of Sections 11, 12 and 13, and that a remedy at law shall be inadequate and that in the event of such breach or threatened breach the Company shall be entitled to both temporary and permanent injunctive relief to secure performance without any need to post bond or other security.

(f) Except for actions primarily seeking injunctive relief or specific performance for breach of Sections 11, 12 or 13, any dispute between the Grantee and the Company (including, in the case of Grantee, his heirs, representatives and other legal representatives and in the case of the Company, its affiliates including its officers, directors and employees) arising under or related to this Plan, to a Grantee's Agreement, to a Grantee's employment by the Company or otherwise related to the Company or its business or operations shall be resolved solely by arbitration in Los Angeles, California in accordance with the commercial arbitration rules then prevailing of the American Arbitration Association ("AAA"). Each arbitration shall be held before a panel of three arbitrators appointed by the AAA, at least one of whom shall be a retired judge or attorney with no less than ten years of practice experience. The award of the arbitrators shall be final, binding and enforceable by any court having jurisdiction over the parties. In no event shall any party be entitled to receive, and the arbitrators shall not be empowered to award, punitive or exemplary damages. Each party irrevocably waives any claim or right for or to punitive or exemplary damages, or any right to trial by jury. All costs of the arbitration (excluding attorney's fees and costs), including the costs and fees of the arbitrators, shall be split equally between the parties to the arbitration, and each party shall bear its own attorney fees and costs.

(g) The parties shall bear their own costs and expenses in all matters.

(h) All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

**Confidential - Subject
to Protective Order**

DO 06962

EXHIBIT 6289.12

(i) The captions of the sections and subsections of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

(j) The establishment of the Plan, the granting of Options, and actions of the Board or of any other person hereunder shall not, and shall not be deemed to confer upon any person any legal right to be continued in the employ of the Company or any condition or aspect of employment by the Company, which reserves the right to discharge any employee for Cause or without Cause and to change his duties, salary, title or any other aspect of his employment, except as to any rights expressly conferred upon such employee under this Plan. The rights and obligations of any employee of the Company hereunder shall be in addition to any other agreements between the employee and the Company or any policies and procedures of the Company. In the event of any conflict between this Plan and any other agreement, policy, or procedure, this Plan shall prevail.

25. Confidentiality.

Each person coming into possession of a copy of this Plan acknowledges and agrees that it is "Confidential Information" of the Company (as defined in Section 13(b) of this Plan, Each such person agrees not to disclose to any person or entity or to make any statement regarding this Plan except any disclosure required by law (provided, in the instance that a person believes disclosure is required by law, that he provide advance notice to the Company of such requirement and cooperate with any action the Company may take to maintain the confidentiality hereof). Notwithstanding the foregoing, any Grantee may disclose the Plan to such Grantee's (i) spouse, (ii) attorney or (iii) accountant, provided in each such instance, that such person agrees to be bound by the confidentiality provisions hereof.

26. Certain Definitions.

The terms "Agreement," "Board," "Company," "competition," "Grantee," "Hightower," "O'Dowd," "Open Date," "option," "Plan," "Shares," and "software development tools" have been defined hereinabove. In addition, as used in this Plan, the following terms shall have the following meanings.

(a) The "Fair Market Value" of corporate stock shall mean:

(i) If the stock is then Publicly Traded: The closing price of stock of that class as of the day in question (or, if such day is not a trading day in the principal securities market or markets for such stock, on the nearest preceding trading day), as reported with respect to the market (or the composite of markets, if more than one) in which shares of such stock are then traded or, if no such closing prices are reported, on the basis of the mean between the high bid and low asked prices that day on the principal market or quotation system on which shares of such stock are then quoted or, if not so quoted, as furnished by a professional securities dealer making a market in such stock selected by the Board.

(ii) If the stock is then not Publicly Traded: The price at which one could reasonably expect such stock to be sold in an arm's length transaction, for cash, other than on an installment basis, to a person not employed by, controlled by, in control of or under common control with the issuer of such stock. Such Fair Market Value shall be that which has currently or most recently been determined for this purpose by the Board, or at the discretion of the Board by an independent appraiser or appraisers selected by the Board, in either case giving due consideration to recent transactions involving shares of such stock, if any, the issuer's net worth, prospective earning power and dividend-paying capacity, the goodwill of the issuer's business, the issuer's industry position and its management, that industry's economic outlook, the values of securities of issuers whose stock is Publicly Traded (and the appropriate discount to such value to reflect the fact that the Company's shares are not Publicly Traded) and which are engaged in similar businesses, the effect of non-lapsing transfer restrictions to which such stock may be subject under law and under the

Confidential - Subject
to Protective Order

DO 06963

EXHIBIT 6289.13

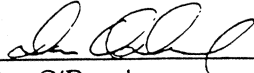
applicable terms of any contract governing such stock, the absence of a public market for such stock and such other matters as the Board or its appraiser or appraisers deem pertinent. The determination by the Board or its appraiser or appraisers of the Fair Market Value shall, if not unreasonable, be conclusive and binding notwithstanding the possibility that other persons might make a different, and also reasonable, determination. If the Fair Market Value to be used was thus fixed more than sixteen months prior to the day as of which Fair Market Value is being determined, it shall in any event be no less than the book value of the stock being valued at the end of the most recent period for which financial statements of the issuer are available.

(b) Corporate stock is "Publicly Traded" if stock of that class is listed or admitted to unlisted trading privileges on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. ("NASD") or if sales or bid and offer quotations are reported for that class of stock in the automated quotation system ("NASDAQ") operated by the NASD.


(c) "Cause" shall mean (i) any breach of this Plan including, but not limited to, Section 11 (Employment Agreement), Section 12 (Covenant Not to Complete) and Section 13 (Other Obligations of Grantee), (ii) habitual neglect of duty, (iii) any notice of termination of employment given by a Grantee less than six (6) months prior to the Grantee's date of termination, (iv) gross negligence, (v) intentional misconduct, and (vi) conviction for any felony or misdemeanor (except for vehicular violations not involving personal injury).

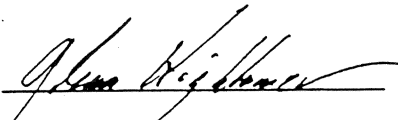
IN WITNESS WHEREOF, the Company has adopted this GREEN HILLS SOFTWARE, INC. 1996 EMPLOYMENT AGREEMENT, STOCK OPTION PLAN AND STOCKHOLDERS AGREEMENT effective as of January 1, 1996.

GREEN HILLS SOFTWARE, INC.

By: 
Dan O'Dowd
President

Stockholder Approval:

By: 
Dan O'Dowd
Stockholder

By: 
Glenn Hightower
Stockholder

GREEN HILLS SOFTWARE, INC.
EMPLOYMENT, STOCK OPTION AND STOCKHOLDERS AGREEMENT

This Employment, Stock Option and Stockholders Agreement ("Agreement") is made by and between Green Hills Software, Inc. (the "Company"), a Delaware close corporation having an address at 30 W. Sola Street, Santa Barbara, California 93101, and

("Employee/Grantee").

The Company, desiring to afford an opportunity to the Employee/Grantee named below to purchase certain shares of the Company's common stock to provide the Employee/Grantee with an added incentive as an employee of the Company, hereby grants to the Employee/Grantee, and the Employee/Grantee hereby accepts, an option to purchase the number of shares specified below ("Option"), during a term ending at 5:00PM (prevailing local time at the Company's principal offices) on the expiration date of this Option specified in Green Hills Software Inc. 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement ("the Plan"), at the option exercise price specified below, subject to and upon the following terms and conditions:

1. Identifying Provisions.

As used in this Option, the following terms shall have the following respective meanings:

- (a) Date of grant: _____
- (b) Number of shares optioned: _____
- (c) Option exercise price per share: _____

This Option is not intended to be and shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code, as amended.

2. Plan Incorporation.

This Option is subject to, and the Company and the Employee/Grantee agree to be bound by, the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms. The Plan is hereby incorporated into and made a part of this Agreement as though set forth in full herein. A copy of the Plan in its present form is attached hereto.

3. Vesting.

The Option granted under this Agreement shall vest nine (9) years and six (6) months from the date of grant. In addition, vesting of this Option may be accelerated at the sole discretion of the Company.

4. Employment.

Employee/Grantee hereby acknowledges the terms and provisions of the Employment Agreement found in the Plan and agrees to be bound by all such terms and provisions, including, but not limited to Section 11 (Employment Agreement), Section 12 (Covenant Not

Confidential - Subject
to Protective Order

DO 06966

EXHIBIT 6289.16

To Complete) and Section 13 (Other Obligations of Grantee) of the Plan.

5. Acknowledgement.

Employee/Grantee hereby acknowledges receipt of a copy of the Plan, an option exercise form, and the certificate accompanying the option exercise form.

IN WITNESS WHEREOF, the Company has granted this Option on the date of grant specified above.

THE COMPANY:

GREEN HILLS SOFTWARE, INC.

Daniel O'Dowd
President

STOCKHOLDER APPROVAL:

Daniel O'Dowd
Stockholder

Glenn Hightower
Stockholder

EMPLOYEE/GRANTEE:

Signed

Printed

STOCK OPTION EXERCISE FORM

When exercising a stock option, this form, together with the signed Certificate attached, and a cashier's check should be forwarded to Green Hills Software, Inc., 30 West Sola Street, Santa Barbara, CA 93101, Attention: Corporate Secretary.

(Please type or print)

Name as it will appear on the
stock certificate.

Address to which certificate
is to be sent.

PURCHASE COMPUTATION

Grant Date	Exercise Price		Number of Shares to Be Purchased	=	Exercise Amount
_____	\$ _____	*	_____	=	\$ _____
_____	\$ _____	*	_____	=	\$ _____
_____	\$ _____	*	_____	=	\$ _____
_____	\$ _____	*	_____	=	\$ _____
TOTAL EXERCISE AMOUNT					\$ _____

Please enclose a cashier's check payable to Green Hills Software, Inc. for the amount required to be paid pursuant to Section 9(a)(ii) of the 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement (the "Plan"). (Note that whenever Shares are to be issued upon exercise of an option, the Company shall have the right to require the Grantee to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to delivery of any certificate or certificates for such Shares.)

You should receive your certificate about two weeks after exercise. If you have any questions on your exercise, please call the Green Hills Software, Inc. corporate offices at (805) 965-6044.

Confidential - Subject
to Protective Order

DO 06968

EXHIBIT 6289.18

CERTIFICATE

I hereby certify that all of the shares of common stock (the "Shares") of GREEN HILLS SOFTWARE, INC., purchased by me pursuant to the exercise on this date of the option granted by a Stock Option Agreement dated August 29, 1996, are being acquired by me for investment and not with a view to, or for resale in connection with, any distribution of the Shares. It is understood that the Shares have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or qualified under the California Corporate Securities Law of 1968 (the "1968 Law") by reason of specific exemptions from the registration provisions of the 1933 Act and the qualification provisions of the 1968 Law which depend, among other things, upon the bona fide nature of my representations as expressed herein.

I hereby acknowledge that I understand and agree to the following:

1. I have received and read carefully the Company's most recent Financial Statements and have received, reviewed, and considered information fully covering all matters which I deem relevant to make a decision to purchase the Shares.
2. I hereby represent and warrant that I am not a non-resident alien for federal tax purposes. I hereby represent and warrant that my spouse, if any, is not a non-resident alien for federal tax purposes.
3. I hereby represent and warrant that the Shares I am purchasing are being acquired by me in good faith for my personal account and not with a view to or for sale in connection with any distribution.
4. The Shares must be held by me indefinitely unless they are subsequently registered by the Company under the 1933 Act or an exemption from such registration is available. The Company is under no obligation to register the Shares or to make available any such exemption.
5. I agree 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, I 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 a period of time (not to exceed 180 days) from the effective date of such registration as the Company or the underwriters may specify.
6. I agree that no disposition of the Shares or any part thereof will be made except (i) with the prior consent of the applicable state agency regulating securities transactions, if required by state law, and (ii) either pursuant to an effective Registration Statement under the 1933 Act or an exemption from Registration under the 1933 Act, or after receipt by the Company of any unqualified opinion (obtained at my cost) of recognized securities counsel acceptable to the Company, such opinion to be acceptable in form and substance to the Company and its counsel, that registration of the securities proposed to be disposed of is not required under the 1933 Act.
7. I agree that, so long as the Company is an "S" corporation for federal and/or state tax purposes, I will take no action which will adversely affect the Company's status as an "S" corporation.

*Confidential - Subject
to Protective Order*

DO 06969

EXHIBIT 6289.19

8. All certificates representing the Shares and any certificates subsequently issued in substitution therefor and any certificate for any securities issued pursuant to any stock split, reclassification, dividend, or other similar capital event shall bear a legend in substantially the following form:

"Refer to the Certificate of Incorporation, Bylaws, and any agreements on file with the Secretary of the Corporation for restrictions on transfer of shares represented by this certificate. The shares represented by this certificate are subject to additional transfer restrictions and repurchase rights in favor of the Company and other restrictions by a 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement and an Employment, Stock Option, and Stockholders Agreement. The shares represented by this certificate may be held of record only by a party who has consented in writing to the terms and conditions of such 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement and Employment, Stock Option and Stockholders Agreement and any amendments thereto."

and/or such other legend or legends as the Company and its counsel deem necessary or appropriate. Appropriate stop transfer instructions with respect to the Shares have been placed with the Company's transfer agent.

Craig Franklin

Employee/Grantee

CRAIG FRANKLIN

Printed name

3 October 1996

Date

THIS CERTIFICATE MUST BE SIGNED AND RETURNED AT THE TIME OF EXERCISE OF THE STOCK OPTIONS GRANTED UNDER THE PLAN.

C.F. Subject to incorporation of the attached Amendment

GREEN HILLS SOFTWARE, INC.
EMPLOYMENT, STOCK OPTION AND STOCKHOLDERS AGREEMENT

This Employment, Stock Option and Stockholders Agreement ("Agreement") is made by and between Green Hills Software, Inc. (the "Company"), a Delaware close corporation having an address at 30 W. Sola Street, Santa Barbara, California 93101, and Craig Franklin ("Employee/Grantee").

Recognizing that the future duties and responsibilities of The Company's key personnel, including Employee/Grantee, are expected to increase dramatically in the next few years, and in order to couple the future performance of the Company with the interests of its key personnel, the Company, desiring to afford an opportunity to Employee/Grantee to purchase certain shares of the Company's common stock to provide Employee/Grantee with an added incentive for future performance and services as an employee of the Company, hereby grants to Employee/Grantee, and Employee/Grantee hereby accepts, an option to purchase the number of shares specified below ("Option"), during a term ending at 5:00PM (prevailing local time at the Company's principal offices) on the expiration date of this Option specified in Green Hills Software Inc. 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement ("the Plan"), at the option exercise price specified below, subject to and upon the following terms and conditions:

1. Identifying Provisions.

As used in this Option, the following terms shall have the following respective meanings:

- (a) Date of grant: January 15, 1998
- (b) Number of shares optioned: 600,000
- (c) Option exercise price per share: \$1.00

This Option is not intended to be and shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code, as amended.

2. Plan Incorporation.

This Option is subject to, and the Company and the Employee/Grantee agree to be bound by, the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms. The Plan is hereby incorporated into and made a part of this Agreement as though set forth in full herein. A copy of the Plan in its present form is attached hereto.

3. Vesting.

The Option granted under this Agreement shall vest nine (9) years and six (6) months from the date of grant. In addition, one quarter of the Option granted hereby will be accelerated to vest 30 days after each of the first four anniversaries of the Date of Grant, subject to Grantee receiving a satisfactory performance review for the preceding year. At least 80% of Grantees who are employed by the Company and who have unvested options under the Plan will receive satisfactory performance reviews each year.

Grantee will be notified in writing within 30 days after an anniversary date that Grantee's Options were not accelerated due to an unsatisfactory performance review. If the Company fails to notify Grantee of an unsatisfactory performance review within 30 days after an anniversary date, Grantee shall be deemed to have received a satisfactory performance review for the year.

4. Employment.

Employee/Grantee hereby acknowledges the terms and provisions of the Employment Agreement found in the Plan and agrees to be bound by all such terms and provisions, except as modified in this Agreement, including, but not limited to Section 11 (Employment Agreement), Section 12 (Covenant Not To Compete) and Section 13 (Other Obligations of Grantee) of the Plan.

As part of the compensation for Grantee's performance of Paragraph 12(a) of the Plan, upon submission of a written demand with adequate supporting documentation, the Company will make payments to

Grantee equal to the difference between Grantee's average rate of compensation during Grantee's last 12 months of employment with the Company and the greater of Grantee's then current rate of compensation or the highest rate of compensation for which Grantee has received an offer of employment that does not require Grantee to move from Grantee's current residence or require other substantial expenses. The Company may elect not to make such payments, in which case, the terms and conditions of Paragraph 12(a) of the Plan shall not apply.

Pursuant to Paragraph 11(c) of the Plan, the Company hereby authorizes Grantee to engage in other employment activities as long as they do not interfere with the performance of Grantee's work for the Company and as long as Grantee's compensation for these employment activities do not exceed 5% of Grantee's compensation from the Company.

Paragraph 13(a) of the Plan shall not apply to information obtained by Grantee prior to signing this Agreement.

Paragraph 13(a)(ii) shall not apply to business opportunities which are learned of after Grantee has left the employment of the Company and would violate a non-disclosure agreement between Grantee and another party.

Paragraph 13(a)(iii) shall not be construed to apply to events or information that do not materially affect the business or valuation of the Company.

5. Miscellaneous.

The Company agrees not to buy back shares Grantee has acquired by exercising options under the Plan as long as Grantee is not in breach of the terms of this Agreement or the Plan, Grantee has not been terminated for Cause, and in the case that Grantee has terminated his employment with the Company or has given notice of his intention to terminate employment with the Company, that Grantee provided 6 months written notice of Grantee's intention to terminate employment with the Company, Grantee applied himself diligently to his work during that period, and Grantee helped to find and train his replacement.

The last sentence of Paragraph 19 of the Plan shall only apply to non-liquidating dividends or distributions.

If Grantee is the prevailing party in any arbitration or judicial action initiated by the Company to enforce or interpret this Agreement or the Plan, Grantee shall be entitled to recover reasonable professional fees and court or arbitration costs therein incurred.

The Company will reimburse Grantee up to \$250 for legal fees incurred to have this Agreement and the Plan reviewed.

The parties hereby agree to arbitration in Santa Barbara, California.


6. Acknowledgement.

Employee/Grantee hereby acknowledges receipt of a copy of the Plan, an option exercise form, and the certificate accompanying the option exercise form.

IN WITNESS WHEREOF, the Company has granted this Option on the date of grant specified above.

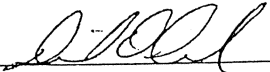
THE COMPANY:

GREEN HILLS SOFTWARE, INC.

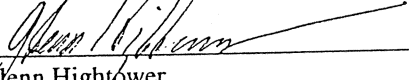


Daniel O'Dowd
President

STOCKHOLDER APPROVAL:

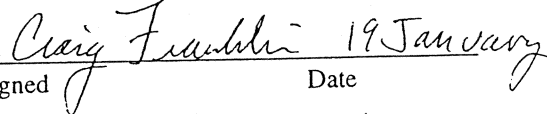


Daniel O'Dowd
Stockholder

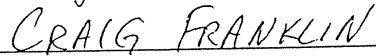


Glenn Hightower
Stockholder

EMPLOYEE/GRANTEE:



Signed Date 19 January 1998



Printed

B

MELINDA PILLSBURY-FOSTER
DURABLE LIMITED POWER OF ATTORNEY

I, MELINDA PILLSBURY-FOSTER, a resident of Santa Barbara County, California, hereby appoint GREEN HILLS SOFTWARE, INC., a Delaware corporation, my true and lawful attorney-in-fact, to act for me, in my name, place and stead, with respect to (and only with respect to) the matters described in Section 1 of this Instrument. **This power of attorney is coupled with an interest, as set forth herein, and shall not be revocable by me without the consent of my attorney-in-fact.**

1. SUBJECT PROPERTY.

The Subject Property to which this Durable Limited Power of Attorney (this "Power") pertains consists of my rights in and to the Franklin B Options, as such term is defined in that certain Settlement Agreement and Release of Claims (the "Settlement Agreement"), executed substantially contemporaneously with this Power, and to which this power is annexed as Exhibit C, among myself my attorney-in-fact, CRAIG FRANKLIN, and DANIEL O'DOWD, for the benefit of themselves and certain of their affiliates, together with all options, shares of stock, and other securities issuable upon exercise of, or in exchange for, the Franklin B Options, in accordance with the Green Hills Software, Inc., 1996 Employment Agreement, Stock Option Plan and Stockholders Agreement, as modified by an Employment, Stock Option, and Stockholders Agreement dated January 15, 1998 (collectively, the "Plan").

2. LIMITED POWERS.

This is a Limited Power of Attorney and I give to my attorney-in-fact named herein the powers specified herein to do and execute or to concur with persons jointly interested in the doing or executing of any acts or deeds on my behalf reasonably related to the authority given herein. The powers granted hereunder shall include, but are not limited to, the following:

2.1. To Comply With Terms Of Agreement

To do, in my name and stead, all things authorized or required by the Settlement Agreement with respect to the Subject Property, but only in accordance with the terms of the Settlement Agreement and the exhibits thereto, to surrender the Franklin B Options pursuant to the terms of the Settlement

Agreement, and the related provisions, notes, Security Agreement, and Financing Statement executed pursuant to the terms hereof, or that may in the future be made to me pursuant to the Settlement Agreement, to cause the delivery of certificates for shares to me or at my written direction following exercise of the Franklin B Options, and to take any or all actions that may be requested or required of holders of options under the Plan in connection with corporate transactions, including but not limited to, public offerings of securities, mergers, consolidations, sales of assets and the like, and to execute any instruments necessary to effectuate any such transactions, including, but not limited to, assignments, consents, agreements, and stock powers.

2.2. To Execute Instruments.

To make, endorse, accept, receive, sign, seal, execute, acknowledge and deliver deeds, assignments, agreements, contracts, certificates (including stock and bond certificates), hypothecations, checks, notes, vouchers, receipts, releases and such other instruments of whatever nature as may be necessary, convenient or proper with respect to the transactions affecting the Subject Property contemplated by the Settlement Agreement.

2.3. To Hire Experts.

To employ attorneys, accountants and others to render services or in respect of the Subject Property, and to pay the reasonable fees and compensation of such persons for their services.

2.4. To Appoint Successor And Substitute Attorneys-In-Fact.

To designate one or more individuals (by instrument in writing) to serve as successor attorney(s) in the order designated by my original attorney to serve, with or all of the powers and authorities herein set out, and to substitute and appoint from time to time one or more substitute attorney(s) under my attorney-in-fact, such substitute attorney(s) to have (at the option of my attorney-in-fact) all powers or powers more limited than those herein granted.

2.5. To Execute Additional Powers Of Attorney.

To execute supplemental or additional powers of attorney in my name in such form as may be required or preferred by the United States government or any other government or taxing entity or other third person; provided, however, that no such supplemental or additional power of attorney shall broaden the scope of authority granted to my attorney-in-fact hereunder.

GIVING AND GRANTING to my attorney-in-fact full power and authority to do and perform each and every act, deed, matter and thing whatsoever in and about the Subject Property as fully and as effectively to all intents and purposes as I might or could in my own proper person do if personally present. I hereby ratify all that my attorney-in-fact shall lawfully do or cause to be done by virtue of these presents.

3. **EXCLUDED POWERS.**

3.1. **No Financial Obligations Except Per Settlement.**

Notwithstanding the provisions of Section 2, above, or any other provisions of this Power, my attorney-in-fact, in exercising its authority, shall have no power to incur any commitments, costs or expenses for which I have any financial obligations or responsibilities of any nature whatsoever, other than liabilities for withholding and other taxes incurred in connection with the transactions respecting the Franklin B Options, and for the matters set forth in Section 4.2, but only in accordance with the terms, conditions and limitations set forth in the Settlement Agreement, including but not limited to its indemnification provisions.

4. **OTHER PROVISIONS.**

4.1. **Prior Powers Of Attorney.**

I do not revoke any other powers of attorney which I may have executed at any time prior to the execution of this instrument, but I hereby modify each such power such that it shall no longer authorize the attorney-in-fact thereunder to exercise any authority or take any actions with respect to the Subject Property.

4.2. **Reimbursement Of My Attorney-In-Fact.**

My attorney-in-fact shall be entitled to be reimbursed for expenses paid or incurred as a result of acting as my attorney-in-fact hereunder. Such payments may be made out of any amounts owed to me by my attorney-in fact, in whatever capacity.

4.3. **Determination of Incapacity.**

I recognize and intend that this Durable Power of Attorney shall continue in full force during my incapacity to the extent provided in the Durable Power of Attorney Law of California. For purposes of this instrument, my incapacity shall be deemed to exist in either of the following circumstances:

(a) When my treating physician certifies in writing that in his or her opinion I am physically or mentally incapable of managing my financial affairs and/or providing for my personal care. If this Durable Power of Attorney becomes effective because of my incapacity and I subsequently regain capacity (which shall be deemed to occur when my treating physician certifies in writing that in his or her opinion I am physically and mentally capable of managing my financial affairs), then this Durable Power of Attorney shall not be revoked but shall become effective again upon my subsequent incapacity determined as provided above. I hereby waive voluntarily any physician/patient privilege that may exist in my favor and I authorize my physician to examine me and disclose my physical or mental condition in order to determine my incapacity or capacity, for purposes of this instrument; provided, however, that my attending physician who so certifies my incapacity need not incorporate the certification into my records, set forth the facts upon which the determination of incapacity is based, set forth the expected duration of my incapacity, or periodically review his or her determination of incapacity unless requested to do so in any such case by my attorney-in-fact designated herein; or

(b) During any period in which I am missing under such circumstances that it is not known whether I am alive or dead, or am captured, interned, besieged or held hostage or prisoner in a foreign country.

4.4. Standard Of Care Obligation; Waiver Of Conflict

My attorney-in-fact has the obligation to exercise the powers herein conferred in the manner prescribed by the Agreement, but shall not otherwise have any fiduciary obligation. I am aware that my attorney-in-fact will be making loans, secured by the Subject Property, to me, and specifically consent to such loans and the terms thereof (including the terms set forth in the Settlement Agreement) and waive any conflict of interest, fiduciary duty, or other legal requirements affecting its enforcement of its rights relating to such loans.

4.5. Actions of Attorney-in-Fact Are Binding.

I hereby declare that any act or thing lawfully done hereunder by my attorney-in-fact shall be binding on me, my heirs, legal and personal representatives, assigns and other successors in interest, with respect to a third person, whether the same shall have been done before or after my death or other termination of this power of attorney, unless and until actual knowledge of my death or other termination hereof has been received by such third person who relies in good faith on the authority granted under this power of attorney.

I expressly covenant and agree with my attorney-in-fact that the powers hereby conferred shall continue in full force against me, my heirs, executors, administrators and assigns, notwithstanding the express or implied revocation hereof by my death, or otherwise, until my attorney-in-fact receives

actual knowledge of my death, or constructive knowledge that the authority granted herein has been suspended, modified or terminated by written notice thereof filed by me or my legal representative for record in the office of the recorder of deeds in the city or county of my residence.

4.6. Use of Copy or Facsimile.

Any third party may rely on a photocopy or facsimile of a duly executed original of this instrument.

THIS IS A DURABLE POWER OF ATTORNEY WITH LIMITED POWERS . THE AUTHORITY OF MY ATTORNEY-IN-FACT TO EXERCISE ALL POWERS ABOVE SHALL BECOME EFFECTIVE IMMEDIATELY AND SHALL NOT BE VOID OR VOIDABLE IF AND WHEN I BECOME DISABLED OR INCAPACITATED OR IN THE EVENT OF LATER UNCERTAINTY AS TO WHETHER I AM DEAD OR ALIVE.

THIS IS AN IMPORTANT DOCUMENT. IT CREATES A DURABLE POWER OF ATTORNEY. BEFORE EXECUTING THIS DOCUMENT, YOU SHOULD KNOW THESE IMPORTANT FACTS.

1. THIS DOCUMENT GIVES THE PERSON WHOM YOU DESIGNATE AS YOUR ATTORNEY-IN-FACT BROAD POWERS TO MANAGE CERTAIN OF YOUR FINANCIAL AFFAIRS.

2. THIS DOCUMENT DOES NOT AUTHORIZE ANYONE TO MAKE MEDICAL OR OTHER HEALTH CARE DECISIONS FOR YOU.

3. THIS POWER OF ATTORNEY WILL BECOME EFFECTIVE IMMEDIATELY AND IT WILL REMAIN IN EFFECT EVEN IF YOU ARE INCAPACITATED.

4. YOU HAVE NO RIGHT TO REVOKE OR TERMINATE THIS DURABLE POWER OF ATTORNEY AT ANY TIME.

IN WITNESS WHEREOF, I have executed multiple original copies of this document this ____ day of _____, 2001.

MELINDA PILLSBURY-FOSTER

Social Security Number: _____

[Address]

Approved As To Form

Attorney for Melinda Pillsbury-Foster

STATE OF CALIFORNIA)
) SS
COUNTY OF SANTA BARBARA)

On _____, 2001, before me, the undersigned Notary Public, personally appeared MELINDA PILLSBURY-FOSTER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public